

SUBJECT:	Strategic Risk Assessment 2015
MEETING:	Economy and Development Select Committee
DATE:	Thursday 11th February 2016
DIVISIONS/WARDS AFFECTED:	All

1. PURPOSE:

- 1.1 To provide members with an overview of the current strategic risks facing the authority as provided in appendix 1.

2. RECOMMENDATIONS:

- 2.1 That members consider the strategic risks presented for the next three years, in particular those of relevance to the committee and scrutinise the extent to which:
- all relevant risks facing the authority are appropriately captured,
 - the level of risk applied is appropriate based on the matrix in the council's risk management policy and guidance (appendix 2) and
 - mitigating actions are proportionate and appropriate
- 2.2 That members use the risk assessment on an on-going basis to hold the responsibility holders to account to ensure that risk is being appropriately managed.
- 2.3 Use the risk assessment to inform the future work programme of the committee.

3. KEY ISSUES:

- 3.1 The risk assessment ensures that:
- Strategic risks are identified and monitored by the authority.
 - Risk controls are appropriate and proportionate
 - Senior managers and elected members systematically review the strategic risks facing the authority.
- 3.2 The existing risks on the Strategic Risk Assessment have been updated based on evidence available in 2015, as presented at Appendix 1. Changes to the council's risk management policy were approved by Cabinet in March 2015. These are:
- including pre-mitigation and post-mitigation risk scores, this was also a key recommendation from scrutiny of the 2014 risk assessment
 - ensuring greater clarity to the phrasing of risk so that each statement includes an event, cause and effect as shown below:

Event	Cause	Effect
Risk of...Failure to...Lack of ...Loss of...Uncertainty of ...Inability to...Delay in...	Because of...Due to...As a result of...	Leads to...and/or... result in...

- 3.3 The risk assessment only covers high and medium level risks. Lower level operational risks are not registered unless they are projected to escalate within the three years covered. These need to be managed and monitored through teams' service plans. The pre and post mitigation risk levels are presented separately. In most cases mitigating actions result in a change to the likelihood of the risk rather than the consequences as our actions are generally aimed at reducing the chance of a negative event occurring rather than lessening it's impact. Clearly there will be exceptions.
- 3.4 Following presentation to select committees, the risk assessment will be presented to Cabinet for sign off.
- 3.5 The risk log is a living document and will evolve over the course of the year as new information comes to light. The risk assessment appended was scrutinised by the other three Council Select Committees in December 2015, since then some risks have been revised as new evidence has become available, while other risks will now need further development in light of new evidence. An up-to-date risk log is available to members on the Council's intranet - The Hub. This will ensure, as well as the ongoing specific scrutiny of the risk assessment annually, that select committees are able to re-visit the information at any point in the year to re-prioritise their work plan as appropriate.

4. **REASONS:**

- 4.1 To provide timely and contributory information to the authority's performance management framework in ensuring that the authority is well-run and is able to contribute to achieving sustainable and resilient communities.

5. **AUTHORS:**

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6. **CONTACT DETAILS:**

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Appendix 1

Ref	Risk	Reason why identified	Risk Level (Pre – mitigation)				Mitigation already undertaken	Future Actions and timescales	Risk Level (Post – mitigation)				Service & Risk Owner	Cabinet Member	Select Committee
			Year	Likelihood	Impact	Risk Level			Year	Likelihood	Impact	Risk Level			
1 new	The authority is unable to deliver its political priorities in the future because it does not yet have clarity on its future business model or longer term financial plan.	<p>While work is continuing on the need to address the longer term issue of a reducing resource base as part of the MTFP, these are often only looking 2-3 years ahead which will mean the authority does not have a longer term financial plan and its current business model could become unsustainable in the long term.</p> <p>The Council's partnership administration continuance agreement sets clear priorities and performance expectation in line with these resource priorities, this only extends to 2017.</p> <p>The introduction of the Well-being of Future Generations Act requires us to plan on a decadal and generational basis and our current models do not extend to this timeframe.</p> <p>Lack of understanding of the future model of the organisation means it is difficult to develop consistent Workforce planning, preparing a workforce plan for the authority is a proposal for improvement from Wales Audit Office Annual Improvement report 2014/15.</p>	2015/16	Unlikely	Major	Low	<p>The Budget setting process has set a number of guiding Principles to help focus the process of developing budget savings.</p> <p>In October 2015 Cabinet agreed a report setting out the budget proposals that have been developed particularly focused on the next year (2016-17) for budget consultation with Members, the public and community groups. Work is continuing on the need to address the longer term issue of a reducing resource base. Further work is continuing on proposals to address the savings in the latter years of the MTFP.</p>	<p>To develop and specify the business model for the authority in the long term.</p> <p>Ensure the Council's key delivery strategies Improvement Plan, MTFP, People Strategy, Asset Management Plan and iCounty Strategy all align to this model.</p> <p>Extend planning timelines for council's key strategic documents to ten years.</p>	2015/16	Unlikely	Major	Low	Paul Matthews	Peter Fox	All
			2016/17	Possible	Major	Medium			2016/17	Unlikely	Major	Low			
			2017/18	Possible	Major	Medium			2017/18	Unlikely	Major	Low			

