

Strategic Risk Report Quarter 1 2016-17 (June 2016)

Strategic risks are defined as high value exposures (both financial and other) to the Council as a whole that have a high probability of occurring without continued preventative action.

Corporate Leadership Team (CLT), on a quarterly basis, receive an assessment of the likelihood of the risk occurring and an updating on the mitigating actions.

CLT reviewed three strategic risks where the likelihood of occurrence had increased since the previous assessment:

- **EU referendum out vote**– the likelihood has increased as a result of the Brexit vote and therefore the risks and mitigations are being reviewed accordingly (page 2);
- **Governance & Effective Decision Making** – although the likelihood has increased as there have been some interventions required, the mitigations are continuing to be effective and there are currently no significant issues to report (page 2);
- **Information Governance** - mitigations are currently proving effective but there are still multiple information security breaches being reported monthly. There is an increased risk that the Information Commissioners Office may at some point impose a sanction on the Council, however this has been mitigated through a commitment for all employees to undergo training (page 3).

Strategic Risks

Risk Code	Risk Title	Responsible Officer	Previous Likelihood	Current Likelihood
SR12A	Strategic Direction of our ASD's	Arthur Hooper	3 - Possible	0 - No Data
	Description			
	The risk is that the strategic direction of our ASD's is not totally in line with Council strategy.			
	Impact to the Community Service delivery failings both actual and perceived. Council not seen as joined up. Seeking work outside of the County could detract the Companies from focusing on Cornwall delivery.			
	Impact to the Council Reputational loss, unacceptable level of risk both on a specific initiative and for the business as a whole. Possible service delivery issues due to misdirected focus and effort along with wasted time and resource.			
	Risk Owner (sign off) Corporate Director for Communities & Organisational Development – Cath Robinson			
	Review Notes from the Current Review			

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SR16	EU REFERENDUM	Andy Brown	2 - Unlikely	5 - Certain
Description				
<p>The potential of an out vote at the EU referendum and the impact on financial markets that affect the Councils treasury options and effects, as well the potential on the UK & Cornish economy. Although risks are currently unquantifiable and uncertain in terms of impact timing, they could materially impact the Councils operation and processes.</p> <p>Impact to the community Recession could lead to pressure on residents not just in terms of their own finances but reductions in public services, owing to increased/sustained austerity, that are there to ensure their safety net.</p> <p>Impact to the Council Potential for increased costs of borrowing, owing to a either recession, increase in interest rates or further financial market turmoil. An increase of 1% in rates & with c.£100m to be borrowed over the MTFP, could equate to £1m increase in future borrowing costs. Potential for knock on access to future EU funding for Cornwall.</p> <p>Risk Owner (sign off) Corporate Director for Communities & Organisational Development – Cath Robinson</p>				
Review Notes from the Current Review				
<p>Following the outcome of the referendum this strategic risk has now become a live operational risk. Timings remain unclear in terms of next steps, the perceived impact is major to the Council although this as well is yet to be fully quantified and there could also be upside risk to the vote.</p> <p>Work is now actively being undertaken across the Council to assess the risks faced, there level/impact to the Council and any mitigations or assurances required in dealing with the risk. The Councils Audit Committee have asked for a report to seek assurances on what the Council is doing to mitigate risk where possible or seek assurances around current uncertainty.</p> <p>The last review only, as described above, only identified Treasury risks to the Council, the subsequent review of risk has extrapolated that risk considerably, with a focus on the most significant risk being the threat to potential loss of EU Funding into Cornwall, which is being actively worked on by officers.</p> <p>A Brexit Summit has been arranged for Fri 15 July with the Council and stakeholders for how Cornwall should move forward as one voice and work together following the outcome and initial reaction.</p>				
SR03	Governance and Effective Decision making	Richard Williams	3 - Possible	4 - Probable
Description				
<p>The risk is that governance and organisational structures will not be sufficient to enable the Council to make evidence-based, rational and reasonable decisions and the governance structures are not followed leading to ineffective and potentially unlawful decisions being made</p> <p>Impact to Community Community disengages with the Council, services do not meet the needs of users, non-alignment between the priorities of the Council and the needs of the people of Cornwall, impact on future development and infrastructure of Cornwall</p> <p>Impact to Council Resource wasted dealing with issues arising from getting communication “wrong”, additional resource required to support the new arrangements, implications on policy and strategy development, decisions made that do not accord with the Council’s strategic direction or the budgetary pressures, high risk of decisions being challenged, increased tensions in the democratic sphere including increased risk of poor Member/officer relations, inability to comply with the requirements of the transparency agenda</p>				

