

Brighton & Hove City Council

Appendix 1: Strategic Risk Focus:

SR37 Not effectively responding to COVID-19 in Brighton and Hove;

SR20 Failure to achieve Health and Social Care outcomes due to organisational and resource pressures on the Clinical Commissioning Group (CCG) and Brighton & Hove City Council (BHCC); and

SR2 The Council is not financially sustainable.

Print Date: 15-Jun-2020

Initial Rating						
LIKELIHOOD	IMPACT					
	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)	
	Almost Certain (5)	0	0	0	3	0
	Likely (4)	0	0	0	0	0
	Possible (3)	0	0	0	0	0
	Unlikely (2)	0	0	0	0	0
	Almost Impossible (1)	0	0	0	0	0

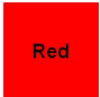

Revised Rating					
LIKELIHOOD	IMPACT				
	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
	0	0	0	1	0
	0	0	0	2	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0

1 - 3
Low
Monitor periodically

4 - 7
Moderate
Monitor if the risk levels increase

8 - 14
Significant
Review and ensure effective controls

15 - 25
High
Immediate action required & need to escalate to the management level above

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR37	Not effectively responding to COVID-19 in Brighton and Hove	Executive Director Health and Adult Social Care Programme Manager - PMO	BHCC Strategic Risk	13/05/20	Threat	Treat	 L5 x I4	 L4 x I4		Revised: Uncertain

Causes

Link to Corporate Plan 2020-23. Outcome 6 'A healthy and caring city', action 5.1 'Increase healthy life expectancy and reduce health inequalities'
 The pandemic of COVID-19 represents unexperienced challenges to the city and the council's ability to work with its partners and others to deliver services including statutory and support service users, residents, businesses and employees of the council

Potential Consequence(s)

1. Increases in numbers suffering physical and mental illness; and deaths
2. compromised ability to deliver statutory duties and business as usual
3. not delivering safe services and meet needs
4. trust and confidence and reputation of the council affected
5. damage to city economy and the wealth of citizens
6. capacity of staff, providers and contractors tested
7. health and wellbeing impact on those delivering services
8. emergency operating arrangements increase budget overspend
9. sustainability of local tax base affects council's financial position to deliver Corporate Plan

Existing Controls

First Line of Defence: Management Action

1. Covid-19 Response programme developed with clear governance which includes member input
2. Covid-19 Response Group (CRG) meetings at least weekly with relevant officers, Health and other city partners, Council Members and the Community & Voluntary sector
3. Activity delivered through thematic 'Cells' of officers and partners to mitigate risks
4. City Council's links with Local Resilience Forum (LRF), Public Health England and National Health England to address response to COVID-19
5. Regular communications on the council's website and intranet and press releases
6. Emergency Resilience Team connected with work with neighbouring local authorities and blue-light services
7. Corporate Covid-19 Risk Register and Directorate Level Covid-19 risk register are managed and reported regularly

Second Line of Defence: Corporate Oversight

1. CRG report at least weekly to the Executive Leadership Team (ELT)
2. Twice daily ELT discussions on Covid-19 position
3. Reports to the Policy Chairs' Board and relevant Committees e.g. Policy & Resources Committee on financial implications for Council as a result of Covid-19 on 4th April 2020

Third Line of Defence – Independent Assurance

1. None to date

Reason for Uncertainty of Effectiveness of Controls is that this is an unprecedented global incident.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Develop and deliver Covid-19 response programme	Programme Manager - PMO	50	31/03/21	20/03/20	31/03/21
Comments: Covid-19 response programme developed. Governance arrangements agreed with Executive Leadership Group and the Leader/Deputy Leader of the council. 'Cell's developed to work on specific areas of work – project management and communications support assigned to each cell. Regular progress update arrangements from 'Cells' being reported to the Covid Response Group and to the ELT oversight group. Risk management at the corporate and directorate level in place.					
Establish & maintain effective links at national and regional level to ensure a coherent response	Programme Manager - PMO	50	31/03/21	10/02/20	31/03/21

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Comments: BHCC represented on the Incident Strategic Co-ordinating Group and Incident tactical co-ordinating group to ensure co-ordination across the region.					

