

**To the Chair and Members of the
AUDIT COMMITTEE**

Q1 STRATEGIC RISK UPDATE

Relevant Member(s)	Cabinet	Wards Affected	Key Decision
Mayor Ros Jones		N/a	N/a

EXECUTIVE SUMMARY

1. The purpose of this report is to provide a progress update on strategic risks for Quarter 1 2015/16.
2. A review of Strategic Risks was undertaken as part of the challenge process to ensure that the strategic risks reflected the priorities in the Corporate Plan for 2015/16. There are currently 14 strategic risks.
3. As a result of the review the following new areas have been nominated for inclusion in the Strategic Risk Register. (Final wording is being developed):
 - School Improvement/Attainment
 - Early Help
 - Transformation of Adult Social Care

As a result of the review the following risk have been nominated for re-wording:

- 'Failure to apply agreed safeguarding standards and policies, increasing the risk of vulnerable children experiencing harm or abuse' will now be 'Failure to obtain assurance as to the safeguarding of children in the borough'.
- 'The impact of the welfare reforms on communities and on Council Services' will now be "Current austerity measures result in increased poverty in Doncaster, causing deprivation for citizens and restricting the borough's ability to improve and grow"
- 'Failure to set robust assumptions on pensions deficit recovery and future contribute rate' will now be 'Failure to set robust assumptions on pensions deficit recovery and future contribution rate for the 2016 valuation'

RECOMMENDATIONS

4. The Audit Committee members are asked to:
- a) Note and comment on the report and the strategic risk profiles in Appendix A;
 - b) Note the revisions to the Strategic Risk Register (paragraph 3)

EXEMPT REPORT

5. Not Applicable

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

6. The embedding of robust risk management arrangements within the Council incorporating the management of strategic risks creates an environment in which we can successfully meet our objectives to deliver Doncaster's priorities and the Mayoral Priorities Outcome Framework.

OPTIONS CONSIDERED

7. Not Applicable

REASONS FOR RECOMMENDED OPTION

8. Not Applicable

IMPACT ON THE COUNCIL'S KEY PRIORITIES

- 9.

Priority	Implications
All people in Doncaster benefit from a thriving and resilient economy.	The embedding of robust risk management arrangements within the Council will contribute to the effective delivery of all the Council's key priorities
People live safe, healthy, active and independent lives.	
People in Doncaster benefit from a high quality built and natural environment.	
All families thrive.	
Council services are modern and value for money.	
Working with our partners we will provide strong leadership and governance.	

RISKS AND ASSUMPTIONS

10. The Risk Management Policy includes a requirement to review strategic risks on a quarterly basis and this is a matter of good management and good governance.

LEGAL IMPLICATIONS

11. Any specific implications will be reported separately and in the context of any initiative proposed to be taken in relation to the management of strategic risk.

FINANCIAL IMPLICATIONS

12. Should any specific initiatives be required, in response to the management of strategic risks, any cost implications will be reported and addressed as and when they arise.

HUMAN RESOURCES IMPLICATIONS

13. There are no direct human resources implications resulting from this report

TECHNOLOGY IMPLICATIONS

14. There are no direct technology implications resulting from this report.

EQUALITY IMPLICATIONS

15. There are no specific equality implications arising from this report. However, any activities arising from the management of strategic risks will need to be the subject of separate 'due regard' assessments.

CONSULTATION

16. Consultation has taken place with strategic risk owners, Directorate Management Teams and Risk Champions as part of the quarterly performance challenge process.

BACKGROUND PAPERS

17. Reports generated via Covalent for Directorate Q1 challenge meetings.

REPORT AUTHOR & CONTRIBUTORS

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Simon Wiles
Director of Finance and Corporate Services

APPENDIX A

A failure to identify, or to act on, areas of serious performance weakness in the Doncaster Children's Service Trust or in the Council, which could result in significant harm to a child or children which could have

Jo Moxon

20



Impact

Current Position - On behalf of Paul Thorpe: This Strategic Risk was added during the year following the establishment of the Children's Trust

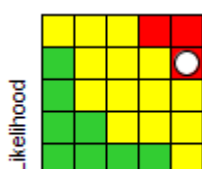
Mitigating Actions - As part of its Ofsted inspection preparation the Council has established robust governance arrangements to address the Trusts and the Councils obligations which arise from the inspection. These include a joint strategic inspection group and the establishment of a DMBC Annex A and joint documentation group and the establishment of a joint logistics group.