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	Risk Owner (sign off) Corporate Director for Communities & Organisational Development – Cath Robinson			
	Review Notes from the Current Review			
	The structures and processes that are in place to mitigate against this risk are continuing to be effective and although there have been some interventions to provide guidance and ensure the established procedures have been followed, there are currently no significant issues to report.			
SR10	Information Governance	Richard Williams	3 - Possible	4 - Probable
	Description			
	There is a risk to the Council that Information Governance does not meet the required standards			
	Impact to the Community Poor decisions made which adversely affect them, service quality suffers, customers suffer loss or are put at risk of fraud or other detriment, loss of confidence in the Council.			
	Impact to the Council Reputational damage, potential legal action and associated fines or adverse awards of damages and costs, Public Health will not be able to continue work without access to N3 connection, Revenue and Benefits will not be able to access Department of Work and Pensions information without access to Public Services Network, disproportionate resource diverted to addressing shortcomings, evidence-based decision-making prejudiced			
	Risk Owner (sign off) Corporate Director for Communities and Organisational Development – Cath Robinson			
	Review Notes from the Current Review			
	The mitigations are currently proving effective but there are still multiple information security breaches being reported monthly and there is a risk that the ICO may at some point impose a sanction on the Council.			
SR01	Financial Sustainability	Andy Brown	3 - Possible	3 - Possible
	Description			
	Due to the decreasing central government funding and increased demand on services, the risk is that the Council is unable to deliver and provide statutory services and those discretionary services it chooses to provide to a level that meets the expectations of the communities of Cornwall and is legally defensible.			
	Impact to Community Future delivery of services is threatened, Council fails to deliver services to an appropriate level, possible cessation of some discretionary services and the Council fails to adequately protect vulnerable people			
	Impact to Council Reductions in staffing levels, whether through redundancies or otherwise, and the lack of adequate budgets to commission external resource may lead to service failure and adversely affect organisational sustainability. Significant risk of legal and regulatory challenge in relation to the cessation or inadequate provision of services. Low morale and increased ill health with related impact on productivity. Risk of high staff turnover. Council has to repay European or other grant funding			
	Risk Owner (Sign Off) Corporate Director for Communities & Organisational Development– Cath Robinson			
	Review Notes from the Current Review			
	Planning for the MTFP 2017-2021 period has started and builds upon the already approved 2016-2020			