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR20	Failure to achieve health and social care outcomes due to organisational and resource pressures on the Clinical Commissioning Group (CCG) and Brighton & Hove City Council (BHCC)	Executive Director Health and Adult Social Care Head of Adult Social Care Commissioning Assistant Director - Integrated Services	BHCC Strategic Risk, Economic / Financial	13/05/20	Threat	Treat	<div>Red</div> <div>L5 x I4</div>	<div>Red</div> <div>L4 x I4</div>		Revised: Uncertain

Causes

Link to Corporate Plan 2020-23. Outcome 6: 'A healthy and caring city' and action to 'ensure that health and care services meet the needs of all' The high level Health & Wellbeing Strategy was formally adopted in March 2019 however there are still policy decisions that will need to be considered by the new council administration and fed through the Health & Wellbeing Board (HWB). The systems to deliver improved collaboration are made up of a number of organisations outside the council and there are competing drivers including budget and performance challenges which have been difficult to align. There are wider changes in NHS structures, e.g. the NHS geographical boundaries which are still a work in progress, have implications for an already complex health care system.

Potential Consequence(s)

If parties do not work together as effectively as required, or organisation's priorities change, it will affect delivery of performance targets. Any failure of delivery across the health and care system could impact on costs and pressures throughout the system and frustrate attempts to release efficiency savings and improve system performance.

Existing Controls

First Line of Defence: Management Controls

1. The CCG operates across 7 Primary Care Networks (PCNs). From April 2017 three Social Care District teams support these PCNs so that social care operational work is aligned.
2. Better Care Board established (high level and cross sector representation) and co-chaired by Executive Director Health & Adult Social Care and CCG Director of Commissioning, with oversight by Health & Wellbeing Board.
3. Health & Social Care Partnership Board (HSCPB) jointly chaired by CCG and BHCC meets monthly to identify and collaboratively plan for service delivery.
4. Health & Wellbeing Strategy adopted in March 2019.
5. Considerable collaborative operational working is being delivered within both the hospital social work teams and district adult social care teams (specifically east team working with PCNs).
6. 2nd Tier of Mental Health Integrated Services with Sussex Partnership Foundation Trust (SPFT) involve BHCC staff seconded to SPFT within the framework for the revised S75 agreement.

Second Line of Defence: Corporate Oversight

1. Health & Wellbeing Board reviewed and governance arrangements in place to help deliver a collaborative approach, including oversight of the Better Care Plan.
2. Better Care Plans in place. Section 75 agreed November 2019 and runs up to 31 March 2020.
3. Partnership work agreed and submitting an annual Better Care Plan since the deadline in March 2014. Revised Better Care plan for 2017-19 submitted and approved.

Third Line of Defence - Independent Assurance

1. NHS England signed Better Care Plan, submitted Nov 2017 (approved with 2 conditions, addressed).
2. Quarterly Better Care submissions to NHS England ongoing. There has not been any challenge back from NHS England.
3. Internal Audit - No specific Internal Audit work in 2017/18. In 2016/17 internal audit work reviewing the Better Care Fund gave Limited Assurance. of Controls - Partners' budgets are often determined by Government.

Reason for Uncertain status of Effectiveness of Controls - This risk is affected by changes affecting a number of organisations which contribute to the health care system.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Continue to develop and simplify Integrated Discharge Pathways with service users and their families, involving partners Brighton and Sussex University Hospitals NHS Trust (BSUH), SCFT, CCG, Independent Providers, Third Sector and other local authorities. New D2A (discharge to assess) pathway commenced 6/1/20.	Assistant Director - Integrated Services	80	31/03/21	01/04/16	31/03/21
<p>Comments: May 20 update - in response to Covid-19 since March 2020 a multi-agency pathway hub was established to support and implement effective discharge pathways as agreed.</p> <p>Previous update at Oct 19 - revised Discharge to Assess (Home First) aka D2A pathways to be implemented in January 2020 with a performance dash board which is supported by NHS delivery as an adopted NHS programme. Performance is tracked in HASC Directorate Plan 1.4.5.2. Demand and Capacity is co-ordinated by the Operational Command Group and performance of Delayed Transfer of Care assessments is on target this is exceptional performance given the continued demand.</p> <p>HASC re-structure of Social Work teams aligned to new pathways was completed in December 2018. Further pathway re-alignment/simplification with partners has been requested. Workshops are planned from April 2020.</p>					
Further integration with Primary Care Clusters	Assistant Director - Integrated Services	55	31/03/21	01/04/16	31/03/21
<p>Comments: May 20 update - because of Covid-19 this work is paused.</p> <p>Previous update at Oct 2019 - As part of new Targeted Operating Model (TOM) 'Better Lives, Stronger Communities' the implementation plan will be assessing lessons from Cluster 6 Pilot and inform Primary Care Networks (this is new term to retitle the existing Clusters). We are reviewing the hub model in community teams that moves us towards proactive demand management through improved and Multi Disciplinary Team (MDT) working in January 2020.</p>					
Plan Admission Avoidance with SCFT to extend delivery of social care responsibilities and enable more effective services	Assistant Director - Integrated Services	35	31/03/21	02/01/18	31/03/21

