

Strategic Risk Report Quarter 2 2016-17 (Sept 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.

Following an internal audit, the Corporate Directors Team (CDT) agreed to a review of the strategic risk register to enable demonstrable management of risks and also to develop a simplified style of reporting. This revised approach to risk reporting and review was agreed in principle by the Audit Committee, based on the expectation that CLT's consideration of risks reported as needing action, would be demonstrable.

Heads of Service subsequently reviewed and updated the strategic risks. These strategic risks are reviewed quarterly by CLT and Cabinet, as part of the IPMR, acknowledging that the performance, financial and project information also fundamentally contribute to risk management.

At the Informal Portfolio Holders Briefing (IPHB) on 14th November, there was discussion about the need for a strategic risk surrounding the uncertainties arising following the referendum vote to leave the European Union. The development of a new strategic risk around this uncertainty and the potential impact it could have on funding will be investigated and reported back on in the Quarter 3 Strategic Risk report.

Strategic Risks

Risk Code	Risk Title	Responsible Officer	Previous Likelihood	Current Likelihood
SR07a	Failure to agree with government a locally managed UK funded investment programme for Cornwall of equal value to 2014-2027 anticipated allocations	Nigel Blackler		3 - Possible
	Description			
	<p>The locally managed UK funded investment programme may not be funded to the same level by Government as the anticipated EU allocations.</p> <p>Impact to the Community</p> <ul style="list-style-type: none"> • Reduction in schemes and initiatives in Cornwall which qualify for support • Loss of outputs for the Cornish economy • Loss of private sector confidence <p>Impact to the Council</p> <ul style="list-style-type: none"> • Reduction in anticipated funding allocated to Cornwall (2014-2020 and 2021-2027) • Possible national competitive programme instead of a devolved allocation • Introduction of new qualifying criteria for UK Programme 			

	<p>Responsible Officer: Head of SEEE – Nigel Blackler</p> <p>Risk Owner (sign off) Corporate Director for Economy, Enterprise and Environment – Paul Masters</p>			
	Review Notes from the Current Review			
SR12A	Strategic Direction of our ASD's	Arthur Hooper	3 - Possible	0 - No Data
	Description			
	<p>The risk is that the strategic direction of our ASD's is not totally in line with Council strategy.</p> <p>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.</p> <p>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.</p> <p>Responsible Officer Managing Director – Arthur Hooper</p> <p>Risk Owner (sign off) Corporate Director for Communities & Organisational Development – Cath Robinson</p>			
	Review Notes from the Current Review			
SR07	Not delivering the EU programme and failing to meet the mid year bonus rate of 6% (£30m)	Nigel Blackler		3 - Possible
	Description			
	<p>Not delivering the EU programme and failing to meet the mid year bonus rate of 6% (£30m) - This risk has been escalated to CLT following the DLT agreement on 16.8.16</p> <p>Impact to the Community Reduction in funding allocated to Cornwall (including not achieving EU mid-term performance targets and consequently losing 6% of programme allocation) Loss of private sector confidence Loss of outputs for the Cornish economy</p>			

	<p>Impact to the Council Current EU Programme does not continue to contract investments to 2020. Increase in level bureaucracy for remaining programme with additional UK requirements to be met Reduction in schemes and initiatives delivered during programme period No follow-on transition programme to 2027</p> <p>Responsible Officer: Head of SEEE – Nigel Blackler</p> <p>Risk Owner (sign off) Corporate Director for Economy, Enterprise and Environment – Paul Masters</p>			
	Review Notes from the Current Review			
	This risk was agreed as a strategic risk by CLT in September 2016. The mitigations were developed in October and will continue to be monitored			
SR01	Financial Sustainability	Andy Brown	3 - Possible	3 - Possible
	Description			
	<p>Due to the decreasing central government funding, increased demand on services, cost fluctuations due to Brexit, 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. Reduced group company profits post Brexit from funding reductions and material cost increases.</p> <p>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</p> <p>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</p> <p>Responsible Officer: Head of Business Planning & Development – Andy Brown</p> <p>Risk Owner (Sign Off) Corporate Director for Communities & Organisational Development – Cath Robinson</p>			