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	<p>MTFP period which is a balanced plan.</p> <p>Savings targets are stretching and will remain a challenge against the backdrop of austerity and cuts in govt funding as well as demand for services.</p> <p>It is too early to say if Brexit outcome will have any impact on this risk longer term - one move already has seen the chancellor remove his requirement to have a surplus national budget by 2020.</p> <p>In order to become financially sustainable the Council needs to reduce it's spending to the size of it's business & resident base funds i.e. business rates & council tax, to which it will become solely reliant on by 2020.</p>			
SR02	Organisational Sustainability	Mark Read	3 - Possible	3 - Possible
	Description			
	<p>The risk is that the Council is too focused on short-term financial issues and is not developing strategies and structures to meet the future needs of Cornwall or makes reactive or popular decisions that are not strategically aligned and fail to reflect financial pressures</p> <p>Impact to the Community The Council is unable to meet forthcoming local and national challenges. Short-term solutions prejudice the current and future delivery of services to the people of Cornwall</p> <p>Impact to Council Opportunities for economies and improvements are missed leading to higher delivery costs and resource is wasted as work is incorrectly prioritised. Reluctance or failure to make difficult and unpopular decisions increases the budget pressures that have to be addressed. Priorities have to be repeatedly revisited</p> <p>Risk Owner (sign off) Corporate Director for Communities & Organisational Development– Cath Robinson</p>			
	Review Notes from the Current Review			
	<p>The focus has shifted from the short term to the adoption and delivery of a four year Strategy, supported by a new Business and Financial Plan which is reviewed annually.</p> <p>The chairs of the three key strategic partnerships (Local Enterprise Partnership, Local Nature Partnership and Health and Wellbeing Board) have started to meet on a regular basis to ensure strategic cohesion.</p> <p>A suite of Organisational Development strategies have been agreed by the Council and the implementation of all is being progressed, this includes a People Strategy that includes a focus on workforce planning, talent management and succession planning to meet future resource and capacity requirements.</p> <p>Within the Council, a new board structure and governance arrangements is in place from July 2016, alongside this the Cornwall Executive Group is now well established and focusing on pan Cornwall strategic issues.</p> <p>Corporate forward plan in place to support decision making.</p> <p>Having reviewed the mitigating actions I can confirm that there has been no change to the risk likelihood and there are no concerns that require review by CLT / Cabinet, at this stage.</p>			
SR04	Commissioned Service Delivery	Andy Brown	3 - Possible	3 - Possible
	Description			

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	<p>The risk is that the Council fails to comply with its commercial strategy and procurement rules resulting in inconsistent approaches to commissioning and procurement and service delivery arrangements that do not meet the Council’s objectives, including in relation to the Council’s companies, strategic delivery arrangements and other providers</p> <p>Impact to the Community Failure of key services, poor quality services, inconsistent services, potential for increases in council tax and local council precepts to meet additional costs incurred, SMEs and other local businesses prejudiced in relation to the Council’s procurement activities</p> <p>Impact to the Council Budget overspends, duplicated efforts and related implications, very poor value for money, reputation loss, risk of challenge, risk of EU or other funding having to be repaid through failure to satisfy grant conditions, delayed implementation of initiatives through having to re-run procurements, risk of sanction through European Commission action, failure to meet the Council’s strategic and operational objectives</p> <p>Risk Owner (sign off) Corporate Director for Communities & Organisational Development – Cath Robinson</p>			
Review Notes from the Current Review				
<p>Generally on Target. Changes to the overall governance in relation to the terms of reference and the makeup and constitution of the Investment and Commercial Board have been made this month, with the continued aims of maintaining overall Corporate visibility around the Capital and Revenue Projects.</p> <p>Other aspects are now starting to pick up pace around further reviewing the effectiveness of the recently introduced Contract Procedure Rules, the progression of the supplier development programme, this is looking at both the effectiveness on how the Council engages with suppliers but also processes to make the interactions more effective, plus the Council taking a lead role across south west region in the South West Procurement Board.</p> <p>Progress has been made on the Contract Management Toolkit, but still requires formal review and sign off.</p>				
SR05	Organisational Capacity and Capability	Andy Brown	3 - Possible	3 - Possible
Description				
<p>The risk is that the Council will not have the ability and capacity to manage all the changes required as well as continue to deliver services</p> <p>Impact to the Community As preceding risks, poor quality services, interruptions to normal service delivery, which may result in the need to re-prioritise service provision, services cost more than necessary so failing to achieve value for money and further prejudicing the ability to fund services</p> <p>Impact to the Council As preceding risks, effect on staff morale, staff disengage as there is lack of clarity or they lose sight of the objectives to be met, loss of key skills and experience, inability to attract, develop and retain employees and leaders, mistakes made leading to increased risk of challenge and sanction, remaining goodwill of staff eroded further</p> <p>Risk Owner (sign off) Corporate Director for Communities & Organisational Development – Cath Robinson</p>				
Review Notes from the Current Review				
<p>The priority actions to address this strategic risk are incorporated within the People Strategy delivery plan and the active engagement of senior managers across all services will be necessary to secure</p>				

