

AUDIT COMMITTEE – 25 APRIL 2014

Title of paper:	Strategic Risk Register (SRR) – Quarter 4 (Q4) 2013/14 Update	
Director(s)/ Corporate Director(s):	Report of the Deputy Chief Executive & Corporate Director of Corporate Services	Wards affected: ALL
Report author(s) and contact details:	Simon Burton – Corporate Risk Specialist ☎ 0115 87(63432) ✉ simon.burton@nottinghamcity.gov.uk	
Other colleagues who have provided input:	Stephen Chartres - Performance & Improvement Manager Liz Jones - Head of Corporate Policy Steve Harrison - Information Specialist Mick Dunn – GIS Data & Information Officer Richard Henderson – Head of Change & Improvement Claire Gavagan - Business, Governance & Quality Specialist – Public Health	
Recommendation(s):		
1	Review previously selected risks: <ul style="list-style-type: none"> ○ <i>Public Health integration</i> (see Appendix 1) - presentation by Chris Kenny Director of Public Health. 	
2	Consider and critically appraise the progress made on reducing the seriousness of the Council's strategic risks as reflected by their threat levels and Direction of Travel (DoT) for Q4 2013/14 (see Table 1 and Appendix 2).	
3	Note the results of the review of the SRR by CLT.	
4	Select one or more strategic risks from Appendix 2 for specific scrutiny as part of the SRR Q1 2014/15 Update.	

1. REASONS FOR RECOMMENDATIONS

- 1.1 The recommendations are made in line with the Audit Committee's risk management role in providing assurance on the adequacy of the Council's Risk Management Framework and the associated control environment by reviewing the mechanisms for assessing and managing risk. This report presents the latest CLT review of the strategic risks faced by the Council.

2. BACKGROUND

2.1 Threat level reduction progress

- 2.2 Progress in reducing the seriousness of our strategic risks is assessed by a combination of each risk's overall threat level and DoT. This rounded assessment gives a clearer picture of progress in reducing the risk threat level and is summarised in **Table 1**.

- 2.3 Several SRR risks have been assessed by risk owners as improving, stable or at target. **Five** risks are red, reflecting a range of delivery pressures and challenges the Council has to respond to.

- 2.4 Of the **14** strategic risks within the SRR:
- **Three** strategic risks show an improved threat assessment;
 - In total **seven** strategic risks are at target;
 - A further **two** strategic risks show an improved DoT.

Table 1 shows the strategic risks ranked in order of threat level and DoT (highest to lowest threat level):

TABLE 1: Risk Threat Level & DoT in rank order at Q4 2013/14			
SR No.	Strategic Risk Description	Threat Level	DoT (Q3–Q4)
Red rated strategic risks (5)			
6	Failure to safeguard vulnerable children	15	↔
11a	Failure to accurately predict and respond to financial pressures supporting the development and delivery of the medium term financial plan	12	↔
12a	Failure to provide the best educational outcome for children and opportunities for young people to access further education and skills training to contribute to the economic wellbeing of the City (under review)	12	↔
8b	Failure to implement and embed effective information management structures, policies, procedures, processes and controls to support the council's immediate and future regulatory, legal, and business requirements	12	↓
26	Failure to support Nottingham citizens and communities in minimising the negative impact of welfare changes	12	↓
Amber rated strategic risks (9)			
3	Failure to mitigate the impact of the economic climate on the Nottingham City and its citizens	9 At target	↔
25a	Failure to embed a corporate approach to commissioning, informed by citizen need, which drives delivery of improved services at significantly lower cost	9 At target	↓
28	Failure to ensure a financially sustainable ASC system to respond to significant increases in demand for care while protecting our most vulnerable citizens	12 to 9	↓
30	Failure to create an organisational environment that supports delivery of Council priorities (new risk added Q1 2013/14)	12 to 9	↓
7a/b	Failure to reduce levels of crime and anti-social behaviour (ASB)	12 to 8 At target	↓
2a	Of the reputation of the City	6 At target	↔
5a	Failure to safeguard vulnerable adults	6 At target	↓

TABLE 1: Risk Threat Level & DoT in rank order at Q4 2013/14 (continued)			
SR No.	Strategic Risk Description	Threat Level	DoT (Q3–Q4)
Amber rated strategic risks (9)			
10	Failure to maintain good standards of governance	6 At target	↔
24	Failure to ensure effective systems are in place to manage health and safety risks	6 At target	↔
Green rated strategic risks - There are no green rated risks at Q4.			

