

8 December 2015		ITEM: 11
Standards and Audit Committee		
Review of the Strategic/Corporate Risk and Opportunity Register, In Quarter 3 Report		
Wards and communities affected: All	Key Decision: Non key	
Report of: Andy Owen, Corporate Risk Officer		
Accountable Head of Service: Sean Clark, Head of Corporate Finance		
Accountable Director: Lyn Carpenter, Chief Executive		
This report is a public report		

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 Officer has worked with Services, Department Management Teams, Performance Board and Directors Board during October and November to update 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 includes the items identified by Corporate Risk Management, Performance Board and Directors Board that Standards and Audit Committee should focus on this quarter.**

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 are undertaken and updates reported to Directors Board quarterly and Standards and Audit Committee on a bi annual basis
- 2.4 Work was carried out during March to April to refresh the Strategic/Corporate Risk and Opportunity Register and bring it more in line with the updated Community Priorities. The refreshed register (In Quarter 1 report) was presented to Standards and Audit Committee 16th July 2015, via Directors Board 12th May 2015 and Performance Board 6th May 2015.
- 2.5 The In Quarter 2 review was completed during July and reported to Directors Board 14th July 2015.
- 2.6 For the In Quarter 3 exercise the Corporate Risk Officer has worked with Services, Department Management Teams, Performance Board and Directors Board during October and November to review 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 and outlines the progress to manage the risks and opportunities to planned targets and timeframes.
- 3.3 **Appendix 2 – Risks and Opportunities In Focus report**
This document includes the items identified by Corporate Risk Management, Performance Board and Directors Board that Standards and Audit Committee should focus on this quarter.

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.

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

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

Adults Social Care, Cost & Quality Standards - Risk 1

(Rating: 12 Critical/Likely)

The risk evaluates the impact of a combination of issues on the maintenance of care quality standards. The risk is rated at the higher level due to the financial pressures on local authorities and the impact this will have (e.g. reduced teams for critical processes such as contract management, inability to uplift prices to counter competition for workers and inflationary pressures, etc). We have agreed to provide our residential providers for older people an uplift of 1% for 15/16, with a possibility of a further 1% linked to performance. Whilst contingencies are and continue to be considered, the current Council financial situation is making finding a workable solution difficult. Hence the risk rating. The impact of the application of the living wage, a recent ruling regarding paying staff for travel time and the forthcoming Comprehensive Spending Review is highly likely to see the residual risk rating increasing in the next couple of quarters. One of the Council's domiciliary care providers has recently given notice on their contract, citing an inability to continue to provide a service on the current contracted rate. Pressure on the provider market is acute and one of, if not the most significant risk to the Council being able to meet demand for care.

Health and Social Care Transformation - Risk 3

(Rating: 12 Critical/Likely)

Programme management of this major legislative change would, in any normal year, become the major focus for the directorate. However we currently have to programme manage and deliver a number complex and wide ranging programmes of work. There are also difficulties to overcome if we are to progress integration with health, this includes current pressures on the Essex-wide health economy 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 and also faces significant reductions to funding via the national austerity programme. Risks of non-delivery of any, or all, of these important programmes are exacerbated by these factors. Mitigation in the form of securing resources in the short term to provide adequate programme management, delivery and specialist expertise where required is necessary.

Welfare Reforms - Risk 4

(Rating: 12 Critical/Likely)

The Welfare Reform Act 2012 and the Local Government Finance Act 2012 have resulted in major changes to the welfare scheme. Both Acts have introduced significant reforms to the current system that have a direct impact on Council services and the Council's Welfare Reform Group are regularly monitoring the impact of the changes and actions to address the position. Progress against the specific areas include:

- The Essential Living Fund has had a lower take-up than expected (largely because it is cashless) and the arrangements with Southend are working well. The scheme will continue as per Cabinet approval in December for 2015/16; as such the Council will contribute £331,425 towards the running of the scheme, it is likely that no less than £266,925 will be available to eligible applicants during the fiscal year.
- The social sector size criteria have affected nearly 1,000 people. Discretionary Housing Payment has been used to minimise the impact; Housing Benefit arrears have been lower than expected; around 65 households have moved. The risk is over maintaining this position;
- The benefit cap only affected a very small number of people and has had minimal impact;
- The move from Disability Living Allowance to Personal Independent Plan is being monitored and numbers will grow as people switch at their review point. Delays remain the biggest problem. However, the DWP states that waiting times have now been reduced to 6 weeks.
- Localised Council Tax Support – again arrears are lower than expected but it is causing financial hardship for significant numbers of people, the long-term impact of which is hard to assess at this stage; The 2015/16 scheme has now been approved by full Council as at January and will remain the same as the last 2 years.
- Universal Credit – the process of its rolling out in Thurrock began in March 2015. At this stage it affects new claimants from single jobseekers such as people entitled to Job Seekers Allowance, and includes; Housing Costs and Tax Credits. The roll-out to all other categories of people including Couple's and families with children is continuing in a phased process in all chosen pilot areas, but is expected to be completed by 2016/2017.

