AUDIT COMMITTEE

Date of Meeting	Wednesday, 20th November 2019
Report Subject	Risk Management Update
Portfolio Holder	Leader of the Council and Cabinet Member for Education
Report Author	Chief Executive

EXECUTIVE SUMMARY

This risk management update provides the current position of the strategic risks contained within the Council's 2019/20 Council Plan. It also provides an update on the current work in progress of re-establishing our risk management approach.

Council Plan risks
The Council Plan 2019/20 was adopted by the Council in June 2019; this report provides an initial overview of the strategic risks contained within the Plan.

The 42 strategic risks within the Council Plan are being managed with the majority being assessed as moderate 27 (64.3%) or minor/insignificant 9 (21.4%). 40% of the risks have decreased in significance in-year. Details around the 6 (14.3%) red risks are provided in the body of the report; the majority relating to the financial position of the Council.

Risk Management review
Work is progressing well at re-establishing the support framework and guidance for risk management. The framework and guidance will be reported at the next Audit Committee in January.

RECOMMENDATIONS	
1	To note the status of the initial overview of the strategic risks of the 2019/20 priorities of the Council.
2	To note the commitment to present the risk management framework and guidance at January's Audit Committee.

REPORT DETAILS

1.00	**EXPLAINING THE STRATEGIC RISKS**
1.01	Council Priorities – Strategic Risks The Council adopted the Council Plan for 2019/20 in June 2019. The adoption of the plan and its priorities provides the opportunity to monitor the strategic risks aligned to those priorities and sub priorities; this is done on a quarterly basis by each of the Overview and Scrutiny Committees and reported to Audit Committee at the mid-year point. This report is to assure the Committee that the risk levels are being managed.
1.02	The Audit Committee's role is to ensure that the process and approach for managing risks is robust. As part of this process the Overview and Scrutiny Committees receive the mid-year progress report against the Council Plan for 2019/20 in November. These included a template for each risk capturing: • the nature of each risk; • the initial and current RAG status for each risk; • current actions (management controls) already in place to mitigate the risk. The monitoring report (Appendix 1) also shows the direction of the risk trend. This is shown by a comparison with the initial assessment against the current assessment to identify any change in risk significance.
1.03	The Council Plan has a total of 42 risks which have been assessed as shown in Table 1. Table 1: Initial and Current assessment <table><tr><th>Net risk status</th><th>Initial Assessment</th><th>Current Assessment</th></tr><tr><td>Insignificant: (green)</td><td>0</td><td>3 (7.1%)</td></tr><tr><td>Minor: (yellow)</td><td>2 (4.7%)</td><td>6 (14.3%)</td></tr><tr><td>Moderate: (amber)</td><td>28 (66.7%)</td><td>27 (64.3%)</td></tr><tr><td>Major : (red)</td><td>12 (28.6%)</td><td>6 (14.3%)</td></tr><tr><td>Severe: (black)</td><td>0</td><td>0</td></tr></table> There has been a positive move to the improvement in risk status in-year with 17 of the 42 risks (40%) decreasing in significance. One risk has increased in significance - costs of placements for children with complex needs - which is outlined below.
1.04	The six areas of major (red) risk as assessed at the mid-year period (April to September) of the Council Plan are described below. The text contains the most current description of mitigation of the risk. **Priority: Caring Council** **Demand outstrips supply for residential and nursing home care bed availability.**

The expansion of Marleyfield House to support the medium term development of the nursing sector remains on track, with a target date of 2021. We were actively involved in Care Week in September, with promotion sessions undertaken across the county, resulting in a significant number of expressions of interest from prospective care staff from non-traditional profiles. One care home is currently in escalating concerns.

Insufficient supply and escalating cost of placements for children with complex needs
We have recently developed a Support and Placement Strategy 2019 – 2022 which was endorsed by a joint Social Services Education and Scrutiny on 25 July 2019.The Strategy centres on 3 core work streams:

- To safely reduce the number of children who need to be looked after
- To support looked after children in local high quality placements
- To improve outcomes for looked after children

This Strategy will support the reduced reliance on future residential placement needs and therefore be key to securing cost avoidance. The continued costs associated with the current cohort of children and young people living in expensive residential placements is a significant financial challenge. Any move from a placement will need to be carefully managed, be focussed on the child/young person and secure better medium/long term outcomes for them. There is scope to step some children to alternative arrangements but this is limited leaving continued financial pressures. This risk has increased in significance in-year.

Priority: Learning Council
Limited funding to address the backlog of known repair and maintenance works in Education & Youth assets
Continuation of the School Modernisation programme is one of the strategic options available to address the repair and maintenance backlog. The programme continuation will also i) Support a reduction of unfilled places ii) Provide a more efficient school estate and concentrate resources on teaching by removal of unwanted fixed costs in infrastructure and leadership iii) Ensure that the condition and suitability of the school estate is improved. Additionally, in future year's capital business cases will be submitted through the Council process to supplement the 21st Century Schools investment programme.

