

## Strategic Risk Report Quarter 3 2016-17 (December 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.

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

No strategic risks have an increased likelihood of occurrence since they were previously assessed in Quarter 2 and two risks are deemed to have a reduced likelihood of occurring.

The likelihood of risks occurring is based on the following scoring system:

Score	Risk status
0	No data
1	Remote
2	Unlikely
3	Possible
4	Probable
5	Certain

### Strategic Risks

Risk Code	Risk Title	Responsible Officer	Previous Likelihood	Current Likelihood
SR02	<a href="#">Organisational Sustainability</a>	Matt Barton	3 - Possible	3 - Possible
	<b>Description</b>			
	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			
	<b>Impact to the Community</b> 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			
	<b>Impact to Council</b> 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			
	<b>Responsible officer</b> Interim Service Director of Strategy and Engagement – Matt Barton			

	<p>Risk Owner (sign off) Chief Operating Officer and Section 151 Officer – Cath Robinson</p>		
	<p><b>Review Notes from the Current Review</b></p> <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 is currently implementing the recommendations of the independent Governance Review External Group to strengthen our internal decision making processes but also provide greater governance of place at a strategic and local level.</p> <p>The new Corporate Forward Plan has been further developed to support decision making.</p> <p>The first annual review of the OD strategies has commenced to ensure they remain fit for purpose and fit for the future.</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	<p><a href="#">Governance and Effective Decision making</a></p>	Richard Williams	3 - Possible
	<p><b>Description</b></p> <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 Service Director of Assurance – Richard Williams</p> <p>Risk Owner (sign off)</p>		3 - Possible

	Chief Operating Officer and Section 151 Officer – Cath Robinson		
	<b>Review Notes from the Current Review</b>		
	Position remains as previously reported on 30/06/2016.		
SR04	<a href="#">Commissioned Service Delivery</a>	Kieran Topping	3 - Possible
	<b>Description</b>		
	<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>Responsible Officer Director of Commercial Services – Kieran Topping</p> <p>Risk Owner (sign off) Chief Operating Officer and Section 151 Officer – Cath Robinson</p>		
	<b>Review Notes from the Current Review</b>		
	<p>Generally on Target. The CPRs and associated procedures underwent a 6 month review to ensure effectiveness and fitness for purpose, this was concluded and signed off in October 2016. Corporate visibility around investment and commercial decisions is enhanced with the existence of the Investment and Commercial Board. Likewise the Council is now publishing a forward plan for pending commercial arrangements.</p> <p>There is within certain areas of the Council areas where spend is still channeled through Exemptions as opposed to formal tendering.</p> <p>Other aspects continue apace around with progression of the supplier development programme with both the formal project board meeting (and pending reports to Members), as well as practical measures to enable improvements in processes.</p> <p>The Contract Management Toolkit, has been through formal review and sign off, and January 2017 sees the commencement</p>		

	<p>and roll out of formal training on commercial matters, including income generation, contract management, commercial awareness, effective specification writing and supplier and market engagement.</p> <p>The Council continues as the Chair of the South West Procurement Board and taking a lead role across south west region in facilitating collaborative activity, including leading on regional eTendering contractual arrangements, Case Study on the merits of dynamic purchasing, provision of a Procurement Initiation Form for regional members to canvas interest in potential collaborative procurement opportunities as well as bringing relevant events to the South West such as Social Value Workshop plus a session by the Competition and Markets Authority on supplier collusion.</p>			
SR05	<a href="#">Organisational Capacity and Capability</a>	Andy Brown	3 - Possible	3 - Possible
<b>Description</b>				
<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>Responsible Officer: Service Director of Resources – Andy Brown</p> <p>Risk Owner (sign off) Chief Operating Officer and Section 151 Officer – Cath Robinson</p>				
<b>Review Notes from the Current Review</b>				
<p>The senior management capability and capacity review is moving into its final stages. The majority of appointments to roles at Strategic and Service Director have now been made with interim arrangements continuing in a number of roles to sustain senior management capacity.</p> <p>Consultation closed on the proposals for the senior management structure at fourth tier on 10 January and the process for completing appointments to roles at this level will continue throughout January (and potentially thereafter for roles which will be filled through a concurrent internal and</p>				