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	<p>effective risk mitigation. The People and Workforce Board will be accountable for driving the actions and local engagement necessary to achieve this and meets for the first time on 20 July. Workforce dashboards continue to provide the opportunity for directorate leadership teams to identify and take appropriate action relating to issues affecting capacity (for example attendance levels). CLT are undertaking an exercise to scrutinize the forward budget plans which will include an analysis of the workforce implications. This will identify specific and tangible areas for action at service and directorate level relating to organisational capability and capacity.</p>			
SR06	Public Sector Collaboration	Mark Read	3 - Possible	3 - Possible
	Description			
	<p>The risk is that through a failure to collaborate and communicate effectively in the context of service delivery, procurement, co-location and restructure opportunities and because of changing national financial rules and requirements, Cornwall Council and its public sector partners will fail to align to deliver savings and efficiencies for the benefit of Cornwall including failure to deliver on elements of the Cornwall Devolution Deal</p> <p>Impact to the Community Services cost more than necessary, disjointed service delivery resulting in poor quality services, tangible health and social care benefits not realized, education and employment opportunities not realised.</p> <p>Impact to the Council Reputational loss, wasted time and resources, high level objectives not met, budget deficits exacerbated, duplication of effort, political discontent, future devolution ambitions prejudiced</p> <p>Risk Owner (sign off) Corporate Director for Communities and Organisational Development – Cath Robinson</p>			
	Review Notes from the Current Review			
	<ul style="list-style-type: none"> • Cornwall Executive Group (CEG) in place to consider pan Cornwall strategic issues, deliver holistic and long term solutions. • Devolution Deal in place, monitored through Programme Board. Devo 2 being developed in consultation with the CEG. • Long term Cornwall strategy to be developed, underpinned by public sector balance sheet. • Sustainable transformation plan being developed – bringing together council and our health partners • One Public Estate programme developed to consider co-location opportunities across Cornwall <p>Having reviewed the mitigating actions I can confirm that there has been no change to the risk likelihood and there are no concerns that require review by CLT / Cabinet, at this stage.</p>			
SR08	Safeguarding - Adults	Claire Leandro	3 - Possible	3 - Possible
	Description			
	<p>The risk is that the Council, in conjunction with our partners, will fail to ensure effective safeguarding arrangements are maintained at an acceptable level, including through commissioned service provision</p> <p>Impact to Community Individuals harmed or die, loss of confidence in the health and social care sector.</p> <p>Impact to Council Reputational loss, compensation claims, Government intervention, risk of prosecution</p> <p>Risk Owner (sign off) Corporate Director for Education, Health & Social Care - Trevor Doughty</p>			
	Review Notes from the Current Review			

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	Redesigning Safeguarding Adults service. Creating Safeguarding Adults team, with manager. Reviewing and redesigning triage.			
	Ongoing work with partners to ensure appropriate actions in appropriate organisations.			
SR09	SAFEGUARDING – CHILDREN AND YOUNG PEOPLE	Jack Cordery	3 - Possible	3 - Possible
	Description			
	The risk is that the Council, working together with our partners, will fail to maintain effective safeguarding arrangements			
	Impact to Community More children and young people exposed to the risk of significant harm			
	Impact to Council Lack of confidence and trust in the Council's help and protection services, from both public and the regulator / inspectorate.			
	Risk Owner (sign off) Corporate Director for Education, Health & Social Care - Trevor Doughty			
	Review Notes from the Current Review			
	This represents a perennial risk and the actions to mitigate are permanent.			
SR11	HEALTH ECONOMY (STP) – NON DELIVERY OF NHS ENGLAND BUDGETS	Caroline Court	3 - Possible	3 - Possible
	Description			
	Following the CCG deficit in 15/16, there is a risk that the NHS in Cornwall will not reach financial balance in 16/17.			
	Impact to the community The need to make savings in 16/17 requires efficiencies to be made but could also lead to reductions in NHS services with implications for the health and care for the people of Cornwall.			
	Impact to the Council The financial position of the CCG and any reductions in NHS services could have implications for some council services including social care and public health.			
	Risk Owner (sign off) Corporate Director for Education, Health & Social Care - Trevor Doughty			
	Review Notes from the Current Review			
	In order to mitigate risks, the council is working closely at all levels with the CCG and local NHS providers on the Sustainability and Transformation Plan. This is in order to develop services that meet the health needs of the public and achieve financial balance. This includes:			
	<ul style="list-style-type: none"> • Developing integrated community services • Financial modelling • Public engagement • Shared use of estates • Using public health interventions to close the health and wellbeing gap 			
SR12B	CLIENT ARRANGEMENTS FOR DELIVERING OUR SERVICES	Peter Marsh	5 - Certain	3 - Possible
	Description			
	The risk is that inconsistent client arrangements of our ASD's mean we are either unable to effectively			

