

STRATEGIC RISKS REPORT: YEAR END 2018-19

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 and reported to the Audit Committee and Cabinet quarterly but there is a detailed review annually against the strategy and Business Plan. Strategic risks are escalated/deescalated through DLTs and CLT and the Head of Internal Audit and Risk monitors this process.

The Strategic Risks were reviewed and updated in June 2018, in light of the recently published Council Business Plan. There are 19 Strategic Risks, as outlined below. The Human Rights Act has been reviewed and has been downgraded from being a strategic risk.

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

Year End Review

Since quarter 3, no new risks have been identified for 2018/19. All risks have been reviewed and updated positions are given for Q4 2018/19, by Portfolio.

Adults			
Risk Title	Risk Owner	Residual Risk	Current Risk
Demographics - Adults	Jonathan Price	4 x 4 = 16	4 x 4 = 16
<p>The risk is the aging population will place increasing demands on Health and Social Care. The Public Health agenda is aimed at supporting people to live healthier for longer. For those who need health and social care there are a series of proposals Adult Social Care Strategic partner, Extra Care and implementation of new Care Home and Care at Home contracts.</p>			
Review notes			
<p>As a result of activity during 2018-19, the risk score has reduced from 20 to 16. Extra Care Accommodation is progressing well, DPS uptake by providers has increased, Kemeneth project roll out continues and reablement capacity has increased. Improved performance reporting is starting to provide robust intelligence which will help shape services.</p>			
Risk Title	Risk Owner	Residual Risk	Current Risk
Collaborative Funding arrangements with Health Partners	Helen Charlesworth-May	4 x 4 = 16	4 x 4 = 16
<p>The risk is that there will continue to be significant demand and budgetary pressures across the Health and Social Care system, which will need to be managed collaboratively to ensure value for all parties and positive outcomes for people using services.</p>			
Review notes			
<p>Nationally, we are still awaiting the Government's much delayed Green Paper on Adult Social Care - the latest notification suggests this will be published in June 2019. Adult Social Care funding arrangements post the Better Care Fund (BCF) in 2021 are still to be confirmed and it is hoped that the Green Paper will address some of the fundamental issues and gaps in funding. Once we receive the government position on funding, we will be in a position to work with partners to understand the implications and how we will provide care and support as a system.</p> <p>We have our BCF arrangements in place for the 2019/20 financial year and we have extended our Section 75 agreement in relation to pooling resources between the Council and NHS partners accordingly.</p> <p>We have reconfigured our Mental Health funding arrangements and from 2021, will have a new partnership between the Council, NHS Kernow and the Cornwall Partnership Foundation Trust. NHS Kernow are currently developing a Mental Health Strategy for the wider health and social care system.</p>			

Adult Social Care is working more closely with colleagues in Public Health under the Shaping our Future programme to ensure a focussed and joined up approach to improving population health, focussing on issues which have long term impacts. We are exploring how best to work with the Children, Schools and Families Directorate to develop a shared 'life course' approach for people with complex needs.

Children and Wellbeing

Risk Title	Risk Owner	Residual Risk	Current Risk
Demographics - Children	Jack Cordery	5 x 3 = 15	5 x 3 = 15

The strategic risk is that further reduction in resources available to the Council's children's services means it will increasingly struggle to deliver effective services to children, young people and families as demand in key areas of need increases. This risk is amplified by increased statutory responsibilities and raised inspection standards. This could also lead to increased risk of failure, a reduced Ofsted rating and overspending.

Review notes

The strategic plan to mitigate this risk is through integration, bringing about further reductions in overlap and achieving economies of scale. The decision to integrate education, early years, public health nursing, early help and social care under an Integrated Children's Services Directorate with a distinct identity and enhanced multi-agency governance is aimed at improving outcomes and making optimal use of the available resources. The decision of the Council to make an investment to offset inflationary and demand pressures will help to mitigate the growing gap between need/risk and the capacity of the Council's children's social care services. A proportion of the additional government funding for social care will be used to fund specialist services for primary age children on the edge of care.

Customers

Risk Title	Risk Owner	Residual Risk	Current Risk
Data Sharing Arrangements	Paul Masters	2 x 2 = 4	2 x 2 = 4

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

GDPR has raised awareness of the need to ensure data correctly and training, as well as 1-2-1 advice from the central team is used to ensure this risk is mitigated. To date there are no recorded incidents of incorrect data sharing via a data sharing agreement.