Target risk profile - Target currently remains at 5x4 as Children's Trust has only been operational for 9 months. Target will be reviewed with the Trust

The impact of the welfare reforms on communities and on Council Services

Simon Wiles

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Impact

Current position: Score = 20 (impact 5 likelihood 4). The impacts of welfare reform continue to affect local people and are a risk to the achievement of the Council, and our partnership, objectives. This is now a wider issue than merely welfare reform and is being tackled as a general risk of poverty within the borough. The title of the risk will be changed to reflect poverty this quarter.

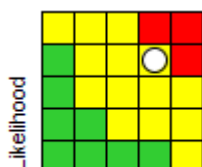
Mitigating actions: A partnership Anti-Poverty Steering Group is operating and is currently working in a number of key areas, including; financial exclusion (impact of latest Govt budget, welfare payments, Local Assistance Scheme etc); employment, education and training; housing; health and well-being; community support and advice. During July 2015 the group will determine key outcomes for anti-poverty which will form a detailed action plan and build upon the commitments made by partners at the Anti-Poverty Summit. Overview and Scrutiny Management have expressed an interest in this work and will be involved as progress is made.

Target risk score: 12 (impact 3 likelihood 4). The likelihood of poverty occurring in Doncaster remains high. The main task is to reduce the impact on local people.

Failure to improve Data Quality will prevent us from ensuring that data relating to key Council and Borough priorities is robust and valid.

Simon Wiles

16



Impact

Current position

Poor data quality will seriously hamper the Digital Council Programme, which in turn will reduce the Council's ability to transform. Clearly poor data and information will also reduce the effectiveness of the decisions that the Council makes. The likelihood of a real impact is increasing and therefore the risk score has been increased to 16.

Mitigating actions

A new risk assessment tool is being used for the first time which will identify the major areas of risk. This will enable key systems and intelligence to be targeted for specific and intense corrective actions. The importance of quality data will also be raised at all key meetings including Executive Board, OSMC and Audit Committee. Engagement across all Council departments will be required to ensure improvements are made quickly.

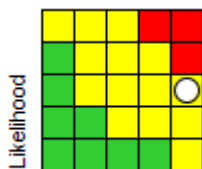
Target risk

Impact 2 (moderate) Likelihood 1 (very unlikely)

Failure to apply agreed safeguarding standards and policies, increasing the risk of vulnerable children experiencing harm or abuse

Jo Moxon

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Impact

Current Position = 15 On behalf of Paul Thorpe: The annual review of the corporate performance reporting agreed that in view of the transfer of providers responsibilities this should be re-titled "Failure to obtain assurance as to the safeguarding of children in the borough".

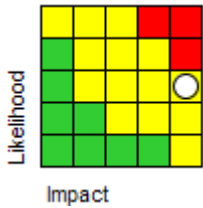
Mitigating Actions - The Council has emboldened its assurance process in advance of monthly and quarterly meetings by holding officer level, check and challenge, meetings and by securing agreement with the Trust to develop and introduce a new more informative performance report from covalent platform.

Target Risk Score - target currently remains at 5x3 as Children's Trust has only been operational for 9 months. Target will be reviewed with the Trust.

Failure to respond adequately to borough emergencies or mitigate effectively against the effects of extreme weather conditions e.g. flooding

Peter Dale

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Current position: This risk has been reviewed and is considered to remain unchanged. Some key activities by Resilience and Emergency Planning include developing flu pandemic response arrangements. This is which is considered to be 'high risk' by Central Government. The plans and arrangements have been rehearsed with partners from across South Yorkshire. A recent assessment of DMBC's emergency response capabilities by the Cabinet Office has demonstrated a high level of preparedness and compliance with Government expectations for Civil Contingencies.

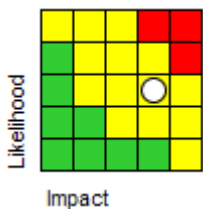
Mitigating actions: The challenges of responding to emergencies and supporting our communities and businesses with reducing staff numbers continues to be addressed with training, exercise and development opportunities. 99% have rated these events good or excellent.