	<p>external recruitment). Interim arrangements will be made where appropriate to sustain capacity and mitigate the impact on strategic and operational service delivery.</p> <p>The potential risks to the continuity of service delivery associated with implementing the outcomes of the review continue to be managed and mitigated through project governance. In addition to the structural changes arising from the review we are taking forward a new initiative in respect of senior leadership development and the procurement of a delivery partner is proceeding during January.</p> <p>This initiative will assist in maximising the individual and collective potential of the new senior leadership team. Some services have identified the requirement for further organisational changes consequent on the implementation of the new structure at fourth tier which has the potential to further impact on organisational capacity.</p> <p>Work is continuing at service and directorate level on strategic workforce planning so that the Council is better placed to anticipate and address issues relating to overall capacity and capability across the Council.</p>			
SR06	<a href="#">Public Sector Collaboration</a>	Matt Barton	3 - Possible	3 - Possible
	<b>Description</b>			
	<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: Interim Service Director of Strategy and Engagement – Matt Barton</p> <p>Risk Owner (sign off) Chief Operating Officer and Section 151 Officer – Cath Robinson</p>			
	<b>Review Notes from the Current Review</b>			
	The Cornwall Executive Group (CEG) continues to be the focus			

	<p>for pan Cornwall collaboration on strategic issues and providing 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>The Deal includes nine themes which have all resulted in a strengthening of pan sector collaboration. For example, the One Public Estate theme continues to accelerate co-location opportunities across Cornwall.</p> <p>Long term Strategy for Cornwall is to be developed in 2017, underpinned by public sector balance sheet.</p> <p>Sustainability and Transformation Plan being developed – bringing together Council and our health partners.</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>			
SR07	<p><a href="#">Failure to deliver EU programmes as a result of HMG changes to timescales due to Brexit</a></p>	Sandra Rothwell	3 - Possible	3 - Certain
	<p><b>Description</b></p> <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: Service Director of Economic Growth – Sandra Rothwell</p> <p>Risk Owner (sign off) Strategic Director of Economic Growth &amp; Development – John Betty</p>			
	<p><b>Review Notes from the Current Review</b></p>			

	<p>In October 2016, HMG announced that they will underwrite all investments funded from the 2014-2020 ESIF programme signed up to the point at which the UK departs the EU, even when these projects continue after we have left the EU. For projects signed after the Autumn Statement, funding will be honoured if projects demonstrate good value for money and are in line with domestic strategic priorities.</p> <p>The ITI Support Team are now preparing new calls for consideration by the ITI Board across the ERDF and ESF programmes in the anticipation that these can be released in Spring 2017. Activity to legally contract investments ahead of the Autumn Budget statement progressed well. Around £200m of the EU programme is now contracted.</p>			
SR07a	<p><a href="#">Failure to agree with government a locally managed UK funded investment programme for Cornwall</a></p>	Sandra Rothwell	3 - Possible	3- Possible
<b>Description</b>				
<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"> <li>• Reduction in schemes and initiatives in Cornwall which qualify for support</li> <li>• Loss of outputs for the Cornish economy</li> <li>• Loss of private sector confidence</li> </ul> <p>Impact to the Council</p> <ul style="list-style-type: none"> <li>• Reduction in anticipated funding allocated to Cornwall (2014-2020 and 2021-2027)</li> <li>• Possible national competitive programme instead of a devolved allocation</li> <li>• Introduction of new qualifying criteria for UK Programme</li> </ul> <p>Responsible Officer: Service Director of Economic Growth – Sandra Rothwell</p> <p>Risk Owner (sign off) Strategic Director for Economic Growth &amp; Development – John Betty</p>				
<b>Review Notes from the Current Review</b>				
<p>In October 2016, partners in Cornwall through the Cornwall Futures Group, developed and submitted a proposal to HMG for future domestic regional policy programmes including piloting new delivery mechanisms. Formal feedback on the proposal detail is awaited however it is understood that HMG are not in a position to discuss emerging policy around post Brexit funding until later in the year.</p>				

Appendix 3 – Strategic Risks Q3 2016-17

SR08	<a href="#">Safeguarding - Adults</a>	Claire Leandro	3 - Possible	3 - Possible
<b>Description</b>				
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				
Impact to Community Individuals harmed or die, loss of confidence in the health and social care sector.				
Impact to Council Reputational loss, compensation claims, Government intervention, risk of prosecution				
Responsible Officer: Director of Adult Care & Support – Claire Leandro				
Risk Owner (sign off) Strategic Director for Children, Families & Adults - Trevor Doughty				
<b>Review Notes from the Current Review</b>				
New arrangements are bedding in, however several temporary staff still in place.				
SR09	<a href="#">SAFEGUARDING – CHILDREN AND YOUNG PEOPLE</a>	Jack Cordery	3 - Possible	3 - Possible
<b>Description</b>				
SAFEGUARDING – CHILDREN AND YOUNG PEOPLE 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.				
Responsible Officer: Director of Children & Family Services – Jack Cordery				
Risk Owner (sign off) Strategic Director for Children, Families & Adults - Trevor Doughty				
<b>Review Notes from the Current Review</b>				
This represents a perennial risk and the actions to mitigate are permanent.				
SR10	<a href="#">Information Governance</a>	Richard	3 - Possible	3 - Possible

