

Central Bedfordshire Council

Audit Committee

27 June 2016

Risk Update Report

Report of: Charles Warboys, Chief Finance Officer
(charles.warboys@centralbedfordshire.gov.uk)

Contact Officer: Kathy Riches, Head of Internal Audit and Risk
(kathy.riches@centralbedfordshire.gov.uk)

Purpose of this report:

The purpose of this report is to give an overview of the Council's risk position as at June 2016.

RECOMMENDATION

The Committee is asked to:

1. Consider and comment on the contents of the report.

Overview and Scrutiny Comments/Recommendations

1. This report is not scheduled to be considered by Overview and Scrutiny, as this is the responsibility of the Audit Committee.

Background

2. The Terms of Reference of the Audit Committee include the monitoring of the operation of the Risk Management Strategy. This report is the regular update report to assist the Committee in discharging its responsibilities.
3. The purpose of this report is to give an overview of the Council's risk position as at June 2016. At the time of the last Committee a fundamental refresh of the risk register was in progress. A number of additional strategic risks had been identified and work was being carried out to fully assess and document these risks and to ensure that, where possible, appropriate mitigating actions were in place. It was agreed that an update report would be presented to this meeting.
4. This update reflects the progress made in developing these risks and also includes an update on the other risks contained within the register.

Strategic Risks

5. The June 2016 risk report is contained at Appendix 1. The report contains 14 risks, including the risks identified as part of the refresh.
6. There are 10 strategic risks with a residual risk score of 9 or more. A score of 9 or more generally represents an unacceptable risk exposure, with further mitigation required.
7. The strategic risks facing the Council are considered in two sections within this report. The first section considers the risks identified as part of the refresh, and the second section considers revisions to the risks that were already included within the strategic risk register.

Additional strategic risks added:

8. Following the fundamental refresh of the risk register in February, 8 additional strategic risks were identified. These are now considered in more detail, along with the residual risk scores. All the additional risks have been accepted as strategic risks by senior management.
9. STR0031 - The capacity of the Council to deliver services in the light of the scale of the efficiencies we need to make has been considered, taking into account the increasing importance of our income from NNDR, the impact of changes to HRA financing and the anticipated transfer of new responsibilities to councils without the concomitant funding, such as the administration of attendance allowances. This risk also reflects the impacts of shifts in Government policy, for example, the impact of the potential move of all schools towards Academies. Although the inherent risk score was determined at 25, the mitigating actions in place have resulted in a residual risk score of 9 (impact 3 and likelihood 3). This reflects the actions in place to sign up to "The Certainty Deal" and also longer term financial planning and the Four Year Settlement.
10. STR0032 - The risk of not being able to access a sustainable market for social care at a reasonable price as a result of the implementation of the National Living Wage and other legislation has been considered, along with its impact on the wider economy. The consequences include pressures on the Council's budgets, instability in the care market, and potential reductions in the capacity and quality of care. The inherent risk score is 20. The mitigating actions identified have resulted in a residual risk score of 12 (impact 4 and likelihood 3).
11. STR0033 - The impact of cyber crime has also been considered. This is an area of regular media coverage. The consequences include poor performance, loss of data, financial loss, reputational damage and non compliance with data protection legislation. This risk has been discussed with the Chief Information Assets Owner and a number of mitigating actions are in place. The inherent risk score is 12 and the residual risk score is 6 (impact 2 and likelihood 3).

12. STR0034 - The failure to deliver the Organisational Development Plan has also been identified as a potential strategic risk. Failure to deliver could result in not achieving the Council's objectives, low staff morale, and a lack of service improvement. The inherent risk score is 16. However, a refreshed programme with six work streams has been developed, and the new programme was launched at an event in April, with engagement from managers across the Council. As a result, the residual risk score is 8 (impact 4 and likelihood 2).
13. STR0035 - The failure to deliver major transformation programmes, particularly within Children's Services, resulting in service delivery failure and also failing to deliver budget efficiencies is another strategic risk that has been considered. The inherent risk score is 16. Although a number of mitigating actions have been identified, including the work of the Social Work and Early Help Academy, additional budget monitoring, and a project plan with milestones and KPIs it is acknowledged that the delivery of the transformation programme remains a high risk, and the residual risk score is 16 (impact 4 and likelihood 4).
14. STR0036 - The risk of failing to deliver community cohesion in the context of demographic growth in Central Bedfordshire has also been considered. There is a need to enhance a sense of community and secure equal access to facilities within those communities. Failing to achieve these objectives could result in inequity, enhanced deprivation in some areas, pockets of extreme vulnerability, social isolation, and anti social behaviour. The inherent risk score is 16. Although some mitigating actions are in place, the residual risk score currently remains at 16 (impact 4 and likelihood 4). Further future actions aimed at mitigating this risk have been identified.
15. STR0037 – The risk of failure to support vulnerable people and families, including facets of access to accommodation, welfare reform and low levels of income has also been considered. This could result in increased homelessness, lack of access to suitable accommodation, increased child and family poverty, an increased dependency on the Council, an increase in children being taken into care and negative health and emotional impacts. The inherent risk score is 16. However, a number of mitigating actions have been identified, covering addressing housing needs, supporting welfare provision, and the implementation of both Early Help and Neglect strategies. The residual risk score is 9 (impact 3 and likelihood 3). A number of additional actions to also help further mitigate this risk have been identified.
16. STR0038 - The final additional strategic risk identified relates to the fragility of the emergency planning and business continuity functions across partners and the impact of this on the Council's ability to deliver its objectives. A particular facet relates to emergency planning and resilience in amongst health partners. The consequences include failing to respond appropriately to health emergencies and failing to protect vulnerable

people. This could have negative health impacts. A number of mitigations have been identified, which include the work of the Bedfordshire Local Resilience Forum and the Local Health Resilience Partnership. The inherent risk score is 16 and the residual risk score is 12 (impact 3 and likelihood 4).

