



Performance and Contract Management Committee

4 July 2017

Title	Risk Management Update
Report of	Commercial Director
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A: High level risks
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Summary

This paper presents an overview of strategic risks and escalated service risks (scoring 15 and above). It provides Members with an overview of mitigating actions being implemented to further manage these risks, in order to give assurance that the council's risks are being managed in line with local guidance and best practice standards.

Recommendations

1. That the Committee notes the high level risks and comments on the mitigating actions being taken to manage the council's risks.

1. WHY THIS REPORT IS NEEDED

- 1.1 This paper provides Members with an overview of risk management within Barnet Council, focusing on the management of high level risks that score 15 and above.
- 1.2 Although good progress has been made in identifying risks across the council, including strategic and service risks, Members of Performance and Contract

Management (PCM) Committee have asked for additional assurance that the high level risks are being effectively managed. This paper aims to provide that assurance, as well as identifying areas where the approach to risk management could be further enhanced.

- 1.3 This paper outlines all risks on the strategic and service risk registers that score 15 and above, which are being managed as 'treat'. Additional actions to mitigate these risks have been reviewed and an overview of progress is provided, including suggestions for further improvement. It should be noted that the risk registers are live documents and all risks can change score i.e. reduce or increase in response to events or the implementation of risk controls or mitigations. Therefore, the information provided is a snapshot in time (as at April 2017).
- 1.4 Services with risks that score 15 and above that are being managed as 'treat' are outlined in paragraphs 1.10 – 1.14 below. Services with risks that score 15 and above that are identified as 'tolerate' are included in Appendix A for information purposes. These risks are reviewed internally on a quarterly basis as part of the risk management framework. The response to 'treat' risks involves the implementation of mitigating actions that should reduce the likelihood of a risk occurring or the impact it has should it occur. The response to 'tolerate' risks is to manage the risk within existing controls and mitigations but with the understanding that the residual risk score will not reduce.
- 1.5 The risk management framework includes risk assessment criteria for scoring the likelihood and impact of risk using a 1 - 5 scale, in order for there to be a consistent approach to scoring risks across the council. The criteria for the risk score is clearly laid out, but includes a range. So for example the range for a likelihood score of 4 is between 51-90% that the risk event would occur. So a mitigating action could successfully reduce the likelihood of the event occurring, but remain within the 4 range and not be enough to reduce the score to 3. This means that even though a mitigating action has been delivered, the overall risk score might not change.
- 1.6 Service risk registers including Assurance, The Barnet Group, Commissioning Group, Education and Skills, Mortuaries, Parking and Infrastructure, Registrars and Street Scene have been reviewed. However, none of these service risk registers have risks that score 15 and above and therefore they are not included below.
- 1.7 Whilst Assurance does not have any service risks that score 15 and above, a brief outline of actions taken to address risks associated with the General Election are included, given the high profile nature of these statutory duties.
- 1.8 This paper will be presented to PCM Committee after the 8 June, so Members will be unable to influence the controls or mitigations. However, this paper should provide reassurance that the service has done its due diligence and taken a robust approach to reducing any potential risk.

1.9 The mitigations have focused on managing any potential risk by implementing the recommendations from the Smith Review:

- The checking process for polling station registers and other paper work has been brought forward to the Tuesday before the Thursday election
- Ballot box collection has been brought forward to the Tuesday
- Five additional full-time staff have been seconded into the Elections Team to increase capacity during the run up to the General Election
- In addition, the Election Project Board has been meeting weekly and chaired by the Chief Executive.

The Elections Team is confident that they have effectively managed any potential risk and have re-assessed the residual risk score for 'STR014 Implementation of Elections Review' as 8.

