

**EXECUTIVE BOARD – 18 MARCH 2014**

<b>Subject:</b>	<b>RISK MANAGEMENT: Strategic Risk Register (SRR) Quarter 3 2013/14 Update</b>		
<b>Corporate Director(s)/ Director(s):</b>	Carole Mills, Deputy Chief Executive/Corporate Director & CFO		
<b>Portfolio Holder(s):</b>	Councillor Graham Chapman, Deputy Leader/Portfolio Holder for Resources and Neighbourhood Regeneration		
<b>Report author and contact details:</b>	Simon Burton, Corporate Risk Specialist Tel: 0115 8763432 <a href="mailto:simon.burton@nottinghamcity.gov.uk">simon.burton@nottinghamcity.gov.uk</a>		
<b>Key Decision</b>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<b>Subject to call-in</b>
			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Reasons:</b>	<input type="checkbox"/> Expenditure	<input type="checkbox"/> Income	<input type="checkbox"/> Savings of £1,000,000 or more
taking account of the overall impact of the decision			<input type="checkbox"/> Revenue <input type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Total value of the decision:</b> Nil			
<b>Wards affected:</b> All	<b>Date of consultation with Portfolio Holder(s):</b> February 2014		
<b>Relevant Council Plan Strategic Priority:</b> All			
Cutting unemployment by a quarter			<input checked="" type="checkbox"/>
Cut crime and anti-social behaviour			<input checked="" type="checkbox"/>
Ensure more school leavers get a job, training or further education than any other City			<input checked="" type="checkbox"/>
Your neighbourhood as clean as the City Centre			<input checked="" type="checkbox"/>
Help keep your energy bills down			<input checked="" type="checkbox"/>
Good access to public transport			<input checked="" type="checkbox"/>
Nottingham has a good mix of housing			<input checked="" type="checkbox"/>
Nottingham is a good place to do business, invest and create jobs			<input checked="" type="checkbox"/>
Nottingham offers a wide range of leisure activities, parks and sporting events			<input checked="" type="checkbox"/>
Support early intervention activities			<input checked="" type="checkbox"/>
Deliver effective, value for money services to our citizens			<input checked="" type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>			
This is the Quarter 3 2013/14 strategic risk management report, enabling Executive Councillors to exercise a strategic overview of the Council's SRR, Audit Committee having reviewed these issues at its meeting on 28 February 2014. The main focus is the progress made in reducing the threat levels for each strategic risk.			
<b>Exempt information:</b>			
None			
<b>Recommendation(s):</b>			
1 To note and comment on the risks contained in the strategic element of the SRR and the progress made in reducing their threat levels ( <b>Table 1</b> and <b>Appendix 1</b> ) for Quarter 3 of 2013/14.			

**1. REASONS FOR RECOMMENDATIONS**

- 1.1 The Council's risk management activity, set out in the Risk Management Framework, requires regular review by senior management and councillors of the strategic element (the SRR) of the Council Risk Register.
- 1.2 This report sets out the results of the latest refresh of the SRR, which was considered in detail by Audit Committee on 28 February. This facilitates Executive

Board's awareness of the strategic risks being managed by Corporate Leadership Team (CLT), their prevailing threat levels and the progress in mitigating the risks.

## 2 **BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

### Threat level reduction progress

- 2.1 Progress in reducing the seriousness of our strategic risks is assessed by a combination of each risk's overall threat level and direction of travel (DoT). This rounded approach gives a clearer picture of progress. **Table 1** lists the SRR's **14** risks and presents the most recent change to the DoT and the overall threat level.
- 2.2 Overall, progress is being made in reducing the threat levels, with several SRR risks assessed as improving, stable or at target. **Eight** risks are red rated reflecting the range of delivery pressures and challenges the Council is responding to. Of the **14** strategic risks within the SRR, **six** are at target and a further **two** show an improved DoT. *SR6 – Failure to safeguard vulnerable children* shows a deteriorating DoT.
- 2.3 **Table 1** shows the 16 strategic risks at Quarter 2 of 2013/14 ranked in order of threat level and DoT (highest to lowest threat level):

<b>TABLE 1: Risk threat level &amp; DoT in rank order at Q3 2013/14</b>			
<b>SR No.</b>	<b>Strategic Risk Description</b>	<b>Threat Level</b>	<b>DoT (Q2–Q3)</b>
<b>Red rated strategic risks (8)</b>			
6	Failure to safeguard vulnerable children	<b>15</b>	æ
7a/b	Failure to reduce levels of crime and anti-social behaviour (ASB)	<b>12</b>	
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 <b>(updated Q1 2013/14)</b>	<b>12</b>	
11a	Failure to accurately predict and respond to financial pressures supporting the development and delivery of the medium term financial plan <b>(updated risk Q1 2013/14)</b>	<b>12</b>	
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 <b>(under review)</b>	<b>12</b>	
30	Failure to create an organisational environment that supports delivery of Council priorities <b>(new risk added Q1 2013/14)</b>	<b>12</b>	
26	Failure to support Nottingham citizens and communities in minimising the negative impact of welfare changes	<b>16 to 12</b>	
28	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	<b>12</b>	