	Review Notes from the Current Review			
	<p>Planning for the MTFP 2017-2021 period has started and builds upon the already approved 2016-2020 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 its spending to the size of its 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>Responsible officer Head of Customers & Communities - Mark Read</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 Council has commenced a fundamental governance review, including the formation of an independent Governance Review External Group which has recommended the establishment of a Cornwall Leadership Board. The Board will add significantly to</p>			

	<p>the 'strategic cohesion' mitigation measure when implemented in early 2017.</p> <p>A further recommendation is the development of a long term (30 year) Strategy for Cornwall that will unite all organisations behind a single vision that can work towards delivering.</p> <p>The new Corporate Forward Plan has been further developed 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>			
SR03	Governance and Effective Decision making	Richard Williams	4 - Probable	3 - Possible
	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> <p>Responsible Officer: Head of Governance & Information – Richard Williams</p> <p>Risk Owner (sign off) Corporate Director for Communities & Organisational Development – Cath Robinson</p>			
	Review Notes from the Current Review			
	Position remains as previously reported			
SR04	Commissioned Service Delivery	Andy Brown	3 - Possible	3 - Possible
	Description			
	The risk is that the Council fails to comply with its commercial strategy and procurement rules resulting in inconsistent			

	<p>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>Responsible Officer Head of Business Planning & Development - Andy Brown</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	<p>Organisational Capacity and Capability</p> <p>Description</p> <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</p>	Andy Brown	3 - Possible
			3 - Possible

	<p>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>Responsible Officer: Head of Business Planning and Development – Andy Brown</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 effective risk mitigation. The People and Workforce Board is accountable for driving the actions and local engagement necessary to achieve this. Priority areas for consideration which they have identified include workforce planning (ensuring that we have the right people with the right skills in the right place at the right time) and wellbeing (focusing on improving productivity and engagement). 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).</p> <p>Phase one of the senior management capability and capacity review is moving into its final stages with recruitment to vacant roles at second and third tier level due to be completed by 19 December. Interim appointments to four vacancies have been concluded to ensure that there is clear accountability and sufficient capacity to complete phase two in a timely manner. The new appointments will be effective from 1 November and transitional management arrangements for current tier four managers have been agreed by CDT pending the conclusion of phase two. Final proposals for the senior management structure at fourth tier (Assistant Head of Service or equivalent role) are due to be signed off in early December when formal consultation will commence. There are potential risks to the continuity of service delivery associated with the implementation of the outcomes of the review but these are being managed and mitigated through project governance arrangements.</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>Responsible Officer: Head of Customers and Communities – Mark Read</p> <p>Risk Owner (sign off) Corporate Director for Communities and Organisational Development – Cath Robinson</p>			
Review Notes from the Current Review				
	<p>Cornwall Executive Group (CEG) in place to consider pan Cornwall strategic issues, deliver holistic and long term solutions.</p> <p>Devolution Deal in place, monitored through Programme Board - these meetings are now open for other members to observe. Further devolutions proposals are being developed in consultation with the CEG.</p> <p>Long term Cornwall Strategy to be developed, underpinned by public sector balance sheet.</p> <p>Sustainability and Transformation Plan being developed – bringing together Council and our health partners.</p> <p>One Public Estate programme developed to consider co-location opportunities across Cornwall</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>			
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>Responsible Officer: Head of Adult Social Care and Support – Claire Leandro</p> <p>Risk Owner (sign off) Corporate Director for Education, Health & Social Care - Trevor Doughty</p>			
	Review Notes from the Current Review			
	<p>Safeguarding Adults Team has been redesigned. New arrangements in place from 10 October 2016. However, some gaps in staffing remain pending recruitment and return from maternity leave. Mitigated by use of experienced agency staff.</p> <p>Work to revise how we work together with partners continues.</p>			
SR09	SAFEGUARDING – CHILDREN AND YOUNG PEOPLE	Jack Cordery	3 - Possible	3 - Possible
	Description			
	<p>SAFEGUARDING – CHILDREN AND YOUNG PEOPLE</p> <p>The risk is that the Council, working together with our partners, will fail to maintain effective safeguarding arrangements</p> <p>Impact to Community More children and young people exposed to the risk of significant harm</p> <p>Impact to Council Lack of confidence and trust in the Council’s help and protection services, from both public and the regulator / inspectorate.</p> <p>Responsible Officer: Head of Children’s Early Help, Psychology and Social Care Services – Jack Cordery</p> <p>Risk Owner (sign off) Corporate Director for Education, Health & Social Care - Trevor Doughty</p>			
	Review Notes from the Current Review			