DoT key: ↓ Reducing Threat Level ↔ Stable Threat Level ↑ Increasing Threat Level

Appendix 2 identifies individual risk owners, detailed risk threat level assessments between June 2013 (Q1 2013/14) and March 2014 (Q4 2013/14) and the projected dates when target threat levels will be achieved.

2.5 Review of new, emerging and existing SRR risks

2.5.1 SR6 - Failure to safeguard vulnerable children: For Q3 SR6 became the Council's most serious risk. This quarter's update has been deferred pending the outcome of the current Ofsted inspection, which will be reflected in the update for Q1/Q2 2014/15.

2.5.2 SR7a/b - Failure to reduce levels of crime and anti-social behaviour (ASB) was reviewed in Q2 of 2012/13 and re-scoped on delivery of crime and ASB targets. Originally assessed at 12, the threat level has remained the same until this quarter. The threat assessment of 8 for Q4 is the product of mitigations and their incremental improvements across a number of risks over the last 6 quarters most notably:

- *That the appointment of the Nottinghamshire Police and Crime Commissioner (PCC) may result in the dilution of focus and resources for the City (12 to 8) –* With the PCC in place for some time, this risk has not materialised. The Crime Plan provides focus on the City and in particular where it has an impact on Community Protection;
- *The ongoing combination of drug misuse and alcohol as a driver of crime (12 to 9) –* The development and implementation of a new drug treatment pathway has enabled treatment for those with related alcohol problems, with the pathway focusing on young people and prisoners.

For this quarter improvements are evident for the following constituent risks:

- *That the current "Thematic" approach to crime reduction is no longer enough in itself to achieve The Nottingham plan reduction in crime target (9 to 6) -* Partners remain committed to a geographical approach with problems being addressed through the locality working model. This approach has evolved with NCC Directors becoming chairs of the locality boards and the introduction of a tighter crime focus. High volume crimes continue to be addressed using a thematic approach;

- *Of not reducing crime levels to the average amongst Nottingham's Most Similar Family of Community Safety Partnerships (16 to 12) – Nottingham continues to close the gap on the average amongst Nottingham's Most Similar Family of Community Safety Partnerships, over the last 12 months, moving up two places from 15th to 13th. This will remain a challenge due to the tightly drawn boundary and a disproportionate number of young people compared to other cities/ CSP areas;*
- *That disparate database information does not provide effective performance and case management with focus on victims and perpetrators (9 to 6) - In response, a shared database has been procured. The ASB database is being used by a work group and live cases are being entered onto the system. Further roll out to all the relevant officers within Crime Partnership will take place in 2014.*

Of concern is the *impact of shop theft, and mobile phone theft becoming an increasing proportion of All Crime (12)*. A series of performance summits have been held targeting burglary, shop theft and mobile phone theft. Subsequently action plans and task and finish groups have been set up. Mobile phone theft is now reducing compared to last year and shop theft is also reducing.

2.5.3 *SR8b - Failure to implement and embed effective information management structures, polices, procedures, processes and controls to support the council's immediate and future regulatory, legal, and business requirements:* The overall assessment of the risk remains unchanged at 12, but an improving DoT reflects significant progress and anticipated accreditation to N3 (Information Governance (IG) in social care – Children & Families) and PSN (IT infrastructure/security) standards for 2014/15. Although confident of accreditation, this has not yet been officially confirmed. These standards become increasingly demanding with time and accreditation will need to be renewed annually, and additional investment is likely to be needed to secure and maintain this.

The plan now is to extend sound information management practices and improvements more widely across the organisation and to ensure that improvement keeps pace with changing standards over time. CLT has approved a number of key IG proposals which address matters of compliance, but also business effectiveness aligned to key elements of transformational change (for example the Customer Access and Commercialism programmes) as well as the ongoing efficiency, effectiveness and reputation of the Council.

In June the Information Commissioner's Office (ICO) will review the Council's information governance arrangements. The outcome of this inspection will be reflected in the update of the RMAP for Q1 2014/15.

