

Central Bedfordshire Council

Audit Committee

26 September 2016

Risk Update Report

Report of Charles Warboys, Chief Finance Officer
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Purpose of this report:

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

RECOMMENDATIONS

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 August 2016. Senior managers undertook a fundamental refresh of the strategic risks facing the Council in February. As a result, a number of additional strategic risks were identified and added to the register. In addition, some risks were either no longer considered to be strategic or deemed to be operational and were removed.

Strategic Risks

4. The August 2016 risk report is contained at Appendix A. The report contains 15 strategic risks.

5. There are 11 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.
6. The risks have been reconsidered and the key revisions are set out below.
7. The Finance risk (STR0001) has been updated to reflect the risks and opportunities arising as a result of the recent referendum into EU membership, and also reflects the potential for “cost shunting” as a result of NHS changes. There has been no change to the residual risk score.
8. STR0019 relating to failure to deliver effective and cohesive health and social care to residents has been reviewed. This continues to be the highest scoring strategic risk and there continues to be significant challenges to the National Health System. The description has been updated to acknowledge that the CCG is under national direction and a local hospital is in a challenging financial position. There has been no change to the residual risk score.
9. 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 updated to reflect the potential implications of “Brexit”. In addition, the mitigating actions have been updated to reflect the production of the Managing the Accommodation Needs of Older People (MANOP) Investment Prospectus and the agreement at Executive to identify sites for 2 care homes and 1 for extra care. The residual likelihood score has increased from 3 to 4, resulting in an overall increase in the residual risk score from 12 to 16.
10. STR0036 - The risk of failure to deliver community cohesion in the context of demographic growth has been updated to reflect the progress made to date in addressing issues relating to both the settled and the gypsy and traveller communities. There has been no change to the residual risk score.
11. 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 updated. As a result, the residual likelihood score has increased from 3 to 4, resulting in an overall increase in the residual risk score from 9 to 12.
12. STR0038, which relates to concerns over the emergency planning and business continuity functions across partners and the impact of this on the Council’s ability to deliver its objectives has also been updated to reflect that, in July 2016, the Bedfordshire Local Resilience Forum (BLRF) Executive agreed that they would proceed with a Joint Multi Agency Emergency Planning Unit. There has been no change to the residual risk score.

13. The failure to manage the demand for rented and specialist accommodation as a consequence of constrained housing supply has been identified as an additional strategic risk by the Social Care, Health and Housing Directorate. This risk reflects the uncertainty of national policy and the current focus on Starter Homes amongst other factors, which has resulted in the supply of rented and specialist accommodation being reduced and unaffordable. The inherent impact score is 3, and the inherent likelihood is 5, resulting in an overall inherent risk score of 15. A number of mitigating actions have been identified which has reduced the residual likelihood to 4, and the overall residual risk score to 12.
14. There have been no changes to the remaining strategic risks.

Operational Risks

15. 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.
16. The operational risks with a risk score of 15 or above have been regularly reported to CMT. The revisions to these risks are set out below
- Failure to recruit and retain professional and qualified social workers within Children's Services was previously considered to be a strategic risk. Although currently regarded as an operational risk, the recruitment and retention of professional and qualified social workers is a national and regional issue and an area where CBC needs to remain vigilant. Some teams, due to the nature of the work, remain challenging in terms of recruiting and retaining staff. This will need constant activity to mitigate against large scale shift and becoming a strategic risk again. The current residual risk score is 8.
 - The residual risk of failing to manage and secure information leading to security breaches within Children's Services has reduced from 15 to 9.
 - The non realisation of capital receipts was previously considered to be a strategic risk. It is now considered to be operational. The residual risk score has remained at 12. This is being kept under greater review post "Brexit" with regard to the potential impact of this on land sales.

Emerging Risks

17. Senior managers recently discussed the ramifications of the outcome of the EU Referendum and the potential risks and opportunities for which the Council needed to be prepared. They reviewed the potential and emerging impacts on:
- the local economy ;
 - capital receipts and land and property negotiations;
 - employment trends and productivity;
 - waste disposal;
 - changes in ministerial appointments and the associated implications for aspects of government policy, such as education, public health and indeed the approach to the management of the public finances;

- the potential impact of changes being considered by the Bank of England, such as adjustments to interest rates;
- workforce implications, especially in areas like health and social care where significant numbers of staff were non UK nationals;
- the impact of the unwinding of European legislation affecting large areas of regulation, including areas such as the working time directive and health and safety regulations, employment rights and procurement; and
- community cohesion and the need to ensure inappropriate behaviour and, indeed, racism was tackled appropriately and quickly.

18. These issues will all be taken into consideration when reviewing and updating both the strategic and operational risk registers.

Council Priorities

19. 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

20. None directly from this report.

Financial Implications

21. None directly from this report.

Equalities Implications

22. None directly from this report.

Conclusion and next Steps

23. 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 – August 2016 Risk summary dashboard.

Background Papers

None.