

STRATEGIC RISKS REPORT: QUARTER 2 2017-18

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.

Strategic Risks are reviewed annually, alongside the development / refresh of the Council's Strategy and Business Plans. Any new / amended risks that are identified through the year are escalated through the Head of Internal Audit and Risk.

The Strategic Risks were reviewed and updated in June 2017, in light of the recently published Council Business Plan. This ultimately resulted in the 22 Strategic Risks being identified, as outlined below.

Risk rating: The risk rating is reviewed each quarter, based on an assessment of the impact of the risk multiplied by the likelihood of the risk occurring, as outlined below –

Likelihood	Remote (1)	Unlikely (2)	Possible (3)	Probable (4)	Certain (5)
Impact					
Catastrophic Impact on Council (5)	5	10	15	20	25
Moderate Impact on Council (4)	4	8	12	16	20
Limited Impact on Council (3)	3	6	9	12	15
Minimal Impact on Council (2)	2	4	6	8	10
No Impact on council (1)	1	2	3	4	5

Scores –

- 1 – 6 (Green) An acceptable level of risk
- 8 – 16 (Amber) May require additional controls / actions
- 20 - 25 (Red) Requires urgent controls / actions

Quarter 2 review

All strategic risks have the same risk score at the end of Quarter 2, as they had at the end of Quarter 1, with the exception of:

- 'Financial Sustainability' (Page 4) where the likelihood of the risk occurring has increased from Unlikely (2) to Possible (3).
- 'Change Management Capacity and Capability' (Page 6) where the risk has been re-evaluated and therefore the impact of the risk has been increased from Minor (2) to Moderate (4).

The Audit Committee reviewed the draft Quarter 2 risk report on 6th October in order to gain assurance on the management of strategic risks. As a result of that discussion the Committee recommended that the likelihood of two of the risks (Demographics – Adults (page 2) and Health Service Deficits (page 6) should be reconsidered. The Responsible Officers will be tasked with reviewing the risks as part of their risk management arrangements; and the outcomes of that review will be reflected in the next report.

The Audit Committee also received assurance from the Service Directors for Planning & Sustainable Development and Commercial Services on the management of the two strategic risks relating to the delivery of the Local Plan and Property Compliance / Safety. In addition the Service Director for Transformation and Commissioning attended the Audit Committee Away Day on 7 September and provided further details on the management of the Adult Social Care capacity and resourcing risks.

Children, Families and Adults Directorate (PEOPLE)				
Risk No.	Risk Title	Risk Owner	Previous Risk	Current risk
CRP1a	Demographics - Adults	Jonathan Price and Claire Leandro	5 x 4 = 20	5 x 4 = 20
<p>The risk is that the Council will not have the capacity and capability to effectively deliver services as the population ages, becoming increasingly frail and vulnerable, which represents an increasing percentage of the population of Cornwall that could result in compromising the quality of care provision to Cornwall residents.</p>				
<p>Review notes</p>				
<p>Remains the same as Q1. Early work under the 'Transforming Adult Social Care' programme and the Better Care Fund indicate some of these risks will, over time, be mitigated. The programmes will need time to deliver so the impact can be seen.</p>				
Risk No.	Risk Title	Risk Owner	Previous Risk	Current risk
CRP1b	Demographics - Children	Jane Black and Jack Cordery	5 x 3 = 15	5 x 3 = 15
<p>The risk is that the reduced capacity and capability of the Council's Children's Services means it cannot deliver effective services to children, young people and families as demand in key areas of need increases. This could lead to overspending or compromised quality and effectiveness resulting in an increased risk of failure and a reduced OFSTED rating.</p>				
<p>Review notes</p>				
<p>The strategic plan for managing this risk is through the Social Care Innovation Programme to integrate education, early years, community health, early help and social care under and Alternative Delivery Model. This will reduce overlap and duplication, achieve economies of scale, and increase opportunities for income through access to alternative funding streams and wider trading.</p>				
Risk No.	Risk Title	Risk Owner	Previous Risk	Current risk
CRP2	Welfare Reform	Jon Lloyd-Owen	3 x 4 = 12	3 x 4 = 12
<p>The risk is that the compound effects of the Government's welfare reforms will create increased demand for Council services and adverse outcomes for residents and in particular children and vulnerable adults, through increased housing stress, homelessness and financial exclusion.</p>				
<p>Review notes</p>				
<p>Our current mitigation in relation to this risk is understanding the impacts of welfare reform and what influence/role Council services have in relation to influencing/controlling these, working with partners and wider communities. We then need to consider the options on how we can address these impacts within the Inclusive Growth agenda ensuring that gaps for those effected do not widen in relation to their opportunities and standards in comparison to those not affected.</p>				
Risk No.	Risk Title	Risk Owner	Previous Risk	Current risk
CRP3	Pay and Grading Review	Kate Kennally (Andy Brown)	3 x 4 = 12	3 x 4 = 12
<p>The risk is that the Council's pay and grading review fails to reflect the market place which could result in detrimental impact in our ability to recruit and retain key staff/talent.</p>				