Appendix 3 – Strategic Risks Year End 2018-19

Risk Title	Risk Owner	Residual Risk	Current Risk
Information Technology	Mark Read	3 x 3 = 9	3 x 3 = 9
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.			
Review notes			
IS are continuing to make good progress on the majority of the mitigations stated including the Service Re-structure, which is now in consultation and is expected to be in place for Jun/Jul 2019. Microsoft Cornwall Navigator (Digital Cornwall) – continues to progress with: - 5TB of archive mailbox data migrated of an estimated 26TB. - 3,805 Skype accounts in the cloud of an estimated 7,200 - 2,301 OneDrive users activated of an estimated 7,200. - 1,304 home drives reported as copy completed. Our new Security Manager and team are in place and are already making good progress. KPIs are being regularly reported and monitored. Work has also commenced on a Digital Cornwall 2 Programme to build, develop and evolve the foundational technology which is being put in place now.			
Risk Title	Risk Owner	Residual Risk	Current Risk
Significant contract failure	Rachael Rothero	5 x 1 = 5	5 x 1 = 5
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.			
Review notes			
The risk has reduced as there have been significant improvements in the financial stability of two key suppliers. Consideration was given to maintaining the risk likelihood at unlikely due to Brexit related risk. However, although this is expected to have a significant impact on contracts, it is not likely to lead to significant contract failure.			
Risk Title	Risk Owner	Residual Risk	Current Risk
Property Compliance/Safety	Dominic Barlow	4 x 3 = 12	4 x 3 = 12
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, resulting in death, corporate manslaughter, financial penalties and reputation.			
Review notes			

The risk score remains the same. 1) Monitoring System - The Property service compliance monitoring system which identified 9,132 building and land plots currently 82.68% compliant (5/4/19). The operational estate 2018/19 99% compliant (5/4/19). Asset reviews continue across the wider commercial and community estates and includes receiving signed compliance Assurance Statement Declarations from the Directorate services or landlords. 2) Property Services have completed condition surveys on 390 operational properties which will be uploaded into Concerto to allow future budget planning. CASS farms estate surveys is currently being reviewed and the CAL estate. 3) Property Services has started compliance repair works on the CASS (farms) estate and are also encouraging services across the estate with none compliant buildings to take corrective action. 4) The CASS farms estate electrical surveys have been completed and works commenced. Compliance survey's also being conducted on water systems and asbestos to produce new risk assessments and evaluate improvements. 5) Property services have completed the business case for capital funding to cover building repair works that are above all services revenue and capital budgets. 6) Fire Risk Management - An annual schedule of Fire Risk Assessment renewals is in place including actioned works.

Neighbourhoods			
Risk Title	Risk Owner	Residual Risk	Current Risk
Environment / Climate Change	Peter Marsh	5 x 4 = 20	5 x 4 = 20
<p>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. Whilst the risk has not been escalated further at the moment, there is increasing flood risk / coastal erosion and other weather related deterioration but with insufficient funding to manage. Over the next 10 to 20 year we will have to tackle managed retreat carefully.</p>			
Review notes			
<p>In the last quarter substantial changes have been made in relationship to the management of this risk. The Council 'declared' a climate emergency in January and has mandated officers to bring a report back to Cabinet in July 2019; outlining the requests to Westminster for the powers and resources to support Cornwall to strive towards carbon neutrality by 2030. Two climate change protests by young people have now been held at County Hall, to which Members and officers have engaged with to gauge the perspectives of the young people attending. The work programme to respond to the Declaration has been noted as a Strategic and Critical project for the Council and is correspondingly supported with corporate programme management resources as well as the attention from staff across the Directorates who need to input into the report development. A Programme Board has been established and engagement activities have commenced. The work streams and lead officers for the report drafting are currently</p>			

being identified and additional staff capacity sought to enable the work to progress rapidly.