Priority: Green Council
Funding will not be secured for priority flood alleviation schemes
The Flood Risk Management Team continue to identify and secure funding for priority flood alleviation schemes. A service review is to be undertaken to find a more effective approach/structure that can both secure funding and resources to deliver flood alleviation works with the delivery of statutory duties under the Flood and Water Management Act. The intended implementation of Schedule 3 of the Flood & Water Management Act has compounded the matter further by placing an additional statutory duty on the team to act as the Sustainable Drainage Approving Body (SAB) as of January 7th 2019.

	Priority: Serving Council **The scale of the financial challenge** Council considered the final stage three of the budget in February and approved the setting of a balanced budget by utilising additional reserves of £0.321m (to bring the total amount funded from reserves to £2.221m) and an increase in Council Tax of 8.75%. The financial challenge will continue into 2020/21 and beyond with the Cabinet considering the financial forecast for 2020/21 to 2021/22 which is projecting an initial gap of £13.3m for 2020/21. An update to the financial forecast for 2020/21 reported to Cabinet in October 2019 shows that following an increase in pressures the gap has increased to £16.2m. Strategic solutions to meet the gap include Portfolio Business and Corporate Finance efficiencies, currently anticipated to be £1.784m, Local Taxation and Income, Organisational change and national funding from Welsh Government. The Council is anticipating receipt of the Provisional Settlement from Welsh Government at the end of November which will give an initial indication of the level of funding the Council will receive from Welsh Government in 2020/21. **Fully funding demand led services and inflationary pressures** The Council has developed its case through a Cross Party Working Group of Members and supporting officers to align with the work the Welsh Local Government Association (WLGA). The priorities for improved funding for local government in Wales include indexation of nationally agreed pay awards, increases in demand and nationally agreed legislative changes. The provisional financial settlement for 2020/21 is due to be received from Welsh Government at the end of November and this will determine whether these priorities have been funded in part or in full.
1.05	**Risk Management review** Work is progressing well at re-establishing the support framework and guidance for risk management. The framework references the recently developed risk register with its four different types of risks: portfolio strategic; portfolio operational; corporate strategic and corporate governance. The escalation protocol, previously shared with this Committee is also included as is a more evidenced description of trigger points, to aid escalation, de-escalation and management control. Internal Audit are supporting this work by providing objective challenge and review. The framework and guidance will be reported at the next Audit Committee in January. It is intended that this will be a practical and supportive document for all users.

2.00	**RESOURCE IMPLICATIONS**
2.01	There are no direct resource implications related to this report.

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	The Council's strategic Council priority risks are being effectively managed through the adopted risk management approach.

4.00	CONSULTATIONS REQUIRED / CARRIED OUT
4.01	Consultations with Chief Officers, senior managers and both Internal and external audit (Wales Audit Office) have been undertaken whilst addressing various aspects of this report.

5.00	APPENDICES
5.01	Appendix 1: Council Plan 2019/20 – Mid-Year Full Risk Register

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None

7.00	CONTACT OFFICER DETAILS
7.01	**Contact Officer:** Karen Armstrong, Corporate Business and Communications Executive Officer **Telephone:** 01352 702740 **E-mail:** Karen.armstrong@flintshire.gov.uk

8.00	GLOSSARY OF TERMS
8.01	**Council Plan:** the document which sets out the annual priorities of the Council. It is a requirement of the Local Government (Wales) Measure 2009 to set Council Objectives and publish a Council Plan. **Wales Audit Office:** works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes. **Risk Management** - the process of **identifying** risks, **evaluating** their potential consequences (impact) and **managing** them. The aim is to reduce the frequency (likelihood) of risk events occurring (wherever this is possible) and minimise the severity of their consequences (impact) if they occur. Threats are managed by a process of controlling, transferring or retaining the risk. Opportunities are managed by identifying strategies to maximise the opportunity or reward for the organisation.

Risk Matrix and narrative used in CAMMS (Appendix 1)

Risk Likelihood and Impact Matrix

Impact Severity		Unlikely (5%)	Very Low (15%)	Low (30%)	Significant (50%)	Very High (65%)	Extremely High (80%)
	Catastrophic	Y	A	R	R	B	B
	Critical	Y	A	A	R	R	R
	Marginal	G	Y	A	A	A	R
	Negligible	G	G	Y	Y	A	A
		Unlikely (5%)	Very Low (15%)	Low (30%)	Significant (50%)	Very High (65%)	Extremely High (80%)

Likelihood & Percentage of risk happening

Risks Narrative used in Appendix 1

Risk Title – Gives a description of the risk.
Lead Officer – The person responsible for managing the risk.
Supporting Officer – The person responsible for updating the risk.
Initial Risk Rating – The level of the risk at the start of the financial year (quarter 1). The risks are identified as follows; insignificant (green), minor (yellow), moderate (amber), major (red) and severe (black).
Current Risk Rating – The level of the risk at this quarter.
Risk Trend – This shows if the significance of the risk has increased (red, upward arrow), decreased (green, downward arrow) or remained the same between the initial risk rating and the current risk rating (amber, stable arrow).
Risk Status – This will either show as 'open' or 'closed'. If a risk is open then it is still a relevant risk, if the risk is closed then it is no longer a relevant risk; a new risk may be generated where a plan or strategy moves into a new phase.