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: May 20 update - The focus of work has mostly been on discharge through the multi-agency discharge hub (involves BSUH, SPFT and BHCC) to utilise increased opportunities to divert clients as appropriate at the 'front door'. There has been a slight progression but focus of partners is diverted by Covid-19.</p> <p>Previous update as at Oct 2019 update - Reviewing the Hospital rapid discharge team to prevent admission, through 4 social workers working on the acute floor with nurses and therapists. The aim is by December 2019 to triage at the first stage to prevent admission to hospital where possible.</p>					

Risk Details

Risk Code	Risk	Responsible Officer	Risk Category	Last Reviewed	Issue Type	Risk Treatment	Initial Rating	Revised Rating	Future Rating	Eff. of Control
SR2	The council is not financially sustainable	Deputy Chief Finance Officer Head of Performance, Improvement & Programmes	BHCC Strategic Risk, Economic / Financial	13/05/20	Threat	Treat	<div style="background-color: red; color: white; text-align: center; padding: 5px;">Red</div> L5 x I4	<div style="background-color: red; color: white; text-align: center; padding: 5px;">Red</div> L4 x I4		Revised: Uncertain

Causes

Link to Corporate Plan 2020-23: Attributes 7. 'How will the plan be delivered' actions to achieve 'A well run council'.
 Reductions in central government funding will continue through to 2020 under the 2015 Comprehensive Spending Review and potentially beyond. The changes to local government funding introduced in 2013/14 also transferred greater risks to the council, particularly in relation to Business Rate valuation appeals. There is a cumulative impact of reductions in government funding to other public agencies in the city. The greatest risks are from the new financial impacts of Covid-19 and already identified increasing cost and demands across demand-led services such as social care and homelessness. 4-year Integrated Service & Financial Plans were introduced in 2016/17 and it is planned to maintain a 4-year Budget Planning process but updating these and the Medium Term Financial Strategy annually will remain challenging given the continuing uncertainty in funding and taxation levels. There is increased uncertainty until HM Govt re-focuses on local government funding including retention of up to 75% of Business Rates and completion of the Fair Funding Review, both of which could have national distributional impacts.

Potential Consequence(s)

The council will need to adapt to the financial impact of Covid-19 and continue robust financial planning in a highly complex environment. Failure to do so could impact on financial resilience and mean that outcomes for residents are not optimised.

Existing Controls

First Line of Defence: Management Controls

1. Ongoing review of the adequacy of risk provisions and reserves to support the medium term budget strategy and to ensure financial resilience.
2. Medium term resource projections (MTFS) and savings plans (4-Year Budget Plans) are reviewed and revised where necessary to identify and address predicted budget gaps including identification of taxation and savings options.
3. Consultation and engagement with the Leadership (member oversight), cross-party Budget Review Group and partners (particularly the Clinical Commissioning Group 'CCG') for development and approval of the annual budget led by Executive Leadership Team (ELT) and the Chief Finance Officer (CFO).
4. Targeted Budget Management (TBM) Month 7 and month 9 projections are undertaken to accompany draft (Nov/Dec) and final (Feb) budget reports to ensure in-year pressures are reflected in resource projections and budget setting.

5. Taxbase forecasts and projections updated and reflected in the Medium Term Financial Strategy (MTFS) and annual budget proposals and reported by the statutory deadline (31 January).

6. Investment requirements reviewed and funding flexibility identified to ensure delivery of modernisation and savings proposals included in the 4-year plans.

* Key control: annual revenue and capital budgets approved by Full Council in February with a balanced budget and 'funded' capital programme;

* TBM Monitoring regime includes RAG rating of budget performance with an escalating scale of scrutiny and intervention where continued overspending is evident. Interventions focus on development of Financial Recovery Plans approved and monitored by the CFO but can ultimately include 'special measures' such as specific vacancy controls.

Second Line of Defence: Corporate Oversight

1. Modernisation portfolio monitored by the Corporate Modernisation Delivery Board (CMDDB) and reviewed by cross-party Member Oversight group.

2. Close alignment of corporate priorities with the Medium Term Financial Strategy (MTFS) and, particularly, 4-Year Budget Plans.

3. Regular monitoring and review by Policy & Resources (P&R) Committee of the MTFS assumptions, the impact of legislative changes; cost and demand pressures; savings programmes; and income, taxation and grant assumptions through TBM reporting and various budget reports (Jul, Nov/Dec, Jan and Feb).

