

13 December 2018		ITEM: 6
Standards and Audit Committee		
Mid-Year Review of the Strategic/Corporate Risk and Opportunity Register		
Wards and communities affected: All	Key Decision: Non-key	
Report of: Andy Owen, Corporate Risk and Insurance Manager		
Accountable Assistant Director: Jonathan Wilson, Assistant Director of Finance		
Accountable Director: Sean Clark, Director of Finance and IT		
This report is a Public		

Executive Summary

One of the functions of the Standards and Audit Committee under the Terms of Reference of the Constitution is to provide independent assurance that the authority's risk management arrangements are adequate and effective.

To enable the Standards and Audit Committee to consider the effectiveness of the council's risk and opportunity management arrangements the report is presented on a bi annual basis and provides details of how the key risks and opportunities facing the authority are identified and managed.

The Corporate Risk and Insurance Manager has engaged with Services, Department Management Teams, Performance Board and Directors Board during October and November to review the Strategic/Corporate Risk and Opportunity Register.

This report provides Standards and Audit Committee with the key risks and opportunities identified by the review and the revised Strategic/Corporate Risk and Opportunity Register.

1. Recommendation(s)

- 1.1 That Standards and Audit Committee note the items and details contained in the Dashboard (Appendix 1).**
- 1.2 That Standards and Audit Committee note the 'In Focus' report (Appendix 2), which highlights the higher priority items identified by the review.**

2. Introduction and Background

- 2.1 Risk and Opportunity Management (ROM) describes the planned and systematic approach used to identify, evaluate and manage the risks to and the opportunities for the achievement of the council's objectives.
- 2.2 ROM makes a significant contribution to the sound Corporate Governance arrangements to meet the requirements set out in the Account and Audit Regulations and is an important part of the council's overall Performance Management Framework.
- 2.3 In accordance with the ROM Policy Strategy and Framework regular reviews of the Strategic/Corporate Risk and Opportunity register were undertaken during 2017/18 and reported to Standards & Audit Committee, via Directors Board and Performance Board.
- 2.4 The annual review of the council's ROM arrangements was undertaken in the last quarter of 2017/18. As part of the review the ROM Policy, Strategy and Framework were updated and reported to Standards and Audit Committee 6 March 2018, via Directors Board 13 February 2018 and Performance Board 29 January 2018.
- 2.5 The Strategic/Corporate Risk and Opportunity Register was refreshed in April 2018 and the details reported to Standards and Audit Committee 19th July 2018, via Directors Board 12th June 2018 and Performance Board 4th June 2018.
- 2.6 For the Mid-Year Review the Corporate Risk and Insurance Manager has engaged with Services, Department Management Teams, Performance Board and Directors Board during October and November 2018 to update the Strategic/Corporate Risk and Opportunity Register.

3. Issues, Options and Analysis of Options

- 3.1 The outcome of the review is shown in the Dashboard (Appendix 1), In Focus report (Appendix 2) and the following tables.
- 3.2 Appendix 1 – Dashboard
The dashboard provides a summary of the items in the register mapped against the council's priorities, shows the significance of the risks and opportunities, along with the developments to date and the management time frames.
- 3.3 Appendix 2 – Risks and Opportunities In Focus report
This document highlights the higher priority items identified by the review.

The rationale for items being in focus is based on the numeric value of the rating. Any risks/opportunities which are currently rated 16 or 12 automatically

become in focus, and any which are currently rated 9 or 8 would be considered on a case by case basis for the in focus report.

One new item for the Impact of the UK Withdrawal from the EU has been identified by the exercise and the details included in the In Focus report.

A summary of the position for each in focus item is included below:

Risk - In priority (rating) and then reference number order.