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2	Some services may become financially unsustainable in the short to medium term as a result of reducing budgets and increasing demand	<p>- From April 2016/2017 we have to make savings of £6.319m. We have looked at making savings amounting to £4.176m. We still have a gap of £1.743m to close and we need to continue to look at ways to do this. These are on top of the £5.8m savings we are working on to achieve the 2015/2016 budget.</p> <p>- This is after several years of reducing budgets (over £22 million in last 5 years) resulting in achieving further savings becoming increasingly more challenging.</p> <p>- At Month 6 of the 2015/16 budget the bottom line situation is a £1,066,000 (0.7%) potential overspend. In October 2015 the MTFP had modelled budgetary pressures up to 2019/20 of £6.5million.</p> <p>- A range of services have identified demand for services is increasing including planning, housing and public protection.</p> <p>- A range of services have identified the risk of not complying with legislative changes for example Welsh Language Standards.</p> <p>- An ageing population and complexity of demand in children's services will place increased pressure on services.</p> <p>- Children's services is forecast to overspend by £1.1M</p>	2015/16	Unlikely	Major	Low	<p>In January 2015 council agreed the Medium Term Financial Plan (MTFP) to set the 2015/16 budget with a 4.95% increase in council tax and a small contribution from reserves of £40,000. This includes £4.8million of specific saving initiatives identified for 2015/16.</p> <p>Work has continued to refine the modelling assumptions and outline the income generation or savings proposals that will need to be considered as part of the MTFP. The effect of the roll forward of the model, revised assumptions and pressures a revised gap of £11 million over the period of the plan 2016/17 – 2019/20 at October 2015</p>	<p>- Continue to develop Budget Mandates to deliver savings for April 2016/17 onwards.</p> <p>- Monitor progress against existing mandates that are part of the MTFP and report progress to Cabinet and Select Committee quarterly.</p> <p>- Develop a recovery Plan for the current year revenue budget 2015/16</p> <p>- Engage with the public, members and community groups on emerging proposals for the 2016/17 MTFP.</p> <p>- Agree proposals to balance the MTFP in 2016/17 to 2018/19 taking into account the need to match the expected performance targets with adequate resources.</p> <p>- Consider how best to use capacity fund and any external funding sources to supplement the change programme required</p> <p>- Ensure that the detailed business cases that will deliver the MTFP are fully costed, stress-tested and managed</p> <p>- Review contractual arrangements to balance stability, value for money & risk</p> <p>- Implement a three year service and financial plan in children's services to ensure the service is able to deliver a balanced budget and continue to develop workforce practice.</p>	2015/16	Unlikely	Major	Low	Joy Robson	Phil Murphy	All
			2016/17	Possible	Major	Medium			2016/17	Unlikely	Major	Low			
			2017/18	Possible	Major	Medium			2017/18	Unlikely	Major	Low			

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							Similarly safeguarding has been added to the role title of the Cabinet member. We have Implemented a quality assurance framework (SAFE - Self-assessment framework for evaluation)	review safe recruitment practices. - Ensure safeguarding is reflected in all council service improvement plans and in roles / responsibilities as appropriate.							
7	Failure to meet the needs of individual learners may result in them not achieving their full potential.	<p>- Gap in attainment between ‘all pupils’ and those eligible for Free School Meals has narrowed in some key stages but remains a concern.</p> <p>- Variation in standards across schools</p> <p>- Poor leadership, management, capacity and performance in some schools</p> <p>- Unsustainable provision to meet the demand for Welsh Medium education provision and Estyn noted that performance in Welsh first language in the authority’s two Welsh medium primary schools is generally weak.</p> <p>- Not achieving the number of A* and A grades amongst the cohort of more able and talented pupils</p> <p>Estyn identified:</p> <p>- Evaluation of progress and actions to be taken by the school and EAS are generally not clear enough to record school progress</p> <p>- Notes of monthly meetings do not provide enough detail about the quality of support and challenge in individual schools or identify specific actions for follow up to identify the key areas of</p>	2015 /16	Possible	Major	Medium	<p>Following the Monitoring visit in November 2015, Estyn has judged that Monmouthshire County Council’s education services for children and young people has made strong progress in addressing two of the six recommendations arising from the inspection of November 2012, and satisfactory progress in addressing the other four and concluded that the authority is no longer in need of special measures</p> <p>The review of Additional Learning Needs strategy and policy continues. .</p> <p>We have defined our working relationship with the EAS to ensure:</p> <ul style="list-style-type: none"> • That the gap in performance between pupils receiving free school meals and those not receiving free school meals is narrowed • Greater scrutiny of the Pupil Deprivation Grant (PDG) expenditure to tackle the impact of poverty on pupil learning and performance • Better targeted intervention in schools based on a better 	<p>-Ensure a continued focus on the issues referenced in the Estyn monitoring visit letter in January 2016</p> <p>-Improve the quality of self-evaluation in the CYP directorate.</p> <p>- Ensure that the Additional Learning Needs review delivers a sustainable, adequate and appropriate support to pupils with Additional Learning Needs</p> <p>- Ensure the commissioned arrangements with the EAS address the authority’s concerns in challenging and supporting schools</p> <p>- Deliver the Welsh Education Strategic Plan in collaboration with neighbouring authorities</p>	2015 /16	Unlikely	Major	Low	Sarah Mc-Guinness	Liz Hackett Pain	CYP
			2016 /17	Possible	Major	Medium			2016 /17	Unlikely	Major	Low			
			2017 /18	Possible	Major	Medium			2017 /18	Unlikely	Major	Low			