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	<p>deliver part of the Council’s operational objectives or deliver them as efficiently or as consistently as needed and that value for money is being achieved. That ASD business plans are not drafted in line with client expectations.</p> <p>Impact to the community Service delivery failings both actual and perceived. Council not seen as joined up.</p> <p>Impact to the Council Reputational loss and inefficient and inconsistent service delivery leading to wasted time and resources. Council’s MTFs targets not being met and hence need to make savings across other critical Council services.</p> <p>Risk Owner (sign off) Corporate Director for Economy, Enterprise and Environment – Paul Masters</p>			
Review Notes from the Current Review				
SR13	INFORMATION TECHNOLOGY	Richard Williams	3 - Possible	3 - Possible
Description				
<p>The risk is that the Information Technology and associated capabilities of the Council will not be resourced, aligned or managed effectively to the extent where the Council and / or its wholly owned companies may be unable to;</p> <ul style="list-style-type: none"> • Provide sufficient assurance and control over data which is either personally sensitive or confidential in nature; • Transform the way in which public services are delivered in Cornwall, maximising efficiencies and delivering digital by preference; • Deliver a seamless public service and ‘Customer’ experience to the residents and businesses of and visitors to Cornwall <p>Impact to the community Reduced ability to transact with the Council and wider public services of Cornwall in an assured digital by preference model. / Service delivery failings, both actual and perceived, with residents, business and visitors having to transact through multiple channels with a disjointed service delivery model.</p> <p>Impact to the Council Overall loss of efficiencies, resulting in an inability to deliver modern, cost effective services. Services would continue to be delivered in a fragmented way with reliability and availability of systems and data affected. / Potential lack of the right capability to design, introduce and support new solutions would result in services being unable to transform without significant risk and/or unnecessary and substantial external investment.</p> <p>Risk Owner (sign off) Corporate Director for Communities & Organisational Development – Cath Robinson</p>				
Review Notes from the Current Review				
<p>Incident management SLA has stabilised with IS meeting the 90% target in June 2016, however the KPI for Severity 1 & 2 calls failed to meet target at only 84% (Target 90%). The service has further plans underway to review processes and to address some underlying technical issues.</p> <p>Capacity to deliver change remains a challenge with over 120 individual business requests open within the services portfolio. The SCOT model has now been applied to the portfolio and those which are considered to be of the highest strategic importance are being prioritised. This will result in a number of smaller service specific projects seeing a reduced level of resource being applied to them. The portfolio will be shared with the new Customer & Information Board for endorsement/approval of the current prioritisation and the principles for signing on new work in the future. It is requested that CLT</p>				

(through the Customer & Information Board) review the outcomes of the portfolio prioritisation and either endorse or provide challenge.

The forward IT operational 'Technical Refresh' requirements are being worked up and will need consideration as to how these will be funded after the 16/17 Financial Year. In addition to this the Investment plan which aims to provide a number of refreshed or new capabilities to the business will need consideration by CLT/CDT in order to reach a final decision the level of investment and in which areas the organisation is able to make at this time. The investment plan will be taken through the Customer & Information & ICB groups for decisions

It is recommended that the risk remains on the register with the current probability until the following are achieved;

- 1) That the SLA is achieved above target for 4 consecutive months
- 2) That the IT portfolio performance is agreed as satisfactory by the Customer & Information Board
- 3) That the Forward Capital plan for IT technical refresh is agreed
- 4) That the IT Investment plan funding is agreed and tha