4. Continued adoption by P&R of the 4-Year Budget Planning approach which sets out plans through to 2019/20 (current period) and from 2020/21 to 2023/24 and identifies investment requirements to ensure delivery.

5. Close monitoring by P&R of council tax, business rates and other income and regular updating of forecasts.

6. Ongoing review and challenge of value for money including Member review, benchmarking, and external audit review and opinion.

7. The cross-party Budget Review Group periodically reviews TBM performance and Treasury Management performance.

8. The Administration's Leader, Deputy Leader and Finance Lead, and Policy Chairs Board provide oversight of the budget.

9. Oversight of pooled funds and integrated arrangements through separate governance arrangements including Health & Wellbeing (HWB) Board, BHCC - CCG Finance & Performance Board and representation on the SES STP, MH STP and TCP Regional Finance Groups.

Third Line of Defence: Independent Assurance

1. Annual review 2018/19 reported in July 2019 by external auditors of Value for Money (VfM) arrangements leading to an opinion in the annual audit report concluded there were no governance issues to report and arrangements to secure VfM and the council's use of resource were reasonable. 2019/20 review is in progress.

2. Internal audit reviews of budget management and financial planning arrangements. 2018/19 Budget Management audit gave Substantial Assurance. Internal audits of other key financial systems are undertaken regularly. The majority have been given Substantial or Reasonable assurance opinions with the exception of Council Tax and Debtors where a Partial assurance opinion was given.

3. Internal Audit Creditors 2019/20 - Reasonable Assurance opinion in respect of Creditors 2019/20.

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
Continue to monitor impact of health sector reforms, integration and Better Care programmes.	Deputy Chief Finance Officer	25	31/03/21	01/04/20	31/03/21
Comments: Meetings with the CCG Director of Finance and the council's Chief Finance Officer are in place to ensure alignment of budget setting processes as far as possible, including contributions to the NHS long term plan (LTP). The Better Care Fund (BCF) S75 Agreement for 2019/20 has been agreed and submitted to NHSE including the risk share arrangement. Agreement to pooling COVID-19 resources has been approved by Policy & Resources Committee (27 May 20). Recovery plans and corrective measures will be proposed where necessary. Monthly reporting of the council's element of the risk share is provided via the Targeted Budget Management framework. There is on-going dialogue between the two organisations through the Integration Board and the Chief Executives and there is a stated commitment to alignment of long term financial planning. Agreement to 2020/21 baseline CCG funding has now been reached, with no reductions, and is reflected in the approved 2020/21 General Fund budget. Conversations are on-going regarding aligning MTFS's in the context of the NHS 5 Year Plan and the shift of STP plans across to Integrated Care Plans (ICPs) within an integrated care system (ICS). The impact of COVID-19 will also be considered.					
Corporate Modernisation Delivery Board includes monitoring and RAG rating of critical VFM and other savings programmes that support the council's current and medium term financial position. Reporting links to TBM reporting which also monitors savings delivery.	Head of Performance, Improvement & Programmes	20	31/03/21	01/04/20	31/03/21
Comments: Corporate Modernisation governance arrangements are in place. Corporate Modernisation Delivery Board (CMDDB) continues to provide support and challenge to project/programme managers and Senior Responsible Owners. All budget figures reported link to the TBM budget monitoring process. A revised RAG guidance has been prepared which is resulting in more accurate reflection of the progress. A revised Modernisation Investment programme was agreed by Budget Council in February 2020 and will underpin modernisation programmes and activity over the next 4 years to support achievement of identified savings requirements to address budget gaps in the MTFS.					
Meet Targeted Budget Management (TBM) reporting timetable and identify risk mitigation and corrective action where necessary	Deputy Chief Finance Officer	15	03/03/21	01/04/20	03/03/21

