

14 June 2016		ITEM: 6
Standards and Audit Committee		
Refresh of the Strategic/Corporate Risk and Opportunity Register		
Wards and communities affected: All	Key Decision: Non key	
Report of: Andy Owen, Interim Insurance & Risk Manager		
Accountable Head of Service: N/A		
Accountable Director: Sean Clark, Director of Finance and IT		
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 March to May to refresh 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 were undertaken during 2015/16 and reported to Directors Board and Standards & Audit Committee (quarter reports to DB and bi annual reports to S&AC).
- 2.4 The annual review of the Council's ROM arrangements was undertaken in the last quarter of 2015/16. As part of the review the ROM Policy, Strategy and Framework were updated and reported to Standards and Audit Committee 18th March 2016, via Directors Board 23rd February 2016.
- 2.5 The refresh of the Strategic/Corporate Risk and Opportunity Register is the first exercise under the updated ROM Framework. The Interim Insurance and Risk Manager has worked with Services, Department Management Teams and Performance Board during March to May to refresh the Strategic/Corporate Risk and Opportunity Register.
- 2.6 The review has resulted in some changes to the register. 16 items have been refreshed, 4 new items added and 4 items removed.

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 refreshed and new items are included in the dashboard table. The dashboard provides a summary of the items in the register mapped against the Council's priorities, shows the developments to date and the management targets/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 order.

Adult 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 and the ability to meet the needs of service users who meet Adult Social Care eligibility criteria. The risk is rated at the higher level due to the financial pressures on local authorities and the impact this has in turn on providers – e.g. reduced teams for critical processes such as contract management, inability to uplift prices to counter competition for workers, inflationary pressures etc.). In 2015-16, the Council agreed to provide residential providers for older people with an uplift of 1% and the possibility of a further 1% linked to performance. Whilst contingencies are and continue to be considered, the current Council financial situation makes finding a workable solution increasingly difficult – particularly with the added pressure of the National Living Wage. 2015/16 also saw two domiciliary care providers unable remain viable, and the Council having to take a considerable number of hours back in-house. The service and the market place is extremely stretched, and this risk remains a significant threat to the Council's ability to provide continuity and high quality care packages.

Health and Social Care Transformation - Risk 2

(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. There are also challenges to overcome to progress integration with health. 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 and also faces significant on-going reductions to funding. Risks of non-delivery of any, or all, of these important programmes are exacerbated by these factors. Migration 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 3

(Rating: 12 Critical/Likely)

The impact of the changes is being monitored by the Welfare Reform Group. In terms of the specific areas :

- 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.
- The social sector size criteria has affected nearly 1,000 people. Discretionary Housing Payment has been used to minimise the impact; Housing Benefit arrears have been lower than expected; around 40 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 & numbers will grow as people switch at their review point. Delays remain the biggest problem.
- 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 – We know now that UC will be rolled out in Thurrock from March 16th 2015. This will be for new claims from single jobseekers such as people entitled to Job Seekers Allowance, and will include; 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 arrears, 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

Following a three years period in which changes to the welfare system were made, significant further changes were made recently; including suggestions of ending life-term social tenancies and replacing them with fixed ones of a maximum of five years, social tenants expected to pay higher rent (near market value) and the likelihood of rolling Universal Credit quicker than originally announced and anticipated. At this stage there is no clear evaluating indicator that can be offered

to appreciate the impacts of such changes are likely to have since details of such recent announcements are not published yet. Nonetheless, early indications suggests that a considerable impact on services and the local community will pursue, and the likelihood of increasing the risk.

A full review of the Council's approach and response to the Welfare Reforms is planned to address the key challenges presented by the recent and further changes to the reforms. The risk document and management action plan has been refreshed and generically addresses the welfare agenda and thus provides a robust overview of the impacts such changes will have.

CSC, Service Standards & Inspection Outcome - Risk 6 (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 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.

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. A target date of 31/03/17 has been applied to the risk, which is the time when the documentation will be fully reviewed, refreshed and updated.

CSC, Safeguarding & Protecting C&YP - Risk 7 (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.

The risk rating will remain as a constant throughout the period covered.

Business Continuity Planning - Risk 8

(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.

The Business Continuity Planning (BCP) and Disaster Recovery (DR) Group have undertaken some work with Service Areas during 2015/16 to identify priority functions/ICT systems and to update service business continuity plans. An analysis of the information has been completed and an interim solution for ICT Disaster recovery arrangements was presented to and agreed by Directors Board in March 2016. The interim solution for ICT DR when implemented and updated service Business Continuity Plans put the Council in a fair position to deal with a significant disruption.

However 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. The ongoing approach for Business Continuity Management is to be considered by Directors Board in April 2016. Following agreement of the preferred approach by Directors Board an action plan (including a test programme for BCP) will be developed. It is anticipated that this will not be implemented in the short term and a target date of 31/03/17 and target rating of Critical/Likely has therefore been applied to the risk.