Review notes				
The risk remains at the same level. The Council has engaged expert support to complete a diagnostic review and support action planning, to inform recommendations to the Council in 2018.				
Risk No.	Risk Title	Risk Owner	Previous Risk	Current risk
CRP4	Reputation	Kate Kennally (Jessie Hamshar)	4 x 4 = 16	4 x 4 = 16
The risk is that the Council's reputation deteriorates and has a detrimental impact on our ability to gain public, partner and government support for the actions that will realise the Council Strategy and has an adverse impact on attracting inward investment and staff morale/recruitment/retention.				
Review notes				
The risk rating remains unchanged. The recommendations of the Peer Review continue to be implemented with the new role of Head of Communications and Engagement filled on 26 June. The post holder has taken day to day ownership of this risk and has embarked on a programme of improvement.				
Risk No.	Risk Title	Risk Owner	Previous Risk	Current risk
CRP4	Human Rights Act	Anne Brown	5 x 3 = 15	5 x 3 = 15
There is a risk that the implications of the Human Rights Act on Council functions and related management responsibilities are not fully understood and addressed leading to significant reputational loss for the Council and/or legal claims.				
Review notes				
The task and finish group have gained support from Paul Masters and have started to develop the training for staff and also the flow map to guide people.				

Neighbourhoods Directorate (PLACE)				
Risk No.	Risk Title	Risk Owner	Previous Risk	Current risk
CRP12	Environment/Climate Change	Peter Marsh	5 x 3 = 15	5 x 3 = 15
The risk is that due to climate change and the lack of investment in infrastructure, weather events will become more extreme and lead to detrimental effects on communities.				
Review notes				
We are continuing to implement the devolution deal of flooding and coastal defence. In addition we are working with the Environment Agency and Cornwall flood forum to promote flood warden roles and working on our capital programme. In addition we are also considering the Environmental and Climate Change Risk Assessment and how best to work with communities to identify investment opportunities.				
Risk No.	Risk Title	Risk Owner	Previous Risk	Current risk
CRP13ii	Cornwall Fire and Rescue Service (CFRS)	Paul Walker	5 x 2 = 10	5 x 2 = 10
The risk is that the Home Office Fire and Rescue Service reform programme and central government pressure drives the Devon & Cornwall Police and Crime Commissioner to draft a successful business case seeking control of Cornwall Fire and Rescue Service under the new Police and Crime Act 2017, resulting in Cornwall Fire				

and Rescue Service moving out of Cornwall Council impacting on the wider services provided by Resilient Cornwall.

Review notes

Work being undertaken to align current projects and activity to Police and Crime Commissioner objectives to demonstrate effective collaborative working arrangements under existing governance model.