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: The current annual TBM reporting timetable has been produced and agreed. TBM Month 2 is the first reporting period each year to July P&R. TBM reports are regularly shared with the cross-party Budget Review Group (BRG) to ensure additional member oversight of the financial position. TBM reporting will identify risk mitigation and corrective action for overspending areas identified by RAG rating. A revised TBM regime ensures that escalating interventions apply where continued overspending (RED RAG) is evident. Interventions focus on additional scrutiny by the CFO and/or Chief Executive Officer (CEO), CFO approval of Financial Recovery Plans, and ultimately potential 'special measures' interventions where overspending persists. All savings programmes will also be monitored through the TBM report and via the Corporate Modernisation Delivery Board (CMDDB). The council maintains a Working Balance of £9m to mitigate financial risks and set aside a specific risk provision of £0.750m to mitigate forecast risks or underachievement of savings.</p> <p>The impact of COVID-19 on the council's finances is likely to be fundamental and have far-reaching consequences for financial planning over the medium term. Current estimates indicate a 2020/21 budget deficit of £15m by the end of June and a potential deficit of between £30m to £50m for the whole of 2020/21 dependent on the speed of recovery of the visitor and business economies, both of which have direct links to the level of taxation, fees and charges, and commercial rents receivable by the council.</p> <p>The COVID-19 impact is being monitored closely and reported regularly to Policy & Resources Committee (including Special P&R's and Urgency Sub). The process of identifying mitigating actions has started with the 'pausing' of capital programmes funded by borrowing until July 2020 (where they will be reviewed again) and ELT are currently putting together other options for members' consideration including:</p> <ul style="list-style-type: none"> - Furlough of staff (where the service is funded by fees & charges income); - Vacancy management processes (with necessary exceptions for key services); - Curtailment of non-essential, discretionary spend and programmes; - Development of options for additional savings or bringing forward 2021/22 savings options – potentially this could be supported by Voluntary Redundancy process; - Utilising the Working Balance and/or other earmarked reserves with plans to replenish them over the next 3 to 4 years through the MTFs (i.e. increased savings targets); and - Consideration of other higher risk or more complex options such as a Council Tax Referendum or selling off assets. <p>In the meantime, the council will continue to closely monitor the impact of COVID-19 and continue to lobby government for more resources and other medium term financial support.</p>					
Update and maintain an MTFs and 4-year Budget Planning timetable and process.	Deputy Chief Finance Officer	50	31/03/21	01/09/19	31/03/21

Risk Action	Responsible Officer	Progress %	Due Date	Start Date	End Date
<p>Comments: 4-Year Budget Plans will continue over the next four years from 2020/21 to 2023/24. Proposals for 2020/21 were approved by Budget Council on 27 February 2020. An MTFS update is provided each July and February to P&R to ensure resource projections and predicted budget gaps continue to be identified as early as possible with associated savings proposals (4-year plans). The 2020/21 budget identified £9m savings to close the budget gap. An updated MTFS identifies potential budget gaps for the next 4 years of £31m (including 2020/21) assuming no further reductions in government support grant and a neutral impact from the Fair Funding Review and 75% Business Rate Retention (from 2021/22). The revised MTFS was reported to Budget Council on 27 February 2020.</p> <p>The council has a well-defined budget setting process which begins early in the financial year (May) and works iteratively through to draft proposals in November/December and final proposals and approval of the budget in February. The budget process is designed to ensure that MTFS estimates and assumptions are kept under review using latest information to inform the position for the next 4 years with a primary focus on the next financial year which is the only budget requiring formal approval. The budget process includes the following iterative elements:</p> <ul style="list-style-type: none"> - Assessment of underlying demographic demands and cost pressures and forward projections of these based on current activity and current financial monitoring trends; - Assessment of current income collection & recovery and performance trends; - Updated estimates of resources based on latest government information and announcements, and anticipated legislative changes including transfers of services in (new burdens) or out of local government; - Updated estimates of taxation resources based on latest monitoring information and government information and announcements, including consideration of any expected in-year surplus or deficit; - Estimates of inflationary pressures based on latest information and announcements, for example, from Local Government Employers (LGE) pay negotiations, reports from the Actuary on Pension Fund liabilities, tracking of indicators including RPI/CPI and other inflationary indicators, and consideration of legislative changes (e.g. known changes to employers National Insurance); - Iterative development and review of savings proposals to meet the latest estimated 'budget gap'. This is achieved by allocating 'working targets' to each directorate as a guideline for developing savings – normally taking some account of the relative scale of budgets and corporate priorities (e.g. providing relative protection to budgets for services to vulnerable people). Proposals are regularly reviewed by ELT and by members of the Administration through agreed and regular member oversight processes (usually led by the Lead Finance member). This ensures that member prioritisation and alignment with corporate priorities is built into the process. <p>All elements are updated at least 3 times formally, often much more regularly, throughout the budget process.</p> <p>The impact of COVID-19 during 2020/21 is likely to fundamentally change the financial planning outlook for 2020/21 and future years subject to final levels of government emergency funding support and other measures adopted by government (e.g. allowing precepts or higher Council Tax rises or allowing local authorities to spread the repayment of COVID-19 deficits/debts over a long period of time e.g. 10 to 15 years). The situation is being monitored closely and updates taken regularly to P&R Committee.</p>					