<b>TABLE 1: Risk threat level &amp; DoT in rank order at Q3 2013/14 (continued)</b>			
<b>SR No.</b>	<b>Strategic Risk Description</b>	<b>Threat Level</b>	<b>DoT (Q2–Q3)</b>
<b>Amber rated strategic risks (6) – all at target</b>			
3	Failure to mitigate the impact of the economic climate on Nottingham City and its citizens	9	
25a	Failure to embed a corporate approach to commissioning, informed by citizen need, which drives delivery of improved services at significantly lower cost	12 to 9	
2a	Of the reputation of the City	6	
10	Failure to maintain good standards of governance	6	
24	Failure to ensure effective systems are in place to manage health and safety risks	6	
5a	Failure to safeguard vulnerable adults	8 to 6	
<b>Green rated strategic risks - There are no green rated risks at Q3.</b>			

**DoT key:** Reducing Threat Level Stable Threat Level æ Increasing Threat Level

- 2.4 SR6 - Failure to safeguard vulnerable children: With the improvement in the assessment of SR26 - Welfare Reform, SR6 is now the Council's most serious risk and shows a deteriorating position on Q2. A surge in demand attributed to changes in the assessment framework and the impact of national awareness of safeguarding has increased (by one third) the number of cases being managed at a time the service had vacancies. This has been addressed in the short term by agency staff with a recruitment exercise underway, although this has financial implications.

To support the management of service demand in the medium term, a new service, Children and Family Direct, has been established as an initial contact point, ensuring an early, timely and effective response for families and children in need through prompt early advice and signposting for families in need of support. For families and children in need of safeguarding, the service prioritises and escalates cases quickly, accessing an improved selection of appropriate interventions and case allocation matched to qualified social workers in the most serious situations.

Actions have been identified to respond to increasing incidents of self-harm, including additional support to schools and pupils from the CAMHS service. All key professions are also receiving further training in identifying individuals at risk of self harming with a view to implementing effective early interventions.

Although there is an increase in the level of risk for this quarter, the mitigations in place are considered adequate to bring the risk to target, if current funding is maintained. Caseloads are more manageable ensuring that children receive a better service and families receive a more timely response.

- 2.5 SR8b - 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: The risk level remains unchanged at 12. Key Information Governance (IG) proposals have been

approved by CLT that will significantly improve the underlying constituent risks. A stronger IG management framework will reduce risk exposure through an action plan. This will address matters of compliance and business need being aligned to key elements of transformational change (eg: the Customer Access and Commercialism programmes) and the ongoing efficiency, effectiveness and reputation of the Council.

- 2.6 SR11a - Failure to accurately predict and respond to financial pressures supporting the development and delivery of the medium term financial plan remains unchanged for this quarter assessed at 12. The Council has a good track record of managing its finances and has dealt effectively with the significant funding reductions of the last few years. The 2014/15 grant settlement was marginally better than anticipated but the longer term outlook remains extremely challenging.
- 2.7. SR12a - 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: Recent changes to the school inspection regime have significantly impacted on the regulatory view of the City's secondary provision. The Council and key partners have established the Nottingham City Schools Challenge Board to drive city-wide improvement and monitor school action plans to provide challenge and support to improve standards in inadequate schools. The Board comprises representatives from Ofsted, the Department for Education, national and local leaders of education and the City Council and is led by an independent Chair. This Board will provide the rigour and drive to improve standards and deliver on required improvements. There is also an increasing focus on the quality of Further Education (FE) provision, with a new FE Commissioner having been appointed. It is important that we develop closer links to our local FE provision to ensure their offer meets the needs and aspirations of local learners and our economy.

With the appointment of a new Corporate Director and in light of recent events, this strategic risk will be re-scoped for Q4 to more explicitly address issues and themes identified through the school inspections, namely:

- **Achievement and progress** – although KS4 results have improved year on year Nottingham City is still behind national averages and the progress made by young people was inadequate in all 7 schools;
- **Quality of teaching and learning** – this comprises constituent risks from the adequacy of learning and development opportunities for newly qualified teachers, issues with supply of good quality teachers into City schools, the effectiveness of use of additional Pupil Premium funding to support learning for those eligible;
- **Behaviour and attendance** – Nottingham City's performance on attendance has long been an issue. The inspections in December highlighted high levels of absenteeism as a significant issue in schools, which impacts dramatically on a child's ability to learn. Inspectors also noted a poor pupil attitude to learning which resulted in disruptions to lessons;
- **Quality of leadership and governance** – School leadership, including governors, play a key role in securing improvement. Further work needs to be done to ensure school leadership is robust and challenging and that governing bodies have the tools and ability to challenge poor outcomes for pupils.

