

AGENDA ITEM

REPORT TO AUDIT & GOVERNANCE COMMITTEE 30 MAY 2019

REPORT OF DEPUTY CHIEF EXECUTIVE

CORPORATE RISK REGISTER UPDATE REPORT

PURPOSE OF REPORT

The Committee is reminded that quarterly reports on the Corporate Risk Register are presented for the purpose of reviewing the key risks that have been identified as having the potential to deflect services from achieving their objectives over the next 12 months and beyond. They also set out the actions being taken to ensure that the risks, and possible adverse outcomes, are minimised.

As a reminder, risks are scored on a scale of one to five for both 'impact' and 'likelihood'. The scores are multiplied to generate a total score and any risks with a score of 15 or above are included in detail in this update. All other risks on the strategic risk register are reported in summary detail only.

DETAIL

1. The Committee has requested that, in the absence of substantial changes to the register, quarterly reporting should be confined to highlighting significant additions and amendments since the previous update.
2. Appendix A provides details of the high level strategic risk register and an initial risk score. The next stage of the process will be to document all controls and identify desired outcomes. Discussions have taken place to review the impact of severe weather on our service delivery.
3. Appendix A also shows the detailed risk report for those risks scoring 15 and above at the time of the last update. The reports are as yet incomplete they need updating to show desired outcomes and action plan owners/implementation dates. Work will continue with relevant officers to identify and update these, discussions will take place with respective management teams during the new financial year. This work is linked to a wider piece of work around reviewing the service planning process and identification of key governance controls.
4. There have been some minor amendments to the register:
 - Financial Management – Risk remains the same overall but this has been updated to recognise income from commercial ventures requires monitoring.
 - Physical Assets – The addition of a number of new assets has increased the risk slightly but remains low and below the level for individual reporting.

- Economic Growth – Overall risk remains the same but some of the work around regenerating the high street has been recognized as potentially reducing the impact in the future.

FINANCIAL AND LEGAL IMPLICATIONS

Financial

The successful identification, assessment and management of risks are fundamental to proper performance of the Council’s fiscal duties and responsibilities.

Legal

Where applicable, legal implications have been identified and considered as an integral part of the assessment of risks referred to in this report.

Risk Assessment

As the risk management programme is achieving its objectives and the recently completed independent review of how well the Council manages its risks concluded there is a high level of maturity with systems and procedures well embedded and working, this can be considered a low risk area.

COMMUNITY STRATEGY IMPLICATIONS

Environment

Good risk management practice supports the Council’s objectives for securing a safe and attractive environment for current and future generations.

Community Safety and Well-Being

Effective risk management is an essential element of fulfilling objectives in relation to community safety and well-being and a key component of the safer communities’ strategy.

Health)	Where applicable, implications for these platform areas have been identified and considered as an integral part of the assessment of risks referred to in this report.
Economic Regeneration)	
Education and Lifelong Learning)	
Arts and Culture)	

Consultation Including Ward/Councillors

No consultations have taken place specifically in relation to the risk management aspects of the topics covered in this report.

J Danks
Deputy Chief Executive

Contact Officer: Andrew Barber – Audit & Risk Manager

Telephone: 01642 526176. E-mail: a.barber@stockton.gov.uk

Background Papers

SBC Guidance for Strategic Risk Identification and Assessment.

Ward(s) and Ward Councillors:

Not Ward specific.

Property

Where applicable, implications in relation to the Council's property have been identified and considered as an integral part of the assessment of risks referred to in this report.

Strategic Risk Register

January 2019

No.	Risk	Description	Current Risk
1	Financial Management	Financial resources may not be available to pay creditors, support the Council's corporate planning processes, financial strategy and annual budgets.	16
2	Human Resources	The skills, expertise and level of human resources available may not be sufficient to support the overall aims of the organisation.	12
3	Information Governance	Failure to ensure the confidentiality, integrity and availability of personal and corporate information and data.	16
4	Children and Young People Outcomes	Failure to provide improve life chances, provide opportunities and education for children and young people, particularly those whose circumstances make them vulnerable to poor outcomes.	12
5	Safeguarding Children	Children and young people of Stockton-on-Tees may not be safe, protected and cared for.	15
6	Prosperous Communities	Failure to ensure we have diverse, cohesive, caring and vibrant communities, who are provided with skills and opportunities to achieve economic prosperity.	16
7	Development Control	Developments within the borough may not be controlled and managed in line with regulations and council objectives.	8
8	Democratic Process	Failure to deliver effective and high quality Electoral Registration, Elections, Committee Administration and Member Support Services and to promote democratic engagement within the borough.	8
9	Communications	Failure to deliver effective communication, consultation and engagement.	6
10	Health and Wellbeing – Residents	Failure to promote and protect health and wellbeing across the borough and to reduce inequalities.	12
11	Safeguarding Adults	Adults of Stockton-on-Tees may not be safe, protected and cared for.	10
12	Housing	Failure to address the housing requirements of the borough and provide affordable, high-quality housing.	6
13	Physical Assets	The Council may not optimize the use of physical assets.	6
14	Economic Growth	Failure to encourage regeneration, support enterprise and improve development opportunities for new and existing businesses across the borough.	8
15	Highways, Transport and Environment	Failure to maintain and deliver an effective and safe highways and transport network, which meets the needs of the borough.	12
16	Culture and Leisure	People may not be provided with opportunities to experience and participate in sporting or cultural activities.	3