Economic Growth and Development Directorate (PROSPERITY)				
Risk No.	Risk Title	Risk Owner	Previous Risk	Current risk
CRPI1	Assets	Nigel Blackler	4 x 4 = 16	4 x 4 = 16
	The risk is that the Council will not prioritise spending/attract core funding so as to maintain standards of infrastructure long term resulting in sub optimal asset condition and usage, increased exposure to claims and additional cost.			
	Review notes			
	Depreciation of the asset continues with an annual increase in the "backlog." One Cornwall Highway initiative included in the growth proposals will assist in mitigating this risk.			
Risk No.	Risk Title	Risk Owner	Previous Risk	Current risk
CRPr1	Financial Sustainability	Andy Brown	5 x 2 = 10	5 x 3 = 15
	The risk is that due to the decreasing central government funding, increased demand on services, cost fluctuations due to Brexit, 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.			
	Review notes			
	The risk has increased from the last reported position. At the end of quarter 2 the Council is forecasting an overspend of £1.3m for 2017/18, driven from both additional service demands and delayed or non-delivery of planned saving targets. Both these factors are also impacting on the Council setting a balanced budget for 2018/19 and over the life of Medium Term Financial Plan. The effect of other external influences, such as Brexit, are unquantifiable at the moment and in current financial planning are assumed to be unlikely to have a direct impact to the Council in terms of revenue resources. However the uncertainty and risks associated may have an impact on the economy and market forces e.g. inflation and therefore an indirect consequence on the Council's revenue position, which in-turn would have a detriment on the level of resources available to deliver services.			
Risk No.	Risk Title	Risk Owner	Previous Risk	Current risk
CRPr2	Delivering the Local Plan	Phil Mason	5 x 2 = 10	5 x 2 = 10
	The risk is that the Council fails to implement actions to deliver the Local Plan that could negatively impact on the delivery of its key objectives e.g. around housing growth, impacting on revenue to the Council and service demands such as homelessness and affordable housing, as well as the wider Cornish economy.			

Review notes				
In order to mitigate the delivery of the Local Plan the 'Delivering the Local Plan' document will be used. This was created at the end of the last Council in the form of a prospectus. This document has a suite of actions which facilitates the required delivery.				
Risk No.	Risk Title	Risk Owner	Previous Risk	Current risk
CRPr3	Failure to agree with Government a suitable 'post Brexit' growth environment for Cornwall	Sandra Rothwell	4 x 3 = 12	4 x 3 = 12
Failure to agree with Government a locally managed UK funded invest programme for Cornwall post Brexit that meets our level of investment ambition within our Strategic Economic Plan and Local Plan. Changes in the freedom of movement for employment between the EU and Britain significantly impact the services and industries in Cornwall, leaving a skills and employment gap.				
Review notes				
Recognising the need to begin work with partners to prepare a response/input into Government's thinking around the Shared Prosperity Fund, the Economic Growth Service has put in place a Shared Prosperity Fund team to lead the development of proposals and engage with partners/stakeholders on the development of key principles. Government consultation is expected in autumn with launch late 2018. Cabinet Members, Corporate Directors Team, Economic Growth and Development Board have been engaged and consulted ahead of the Planning and Economy Portfolio Holder leading a wide partnership approach to developing Cornwall's proposals by hosting a member / Local Enterprise Partnership / stakeholder briefing and workshop which took place on 12 October and involved all Members, Local Enterprise Partnership, Integrated Territorial Investment Board and partners and stakeholders. The sessions included presentations on the programmes and progress to date, views of key stakeholders and breakout sessions to look at various aspects of the future programme. The outcomes will be distilled into a report to Cabinet in November to inform discussions with Her Majesty's Government.				
Risk No.	Risk Title	Risk Owner	Previous Risk	Current risk
CRPr4	Failure to offer sufficient strategic leadership that ensures SEP implementation	Sandra Rothwell	4 x 2 = 8	4 x 2 = 8
Loss of confidence that Cornwall can deliver, by Her Majesty's and private investors. Not delivering the EU programme and failing to meet the mid programme bonus rate of 6% (£30m).				
Review notes				
The Economic Growth Service restructure was implemented on 1 October. Vacancies are still to be filled to ensure there is adequate resource available to support activity going forward. A team is in place to develop proposals and support negotiations on the Shared Prosperity Fund. A briefing and workshop took place on 12 October which involved all Members, Local Enterprise Partnership, Integrated Territorial Investment Board, partners and stakeholders. The session included progress to date, views of key stakeholders and looked at the views of the future programme. Outcomes will be in a report to Cabinet in November to inform discussions with Her Majesty's Government.				