- Universal Credit has faced significant delays because of IT and other implementation problems. There are opportunities to see if we can get joined up professional Benefits, Money and Employment advice and support services between the Council and the Job Centre Plus/Dept of Works & Pensions. The start of this has been to join up Housing Assessments and DWP assessments on the ground floor of the Civic Offices. This went live at the end of January 2015.
- A Delivery Partnership Agreement (DPA) was signed by Thurrock Council and the DWP, taking effect from the 16th of March 2015

The July's budget's announcement indicated further changes to the welfare system which are likely to put additional pressures on the Local Authority services and resources, these include:

Changes	Mitigation
1. 1% reduction in social rent for the next four years, this is the equivalent of 8% over the duration (on the basis of needing to reduce social rent by 1%, and not receiving the 1% on top of Consumer Price Index).	To be confirmed. Awaiting further information to enable the position to be evaluated.
2. Market value rent for social tenants households earning £30,000 per year or more	To be confirmed when system for the evaluation of earnings established.
3. As of April 2016 the Benefit Cap for families in Thurrock will be reduced from £26,000 to £20,000. And to £13,400 for single claimants.	Continue to work closely with DWP to support adults to return to work via apprenticeships, training schemes, and other initiatives.
4. From April 2017 Eighteen to Twenty-one years old applicants will not be eligible for Housing Benefit (only vulnerable applicants would be entitled to the benefits).	Continue to work closely with DWP and relevant agencies to support young adults obtaining work via apprenticeships, training schemes, and other initiatives.
5. Working age benefit will be frozen for four years from April 2016.	Developing an advisory service to sign-post and assist affected households with budgeting, accessing alternative resources...etc.
6. Reduction of income threshold for tax credits from £6,420 to £3,850 from April 2016 (Earning will reduce benefits considerably earlier).	To be confirmed but likely that appropriate advisory service will be provided
7. ESA applicants categorized within the work related activity component will no longer be eligible to receive the additional £30 per week increment from April 2017.	Ensuring households affected are made aware of the changes, and supported.
8. Entitlement to Child Tax Credit will be restricted to two children only from April 2017.	Assisting households with budgeting.
9. Backdating of Housing Benefits will be restricted to maximum statutory period of one month only. From April 2016	Ensuring all affected households are contacted and provided with support at early stages.
10. As of April 2017 parents will only be able to claim income support up to the child's age of three.	Developing an advisory service to sign-post and assist affected households with budgeting, accessing alternative resources...etc.

The reforms and impact of the changes will not be alleviated in the short term. A target date of 31/03/16 has been applied to the risk, which is the time when the documentation will be fully reviewed, refreshed and updated to reflect the changes to the reforms and the risk. At the 31/03/16 it is predicted that the risk will remain at the higher (red) level and a target rating of Critical/Likely applied.

Delivery of MTFs 2015/16 - Risk 8

(Rating: 12 Critical/Likely)

Regular budget updates provided to Cabinet via Directors Board. 2015/16 budget pressures arising from targeted savings from Terms and Conditions and Serco; Shortfall in Shared Service Recharges; Environmental Services; Impact of Sita recycling arrangements and Shortfall in the ability to meet Public Health In-year Reduction identified. Further pressures recognised within Children's and Housing Services. Officers are currently working to reduce where possible the impact on the MTFs. Updates and action to address financial pressures to be presented and agreed by Cabinet November and December 2015.

Delivery of MTFs 2016/17 to 2017/18 - Risk 9

(Rating: 12 Critical/Likely)

Cabinet in July 2015 agreed a robust approach to consider the future shape of the Council and budget planning process to address the budget reductions and demand pressures facing the Council. The MTFs (as at October 2015 Cabinet report) shows a projected deficit for the period 2016/17 to 2019/20 of £28.4m of which £3.4m relates to 2016/17 and options to address the 2016/17 pressures are to be presented in the Autumn 2015 for Members consideration.

Purfleet Regeneration - Risk 10

(Rating: 12 Critical/Likely)

The Council appointed the 'Purfleet Centre Regeneration Limited' consortium as its development partner for the Purfleet Centre project in March 2014. Since that point the Council has been working with PCRL to secure the funding needed for the scheme and develop more detailed proposals with a view to seeking planning consent later in 2015. The programme has slipped as efforts to secure the funding have continued. Cabinet received a report in October 2015 and approved the finalised commercial terms. It is anticipated that the council will enter into contracts by the end of the calendar year. In the meantime, the risk rating remains the same.

CSC, Service Standards & Inspection Outcome - Risk 16

(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. This risk remains from the previous year as inspection has not yet taken place. The pressures outlined throughout the 2014/15 year 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 and needs lead 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.

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. A target date of 31/03/16 has been applied to the risk, which is the time when the documentation will be fully reviewed, refreshed and updated.

CSC, Safeguarding and Protecting C&YP - Risk 17

(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.

The introduction of 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.

The risk rating therefore remains as a constant throughout the period covered. A target date of 31/03/16 has been applied to the risk, which is the time when the documentation will be fully reviewed, refreshed and updated.