2.5.4 *SR26 - Failure to support Nottingham citizens and communities in minimising the negative impact of welfare changes:* While the overall threat assessment remains unchanged from Q3 at 12, the DoT has been revised to show improvement, based on the sustained activity which has been designed and implemented through 2013/14. Extensive work has taken place to understand the risks and to establish effective mitigations – many of these have now become business as usual, for example the application of the eviction prevention protocol. For the current quarter there has been progress for two of the constituent risks:

- *Failure to develop, adopt and implement a Local Council Tax Support scheme by January 2014, as required by the Government's abolition of the national Council Tax Benefit and transfer of this responsibility to billing authorities (9 to 4) – the Council Tax Support scheme (CTSS) was approved at Full Council in January;*
- *Our Local Council Tax Support scheme fails to minimise unnecessary economic hardship to citizens and increased financial burden to the Council (16 to 12) – our 2013/14 CTSS took advantage of additional one off Government funding and other mechanisms, including a £1m contribution from the Council, to minimise the adverse economic impact of the abolition of the national Council Tax benefit scheme.*

The CTSS adopted for 2014/15 continues this approach, with a continued £1m contribution from the council to minimise adverse future economic impact for citizens, but the removal of the one off Government funding has reduced our ability to minimise the impact compared to 2013/14.

Reflecting the cross cutting nature of work to mitigate Welfare Reform risks, and the need to embed these mitigations within business as usual, the Employment and Welfare Support Programme Board has been established to oversee the implementation of key recommendations to help the city's communities be more resilient to welfare changes.

- 2.5.6 *SR28 - Failure to ensure a financially sustainable adult social care system to respond to significant increases in demand for care while protecting our most vulnerable citizens:* Monitoring and reporting of this risk has been moved to Covalent providing an automated assessment of the threat assessment of the strategic risk based on the average of the constituent risks. It is as a consequence of this rather than any other change that the overall threat level has "improved" from 12 to 9 for Q4.

While there are several challenges, three red risks stand out which cover resource requirements and capacity, the potential for care service costs to rise more quickly than predicted and the risk of not achieving financial targets - all of which are at 12. The assessment of these risks has not changed for Q4, but projections for achievement of financial targets for this current year show that the gap has narrowed in Q4. Despite this, the risk of meeting financial targets in future years remains significant.

- 2.5.7 *SR30 - Failure to create an organisational environment that supports delivery of Council priorities* entered the SRR in Q1 of 2013/14 focussed on creating a corporate "organisational environment" that supports frontline service delivery and delivery of the Council's priorities. Initially risk assessed as 12 at Q1 of 2013/14, the threat assessment has improved for Q4 to 9. Initial work with colleagues highlighted a number of risks and through subsequent workshops attention focussed on the five most serious risks and their mitigations:

- *Failure to ensure the long term vision for the city keeps pace with the changing financial environment* - Initially assessed at 12 work, has centred on engagement of CLT and the senior Executive in discussing the budget position and priorities, the renewed focus through the operating model on early intervention, the contribution of commercialism to driving improvement/change and the clarity of purpose and drive for improvement provided by *Putting the Citizen At The Heart of Everything We Do* (PCATH) and *Good To Great* initiatives. In light of this work, the assessment has improved from 12 to 8;
- *Failure to ensure that governance / policies / systems and processes add maximum value to the delivery of services to citizens* – Mitigations have targeted increasing stakeholder engagement in the development of policies and processes, implementation of the People Management Strategy and creation of the Improving Performance and Reducing Bureaucracy project. The risk assessment has improved from 16 to 12;
- *Resistance from colleagues and managers to required changes arising from change fatigue/lack of support for 'difficult' decisions* – In addition to the above mitigations key mitigations include assessment of the impact of change on frontline service delivery, additional support for change focussed on PCATH, Commercialism, Early Intervention and a planned refreshed approach to leadership development and the focus on key leadership attributes. The risk assessment has improved from 12 to 9;
- *Managers lack the right skills to operate effectively in a more commercialised environment* – The refreshed approach to leadership development, coupled with Commercialism are seen as the main responses to the need to raise expectations, skills and performance. For Q4 the risk assessment has improved from 16 to 12;
- *The Council fails to equip leaders with the right skills and attitudes (e.g. commercial approach, appropriate risk appetite) to enable colleagues to perform effectively and release discretionary effort* – A combination of the above mitigations has resulted in a reassessment of the risk threat level from 12 to 9.