Health and Social Care Transformation - Risk 1 (Rating: 12 Critical/Likely)

Significant programme management capacity and expertise is required to deliver both the Adult Social Care Transformation Programme and the Health and Social Care Integration Programme (including the Better Care Fund). There are also challenges to overcome to progress a programme which is truly 'whole system'. This includes current pressures on the Essex-wide health economy, a 'local' health agenda which is geographically broader than Thurrock, and how decisions made by non-Thurrock parts of the Essex-wide system will impact upon what Thurrock wants and needs to achieve. Thurrock is a very low spending authority per capita on Adult Social Care (ASC) and also faces significant challenge in its ability to meet the growth in demand and complexity. The department has though received additional funding for ASC which it has used to help provide stability and capacity, including helping to deliver the essential transformation required. The additional funding is limited however both in terms of the Improved Better Care Fund (iBCF) and the additional precept. The pressures identified remain and will not be alleviated in the short term and therefore the residual and forecast ratings have been evaluated as 12 (Critical/Likely). The risk level will be reviewed and revised as the transformation programme develops.

As part of the Mid and South Essex Sustainability and Transformation Partnership, a consultation took place on proposals for hospital service changes. The consultation covered all three hospitals providing acute services (Basildon, Southend, Broomfield), and also Orsett Hospital. The decision made with regard to Orsett Hospital was for some of the services provided by Orsett to be moved closer to where people live. This included tests and scans and would lead to the eventual closure of Orsett. Part of the transformation of health and care in Thurrock includes the development of four Integrated Medical Centres – with the first two planned for Tilbury and Purfleet followed by two further IMCs in Corringham and Grays. A memorandum of understanding has been developed across all partners which commits to keeping Orsett open until the relevant services can be moved to the planned IMCs. The development of the IMCs is being overseen by specific programme and project arrangements.

Adult Social Care Stability and Market Failure - Risk 6 (Rating: 12 Critical/Likely)

Adult Social Care has received additional funding during the last two years – through a precept as part of the Council Tax and also through the Improved Better

Care Fund. A significant proportion of this money has been used to stabilise the market place and deliver sustainability for care providers. This has included increasing the capacity of the contract and brokerage team to ensure contract compliance visits and monitoring to take place in a timely manner – reducing or aiding early identification of risks. The introduction of a Brokerage function has also meant that more realistic costs and fees are negotiated. In addition uplifts have been provided (as described in the risk description) to improve stability and domiciliary care has been retendered. Further work will continue during 18-19 that will contribute towards the stability and sustainability of the market place – including diversification. Despite this, the risk is very real but will be reviewed once the new domiciliary care tender has had sufficient time to embed.

Since the beginning of the year, the new domiciliary care contract has started with new providers now well established within the Borough. Work is also taking place on alternative approaches to traditional domiciliary care, with two Wellbeing Teams planned for February 2019. In addition, Thurrock has been allocated additional funding for the Winter Period which is traditionally a very difficult time for the health and care system. Work is taking place to identify how the allocation should be spent to ensure that the system is able to continue to function – for example increasing capacity for home care and residential care.

CSC, Service Standards & Inspection Outcome - Risk 7 (Rating: 12 Critical/Likely)

This risk evaluates the impact of increased demand and resource pressures on children's social care quality of service and provision. The pressures outlined throughout previous years remain acute. They include increased volumes, increased complexity and ongoing activity to review high cost placements. The implementation of the early help service model and the Thurrock multi-agency safeguarding hub (MASH) has been successful although as anticipated it has led to an increase in the volume of work to children's social care, this is ongoing. The service continues to maximize the external investment and opportunities presented through the Troubled Families Programme and continuously measures impact of the MASH. Ongoing savings to be made across Children's Services including from the Children's Social care budget will be risk assessed to mitigate the impact on front line services.

The service has to be demand led and cannot fail to respond to the needs of a child due to budget or resource constraints. Changes on a local, regional and national level can have a significant impact on the demand for services. War and international factors can result in an unplanned increase in the number of unaccompanied asylum seeking children or families with no recourse to public funds. Geographical movement of families across the Eastern Region and London can see a rise in families needing services, including large sibling groups. An incident of civil disorder could result in more young people being placed in custody and a resulting increase in remand costs to the local authority. Caseloads are too high in some teams and this represents a pressing safeguarding concern. Areas for improvement have been identified within the recent Ofsted (SIF).

The level and complexity of some children and young people's needs and the lack of available national resources (specialist placements) to meet those needs is driving up cost pressures. As the Council continues to improve practice regarding the identification and tackling of Child Sexual Exploitation there is an increase in demand for service provision in terms of intervention; prevention and victim support. Current and new duties in terms of radicalization also place pressures on the service in terms of workforce capacity. Trends can be predicted based on previous levels of demand but these are subject to variance.