ICT Disaster Recovery Planning - Risk 11

(Rating: 12 Critical/Likely)

A proposal to install a basic DR capability to support up to 100 concurrent users at Southend has been provisionally approved by Directors Board. The main caveat is that all services need to confirm that they can operate with this minimal capability in the event of it having to be invoked. ICT are still awaiting confirmation to proceed. A link between the two sites is currently being provisioned.

In parallel the council will be reviewing its strategic infrastructure requirement, but deploying the tactical solution will ensure this exercise is driven by service requirements rather than a DR imperative.

Delivery of MTFs 2017/18 - 2018/19 - Risk 13

(Rating: 12 Critical/Likely)

MTFS established. Balanced budget for 2016/17 agreed and forecast for the financial years 2017/18 through to 2019/20 reported to Cabinet February 2016. Work underway to develop a transformational approach to tackling the budget position and support the council in achieving financial self-sustainability. A framework on delivering the MTFs has been agreed by Directors Board. The framework relies on functions such as income generation, demand management, more or same for less, contract management and transformation rather than the more traditional top slice approach allocating targets direct to services. The key strands of this function framework are currently being populated with tangible projects and current work streams.

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

S. E. Local Enterprise Partnership - Opportunity 18 (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.

Further details of LGF 3 have now been released. Submissions expected towards the end of the summer 2016. Work already underway to develop business cases for top priority projects.

- 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 A number of items have been removed from the register as a result of the refresh. The items along with the rationale for their removal are summarised in the following table:

Risk - In alphabetical order

Failure to Implement the Care Act

When the risk was established, there were significant concerns regarding the impact of part 2 of the Act in particular. Part 2 of the Act concerned how much service users would be expected to pay for their care, and placed a cap on the total amount an individual would be expected to contribute regardless of their ability to pay. The Government announced that Part 2 of the Act – originally due to commence from April 2016 – would be postponed until at least 2020. Whilst there are still risks concerned with the ability of the Council to meet the requirements of Part 1 of the Act, the postponement of Part 2 means that the risk rating can be downgraded sufficiently to no longer warrant corporate risk status. The risk will still be kept under review as part monitoring arrangements for the Adult Social Care service plan.

ICT Infrastructure

The new Storage Area Network (SAN) is now deployed meaning that all core infrastructure is within age. The architecture and infrastructure capabilities are adequate for a local authority of our size, and whilst they do need reviewing in the context of service transformation, they do not pose a significant risk in their own right.

The infrastructure is not resilient, but this is being managed under a separate risk for ICT Disaster Recovery Planning. It is therefore proposed that this risk is closed down and removed from the strategic/corporate risk and opportunity register.

Managing Change / Capacity for Change

The management action taken to mitigate the risks was in the context of a balanced budget, limited need for staff reductions and delivery of the corporate Transformation Programmes. Despite these interventions the residual risk remains categorised at 9 (Substantial/Likely) as the council now faces increased challenges.

However, for 2016/17 this risk will be re-focussed specifically on staff engagement. Therefore this particular risk will be deleted and replaced by a new item headed Staff Engagement and Capacity for Change.

Reputation and Profile

A recent restructure of the corporate communications team is enabling a more strategic approach to managing communications across the Council and support to services. It is increasingly clear that despite the changes, capacity is a risk especially when dealing with numerous high profile issues e.g. Lower Thames Crossing, Civic Awards etc. We are monitoring this and the target date was revised to the end of the year at the Quarter 3 review and the target rating adjusted to be more realistic. Although there are still some issues regarding this it is felt that this can be monitored at service level from now onwards, and instead of new Strategic Opportunity headed Raising Our Profile & Image will be monitored during 2016/17 focussing on the opportunity that the growth agenda gives us to raise the profile and image of the area. Therefore this particular risk scenario can now be closed.

3.6 The whole register has been filed on Objective under the following shared file:

Thurrock Corporate File Plan\Risk management & insurance\Risk management\Risk & Opportunity Management Systems\Risk & Opportunity Management Share Across Services File\Strategic/Corporate Risk & Opportunity 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 refresh the Strategic Corporate Risk and Opportunity Register.

5.2 The refreshed Strategic/Corporate Risk and Opportunity Register was presented to Directors Board 17th May 2016, via Performance Board 3rd May 2016.

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: Laura Last,
Senior Finance 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 financial claims and/or loss faced by the Council.

7.2 Legal

Implications verified by: David Lawson,
Deputy Head 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: Natalie Warren,
Community Development & Equalities Manager

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, April 2016. The document can be accessed via the following shared file on Objective:

Thurrock Corporate File Plan\Risk management & insurance\Risk management\Risk & Opportunity Management Systems\Risk & Opportunity Management Share Across Services File\Strategic/Corporate Risk & Opportunity Register.

9. **Appendices to the report**

- Appendix 1 - Dashboard
- Appendix 2 - In Focus report
- Appendix 3 - Criteria Guide for Impact and Likelihood

Report Author:

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