- 2.8 xSR16a - Failure of partners including the City Council to work effectively together to achieve vision and outcomes in the Nottingham Plan to 2020 entered the SRR in December 2008. The risk has received several reviews and updates and has

remained at target 8 for nine consecutive quarters. It includes four constituent risks which are all at their target threat level:

- *Failure to align Council and partners' resources to the objectives and targets in the Nottingham Plan (at target 8);*
- *Failure to effectively performance manage the Nottingham Plan (at target 4);*
- *Changes in government policy and public sector funding cuts (at target 20);*
- *Partners disengagement from One Nottingham partnership (at target 4).*

Since 2010, One Nottingham partners have consistently demonstrated their support for the Nottingham Plan and their commitment to working together to deliver it. CLT agreed to delegate the risk to be managed by the Policy Partnerships and Communications Directorate with ongoing monitoring happening through the annual partnership governance health checks.

- 2.9 SR25a - Failure to embed a corporate approach to commissioning, informed by citizen need, which drives delivery of improved services at significantly lower cost: originally entered the SRR in Q1 of 2010/11 scoped on delivering improved outcomes through the implementation and embedding of the Commissioning Framework. A review completed in Q4 of 2012/13 re-scoped the risk within the third phase of the Commissioning Programme.

The re-scoped risk was assessed at 12, since when mitigations have reduced the level of risk and is now assessed as improving and at target (9). This reflects progress on several of the constituent risks including partial/inconsistent implementation, agreeing strategic vision for implementation and a lack of alignment between citizen consultation, commissioning, market development and procurement:

- the commissioning strategy is now integrated with the procurement strategy contributing to a consistent approach to procurement aligned to the principles of the Commissioning Strategy;
- the use of market development plans and position statements have proved effective in engaging/developing the market place and promoting innovation, extending citizen choice and meeting current and future citizen need;
- the commissioning strategy has led to large scale joint reviews engaging cross departmental and external partners which have been effective in developing holistic responses focussed on addressing citizen need.

Although significant constituent risks remain for consistent implementation and limited understanding, knowledge or skills for commissioning (both 12), mitigations are broadly assessed as adequate to bring the two remaining red risks to target (8).

- 2.10 SR26 - Failure to support Nottingham citizens and communities in minimising the negative impact of welfare changes entered SRR in Q2 2010/11 and until this quarter has remained the Council's highest risk at 16. Q3 2013/14 sees an improving position with threat assessment reduced from 16 to 12. This change results from significant improvement to three of the constituent risks:

- *Failure to meet increased demand for services, particularly welfare advice, hardship funds and homelessness (20 to 16);*
- *Failure to provide effective information and advice for citizens likely to be affected by welfare changes relating to current benefits (12 to 8);*
- *HB under occupancy rules changes results in an increase in recovery action resulting in increased eviction rates and homelessness (16 to 8).*

These improvements stem from a number of mitigations:

- service demand is closely monitored to ensure the most vulnerable citizens receive the help they need. This has resulted in significant changes to our hardship arrangements and continued close working with the advice sector;
- work to maximise the use of Discretionary House Payment (DHP) and target this effectively has helped manage the risk on information and advice to affected citizens and mitigate the impact of the Housing Benefit (HB) under-occupancy changes;
- work to ensure that the introduction of HB under occupancy changes did not result in large scale eviction and homelessness has included the development of an Eviction Prevention Protocol and very close joint working with NCH to ensure tenants are effectively engaged and supported to help them deal with this change;
- the introduction of the benefit cap has resulted in limited impact, due to the small number of households affected and early work to manage these impact;
- medium term actions and longer term systems change have been identified to enable citizens who can work to be helped into work and those who are unable to work continue to be effectively supported. This is being overseen by a Programme Board.

Sanctions and the CTSS for 2014/15 may mean that despite the identified mitigations and improvement, the level of risk could increase again.

- 2.11 xSR29 - Failure to establish an effective Public Health (PH) function impacting citizen wellbeing and a failure to deliver the authority's statutory responsibilities as originally scoped dealt with the transfer of the PH function. With the successful conclusion of the transfer, attention moved to ongoing delivery risks and service integration. The Director of Public Health (DPH) will update the Directorate Risk Register for Q4 when further consideration will be given to the need or otherwise for a continued PH Strategic Risk. The DPH will presentation his findings to Audit Committee as part of the SRR Q4 Update. CLT therefore agreed to close SR29.

### **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

- 3.1 No other options were considered as the Risk Management Framework requires regular review of the strategic element of the SRR by senior management and Councillors.

### **4 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY)**

- 4.1 The actions to mitigate strategic risks have either been prioritised within existing plans or will be built into future plans and refreshes for 2013/14. Any additional financial implications will be highlighted in these plans going forward.

### **5 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)**

- 5.1 The SRR is a key part of the Council's overall approach to risk management.

### **6 SOCIAL VALUE CONSIDERATIONS**

- 6.1 Not applicable.

## **7 REGARD TO THE NHS CONSTITUTION**

7.1 Not applicable.

## **8 EQUALITY IMPACT ASSESSMENT (EIA)**

8.1 Has the equality impact been assessed?

Not needed (report does not contain proposals or financial decisions)

No ✘

Yes – Equality Impact Assessment attached ✘

## **9 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION**

9.1 None.

## **10 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

10.1 SRR Quarter 3 Update reported to Audit Committee 28 February 2014.

## **11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT**

11.1 Input has been provided by the following colleagues:

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