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							recalculation of the SLA funding has been undertaken to ensure it is still viable. The SLA is still viable and it recommended that the programme of upgrading the ICT infrastructure proceeds. A report will be presented to cabinet and council in January 2016 that recommends they agree to continue with the phase 1 investment to upgrade ICT infrastructure in schools.	The revised SLA will become operational in April 2016 and is independent of the other two phases.								
8b	Insufficient ICT infrastructure and skills in the county have the potential to lead to social and economic disadvantages	<p>- Broadband ‘not spots’ remain in the county despite Monmouthshire being part of the roll-out of Superfast Cymru;</p> <p>-It is likely that 4-6% of our most rural areas will not be impacted by this roll out</p> <p>A significant skills issue exists in the County. 19% of households don’t have internet access and 20% (approximately 14,363) adults in Monmouthshire don’t use the internet¹.</p> <p>Monmouthshire residents have high demand for broadband services, Ofcom figures indicating a 74% adoption rate.</p> <p>Other drivers include the council needs to prepare for increased digital public service delivery, the implementation of the Online Universal Credit system, children’s learning opportunities and the provision of digital health care.</p>	2015/16	Likely	Substantial	Medium	<p>AB Internet have been awarded funding from UK Government to provide wireless broadband coverage to 1600 rural households and premises suffering from a poor broadband connection. The Council is working with AB Internet, the UK and Welsh Government to enable the delivery of the project albeit within a very tight timeframe.</p> <p>A Monmouthshire broadband mapping study identifying future opportunities was completed and presented to Cabinet in March 2015. This secured resources to ensure that the potential of Superfast Cymru and associated programmes identified are maximised for the benefit of Monmouthshire businesses and residents, including:</p> <p>- Continued promotional activity to support the Super-connected Cities voucher Scheme.</p> <p>- Local promotion and maximisation of the WG ICT exploitation programme</p>	<p>-Deliver the I County digital road map which has three main areas of focus:</p> <p>1) internal systems, processes, data and infrastructure</p> <p>2) community, economic, business and education dimensions</p> <p>3) opportunities for commercialisation</p> <p>Promote the rollout and exploitation of high speed broadband across the County for both businesses and communities.</p> <p>A funding application to the new RDP for an urban/rural skills programme.</p>	2015/16	Likely	Substantial	Medium	Peter Davies	Phil Murphy	Economy and Development	
			2016/17	Likely	Substantial	Medium			2016/17	Likely	Substantial	Medium		Bob Greenland		
			2017/18	Likely	Substantial	Medium			2017/18	Possible	Substantial	Medium				