Homes			
Risk Title	Risk Owner	Residual Risk	Current Risk
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>			
Review notes			
<p>A review of the strategic risk is currently underway following the roll-out of Universal Credit in mid-2017 to assess impacts to date and forecast and the effectiveness of current and planned mitigations. Workshops were held with internal and external services in early February. The strategic risk will be re-rated and mitigations reviewed and revised following completion of this review exercise. There will be a report confirming this at the end of July.</p>			

Planning & Economy			
Risk Title	Risk Owner	Residual Risk	Current Risk
Delivering the Local Plan	Phil Mason	5 x 2 = 10	5 x 2 = 10
<p>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.</p>			
Review notes			
<p>The Local Plan establishes key targets for the delivery of new homes and jobs. The failure to deliver the number of new homes requires will result in the Council having to support speculative planning in locations that are not being planned for. Mitigations that have been put in place include the development of the Councils Investment Programme alongside the HDP and HRA programmes, the successful Examination in Public of the Site Allocations DPD, the creation of a delivery team within the planning service to focus on unlocking strategic sites and coordinating infrastructure, a stalled sites review and securing of government and European funding to support delivery including ERDF, Housing Infrastructure Fund, Garden Village Capacity Funding and the Planning Delivery Fund.</p>			
Risk Title	Risk Owner	Residual Risk	Current Risk

Failure to negotiate with Government a suitable post Brexit growth environment for Cornwall	Glenn Caplin	5 x 3 = 15	5 x 3 = 15
<p>Failure to negotiate with Government a locally managed UK funded invest programme for CloS post BREXIT that meets our level of investment ambition within our Strategic Economic Plan and Local Plan. Major project investments do not happen. Loss of business confidence to invest. SEP priorities and KPI's not delivered. 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.</p> <p>MITIGATIONS: • Capacity increased with an Economic Growth Service to support additional activity required to take forward post BREXIT funding programme 'shared prosperity fund'. • Activity identified between CC members and LEP Board to undertake a series of workshops to clarify negotiating position and stakeholder support. Cabinet report on negotiation timetabled for November 2017. • Working alongside the Strategy and Communications Service on the post BREXIT position on the free movement of labour. Risks and priorities identified through Catalyst for Change and will form the basis of next steps including research with University of Exeter.</p>			
Review notes			
<p>In light of the increasing likelihood of a 'no deal' scenario and the technical guidance notes that Government is publishing, this risk remains under review. The UK Shared Prosperity Fund consultation was due to be released in December 2018. It is now overdue. The fund is not likely to be launched until 2021/22 dependent on the Brexit deal. Indications are that were a no deal scenario to occur, major changes to current EU programme methodology, processes, systems and allocations could occur. Contracted projects will be underwritten by HMG but those in the pipeline or unallocated balances could be redistributed to respond to economic shocks. A set of red lines developed to inform conversations with HMG on current programmes should a no-deal scenario occur. When the consultation on Shared Prosperity Fund (SPF) is launched, further work and engagement will be required with local partners once the detail of the consultation is known. Best use must be made out of the current EU programmes in addition to the work required for the future funding programmes and to this end, the team have been focussing on identifying programme headroom, assessing match funding options and ensuring strategic alignment. Work with HMG ministers to unlock delays and performance issues with the European Social Fund (ESF) programme has been productive and a number of solutions are proving fruitful. Ongoing endeavours to re procure provision for the Cornwall Brussels Office have been supported by the recent Full Council motion and Cornwall Council are in the process of contracting the successful bidder.</p>			
Risk Title	Risk Owner	Residual Risk	Current Risk
Failure to offer sufficient strategic leadership that ensures SEP Implementation...	Glenn Caplin	5 x 2 = 10	5 x 2 = 10

... including Growth Deal and EU Growth Programme. The risk is that the Council fails to flex its processes and legal governance arrangements as EU legislation is superseded by national legislation which could result in both costs and benefits not being realised. Loss of confidence that Cornwall can deliver, by HMG and private investors. Not delivering the EU programme and failing to meet the mid programme bonus rate of 6% (£30m)/ Intermediate Body Status

MITIGATIONS:

- Review of current processes across Economic Growth Service and LEP Executive currently underway finding of this review will influence the future reshaping of processes and capacity within the Service.
- Regular reporting arrangements have been revised and agreed with HMG representative to ensure increased confidence in Cornwall's capacity to deliver.
- Additional capacity in place to deliver Intermediate Body status and funding bid has been submitted to secure resource across the lifetime of the EU programme. Working alongside Government Managing Authorities to ensure effective performance monitoring and management of the EU programmes.