Risk No.	Risk Title	Risk Owner	Previous Risk	Current risk
CRPr5	Health Service Deficits	Trevor Doughty	5 x 3 = 15	5 x 3 = 15
<p>The risk is that there will continue to be significant overspends in the National Health Service (NHS), which will increase the pressure on Council services and the risk of cost shunting between the NHS and the Council. Failure to effectively engage and manage this process may lead to significant service issues for the Council.</p>				
<p>Review notes</p>				
<p>These are being closely monitored and through the integration work of Shaping Our Future and the opportunities presented by Adult Care and Support; these can be mitigated over time.</p>				

Customer and Support Services Directorate (HOW WE DO BUSINESS)				
Risk No.	Risk Title	Risk Owner	Previous Risk	Current risk
CRHo1	Information Technology	Mark Read	4 x 3 = 12	4 x 3 = 12
<p>The risk is that the Council's current IT environment is not sufficient to meet our needs as an organisation, limiting our ability to develop and respond.</p>				
<p>Review notes</p>				
<p>The operational side of the service is now stabilised with performance against key indicators positive however parts of the infrastructure is aging (i.e. storage, backup, wireless, mobility solutions) with capacity and or support limitations beginning to develop. Whilst the Digital Cornwall programme will address these, the risk of failure or exhaustion of capacity is increasing. However there continues to be risks in as much as the organisational structure in place (which is still compromised from the bringing together of Cornwall Council and BT Cornwall) is not capable of meeting the needs of a large and ongoing change programme. The new Chief Information Officer will be conducting a full structural review to ensure Information Services are aligned to delivering what its customers need.</p>				
<p>The Digital Cornwall Programme (IT Investment Plan) has undergone a thorough review and is moving into detailed planning. A programme will be developed which is shared widely, deliverable and follows a recognised framework including rigorous governance at regular review gates. Several work-streams are still progressing e.g. SKYPE rollout, replacement of hardware.</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 however careful management of the improvement of the service to enable it to drive forward transformation and the Digital Cornwall Programme is paramount.</p>				
Risk No.	Risk Title	Risk Owner	Previous Risk	Current risk
CRHo2	Change Management Capacity and Capability	Cath Robinson	2 x 4 = 8	4 x 4 = 16
<p>The risk is that the workforce is unable to deliver the amount of corporate and service change that is required to be implemented at the same time. The impact is that changes do not deliver the anticipated desired benefits and have a detrimental impact on staff and service delivery.</p>				

