AUDIT & STANDARDS COMMITTEE

Agenda Item 54

Brighton & Hove City Council

Subject: Strategic Risk Focus:

SR15 Not keeping Children Safe;

SR31 Greater liability on the council's budget due to

budgetary pressures on schools:

SR24 The impact of Welfare Reform increases need

and demand for services; and

SR29 Ineffective contract management leads to sub-

optimal service outcomes, financial losses, and

reputational damage.

Date of Meeting: 27 March 2018

Report of: Executive Lead Officer, Strategy Governance & Law

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Ward(s) affected: All

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The Audit & Standards Committee has a role to monitor and form an opinion on the effectiveness of risk management and internal control. As part of discharging this role the Committee focuses on at least two Strategic Risks at each of their meetings.
- 1.2 This report also provides the Committee with details of the changes to the city council's Strategic Risk Register (SRR) following the last quarterly review undertaken by the Executive Leadership Team (ELT) on 07 February 2018.
- 1.3 The Strategic Risk Focus is based on detail provided in Appendix 1 of this report which records the actions taken (existing controls) and future actions to manage these strategic risks.
- 1.4 The officers available to answer Members' questions on the Strategic Risk SR15 and SR31 will be Pinaki Ghoshal, Executive Director, Families, Children & Learning; and for SR24 and SR29, David Kuennsberg, Executive Director Finance & Resources.

2. **RECOMMENDATIONS:**

- 2.1 That the Audit & Standards Committee notes Appendix 1 for details of SR15; SR31; SR24; and SR29.
- 2.2 That, having considered Appendix 1 and any clarification and/or comments from the officers, the Committee makes any recommendations it considers appropriate to the relevant council body.

2.3 That the Committee note (as detailed in paragraph 3.3) the changes to the council's SRR.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The SRR details the current prioritised risks which may affect the achievement of the council's Corporate Plan purpose, including in relation to its work with other organisations across the city. It is reviewed and agreed by ELT quarterly, and influences service activity within Directorates and Directorates' individual Directorate Risk Registers.
- 3.2 Across the council there are a number of risk registers which prioritise risks consistently by assigning risk scores 1-5 to the likelihood of the risk occurring, and the potential impact (denoted by 'I') if it should occur. These L and I scores are multiplied; the higher the result of L x I, the greater the risk e.g.L4xI4 which denotes a Likelihood score of 4 (Likely) x Impact score of 4 (Major). A colour coded system, similar to the traffic light system, is used to distinguish risks that require intervention. Red risks are the highest, followed by Amber risks and then Yellow, and then Green. The Strategic Risk Register records Red and Amber risks. Each strategic risk has a unique identifying number and is prefixed by 'SR' representing that it is a strategic risk.
- 3.3 The main changes agreed to the city council's SRR as a result of the ELT review on 7 February 2018 were:
 - 1) SR30 change of risk title from 'Failure to demonstrate Place Based Leadership, unable to promote the City-Region's business economy, employment & training opportunities; a poor reputation in delivering value for money for the business rate payer' to 'Not fulfilling the expectations of residents, business, government and the wider community that Brighton & Hove City Council will lead the city well and be stronger in an uncertain environment'. The revised risk score was reduced by ELT from Likelihood 3 (Possible) x Impact 4 (Major) to a Likelihood 3 (Possible) x Impact 3 (Moderate) which is due to the work that has been undertaken.
 - 2) addition of new Strategic Risk SR33 'Not providing adequate housing and support for people with significant and complex needs' owned by Executive Director, Health and Adult Social Care.
 - 3) SR21 change of risk title from 'Unable to manage housing pressures and deliver new housing supply' to 'Unable to meet new statutory responsibilities in relation to housing supply and allocation'. This is to enable a new SR33 above in relation to providing specialist housing for people with significant and complex health needs.
 - 4) reduction in risk score of SR31 'Greater liability on the council's budget due to budgetary pressures on schools' from a revised risk score of Likelihood 4 (Likely) to Impact 4 (Major) to a lower revised risk score of Likelihood 3 (Possible) x Impact 4 (Major). This is due to:

- a. regular monitoring of school budgets it has identified that some schools have achieved greater than anticipated in year savings;
- b. schools have responded to support and challenge;
- c. primary and special schools have benefitted from the favourable terms of the current school meals contract;
- d. recent allocations of school grant funding has improved the budget position of some schools;
- e. officers continue to target support and challenge to schools most in need.
- 4) removal from the SRR of SR17 'Ineffective school place planning'. Instead it will be added to the Families, Children & Learning directorate risk register to focus on the emerging trend of reduced pupil numbers in the city and to consider the impacts of the child 'product' of new housing projects causing potential future fluctuations.