17	Community Safety	Failure to provide a safe Stockton-on-Tees, where all residents are able to live their lives in a borough free from crime, fear of crime and anti-social behaviour.	12
18	Refuse and Waste	Refuse and waste may not be managed effectively to maximize recycling and minimise waste.	12
19	Green Spaces	Failure to provide a clean, green and attractive environment throughout the borough.	4
20	Registrars and Bereavement	Failure to provide the statutory registration of births, deaths, marriages and civil partnerships for the district of Stockton, and provide a burial and advice service for Stockton Cemeteries and residents.	6
21	ICT Infrastructure	The Council may not have a resilient and flexible ICT infrastructure.	12
22	Fraud and Corruption	Failure to detect or prevent fraud and corruption.	8

Overall Risk Score = Impact Score X Likelihood Score		
1 - 3	Very Low	Should be addressed by existing management systems and routine daily activities.
4 - 8	Low	Should be addressed by existing management systems and routine daily activities.
9 - 12	Medium	Contingency plan in place tested where possible and regularly reviewed – requires active risk management at service area level and should feature on Service Group Risk Register.
15 - 20	High	As 'Medium' above – Action Plan to reduce risk to as low a level as possible within 12 months - should feature on Corporate Risk Register.
21 - 25	Catastrophic	As 'Medium' above – requires active risk management and control measures at Service Group/Corporate level - Action Plan to reduce risk to as low a level as possible within 6 months - should feature on Corporate Risk Register.

1	Financial Management	Financial resources may not be available to pay creditors, support the Council's corporate planning processes, financial strategy and annual budgets.
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Causes	Implications	Risk Status					
<p>Reduction in government funding leading to the necessity to deliver savings and efficiencies.</p> <p>Lack of certainty in funding post 2020.</p> <p>Individual service pressures for example rising number of looked after children; increasing demands on Adults' services.</p> <p>External pressures e.g. adapting to the demands and opportunities created by climate change.</p> <p>Retention of business rates.</p> <p>Low level of interest rates.</p>	<p>Potentially a significant impact on reputation, service delivery, and achievement of Council objectives.</p>	<p>The Council requires a strong approach to financial management and a long term approach to financial planning to deliver savings and wherever possible protect front-line services. However, savings are becoming more difficult. Changes to the financial position are extremely likely and the funding position post 2020 remains uncertain, however we have a managed approach and plan over the medium to long term to dealing with and predicting these changes which should help manage the impact. The Council is exploring alternative investment such as property funds to mitigate the impact of low level of interest rates on short term investments. Costs to support Looked After Children are now over £20m per year, placing pressure on budgets. The Smarter Working programme continues to consider ways to make as many efficiencies and savings as possible for example through use of technology and LEAN reviews.</p>					
		Current Risk			Desired Outcome		
		Impact	Likelihood	Score	Impact	Likelihood	Score
		4	4	16	-	-	-

Controls	Required Actions	Owner and Target Date
<ul style="list-style-type: none"> • Prepare and deliver a balanced and sustainable Medium Term Financial Plan. • Ongoing monitoring and delivery of savings and efficiency targets, including the Big Picture savings programme, use of technology. • Maximise and safeguard income for the council, including effective treasury management strategy, debt recovery, maximize funding opportunities. 	1. Close monitoring of future changes to Local Government Finance.	Ongoing
	2. Monitor delivery of savings programme.	Ongoing
	3. Ensure all contracts are appropriate, deliver value for money and required outcomes.	Ongoing
	4. Operational review of services.	Ongoing