		Williams		
	<b>Description</b>			
	There is a risk to the Council that Information Governance does not meet the required standards			
	<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: Service Director of Assurance – Richard Williams</p> <p>Risk Owner (sign off) Chief Operating Officer and Section 151 Officer – Cath Robinson</p>			
	<b>Review Notes from the Current Review</b>			
	The situation is the same as the review on 10/10 in that;			
	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.			
	Given the nature of the risk this is likely to stay the same for the immediate future.			
SR12A	<a href="#">Strategic Direction of our ASD's</a>	Cath Robinson	0 - No Data	3 - Possible
	<b>Description</b>			
	The risk is that the strategic direction of our ASD's is not totally in line with Council strategy.			
	<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</p>			

	Chief Operating Officer and Section 151 Officer - Cath Robinson  Risk Owner (sign off) Chief Operating Officer and Section 151 Officer - Cath Robinson			
	<b>Review Notes from the Current Review</b>			
	Impact to the Community  The Shareholder has now populated the CORSERV Board with a number of Non-Executive Directors together with the appointment of a number of Executive Directors to manage the future direction of travel for the 'Group of Companies'. Any future contracting opportunities will be agreed with each company's respective Board of Directors and/or the CORSERV Board.  Impact to the Council  The CORSERV Board, together with the Shareholder, will also set out the strategy for each of its subsidiary companies in line with the Council's expectations for its 'Group of Companies'.			
SR12B	<a href="#">CLIENT ARRANGEMENTS FOR DELIVERING OUR SERVICES</a>	Kieran Topping	3 - Possible	3 - Possible
	<b>Description</b>			
	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 Director of Commercial Services – Kieran Topping  Risk Owner (sign off) Chief Operating Officer and Section 151 Officer - Cath Robinson			
	<b>Review Notes from the Current Review</b>			
	The update from quarter 2 still applies. We are only slightly further forward as the Senior Management review is in progress. Until both 5th and 5th tier roles are settled then the governance remains inconsistent.			

	<p>This is also predicated on the Group of Companies governance being sorted too.</p> <p>There is a need to review business planning processes and meetings are underway with the Business Improvement Team to discuss this.</p>			
SR01	<a href="#">Financial Sustainability</a>	Andy Brown	3 - Possible	2 - Unlikely
<b>Description</b>				
<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><b>Impact to Community</b> 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><b>Impact to Council</b> 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><b>Responsible Officer:</b> Director of Resources – Andy Brown</p> <p><b>Risk Owner (Sign Off)</b> Chief Operating Officer and Section 151 Officer – Cath Robinson</p>				
<b>Review Notes from the Current Review</b>				
<p>A balanced budget for 2017/18 was approved by Council in November 2016. The settlement in December needs to be reflected in those plans, but also paved the way for piloting the retention of business rates meaning Cornwall will be an early mover to the new funding system.</p> <p>A review of the risk suggests the likelihood has reduced owing to the plans the Council has in place, and the move on changes in the funding system. It doesn't move the impact if those plans don't materialise and there will be demands on the new administration to continue to place the Council in a more financial sustainable position to live within its resources.</p>				
SR13	<a href="#">INFORMATION TECHNOLOGY</a>	Mark Read	3 - Possible	2 - Unlikely

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"> <li>• Provide sufficient assurance and control over data which is either personally sensitive or confidential in nature;</li> <li>• Transform the way in which public services are delivered in Cornwall, maximising efficiencies and delivering digital by preference;</li> <li>• Deliver a seamless public service and 'Customer' experience to the residents and businesses of and visitors to Cornwall</li> </ul> <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 Service Director Customer Access &amp; Digital Services – Mark Read</p> <p>Risk Owner (sign off) Chief Operating Officer and Section 151 Officer – Cath Robinson</p>			
Review Notes from the Current Review			
<p>The service has now stabilised following the resetting of the processes in relation to incident management with November and December consistently exceeding the target for overall incident resolution.</p> <p>The IT investment plan has made good progress over the last quarter and will go to Cabinet on January 25th 2017 for a decision on funding. Following this true mobilisation can commence and an active program of work to introduce the transformation from April 17 will be initiated.</p> <p>The Head of IT (CIO) role has now been confirmed as part of the wider senior management restructure, enabling the service to progress with a full review of the services management and team structures as planned. Allowing the service to ensure it has the skills required in place as well as addressing some of the future budget pressures.</p> <p>Business continuity work is progressing and the organisation has a clear and transparent view of capability available to it for the first time in relation to IT Service Continuity, allowing for decisions and investments to be made where appropriate.</p>			

	<p>Overall the current assessment is that the likelihood over the next 12 months of a failure of service due to resource or management is unlikely (improved risk position) and that the service is now set to continue to improve and drive forward transformation.</p>		
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