Summary of high level risks (scoring 15 and above)

Risk register	Number of risks scoring 15 and above	Type of risk
Strategic Risk Register	2 'Treat' 2 'Tolerate'	4 Financial
Adults and Communities	6 'Treat'	5 Statutory Duty 1 Business Continuity
Family Services	2 'Treat'	1 Statutory Duty 1 Health& Safety
Regional Enterprise (Re) and LBB Joint Risk Register	4 'Treat'	4 Financial
Customer Service Group (SCG) and LBB Joint Risk Register	1 'Treat'	1 Business Continuity

Strategic Risk Register

Overview

1.10 This risk register includes four risks that score 15 and above. Two are 'tolerate' and relate to budget management.

- **STR004 - In-year budget reduction (risk score 15).** This risk relates to the uncertainty and lack of clarity on the impact of changes in the national and regional political landscape. This risk is being managed as tolerate as there is little that Barnet Council can do to minimise the risk of central government changing policy. Existing mitigations centre on regular liaison with central government contacts and lobbying.
- **STR005 – Growth assumptions in the budget (risk score 15).** This risk relates to 'not meeting growth assumptions in the budget as a result of income targets not being met or transformation programmes not being delivered successfully'. Income generation and programme delivery risks are managed and mitigated in other risk registers, therefore there is little that the risk owner can do to reduce the risk beyond those actions.

Two are 'treat' and are outlined below.

- **STR003 - Delivery of transformation programmes (risk score 15).** The mitigating actions are intended to ensure that all transformation programmes are delivered to deadline and within budget. Therefore, the mitigating actions centre on ensuring that the staff involved in programme delivery are skilled in programme and project management methods. Most of the mitigating actions were delivered in March 2017. The risk will be reviewed in Quarter 1 2017/18 and is anticipated to reduce as good progress has been made in delivering the transformation programmes.
- **STR007- Significant safeguarding incident (risk score 15).** The likelihood of a significant safeguarding incident occurring can never be completely mitigated. However, the likelihood will be reduced through practice improvement and quality assurance activity within Adults and Communities and Family Services. Most mitigating actions were delivered by the end of March, with one due in April 2018. The risk owners will again review the mitigating actions in Quarter 1 2017/18 and assess the effect on the residual risk score.

The Performance and Risk Team is working with the with risk champions in Adults and Communities and Family Services to tighten up the mitigating actions and delivery dates.

In addition, a new risk **STR019 Fire health and safety** has been added to the strategic risk register in light of the Grenfell Tower incident. This complements the existing risk, STR012 Potential health and safety incident, whilst focusing more specifically on compliance with policies and procedures relating to fire health and safety; audits and inspections; and fire risk assessments. It also reflects service level risks identified on the joint risk registers with CSG (CSG21 Building compliance) and The Barnet Group (TBG006 Health and safety/compliance incident). The existing programme of compliance work has been supplemented; and will include a review of the council's and housing association's properties. A full report will be going to Housing Committee on 26 June 2017. [Please note this new risk does not appear in the Appendix, as it has not been scored 15 and above].

Adults and Communities Risk Register

Overview

- 1.11 Adults and Communities are proactive in managing their risks. The risk owners and risk champions include regular comprehensive updates within their risk register. This risk register includes seven risks that score 15 and above, all of which are 'treat'.

This service's approach is to include the mitigating actions as part of their service plans, with actions to address risks mainstreamed across the service. This ensures a very coherent approach to risk management and the highest scoring risks are beginning to reduce.

- **AC001 - Increased overspend to meet statutory duties (risk score 20).** This risk is being addressed by an in-year recovery plan that includes tighter spending controls and more senior management scrutiny of non-care spend.

There is work underway to agree the 2017/18 budget, which will reduce the likelihood of the risk next year. Overall the risk is showing as reducing.