Revisions to existing strategic risks

17. The Finance risk (STR0001) has been updated to reflect the £15.3 mil. savings required for 2016/17 and also the additional action that has been taken to mitigate this risk, including the increase in Council Tax, the Social Care Levy and the Certainty Deal. There has been no change to the residual risk score.
18. Both the Growth strategic risk (STR0003) and the risk of failing to adopt a Community Infrastructure Levy (CIL) (STR0027) have been reviewed. There is an inter relationship between the two risks. The Council has been advised that it is not possible to progress the adoption of the CIL until a Local Plan is in place. Not being able to adopt a CIL is, therefore, an additional consequence of not having a Local Plan. The two risks have therefore been combined. STR0003 has been removed from the register and the description of STR0027 has been amended to reflect the risk of failing to adopt a Local Plan and a CIL. The residual risk score is 16 (impact 4 and likelihood 4).
19. STR0010 relating to the risks associated with failing to recruit and retain professional and qualified social workers within Children's Services has been reviewed. The emphasis of this risk relates to resource, specifically the social care work force. It has been activity addressed over a period of time reducing its residual risk during the monitoring periods. The Council has seen stability in the workforce and the securing of permanent workers in place of agency workers. This has changed the residual risk which is now scored at 8 (impact 4 and likelihood 2) a position it is hoped to maintain. As a result, this risk is no longer considered to be a strategic risk and will be managed at an operational level.
20. STR0013 relating to Information Management risks has been reviewed. The mitigating actions reflect the work undertaken on updating Council wide retention schedules to meet legislative and operational retention requirements. There has been no change to the residual risk score of 8 (impact 4 and likelihood 2). The description of this risk has also been amended to reflect that the risk is now less about systems and processes and more about individual data breaches.
21. STR0019 relating to failure to deliver effective and cohesive health and social care to residents has been reviewed. The full description of this risk is "the risk to the Health and Social Care System and local residents brought about by significant changes in the National Health System". It has been constantly risk scored highly as there have been large scale changes in the NHS in direct provision and commissioned services at a

local and regional level, e.g. mental health provision. The risk score reflects that the Bedfordshire Clinical Commissioning Group (BCCG) continues to have issues around resourcing and management. There is continued uncertainty in respect of hospital services in Bedford and Milton Keynes. As a result, the residual likelihood score remains “likely” until there is a sustained improvement across the health sector.

The Council is taking a number of mitigating actions. These include:

- working very closely with BCCG’s new leadership to ensure good partnership working. This includes the Better Care Fund governance arrangements and plans and through BCCG’s Budget Recovery Plan.
- working closely with its health partners on the Community Health Service re provision.
- working with the BCCG, BBC, Luton Borough Council, Luton CCG, Milton Keynes Council and Milton Keynes CCG on the Sustainability Transformation Programme. This is the NHS’s new wider ‘footprint’ that covers all of Bedfordshire and Milton Keynes, and
- The Kings Fund is now supporting BCCG, CBC and Bedford Borough Council (BBC) to develop a joint vision for integration.

There has been no change to the residual risk score.

22. The following three risks have also been reviewed and are now considered to be operational:

- STR0022 relating to non compliance with procurement procedures
- STR0024 relating to non realisation of capital receipts
- STR0028, relating to the risk of failing to deliver the requirements of the Care Act. (However, this will need to be reconsidered nearer to April 2020, pending the implementation of Part 2 of the Care Act).

These risks have been removed from the strategic risk register but will be kept under review.

23. There have been no changes to the remaining strategic risks.

Operational Risks

24. The risk report also highlights the key operational risks facing the Council. These have been drawn directly from Directorate risk registers as uploaded onto the JCAD risk management system.

25. The dashboard has listed the 7 operational risks with a risk score of 15 or above. There have been no revisions since the last report.

Council Priorities

26. Good risk management enables delivery of the Council’s aims and objectives. Good risk management ensures that we adopt a planned and systematic approach to the identification and control of the risks that threaten the delivery of objectives, protection of assets, or the financial wellbeing of the Council.

Corporate Implications

Legal Implications

27. None directly from this report.

Financial Implications

28. None directly from this report.

Equalities Implications

29. None directly from this report.

Conclusion and next Steps

30. Internal Audit and Risk will continue to coordinate and update the Strategic Risk register and an update will be presented to the next Audit Committee.

Appendices

Appendix A – June 2016 Risk Summary Dashboard

Background Papers

None