Business Continuity Planning - Risk 18

(Rating: 12 Critical/Likely)

The risk evaluates the position if business continuity plans are not coordinated and maintained, which would lead to business continuity planning arrangements across the Council becoming inconsistent, outdated and ineffective in times of a disruption affecting the authority.

With effect from the 1st April 2015 the responsibility for Business Continuity transferred from the Emergency Planning Team to local managers. The Council has recently undergone some significant change and reshaping with restructures, office moves, remote working, closing of the Culver Centre and further changes are in train (e.g. transfer back to the council of ICT and other services from Serco). A Business Continuity Planning (BCP) and Disaster Recovery (DR) Group has been formed to lead a review of the Business Impact Analysis (BIA) and BCP approach with a view to leverage this information to drive forward an appropriate fit for purpose ICT DR plan for the Council. The approach for the review has been developed and is due to be discussed at the BCP & DR Group meeting 12/10/15.

The risk is expected to remain at the higher level until assurance is obtained that the business continuity plans for the critical functions identified are adequate and effective. This will not be achieved in the short term. A target date of 31/03/16 and target rating of Critical/Likely has therefore been applied to the risk, which is when the documentation will be fully reviewed, refreshed and updated to reflect the changes to the situation. An assessment to consider the ongoing approach/support function for BCP will also be undertaken.

ICT Disaster Recovery Planning - Risk 23

(Rating: 12 Critical/Likely)

The Council has recently (certainly over the last two years) undergone some significant changes with regards to its delivery of ICT services and culture (e.g. more flexible remote working through the use of VDI and Unified Communications etc.). This is a significant change that will shortly (by August 2015) allow the majority its workforce to flexibly work within any location of the Civic Offices building or remotely at almost any location where they have access to a PC and an Internet connection.

However, remote access will not work should there be a catastrophic failure within the Data Centre at Civic Offices rendering either, or all, ICT compute, storage or networking services as inoperable. Such catastrophic failure could be identified as fire, flood, explosion or irrecoverable ICT equipment fault (e.g. loss of power, SAN or core Network).

The BCP and DR Support Group has been formed and will lead the way with re-shaping the BCP approach/capabilities with a view to leverage this information to drive forward a fit for purpose DR plan that meets the overall BCP requirements. The coordination of BCP across the Council was

previously provided by the Emergency Planning Team but this function ceased on the 1st April 2015 when the responsibility for BCP transferred to service managers.

The risk has been re-evaluated on the basis of not having a fully resilient DR Capability and takes into account the recent event of a power failure which affected the ICT server s and resulted in some works to bring the systems back on line. Following the re-evaluation of the risk the overall rating has changed and moves from an 8 to a 12.

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

Gloriana Thurrock Ltd - Opportunity 20

(Rating: 16 Exceptional/Very Likely)

The opportunities flow directly from the Company's objectives which are to build high quality housing in support of Thurrock's Vision and growth targets. If Gloriana can deliver high quality housing within the financial parameters set in the Business Case approved by Cabinet then much needed affordable housing will be provided for the Borough and a financial return will flow to the Council.

The Business Case presented to Cabinet in March included a governance and scheme gateway process to enable the effective management of the opportunities and risks flowing from the project. This has proved an effective management and governance process and the first scheme, St Chad's, started on site in July, marking the achievement of the first major milestone for Gloriana. A general risk register and a specific risk register for this first site showed that some risks had already been mitigated or mitigation/management actions were already in place.

However, scheme development risks would remain as key risks to be managed and mitigated during the construction programme together with demand risk in relation to letting/selling the properties. One risk has been activated in relation to asbestos found on the site but is being managed currently within risk budget allocations.

South East Local Enterprise Partnership - Opportunity 11

(Rating: 12 Exceptional/Likely)

The Council successfully secured around £92.5m through round one of the Local Growth Fund in support of the A13 widening, Stanford-le-Hope/London Gateway access improvements, cycling initiatives and sustainable travel. Further funds have been secured for Purfleet (£5m) in round two.

A short list of Thurrock schemes is being developed as part of the Thames Gateway South Essex (TGSE) work under SELEP

Further details of future rounds are anticipated shortly. In the meantime the opportunity rating remains the same.

- 3.4 The whole register has been made available on the J:\THURROCK\EXCHANGE file under ROM\ROM Q3 Review_SC R&O Register

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 Officer has engaged with Services, Department Management Teams, Performance Board and Directors Board to review the Strategic/Corporate Risk and Opportunity Register.

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: **Michael Jones**
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**
Deputy Head of Legal and Governance – Deputy Monitoring Officer

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: **Rebecca Price**
Community Development 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 2015 (In Quarter 3 report). The document can be accessed via the J:\THURROCK\EXCHANGE file under ROM\ROM Q3 Refresh_SC R&O Register

9. Appendices to the report

- Appendix 1 - Dashboard
- Appendix 2 - In Focus report

Report Author:

Andy Owen
Corporate Risk Officer