Review notes				
The risk score has increased due to the risk being re-evaluated and two previous risks being merged. Work is underway to assess and consider implications of establishing the delivery management capability, as well as any capacity implications being addressed as part of setting the new medium term financial plan. The delivery management capability implications are being assessed as part of the Support Services Transformation project.				
Risk No.	Risk Title	Risk Owner	Previous Risk	Current risk
CRHo3i	Data Sharing Arrangements	Paul Masters	2 x 3 = 6	2 x 3 = 6
The risk is that individuals will be put at risk and the Council may be subject to financial penalties and loss of reputation if personal and sensitive data is inappropriately shared with persons or organisations not requiring that level of information.				
Review notes				
All training, policies and procedures are reviewed on a regular, not less than annual, basis to ensure that the ability to mitigate risk via these routes is as current as possible.				
Risk No.	Risk Title	Risk Owner	Residual Risk	Current risk
CRHo3ii	Data Sharing Arrangements	Paul Masters	3 x 4 = 12	3 x 4 = 12
The risk is that the safety of individuals is compromised due to personal and sensitive data not being shared sufficiently to ensure proper support and advice is offered to individuals and bringing concerns relating to safeguarding issues to the attention of other services or partners.				
Review notes				
All training, policies and procedures are reviewed on a regular, not less than annual basis, to ensure that the ability to mitigate risk via these routes is as current as possible.				
Risk No.	Risk Title	Risk Owner	Previous Risk	Current risk
CRHo4	Political Change	Anne Brown	4 x 3 = 12	4 x 3 = 12
There is a risk to progressing the Council Strategy and implementing the Business Plan and Budget in a timely manner due to the unitary elections, the number of new Members and the effectiveness of the new governance arrangements. This could result in a failure to address Cornwall's key priorities and the reputation of the Council both inside and outside the Duchy being adversely affected.				
Review notes				
Cabinet members are settling into their roles and, aided by a number of away days and a programme of Informal Portfolio Holders Briefing items with 'homework,' have been effectively empowered and engaged in the budget setting process aligned to clear priorities. Induction and support for new members (and returning ones!) continues in the form of an enhanced programme of member development sessions and targeted extra training (e.g. on Planning in January in response to feedback). The new governance arrangements are bedding in, aided by an open discussion about scrutiny's ways of working which will produce a protocol in October. Extra time has been agreed for scrutiny to engage in the budget process. Several major scrutiny enquiries are kicking off this quarter; members and officers are still adjusting and learning how to work in this new system and 2018 will offer an opportunity for continuous improvement via a post-implementation review.				

Risk No.	Risk Title	Risk Owner	Previous Risk	Current risk
CRHo5	Resident Service and Engagement	Cath Robinson (Jessie Hamshar)	4 x 4 = 16	4 x 4 = 16
<p>The risk is that we do not engage effectively with our customers, we do not listen to understand and we fail to respond appropriately, resulting in poor customer satisfaction and loss of customers / income.</p>				
<p>Review notes</p>				
<p>The risk rating remains unchanged. A third and much larger Council residents' survey has been completed with 11,000 responses - significantly more than previous years which reduces the margin of error. The results are being analysed and shared internally and externally during quarter 3. An internal customer service survey is underway to ascertain our current baseline for customer contact - which will also be reported in quarter 3. The next few months will start to see a stronger focus on this area of work as we look at our customer promise and our customer standards as key foundations for moving forward toward excellence.</p>				
Risk No.	Risk Title	Risk Owner	Previous Risk	Current risk
CRHo6	Significant Contract Failure	Kieran Topping	5 x 2 = 10	5 x 2 = 10
<p>This risk is that there is a significant contract failure where the Council is exposed to poor performance, business closure or other substantial supply chain impacts.</p>				
<p>Review notes</p>				
<p>The risk has not changed since last time. Work is continuing to develop organisational redesign proposals with a view to bolstering the effectiveness of contract management and embedding of Supplier Relationship Management, thereby mitigating contract failure risk.</p>				
Risk No.	Risk Title	Risk Owner	Previous Risk	Current risk
CRHo7	Property Compliance/Safety	Kieran Topping	5 x 3 = 15	5 x 3 = 15
<p>The risk is that there is a breach in compliance with health and safety checks on our property estate, including but not limited to the fire risk assessments.</p>				
<p>Review notes</p>				
<p>The risk score remains the same. In the last period we have completed three key components to address the risk as follows. We have reviewed or commissioned all outstanding fire risk assessments, and commissioned works arising. We have mobilised the maintenance contracts which provide all the routine compliance inspections. We have also designed a revised structure which, subject to funding, would provide the resource required to address and manage this risk.</p>				