- **AC002 - Failure of care provider (risk score 16).** The service has a number of mitigating actions in place to ensure that providers do not fail including a programme of quality assurance measures. Mitigating actions were delivered in line with the delivery date of January 2017. Unfortunately, despite this, during the early part of this year, the service experienced one homecare provider failing and one nursing home closure. However, the service managed both events successfully and as a result reduced the residual risk impact score to 4 and the risk is now showing as reducing.
- **AC003 - Unacceptable level of quality services provided by care providers (risk score 16).** This risk is being managed through a programme of quality assurance, practice improvement and provider support. The mitigating actions were delivered by the end of January 2017, but the risk has not reduced. Therefore, the risk owners are reviewing mitigating actions to ascertain how they can be further improved in order to have an impact on the residual risk score.
- **AC004 - Surge in demand from NHS (risk score 15).** This risk concerns the unexpected surge in demand from the NHS. Close partnership work will address this risk and therefore Adult and Communities senior managers are attending monthly meetings between Barnet Council, the Clinical Commissioning Group and NHS Provider Trusts to discuss and manage pressures in the system. The current delivery date for this action is ongoing, so it is not clear when we can expect to see a reduction in the risk score. This is being reviewed to add some more specific delivery dates where possible.
- **AC008 - Non-adherence to safeguarding policies and procedures (risk score 15).** This risk is being managed by internal and external case audit processes and recruitment to critical vacant posts. An internal audit is to be completed by April 2017. This action will be reviewed during Quarter 1 2017/18, after delivery of the internal audit, and the risk owner will update with a new delivery date.
- **AC011- Breach of mental capacity act or code of practice (risk score 15).** A review has begun that will establish how existing resources can be allocated to streamline the process and target priority cases. This risk is aligned to STR007 Significant safeguarding incident. Actions to address this risk are through the monitoring of safeguarding activity, as well as improving safeguarding activities.

Family Services Risk Register

Overview

- 1.12 In order to address their risks Family Services has developed a robust internal risk management process with clear links between service, project, team and commissioning risks. Two risks score 15 and above and are being managed as 'treat'.
- **FS001 - Significant child safeguarding incident (risk score 16).** The likelihood of a significant safeguarding incident occurring can never be completely mitigated. However, the likelihood will be reduced by embedding the resilience model of practice and implementing the Practice Improvement

Plan that contains a number of actions. Many of these actions have been delivered, with additional actions to be delivered in 2017/18.

- **FS004 - Serious gang-related incident (risk score 16).** The gangs operational protocol and screening tool helps control this risk, as do a number of governance groups including a gangs operation group, a gangs missing and child exploitation group.

In light of recent developments such as the establishment of the REACH team in Family Services, the mitigating actions are being reviewed by the Family Services risk champion and the Assistant Director with lead responsibility for the council's gangs strategy. They plan to review delivery dates within the risk register and add any relevant actions from the strategy.

Regional Enterprise (Re) and LBB Joint Risk Register

Overview

- 1.13 The Commercial Team has produced a risk register in partnership with Re outlining their joint risks. The Commercial Team risk champions will be responsible for monitoring joint risks as part of the contract monitoring processes. As this is a new risk register, Barnet Council and Re have yet to fully implement the mitigating actions contained within it. Four risks score 15 and above and are being managed as 'treat'.

It is recommended that the Re risk register is reviewed in line with the Re Review process that is currently taking place, as it is likely that several new risks will be identified during the public consultation exercise.

- **RE001 - Development pipeline (risk score 16).** This risk, that property build exceeds target cost, has mitigating actions in place. Development Management is provided by GL Hearn including the use of project management toolkit (gateway process), contingency within the target cost, competitive procurement processes, challenge of current contractor prices through a benchmarking process, re-appraisal of schemes and value engineering and continued negotiations with the selected contractor are continuing.
- **PB13 - Development Tranche 1 (risk score 16).** The risk mitigation to address this is that the business case for DPP Tranche 1 is being revised in collaboration with Capita/Re and there will be a new model for delivery that can be rolled out.
- **PB14 - Development Tranche 4 (risk score 16).** The mitigating actions in place are that an initial feasibility study has been carried out and site survey work has been procured.
- **OP2 - Reduced revenues and loss of income due to Government plans to transfer the provision of the Land Registry service provided by Land Charges to an overarching external authority (risk score 16).** The mitigating action is to continue to closely engage with the Land Registry to gather as much information as possible about progress. This risk is currently being addressed as treat but given that Barnet Council cannot control central government's plans, it may be moved to 'tolerate'.