Review notes

Economic Growth Service are structured to support activity according to the joint Cornwall Council/Local Enterprise Partnership (LEP) business plan and 18/19 Operational Plan. Full time EU programme lead commences work at the end of May 2019 and the programme team remain committed ensuring remaining years of the EU programmes (which can continue to contract to December 2020) are delivered according to schedule and strategy. The EU programme performance reserve targets and N+3 spend targets were met at the December 2018 review point and Managing Authorities (MAs) are being challenged through the Cornwall and Isles of Scilly Integrated Territorial Investment (ITI) Board and the national programme boards and committees on which Cornwall is represented to maximise programme performance. The implementation plan sets out how the LEP will fulfil the recommendations within the LEP Review, together with clear timescales as to when each stage of the plan will be in place. Programming has been undertaken to identify investments to deliver the SEP that could be match funded by Cornwall Council's Economic Development match fund pot to ensure delivery of the EU programme and meet strategic ambitions. The LEP has a corporate risk register which is reviewed by the LEP Audit & Assurance committee and is presented at LEP Board meetings on a quarterly basis.

Transport

Risk Title	Risk Owner	Residual Risk	Current Risk
Assets	Kevin Bryant	4 x 3 = 12	4 x 3 = 12

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

The extensive highways asset has a currently estimated "backlog" of £284m. This impacts on the resilience of the infrastructure to extreme weather events, such as flood

and freezing conditions. The Cabinet decision to allocate an additional £30m to the One Cornwall Highway initiative will assist in mitigating this risk; however longer-term sustained investment is required to fully mitigate this risk and reduce its profile.

Deputy Leader			
Risk Title	Risk Owner	Residual Risk	Current Risk
Pay and Grading Review	Kate Kennally	4 x 4 = 16	4 x 4 = 16
<p>The risk is that the Council's pay and benefits framework and strategy does not achieve an appropriate balance between (i) the need to attract, retain and fairly reward the skills and talent the Council needs to deliver its priorities for Cornwall, and (ii) affordability of staffing spend in the context of the Council's finances overall.</p>			
Review notes			
<p>The Council's Review of Pay and Terms and Conditions is being undertaken in response to this strategic risk, with review recommendations being developed for implementation in 2020. The risk score remains the same because review outcomes and associated mitigations are in the process of being developed and implemented.</p>			
Risk Title	Risk Owner	Residual Risk	Current Risk
Financial Sustainability	Andy Brown	5 x 3 = 15	5 x 3 = 15
<p>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.</p>			
Review notes			
<p>The risk score remains the same in this quarter. Since Q3 the Council has approved its 2019/20-2022/23 budget and Medium Term financial Plan, and although balanced over the 4 years, this position is reliant upon £70m of savings delivery and the use of reserves. Over 50% of the total savings are to be delivered in 2019/20, with 20% considered to be high risk of non-delivery. If these savings slipped or become non-deliverable the impact would be in the region of £7m. The 2018/19 provisional outturn is reporting a £1.234m underspend. This is an improvement from the £0.716m underspend reported at the end of quarter 3. However, the demands seen within Children's services have continued to increase, with further overspends in all but the Adult's directorate. The underspend position has been driven largely through additional resources received i.e. unbudgeted central government grants rather than from underspends within service budgets.</p>			
Risk Title	Risk Owner	Residual Risk	Current Risk
Change Management Capacity and Capability	Patrick Weir	4 x 3 = 12	4 x 3 = 12

The risk is that the workforce is unable to deliver the amount of Council-wide and service change arising from the 19/20 SCOT portfolio and business as usual service development. The impact is that SCOT changes do not deliver the anticipated benefits, MTFP targets are jeopardised and detrimental impact on service delivery.

Review notes

The likelihood of the risk has reduced in anticipation of the prioritisation of the Council's change portfolio.

Leader			
Risk Title	Risk Owner	Residual Risk	Current Risk
Reputation & resident engagement	Kate Kennally	4 x 4 = 16	4 x 4 = 16
<p>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's priorities for Cornwall.</p>			
Review notes			
<p>The latest survey of Cornwall's residents is showing signs of positive progress by Cornwall Council in many areas. The survey, conducted at the end of last year, shows that resident satisfaction has improved in a number of areas, including satisfaction with the way that Cornwall Council runs things and an increase in the proportion of residents who agree that the Council is standing up and campaigning for Cornwall. Survey results were also higher than in 2017, and above the LGA national level, for resident perceptions of Cornwall Council's value for money and for residents' trust in the Council. Nevertheless the current risk remains unchanged as there is more to do to embed improvement, and we know from LGA benchmarking that results can be volatile.</p> <p>In response to the results of the latest resident survey, we have refreshed the Council's business plan priorities and will continue to monitor resident satisfaction, running a light touch resident survey every 6 months.</p>			
Risk Title	Risk Owner	Residual Risk	Current Risk
Brexit - immediate impacts in the event of 'no deal'	Kate Kennally	4 x 3 = 12	4 x 3 = 12
<p>The risk is that the UK and EU fail to reach a deal on a Withdrawal Agreement resulting in medium term disruption in the 0-6 months immediately following exit, which impacts upon people in Cornwall and requires the Council to act, such as any immediate port and transport disruption, particularly given the coincidence with Easter tourism traffic, and any consequent supply chain disruption for critical goods.</p>			
Review notes			
<p>The likelihood of no deal has been amended due to the extension of the Article 50 period until 31 October 2019 (conditional upon EU Parliamentary elections). Cornwall</p>			