The pressures outlined above will not be alleviated in the short term and the risk rating will remain at the higher (red) level for the period covered.

CSC, Safeguarding & Protecting Children & YP - Risk 8 (Rating: 12 Critical/Likely)

The nature of the work in terms of safeguarding and supporting children at risk of harm means that this will always be a high risk area although through the application of the S.E.T (Southend, Essex & Thurrock) Child Protection procedures the department actively works to mitigate this risk and reduce the likelihood.

The risk of children and young people coming to harm cannot be completely eliminated and the risk level needs to remain high and ensure clear vigilance across the council and partner agencies. New and emerging risk factors will arise and there is always a potential for agencies 'not knowing, what they don't know' that needs to be guarded against.

Embedding the Multi Agency Safeguarding Hub and Early Offer of Help has supported earlier identification of risk through a multi-agency approach enabling the department to work to intervene at an earlier stage and reduce the risk of harm in some cases.

The impact for individual children and families, particularly in cases of child death is significant and whilst actions to reduce the likelihood are implemented the impact will remain as critical. There is also a critical impact score in terms of reputational damage should a child death or serious injury occur.

The ongoing nature of risk in child protection and safeguarding is such that despite effective mitigation the acknowledgement of the risk needs to remain high and will not reduce. This is not to say that the risks are unmanageable but for effective management the gravity and complexity of the risk needs to be acknowledged.

Within the context of this work we have a high level and critical risk that is being proactively managed. The management of the risk across partner agencies is reducing the likelihood of such risk, where the potential for such risks are known but cannot reduce the potential magnitude for the child in incidents such as child death or permanent disability. The unknown element of risk for families not

known to the service means that overall the likelihood remains high. Families are also not static and risk is a constant changing variable within known families.

Managing this risk places inherent pressures on the Children's Social Care budget as a demand led budget. The current trend has seen increasing numbers of children requiring child protection plans, children in need plans and children who the council is required to look after (children in care). Effective demand and resource management remain a priority for the service within an overriding context of keeping children safe.

Risk will remain constant throughout the period covered.

Business Continuity Planning - Risk 21 (Rating: 12 Critical/Likely)

The risk evaluates the position if business continuity plans are not coordinated and maintained, which would lead to service delivery arrangements across the council being ineffective in times of a disruption affecting the council and Thurrock e.g. loss of ICT, loss of use of the Civic Offices.

Oversight of Business Continuity Management is now being provided by Performance Board. The list of current BCPs and critical functions has been updated and will form the basis of ongoing review process by Performance Board and service areas. BCPs are the responsibility of individual service areas.

A recent internal audit report on emergency planning, separately recommended a review of BCP arrangements at service level. The Strategic Business Continuity Plan has now been updated and links as appropriate have been made with the emergency planning team. However, Performance Board are continuing their work with services to confirm all areas have up to date BCPs so until that work has concluded, the risk rating will remain the same.

Fraud - Risk 23 (Rating: 12 Critical/Likely)

The Counter Fraud & Investigation service has an organisational-wide strategy and proactive work plan to monitor and manage the identified risks. In the 2016/17 year the service detected £4.5m of fraud and recovered £3.2m back in to the council.

A persistent training and education regime is in place, where experts from the service work with staff, contractors, members and in the council's supply chain to identify and mitigate the risks, and increase awareness.

The council has current and effective policies on Counter Fraud, Bribery & Corruption and Money Laundering which are kept under constant review. These policies acknowledge the threats and install an action plan in identified incidents including, civil & criminal litigation and redress to recover any identified losses. Any control weaknesses identified in investigations are rectified in collaboration with the affected services and Internal Audit through SMART Action Plans.

Impact of UK Withdrawal from the EU - Risk 28 (Rating: 12 Critical/Likely)

Although Central government remains confident that a deal will be made prior to the UK leaving the EU, there is still an element of uncertainty that it will not be reached or in place by March 2019. Withdrawal from the EU involves a complex set of negotiations and the outcome of the process is difficult to predict.

The Council is working with the Essex Resilience Forum and wider stakeholders to consider and plan for the potential impact of Brexit on Thurrock and the Council.