Customer Service Group (SCG) and LBB Joint Risk Register

Overview

- 1.14 Only one risk on this register has been identified as scoring 15 and above and is being managed as a 'treat'. This is related to ICT infrastructure.
- **CSG13 - Inability of current ICT infrastructure to handle multiple service applications due to portfolio of systems not being managed properly (risk score 15).** Dedicated infrastructure staff within Capita are focused on the control of the Barnet infrastructure and capacity checks on the wireless network are currently taking place to increase speed and resilience. Additional actions are due to be delivered by June 2017. Therefore a reduction in the risk score could be expected in Quarter 3 2017/18.

2. REASONS FOR RECOMMENDATIONS

- 2.1 Barnet Council has developed a new risk management framework, which was approved by Performance and Contract Manager Committee in November 2016. The risk management framework has been developed in line with best practice.
- 2.2 The recommendations contained in this report are designed to ensure that risk owners, who retain overall responsibility for risk management, are taking appropriate action to reduce the 'treat' risks for which they are responsible.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 None.

4. POST DECISION IMPLEMENTATION

- 4.1 Risk owners and risk champions across Barnet Council are required to consider further actions to mitigate any risks being managed as 'treat'. To support them in this, a number of capability development actions are being implemented such as comprehensive training for risk owners and champions.
- 4.2 Senior management will continue to review the strategic risks and any service risks scoring 12 and above on a quarterly basis and where they have concerns, they will be able to instigate a deep dive process to investigate any issues.
- 4.3 At a more operational level, the risks will continue to be managed by service managers and monitored through the risk champions network. This is a monthly meeting that provides officers with an opportunity to review risk mitigation actions and find common solutions to problems.

5. IMPLICATIONS OF DECISION

Corporate Priorities and Performance

- 5.1 All services are expected to update their risks on a regular basis. Any

escalated service risks reviewed are then added to the corporate risk register and published as part of the quarterly Performance Monitoring Report to Performance and Contract Management Committee.

Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2 There are no specific financial and value for money, procurement, staffing, IT, property and sustainability implications associated with this paper. However as part of the risk management framework, risk owners may identify risks around finance and value for money, staffing and culture, etc. to ensure that risks within these key areas of business are properly identified and managed.

Social Value

- 5.3 The Public Services (Social Value) Act 2013 requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits. Before commencing a procurement process, commissioners should think about whether the services they are going to buy, or the way they are going to buy them, could secure these benefits for their area or stakeholders.

Legal and Constitutional References

- 5.4 Under the Council's Constitution, Responsibility for Functions (Annex A) the Performance and Contract Management Committee have specific responsibility for risk management.

Risk Management

- 5.5 The purpose of this paper is to improve the management of risk within Barnet Council. Attached to this report are the strategic and service risks that score 15 and above, including the controls and mitigations in place and further actions to reduce any 'treat' risks.

Equalities and Diversity

- 5.6 The 2010 Equality Act outlines the provisions of the Public Sector Equalities Duty which requires Public Bodies **to have due regard** to the need to:
- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
 - advance equality of opportunity between people from different groups
 - foster good relations between people from different groups

The main equalities risk for Barnet Council is that members and/or officers will fail to properly discharge their duties under the 2010 Equalities Act. The Performance and Risk Team has met with the council's equalities lead to discuss this risk and it is planned that she will attend a meeting of the risk champions network to help them assess whether their risk registers have properly taken equalities risks into account.

Consultation and Engagement

- 5.7 The risk management framework processes are internal management tools that have been developed in consultation with senior officers within Barnet

Council. Work has been carried out with partner agencies such as The Barnet Group, Cambridge Education, CSG and Re to develop joint risk registers.

Several risks on the strategic and service risk registers relate to partnership working. Therefore, as part of the risk management action plan, The Performance and Risk Team intends to consider how the council can consult and involve partner bodies such as the Police, NHS, etc. in the identification of risks within the locality.

6. BACKGROUND PAPERS

None.