Council mitigating actions are progressing for the potential immediate impacts of a 'no deal' scenario. This includes work to test the resilience of the Council's major suppliers, testing of business continuity measures, and the suitable allocation of resource to areas such as the Business Standards Unit to meet potential increases in workloads. We have continued to work very closely with the Devon, Cornwall and Isles of Scilly Local Resilience Forum ensure appropriate cross-organisational preparations are developed. We are also continuing to work closely with colleagues in the South West on collaborative preparations and to share intelligence. Government engagement also continues, including through our representation on the Ministry of Housing, Communities and Local Government's (MHCLG) Brexit Advisory Panel. Cornwall Council's website has now been updated with further information on our preparations: www.cornwall.gov.uk/brexit.

Risk Title	Risk Owner	Residual Risk	Current Risk
Brexit - ongoing impacts of the terms of exit	Kate Kennally	4 x 4 = 16	4 x 4 = 16
The risk is that the terms of the UK's withdrawal from the European Union results in increased costs, increased demand for services, scarcity of labour, scarcity of goods and supplies, or other operational impacts which impair the Council's ability to deliver services for people in Cornwall.			
Review notes			
All Council services have carried out a detailed assessment of the potential ongoing impacts of the terms of exit, and are keeping mitigating actions under close review in light of the emerging Government guidance and progress of negotiations between the EU and the UK. Our New Frontiers plan sets out the post-Brexit frameworks (such as for migration and workforce) which the Council, together with our partners on the Cornwall and Isles of Scilly Leadership Board, is seeking from Government. The Council's s151 officer will take account of any ongoing impacts in the annual assessment of general reserves made in the New Year, when there will be greater certainty over the terms of the UK's withdrawal.			

2019/20

For the financial year 2019/20, two new risks have been identified and are included below.

The **Oracle Cloud Project** risk will be added to the **Customers Portfolio** and reported on a quarterly basis.

Risk Title	Risk Owner	Initial Risk	Current Risk
Oracle Cloud Project	Richard Williams	4 x 4 = 16	N/A

The risk is that the Oracle Project fails to deliver on time, to revised budget and in line with the Council's requirements. A secondary risk is that the Group of Companies is implementing the HR Oracle modules in parallel to the Council's implementation, and this introduces the risk that the two projects do not align and both fail to deliver on time.

Review notes

The Council has re-set its commercial and delivery relationship with its Implementation Partner (Oracle Consulting), including setting clear requirements, milestones and deliverables. This delivery plan is focused on implementing the Oracle Cloud solution for finance, payroll and HR by the end of the 2019-20 financial year. It includes detailed resource planning to ensure the project has the right people and skills to deliver it, including from our Implementation Partner. Revised project leadership and governance by the Council has been put in place, including a Project Board of senior officers to oversee the project, manage the main risks and issues and make sure everyone plays their part in ensuring successful delivery. There is an on-going dialogue by senior officers in the Council and Group of Companies with the aim to ensure projects and timescales are aligned. Further work is required in this area which may require escalation to the Shareholder Board.

The **Sustainability of the Social Care Marketplace** risk will be added to the **Adults Portfolio** and reported on a quarterly basis.

Risk Title	Risk Owner	Initial Risk	Current Risk
Sustainability of the Social Care Marketplace	Helen Charlesworth-May	N/A	N/A
<p>As a Health and Social Care system, we are working hard to meet increasing demographic demand, people's changing expectations of services and the financial constraints within which we must operate. Supply markets are being encouraged to diversify their approaches to provision building on the information set out in the joint Council and Kernow Clinical Commissioning Group Market Position Statement. This means that we need to work with partners to build a market which is resilient and sustainable. We have identified care market sustainability as a key strategic risk to the Council and are developing a set of mitigations which include understanding how we can support the care market more effectively. A fully formed risk will be presented to Audit Committee in July 2019.</p>			