Opportunity - In priority (rating) and then reference number order.

Treasury Management/Investment Strategy - Opportunity 16a (Rating: 12 Exceptional/Likely)

Investments identified as having the greater ability to make significant income with the minimum of impact on service provision. Treasury Management and Investment Strategy established and presented to Council 28th February, via Cabinet 7th February 2018 and Corporate Overview & Scrutiny Committee 23rd January 2018.

Thurrock Regeneration Ltd (TRL) - Opportunity 10 (Rating: 12 Major/Very Likely)

TRL Thurrock Ltd is a company set up and wholly owned by Thurrock Council. The principle focus of TRL has broadened to support the Council's wider regeneration goals however the priority focus is on delivering new homes.

The Council agreed, in February 2018, to financially commit supporting TRL's objective to deliver 1000 units over 5 years (subject to governance procedures). Consideration will be given to ensure an optimum level for a functioning, compelling business plan that effectively balances the competing issues of development/financial risk, delivery capacity and commercial returns.

To support this, the TRL Board and Shareholders agreed an updated Investment Strategy which sets out the basis on which the Company will seek to operate. TRL has a revised financial model in place, prepared by Capita, on a fairly prudent set of assumptions TRL should be able to repay its borrowings from the Council (giving rise to a small annual surplus to the General Fund) and, in addition, generate a longer term equity return to the Council.

The Council will transfer land to TRL in exchange for shares and the Council will prudentially borrow and on-lend money (at a margin) to TRL to develop housing on that land. The first site has been completed and the second Belmont Road will be on site in November 2018. The development of a pipeline of schemes is ongoing.

- 3.4 For members information the Criteria Guide for Impact and Likelihood levels are included under Appendix 3 to show the guidelines used to rate and prioritise the items.
- 3.5 The whole register has been filed on Objective under the shared file for Risk and Opportunity Management (see 8 below for information and link).

4. Reasons for Recommendation

- 4.1 One of the functions of the Standards and Audit Committee under the Terms of Reference of the Constitution is to provide independent assurance that the authority's risk management arrangements are adequate and effective
- 4.2 To enable the Standards and Audit Committee to consider the effectiveness of the council's risk and opportunity management arrangements the report is presented on a bi annual basis and provides details of how the key risks and opportunities facing the authority are identified and managed.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 The Corporate Risk and Insurance Manager has engaged with Services, Department Management Teams, Performance Board and Directors Board to review the Strategic/Corporate Risk and Opportunity Register.
- 5.2 The updated Strategic/Corporate Risk and Opportunity Register was presented to Directors Board 13 November 2018, via Performance Board 29 October 2018.

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 ROM is recognised as a good management practice and how successful the council is in managing the risks and opportunities it faces will have a major impact on the achievement of the council's priorities and objectives.

7. Implications

7.1 Financial

Implications verified by: **Dammy Adewole**
Management Accountant

Effective risk and opportunity management and the processes underpinning it will provide a more robust means to identify, manage and reduce the likelihood of financial claims and/or loss faced by the council.

7.2 Legal

Implications verified by: **David Lawson**
Assistant Director of Law & Governance

Effective risk and opportunity management and the processes underpinning it will provide a more robust means to identify, manage and reduce the likelihood of legal claims or regulatory challenges against the council

7.3 Diversity and Equality

Implications verified by: **Roxanne Scanlon**
Community Engagement & Project Monitoring Officer

The management of risk and opportunities provides an effective mechanism for monitoring key equality and human right risks associated with a range of service and business activities undertaken by the council. It also provides a method for reducing the likelihood of breaching our statutory equality duties.

7.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

Risk and opportunity management contributes towards the council meeting the requirements of Corporate Governance and the Account & Audit Regulations.

8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Strategic/Corporate Risk and Opportunity Register, October 2018. The document can be accessed via the following shared Risk and Opportunity Management file on Objective:
<https://edrms.thurrock.gov.uk:443/id:fA1213633>

9. Appendices to the report

- Appendix 1 – Dashboard, Table 1 – Strategic/Corporate Risk & Opportunity Register October 2018
- Appendix 2 - In Focus report
- Appendix 3 - Criteria Guide for Impact and Likelihood

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