While two red assessed constituent risks remain, there has been significant improvement largely around shaping future direction and identifying required behaviour/culture change and the mitigations are assessed as adequate to bring the risks as currently identified to target. However, further consideration will need to be given in Q1 2014/15 to infrastructure risks, for example IT and telephony, and where these risks should be reflected in the SRR.

2.5.8 Public Health service delivery and integration risks:

During 2012/13, the strategic risk for public health included the risk around the transfer of the public health function to the Council which occurred on 1st April 2013. This has now been removed from the register and work to determine any further risks for public health service delivery and integration has commenced.

A Public Health departmental risk register is under development. This register will take into account the new structure of an integrated Nottingham City and Nottinghamshire County public health team lead by a single DPH working across both councils. A further assessment of this register will identify whether a future strategic risk entry is advised.

In exercising their public health functions, the Council need to ensure the provision of a number of mandated services:

- Weighing and measuring of certain children in their area (including age and school type)
- Health checks for eligible people (depending upon age and health status)
- Open access sexual health services in their area. HIV treatment and care
- Public health advice service, in relation to their powers and duties to commission health services, to any Clinical Commissioning Groups (CCGs)
- Information and advice to certain persons and bodies within their area in order to promote the preparation of, or participation in, health protection arrangements against threats to the health of the local population, including infectious disease, environmental hazards and extreme weather events

Other public health responsibilities for the Council include:

- Tobacco control
- Alcohol and drug misuse services
- Obesity and community nutrition initiatives
- Increasing levels of physical activity in the local population
- Public mental health services
- Dental public health services
- Accidental injury prevention
- Population level interventions to reduce and prevent birth defects
- Behavioural and lifestyle campaigns to prevent cancer and long term conditions
- Local initiatives on workplace health
- Supporting, reviewing and challenging delivery of key public health funded and NHS delivered services such as immunisation programmes

Public health priorities are set in accordance with local need The Public Health Outcomes Framework. The framework sets out the key indicators the Department of Health expects local authorities to work towards and includes two high-level outcomes upon which all public health activity needs to be based:

- Increased healthy life expectancy i.e. taking account of the health quality as well as length of life;
- Reduced differences in life expectancy and healthy life expectancy between communities (through greater improvement in more disadvantaged communities).

Aligned to these objectives, Public Health undertakes a number of specialist technical functions including health needs assessment, critical appraisal of the evidence base, prioritisation, health equity audit, health impact assessment, evaluation and research and provides overall strategic leadership of the public health agenda to ensure that services commissioned lead to improved health and wellbeing of the population.

Of the risks identified, most are operational and not assessed as significant. However, three risks stand out as being more significant:

- **Substance misuse (Drugs) and sexual health-** *Over performance within contracts, and increase on demand led service tariff, could lead to budget pressures*
- **Public health budget realignment** - *Achievement of financial targets by Public Health could adversely impact the ability of the Public Health function to fulfill its commitments/duties to improve the public's health and reduce inequalities*
- **Clinical Governance** - *Failures in commissioning or contract management or adequate procedures could leave citizens at risk and the Council open to financial liability*

While there are risks identified, these are currently assessed at a level that collectively does not warrant a strategic risk. Public Health integration already forms part of the Transformation Portfolio. CLT agreed that ongoing monitoring of the Public Health risk should take place through Transformation Programme Governance arrangements. In addition to this, review of Public Health risks (integration and commissioning) forms part of the Joint City & County Health Scrutiny Committee work programme.

2.6 Future Audit Committee reviews

The provision to select strategic risks for review allows Audit Committee to direct attention to areas of risk considered potentially significant to the Committee's operations and remit. The Committee is invited to select two strategic risks from **Appendix 2** for more detailed examination in the SRR Q1 2014/15 Update. Selection might be based on the time elapsed since the risk was last reviewed, changes in the risk's threat level (or DoT) or relevance to current local or national matters of interest or concern.

3. LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

3.1 Quarter 4 2013/14 Strategic Risk Management Action Plans.

4. PUBLISHED DOCUMENTS REFERED TO IN COMPILING THIS REPORT

4.1 SRR Q3 Update reported to Audit Committee 28 February 2014.

APPENDICIES

Appendix	Description
1	<i>Public Health integration (RMAP available for review by Audit Committee)</i>
2	Nottingham City Council Strategic Risk Register - Report Summary