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							<p>- Completion of a Digital Monmouthshire section on the new Monmouthshire Business and Enterprise website.</p> <p>By September 2015 32,900 premises in Monmouthshire have been enabled with high speed fibre broadband.</p>								
9	Reductions in our workforce due to budgetary pressures will impact on our capacity to deliver transformational change and improve performance.	<p>- Our people are central to the success of our council and county. Organisational culture impacts on our ability to address future challenges and make sustained improvements in areas that require it.</p> <p>- Continued economic constraint and local government reform can impact on staff morale and service objectives.</p> <p>-The number of employees has reduced in recent years, the head count at 31st March 2015 is 3,849.</p> <p>- Corporate self-evaluation identified we need to do more to support staff</p> <p>- A range of services have identified risks to their capacity for service delivery.</p>	2015/16	Possible	Substantial	Medium	<p>The people and organisational development strategy was further developed following engagement with staff and was subsequently focussed on developing people within and outside the organisation.</p> <p>The Monmouthshire Minds group consisting of 60 members of staff were established to enable us to “test” the meaningfulness of the strategy; helping disseminate and promote involvement and publicise the staff survey.</p> <p>A staff survey has been completed and the findings used to inform the action plan as part of the People and Organisation Development Strategy.</p> <p>Based on feedback received, the staff appraisal process, check in check out, is being reviewed and further developed.</p>	<p>- Continue to engage with staff on the People and Organisational Development Strategy to ensure the strategy continues to focus on addressing identified needs.</p> <p>-Take forward the activities in the programme plan of the strategy which brings together the many facets of people and organisational development we run to provide support and development for people whether they are inside or outside of our organisation.</p> <p>- Implement the updated staff appraisal process, check in check out, across the organisation.</p>	2015/16	Possible	Substantial	Medium	Peter Davies	Phil Murphy	Strong Communities
10	Not having appropriate governance mechanisms does not make it easy for communities to work with us when we are co-delivering and co-	Concerns on overlapping and complicated community governance structures have led to some dissatisfaction amongst community stakeholders.	2015/16	Possible	Substantial	Medium	A community governance review has been completed. A members seminar was held to discuss the suggestions in the Community Governance Review.	Council to consider and agree the community governance action plan endorsed by Cabinet in October 2015 to clarify structures and align process and delivery frameworks to support	2015/16	Possible	Substantial	Medium	Kellie Beirne / Will McLean	Phil Hobson	Strong Communities
			2016/17	Possible	Substantial	Medium			2016/17	Possible	Substantial	Medium			

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	developing services which will impact on our shared ability to deliver sustainable and resilient communities.	<p>There is a recognised disconnect between the process and delivery frameworks set up to support community governance.</p> <p>The Council works collaboratively to deliver a variety of services and is increasingly considering alternative delivery models to sustain services. The council has already agreed an approach to involving volunteers and community organisations.</p>	2017/18	Possible	Substantial	Medium	<p>A volunteer coordinator was appointed and is leading the council's <i>A County That Serves</i> volunteering programme that aims to support and enable volunteers.</p> <p>As part of the budget setting process a budget mandate proposal to develop a 'Local Fund' across the county into which Town and Community Councils can make a contribution to sustaining the services they feel are most important to the wellbeing of their towns has been developed.</p>	<p>community governance. Take the actions from the review to each locality for further development and consideration reflecting local needs and priorities.</p> <p>Continue to implement the "A County That Serves volunteering programme"</p> <p>Continue to implement the volunteer tool kit to clarify information, procedures and processes on volunteering</p>	2017/18	Unlikely	Substantial	Low			
11 new	The current configuration of the recycling service becomes unviable because of legislation requirements and financial constraints.	<p>Monmouthshire does not currently collect recycling in line with the preferred Welsh Government method.</p> <p>The Welsh Government grant is being cut by 6.4% .</p> <p>An Increase in recycling costs, the potential Welsh Government grant reduction and growth in waste tonnages means the waste service has an existing £1.2 million total pressure modelled in the Medium Term Financial plan over 2016/17 and 2017/18.</p>	2015/16	Unlikely	Moderate	Low	<p>A review of the Monmouthshire recycling service is currently being finalised. A preferred way forward has been identified, has been taken to Strong Communities Select Committee and will be reported to Cabinet in March 2016.</p> <p>On-going liaison with Welsh Government on the Environmental Grant funding, its importance to the service and positive impact it makes on the long term strategy.</p> <p>Waste pressures mandate of £1.2m has been accepted by Cabinet/Council meaning that the waste budget should not be at risk of failure in 2016-17</p>	<p>To complete the recycling review report to determine the Council's long term recycling strategy with cabinet approval in March 2016.</p> <p>To continue to liaise with Welsh Government on Environmental Grant funding.</p>	2015/16	Unlikely	Moderate	Low	Rachel Jowitt	Bryan Jones	Strong Communities
		2016/17	Likely	Substantial	Medium				2016/17	Unlikely	Substantial	low			
		2017/18	Likely	Substantial	Medium				2017/18	Likely	Substantial	Medium			

Risk Matrix

The Council uses a ‘traffic light’ system of Red/Amber/Green associated with High/Medium/Low. A copy of the full policy and guidance is available to staff and members on [The Hub](#).

Impact/Severity	major	Low	Medium	High	High
	substantial	Low	Medium	Medium	High
	moderate	Low	Low	Medium	Medium
	minor	Low	Low	Low	Low
		Unlikely	possible	Likely	Almost certain
		Likelihood			

ⁱ Recent figures obtained from the ‘Get Monmouthshire On Line’