Target risk: Impact 5 Likelihood 3

Failure to comply with the Data Protection Act 1998

Simon Wiles

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Current Position

Unfortunately, there have been 7 data protection breaches by the Council and 2 by Doncaster Children's Services Trust after the excellent performance in quarter 4 last year with no Council breaches.

Mitigating Actions

These were mostly due to human error and as always, mitigating actions are being taken such as approaching specific services, raising and discussing at the SIRO Board, completing investigations, implementing lessons learned and taking disciplinary action where relevant as well as all staff accessing data undertaking data protection training as mandatory.

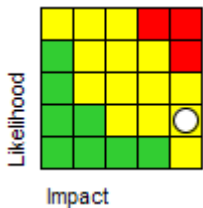
Target Risk

The target risk rating is Major Impact (4) with an Unlikely Likelihood (2) = 8.

The agreed standards and policies are not adequately understood and implemented by practitioners who work with vulnerable adults increasing the risk of vulnerable people experiencing harm or abuse

Dave Hamilton

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Current Position:

Safeguarding Adult Risk Assessment Matrix in place, Case File Audits measuring adherence to the safeguarding process and action plans on-going to address shortfalls.

Mitigating Actions:

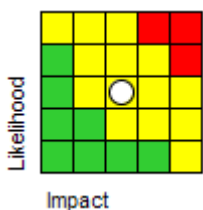
Review of South Yorkshire procedures in light of Care act on-going and out for consultation across South Yorkshire. Safeguarding Adults Training continues to be provided to raise awareness and a training needs analysis is underway. Care Act implementation plan embedded into Policy and Practice sub group work plan to coordinate and direct all work streams. Draft Making Safeguarding Personal Strategy going to Board for approval 27/7/15.

Target Risk: Impact 5 Likelihood 2

DN17 Programme does not deliver the level of savings required and this impacts on the services the council can offer to the public

Simon Wiles

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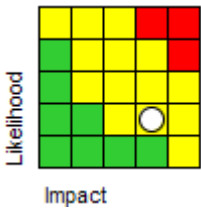
Current Position - There is good progress overall, however 7 key projects are rated red which indicates they may not deliver full savings in 2014/15. These include: Adult Social Care Commissioning, Access & Care Management, Modern & Productive Workforce, Appropriate Assets, Fleet Management & Pool Cars and Residential Homes.

Mitigating Actions - The Doncaster 2017 Programme Team are working closely with Project Leads and Project Sponsors to ensure robust plans and actions are in place to deliver savings. Additional capacity to reduce issues is also provided by the Programme Team. Where there is slippage the Directorates are looking at other areas to bridge the gap.

The Directorate teams together with the DN17 Team and Finance colleagues will be working closely to deliver full savings but there is recognition that there may be a need for some short-term one-off funding to get to the full 2014/15 target.

Target Risk Profile - Impact 3 x Likelihood 2

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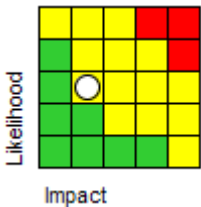


Current position: This risk has been reviewed and remains unchanged. Health and Safety Training for Managers continues to be rolled out across all Directorates, with 'mop-up' sessions being undertaken to ensure all managers have the opportunity to attend. The new Health and Safety Advisor post for Construction Services is working well

Mitigating Actions: A further Health and Safety Training post is being developed as part of a review and restructure of the Regulation and Enforcement Service within Environment. Recruitment to this post will take place in qtr 2 of 2015. A substantial amount of work has also been undertaken to identify and mitigate the health and safety risks within the Council's Markets with appropriate action plans now in place. Work is also progressing within the Assets Team regarding health & safety risks on Council land. A programme of unannounced 'drop in' audits across a range of service areas has also commenced and will continue throughout 2015/16. Action plans will be developed with managers where appropriate to drive and monitor improvements against the audit findings.