	This represents a perennial risk and the actions to mitigate are permanent.			
SR10	Information Governance	Richard Williams	4 - Probable	3 - Possible
Description				
<p>There is a risk to the Council that Information Governance does not meet the required standards</p> <p>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.</p> <p>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</p> <p>Responsible Officer: Head of Governance & Information – Richard Williams</p> <p>Risk Owner (sign off) Corporate Director for Communities and Organisational Development – Cath Robinson</p>				
Review Notes from the Current Review				
All mitigation measures remain ongoing and key points relating to the mitigation actions are reported to the IG Board/ SIRO and Corporately as maybe required.				
SR11	HEALTH ECONOMY (STP) – NON DELIVERY OF NHS ENGLAND BUDGETS	Caroline Court	3 - Possible	3 - Possible
Description				
<p>Following the CCG deficit in 15/16, there is a risk that the NHS in Cornwall will not reach financial balance in 16/17.</p> <p>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.</p> <p>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.</p> <p>Responsible Officer Director of Public Health - Caroline Court</p>				

	Risk Owner (sign off) Corporate Director for Education, Health & Social Care - Trevor Doughty			
	Review Notes from the Current Review			
	The risk level continues. Council staff are actively contributing to all 5 STP work streams. However the scope for these work streams to have a positive impact on the current year financial deficit is limited.			
SR12B	CLIENT ARRANGEMENTS FOR DELIVERING OUR SERVICES	Peter Marsh	3 - Possible	3 - Possible
	Description			
	The risk is that inconsistent client arrangements of our ASD's mean we are either unable to effectively 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.			
	Impact to the community Service delivery failings both actual and perceived. Council not seen as joined up.			
	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.			
	Responsible Officer Head of Commissioning and Asset Management – Pete Marsh			
	Risk Owner (sign off) Corporate Director for Economy, Enterprise and Environment – Paul Masters			
	Review Notes from the Current Review			
	The new governance arrangements that will be introduced through the senior management review should closer combine the shareholder rep with the client and thus allow greater mitigation of the risk in due course.			
SR13	INFORMATION TECHNOLOGY	Richard Williams	3 - Possible	3 - Possible
	Description			
	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; <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 			

<p>preference; <ul style="list-style-type: none"> • 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>Responsible Officer Head of Governance & Information – Richard Williams</p> <p>Risk Owner (sign off) Corporate Director for Communities & Organisational Development – Cath Robinson</p> </p>		
<p>Review Notes from the Current Review</p>		
<p>Incident management SLA has dropped in September with performance for IS_KPI_001 and IS_KPI_002, seeing a significant reduction in reported performance. This is attributable to the following factors;</p> <p>1) As part of the whole service review within IS the way in which incidents are logged and tracked has been changed to provide a greater level of transparency, the result of these changes are reflected in Septembers performance level which is now considered by Information Services to be a true reflection of performance. Calls are now categorised correctly against the IS service which is affected with the severity level of the call being clearly and transparently recorded to allow for true focus on critical issues. This has led to calls being handled in line with industry best practice and in line with the IS Service Level Agreement</p> <p>2) The practice of putting a call on hold in order to ‘stop the clock’ has been robustly challenged and the services engineers need to be very clear that if IS require the customer to undertake an action that the customer knows about this and if the customer agrees we put the call on hold. What this provides is a true picture of the time taken to resolve the incident with stop clock activity being for true and mutually agreed reasons. September saw the first real effect of this and although pockets of poor practice may still exist the service is committed to reporting its true performance and working on improving it.</p>		

	<p>Information Services now believe they have implemented a best practice Service framework for categorising and reporting performance against the calls it receives, although the performance reports to have significantly dropped from August this is largely attributable to the transparency and better working practices being applied. The level of performance experienced by the customer would in the main not be perceived as any worse in the month and our customer satisfaction results reflect this by staying cons</p>		
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