Reasons why the risk level has changed from a strategic risk to a directorate risk include:

- a) consideration of recent data analysis which shows a dip in pupil numbers between October 2016 and October 2017 reducing the pressure for additional places;
- b) agreement with existing secondary schools to make temporary or permanent increase in their size to accommodate additional places;
- c) capital funding set aside for the provision of secondary school places;
- d) Families, Children & Learning directorate engagement with the Department for Education and the University of Brighton Academies Trust in relation to whether a new school will open, thereby managing a potential excess of places.
- 3.4 The current Strategic Risk Register after ELT review 7 February 2018 is shown in table 1 below:

Risk Nos.	Risk Title	Initial Risk Score Likelihood (L) x Impact (I)	Revised Risk Score Likelihood (L) x Impact (I) & Direction of Travel	Lead Member	Risk Owner
SR33	Not providing adequate housing and support for people with significant and complex needs	5 x 4 NEW	4 x 4 NEW	Karen Barford	Executive Director, Health & Adult Social Care
SR31	Greater liability on the council's budget due to budgetary pressures on schools	4 x 4	3 x 4	Dan Chapman	Executive Director, Families, Children & Learning

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SR2	Council is not financially sustainable	5 x 4	3 x 4 ◀▶	Les Hamilton	Executive
	Sustamable	4		Harrillon	Director, Finance &
					Resources
SR10	Information governance	4 x 4	3 x 4 ◄▶	Les	Executive
	failures leading to financial			Hamilton	Director,
	losses and reputational	4		Tiamillon	Finance &
	damage				Resources
					133341330
SR13	Not keeping Vulnerable	4 x 4	3 x 4 ◄▶	Karen	Executive
	Adults Safe from harm and			Barford	Director,
	abuse	4 • •			Health & Adult
					Social Care
SR15	Not keeping Children Safe	4 x 4	3 x 4 ◀▶	Dan	Executive
	from harm and abuse			Chapman	Director,
					Families,
					Children &
SR20	Inability to integrate	4 x 4	3 x 4 ◄▶	Karen	Learning Executive
JNZU	health and social care	7 ^ 4	3 1 4	Barford	Director,
	services at a local level	4		Barrora	Health & Adult
	and deliver timely and				Social Care
	appropriate interventions				
SR21	Unable to meet new	4 x 4	3 x 4 ◄▶	Anne	Executive
	statutory responsibilities in			Meadows	Director,
	relation to housing supply	4 • •			Neighbourhoo
	and allocation				ds,
					Communities
0000	Nint fulfilling of the	2 4	0 0	10/	& Housing
SR30	Not fulfilling the expectations of residents,	3 x 4	3 x 3	Warren	Chief Executive
	business, government and	4	$igcup_{lacklet}$	Morgan	EXECUTIVE
	the wider community that				
	Brighton & Hove City				
	Council will lead the city				
	well and be stronger in an				
	uncertain environment				
SR24	The impact of Welfare	4 x 4	4 x 3	Les	Executive
	Reform increases need	. .		Hamilton	Director,
	and demand for services	Note this accura	→ ♦ ▶		Finance &
		Note this score was 3 x 4 but			Resources
		the Risk			
		Owner has			
		acted on the			
		recommendati			
		ons of the			
		Committee			
		and increased			
		the risk score			
		to Likelihood 4			
		x Impact 4		1	
SR23	Unable to develop an	5 x 4	3 x 3 ◀▶	Alan	Executive
	effective Investment			Robins	Director,
	Strategy for the Seafront				Economy,
					Environment &
					Culture

SR25	The lack of organisational capacity leads to sub-optimal service outcomes, financial losses, and reputational damage	3 x 4	3 x 3 ◄►	Les Hamilton	Executive Director, Finance & Resources
SR26	Not strengthening the council's relationship with citizens	3 x 4	3 x 3 ◄►	Emma Daniel	Executive Director, Neighbourhoo ds, Communities & Housing
SR32	Sub-standard health & safety measures lead to personal injury of staff or residents, financial losses and reputational damage	3 x 5	2 x 5 ◄▶	Les Hamilton	Executive Director, Finance & Resources
SR18	Service outcomes are sub- optimal due to the lack of appropriate tools for officers to perform their roles	3 x 4	2 x 4 \	Les Hamilton	Executive Director, Finance & Resources
SR29	Ineffective contract management leads to sub- optimal service outcomes, financial losses, and reputational damage	3 x 4	2 x 4 \	Les Hamilton	Executive Director, Finance & Resources

- 3.5 ELT and the relevant Risk Owners noted the comments made at the Audit & Standards Committee that:
 - a) initial and revised risk scores should not be the same;
 - b) the revised risk score should not be higher than the initial risk score (see changes to table 1 above in respect of SR24);
 - c) there should be a review of the wording, and more details provided of specific work that was being done to address SR30 'Failure to demonstrate Place Based Leadership, unable to promote the City-Region's business economy, employment and training opportunities; a poor reputation in delivery value for money for the business rate payer'. The risk has been reviewed and the risk title has been changed as in table 1 above and work is in progress to add details of more specific action.

4. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

4.1 For each Strategic Risk there is detail of the actions already in place ('Existing Controls') or work to be done as part of business or project plans ('Risk Actions') to address the strategic risk. Potentially these may have significant financial implications for the authority either directly or indirectly. The associated financial risks are considered during the Targeted Budget Management process and the development of the Medium Term Financial Strategy.

Finance Officer Consulted: James Hengeveld Date: 14/02/2018

Legal Implications:

4.2 Members of the Committee are entitled to any information, data and other evidence which enables them to reach an informed view regarding to whether the council's strategic risks are being adequately managed. The Committee may make recommendations based on its conclusions.

Lawyer Consulted: Victoria Simpson Date: 28/02/2018

SUPPORTING DOCUMENTATION

Appendices:

1. Appendix 1 – Strategic Risk Focus report SR15, SR31, SR24 and SR29.

Documents in Members' Rooms

1. None.

Background Documents

 Strategic Risk Register as reviewed by the Executive Leadership Team on 7 February 2018