<ul style="list-style-type: none"> • Effective use of resources and assets, including procurement strategies, Smarter Working programme, Asset strategies. • Monitoring income from investment properties. • Maintain and deliver the Capital Programme. • Timely and effective financial performance reporting and monitoring. • Good understanding and interpretation of changes to funding regimes and analysis of the Government annual budget statements, this is supplemented by external expert advice. • Payment of creditors. • Robust governance framework. • Adequate insurance coverage. • Compliance with relevant accounting principles and standards to satisfy legislative and regulatory requirements. • Availability of financial information systems. 	<ol style="list-style-type: none"> 5. Maximise Council Tax, Business Rate, and commercial rents income. 6. Close monitoring of the impact of 100% business rate retention. 7. Implement Smarter Working programme. 8. Provide a positive annual opinion statement to Audit Committee. 9. Annual statement of Accounts prepared to statutory deadlines and free from material errors. 	<p>Ongoing</p> <p>Ongoing – Continued Government Delays</p> <p>Ongoing</p> <p>June 2019</p> <p>June 2019</p>
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3	Information Governance	Failure to ensure the confidentiality, integrity and availability of personal and corporate information and data.
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Causes	Implications	Risk Status					
<p>Non-compliance with legislation and best practice standards.</p> <p>Human error.</p> <p>Deliberate attack.</p>	<p>If the Council does not effectively manage personal data, a penalty of up to 4% of turnover may be levied by the Information Commissioner.</p> <p>Detrimental impact on end user/customer.</p> <p>Service disruption.</p> <p>Potentially major reputational damage.</p>	<p>It is crucial that the Council has a robust information governance framework in place to effectively manage information security and protect personal data. The scale and pace of structural and technological change within the organisation presents new challenges. The likelihood remains high however progress has been made in the delivery of awareness training to officers and Members. Compliance with the new General Data Protection Regulation (GDPR), which apply in the UK from 25 May 2018, needs to be effectively understood and managed to control the likelihood of risk. Results of audit work suggest there is still work needed in this area.</p>					
		Current Risk			Desired Outcome		
		Impact	Likelihood	Score	Impact	Likelihood	Score
		4	4	16	4	2	8

Controls	Required Actions	Owner and Target Date
<ul style="list-style-type: none"> Compliance with legislation and information publication requirements. Information management policies, strategies, processes and procedures (Employees Guide to Information Security, Data Protection, Records Management, Information Classification and Handling Guidelines). Information Asset Registers are in place, enabling appropriate improvement action plans to be developed to mitigate risks. Regular monitoring of information governance by Corporate Governance Group. 	<ol style="list-style-type: none"> Completion of Information Asset Registers and associated action plans. Policies and online training are being updated. Finalise completion of the Health and Social Care Information Centre (HSCIC) Information Governance Toolkit. Understand the requirements of new General Data Protection Regulation (GDPR). 	<p>Services, supported by Information Governance team - June 2019</p> <p>Information Governance team - December 2019</p> <p>Information Governance team leading – March 2020.</p> <p>Information Governance team - Complete</p>

<ul style="list-style-type: none"> • Completion of mandatory online (4 Learning) Information Security awareness course for all staff with access to the network. • Titus Labs message classification for Outlook. • Automatic email encryption. • Encryption of removable media – laptops, tablets, USB devices. • Information security incident management process incorporating lessons learned improvement action plans. Breaches and incidents are recorded. • Shredding contract for secure disposal of information. • Egress secure workspace facility. • Business continuity arrangements in place covering availability of information. • Data quality management process is in place to identify corporate and service specific improvements that are required. Included in new system implementation is a review of processes to force data quality standards. 	<ol style="list-style-type: none"> 5. Promotion of Egress secure workspace facility. 6. Completion of data quality assessments for each service in line with the scope and timescales agreed by Corporate Governance Group. 7. Review management of electronic records, Microsoft 365 will significantly change how electronic data is stored and managed. 	<p>Information Governance team - Complete</p> <p>Complete</p> <p>March 2021</p>
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5	Safeguarding Children	Children and young people of Stockton-on-Tees may not be safe, protected and cared for.
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Causes	Implications	Risk Status					
<p>Failure to protect a child or young person from death or serious harm as a result of increased referral activity and workload pressures, leading to either a failing in policies / procedures, personnel or partnerships.</p>	<p>Ineffective safeguarding has potentially critical implications for individuals (Children, responsible officers/members), and the reputation of the organisation.</p>	<p>Data presents a generally positive picture of performance therefore likelihood looks to be being managed as well as can be reasonably expected. Assessment of need is completed in a timely manner. Demand pressures continue to be high as a result of high referral activity, high number of child protection plans and a high number of looked after children. The number of LAC increasing last year by 17%. Successful roll out of Signs of Safety approach to support planning has had a positive effect, reducing the number of CPP; however there are some signs of increase in the number being subject to a CPP for a subsequent time. Recruitment and retention of experienced social workers continues to be a challenge. Adoption Tees Valley regional adoption agency now operational.</p>					
		Current Risk			Desired Outcome		
		Impact	Likelihood	Score	Impact	Likelihood	Score
		5	3	15	-	-	-