Target Risk - Impact 4, Likelihood 2

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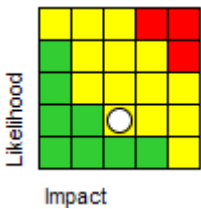


Current Position - Whilst acknowledging outcomes on morale, motivation and performance levels continue to improve, demonstrated by achieving the highest engagement response rate to the latest staff survey reaching 51% which is up by 21% from previous year, and further evidenced in this quarter by the continuing downward trend in both sickness absence figures and case management, e.g. grievance and disciplinarys; this needs to be balanced with only achieving a 78% completion rate overall (with some pockets of good practice achieving 100%) as at Qtr1 for PDRs when the target was 95%, and the current number of service reviews being undertaken that will impact on morale with the threat of industrial action in one service area. Therefore this risk, although currently manageable at a much lower level, should remain as a strategic risk and continue to be monitored.

Mitigating Actions - Continue to monitor sickness trend and ensure action plans progress. All directorates to have action plans in place to improve PDR completion rates by end September 2015. Monitor impact on on-going organisation-wide transformation.

Target Risk Score - Score of 2:2 = 4. To remain as a strategic risk but currently at a much lower and manageable level.

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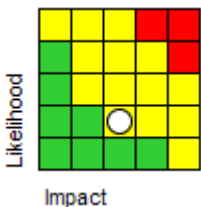


Current Positions - Improvements in the wider economy and housing market have led to a significant increase in activity and supply of affordable housing across the Borough in the past year. Going forward it is possible different pressures arising from more challenging development sites, lack of skilled labour, material supply chain issues and cost increases may reverse recent improvements. Risk level therefore remains in place.

Mitigating Actions - The cost viability for the provision of Affordable Housing through s106 Agreements has been affected by national and local housing market conditions, however we continue to work with developers to facilitate the delivery of affordable housing and explore additional resources to facilitate this, including the promotion of HCA funding streams where appropriate. The Council and SLHD will continue to supply affordable homes through initiatives like the Council House Build Programme, Empty Homes Purchase Programme and Empty Properties Grant programme .

Target Risk - Impact 3 Likelihood 2

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Current Position: On the 14th July 2015, the Councils Executive Board considered and endorsed a report on the robustness of its partnerships, including the governance and accountability arrangements to Team Doncaster Strategic Partnership and the Council per say.

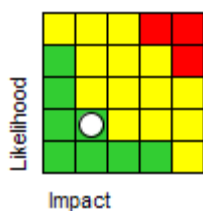
Mitigating Actions: The Council continues to maintain healthy and constructive partnerships, with the direction of travel still continuing the ethos and spirit of partnership working.

Target Risk: There is no target score set however given the PPR2 process this strategic risk requires continuous monitoring.

Failure to set robust assumptions on pensions deficit recovery and future contribution rate

Simon Wiles

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Current Position: The Council has agreed a 22 year repayment profile for the pension deficit which is reviewed with the actuary every 3 years. Funding has been provided in the budget to meet the pension deficit payments and future contribution for the 2014/15 to 2016/17, and the pension deficit cost paid to South Yorkshire Pensions Authority (SYPA). The next tri-annual assessment is due in 2016, this is a significant cost for the Council and will need to be based on robust assumptions for pensions deficit recovery and future contribution rates.

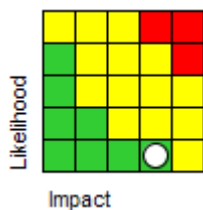
Mitigating Actions: The Council will be reviewing and challenging the assumptions made by the Actuary with SYPA and other LA's in South Yorkshire, and keeps up to date on the latest position. The Council will be working with other LA's at a local and at a national level through the LGA to minimise any additional costs arising from the 2016 Valuation.

Target Risk Profile: Impact 2, Likelihood 2, this risk has been managed down.

Failure to achieve the budget target for 2015/16 and 16/17

Simon Wiles

4



Current Position – The budget savings for 2014/15 have been achieved and the council reported a one-off year end underspend of £3.2m. For 2015/16 the council has a challenging programme of savings to deliver but this is also being robustly managed by programme leads and reviewed by AD's & Directors on a quarterly basis.

Mitigating Actions – Developing other savings or utilising one off funds for any delays in the savings for 2015/16.

Target Risk Profile –Impact 4, likelihood 1 – is as low as we can expect this to go