Controls	Required Actions	Owner and Target Date
<ul style="list-style-type: none"> • Compliance with statutory obligations. • Stockton-on-Tees Local Safeguarding Children Board (SLSCB). • Effective multi-agency arrangements. • Policies and procedures for safeguarding and promoting the welfare of children. • Communication and raising awareness of safeguarding. 	<ol style="list-style-type: none"> 1. Delivery of SLSCB Strategic Plan. 2. Implementation of Ofsted recommendations. 3. Development of new local safeguarding arrangements to ensure compliance with the Children and Social Work Act 2017 4. Safely reduce the number of children needing to be in care. 	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>

- Effective recruitment, retention and supervision of persons who work with children.
- Compliance with DBS policy.
- Timely assessment of need.
- Targeted intervention where there are concerns about a child's safety or welfare.
- Reviews of serious cases, management reviews and reviews of child deaths provide feedback and identify areas for improvement.
- Quality assurance framework: Self review. monthly casework auditing and themed audits identify areas for improvement; annual team health checks assess the performance of individual teams; Stockton-on-Tees Local Safeguarding Children Board (SLSCB) scrutiny review; Case tracking through the Children's Social Care Performance Clinic.
- Performance indicators and reporting identify areas of demand pressure.
- Children's hub managing referrals.

6	Prosperous Communities	Failure to ensure we have diverse, cohesive, caring and vibrant communities, who are provided with opportunities to achieve economic prosperity.
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Causes	Implications	Risk Status					
Universal Credit. Failure to effectively engage with the communities we serve. Failure to manage expectations. Democratic pressures. Environmental factors.	Social impact on outcomes and life chances as a result of financial difficulties and family poverty. Negative financial impact on the local economy. Alienation and disengagement of the community.	There are multiple factors that drive poverty and limit life chances. An effective approach to tackling these requires a long term and sustained commitment from all partner agencies. Within Stockton –on-Tees, an increasing elderly population, growing diversity of communities, and continuing public sector budget reductions presents ongoing challenges. The impact and likelihood are high, however a large amount of mitigation work is being undertaken by the Council and partner organisations. A range of programmes and activities are in place to assist with finding employment and further learning. As a result of our energy efficiency work the last 6 years has seen a reduction of 48% of households blighted by fuel poverty. The introduction of Universal Credit continues to cause concern.					
		Current Risk			Desired Outcome		
		Impact	Likelihood	Score	Impact	Likelihood	Score
		4	4	16	-	-	-

Controls	Required Actions	Owner and Target Date
<ul style="list-style-type: none"> Regular monitoring of welfare reform activity and impacts. Provide support and resource to Tees Credit Union which will support those most affected by welfare reform changes. Back on Track Scheme provides support to residents in crisis situations as well as those settling into the community. Tackling Family Poverty Framework in place. Effective partnership working with agencies, including Housing and Advice Services; fuel poverty programme. 	<ol style="list-style-type: none"> Evaluation of the implications of Universal Credit. Raise and maintain the profile of fuel poverty and affordable warmth. 	Ongoing Ongoing

- Strategic planning to minimise the impact of climate change and extreme weather events on communities; and to harness future opportunities to enable communities to prosper.
- Stockton Strategic Partnership draws together representatives to ensure that we engage with our communities, meet local needs and priorities by planning and working together effectively.
- Multi-disciplinary Service undertake assessment and support people to access welfare support and benefits.
- Welfare Right service, aimed at ensuring that people are aware of and receiving their maximum entitlement to state welfare benefits.
- Contract in place with Stockton Advice and Information Services (SDAIS) for the provision of borough wide advice and information services.
- Regular review of service provisions and reporting to Members.
- In-house bailiff service to assist in recovery of Council Tax arrears, providing a customer focused, holistic approach to debt recovery that will help to maximise customers' income and mitigate the impact of changes to bailiff legislation.
- Learning and Skills Service offers community courses, apprenticeships, study programmes and assistance for those looking to access employment.
- Effective performance monitoring of sub-contracted Learning and Skills provision through our Quality Assurance policy and procedures including Observation of Teaching Learning and Assessment and the self-assessment process.
- Lottery Funded Stockton Welfare Advice Network (SWAN) provides free online information on a

range of issues affecting the people living in
Stockton Borough.