

## Audit Committee – 24 September 2014

### Risk Management Update 2014/15

Certain risks have been excluded from these papers as they are exempt from publication under paragraphs 1 and 4 of Part 1 of Schedule 12a of the Local Government Act 1972 as amended (as they contain commercially sensitive information). These excluded risks are contained within Agenda Item No. 13.

#### 1. Summary of report

- 1.1 This report provides Audit Committee with an update of the corporate risk register (CRR) to enable the Committee to be satisfied that significant business risks are identified and appropriate action taken to manage these risks. This register was reviewed by the Corporate Management Team (CMT) at their meeting on 31 July 2014.
- 1.2 Following a recommendation from Audit Committee, at their meeting on 7 April 2014, for officers to develop more detailed definitions with regard to risk 'likelihood' and 'impact', the report also sets out proposed new definitions for the committee's consideration/comment, and reporting back to CMT and risk owners, alongside potential revised approaches to the risk management process and methodology.

This has been discussed at CMT where it was agreed that these should be submitted to Audit Committee for their consideration regarding which methodology best meets the needs of the organisation. If a revised approach is recommended further consultation will then be undertaken within the organisation, for instance with risk owners / risk champions.

#### 2. Background papers

- 2.1 Corporate risk register / files/working papers.

#### 3. Recommendations

- 3.1 Audit Committee are recommended to:
  - Note the attached corporate risk register (**Appendix 1**) and comment / challenge as appropriate.
  - Consider selecting one of the risks from the corporate risk register for review at a future meeting.
  - Note the horizon scanning items and that they will appear on future risk registers if appropriate.
  - Comment on the proposed changes to the definitions for Risk Impact and Likelihood measures (paragraph 7.4 refers) and agree any further action that is required.



**James Walsh**  
**Assistant Director – Finance (S151 Officer)**

**11 September 2014**

#### **4. Resource and legal considerations**

4.1 There are no direct resource implications relating to this report. However the statutory requirements are detailed in the governance section below.

#### **5. Governance**

5.1 Audit Committee's responsibility for risk management includes the following:

- Reviewing the mechanisms for the assessment and management of risk.
- Giving assurance about the process.
- Ensuring the council meets its statutory requirements, as stipulated within the Accounts and Audit Regulations 2011 as follows:
  - Regulation 4 (1) – The relevant body is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.

5.2 Audit Committee is also required to ensure that it receives reports on risk management on a regular basis and takes appropriate action to ensure that strategic business risks are being actively managed. This report enables Audit Committee to exercise its responsibilities in respect of risk management by reviewing the current CRR; calling in key business risks for review; and seeking assurance that risk management is thoroughly embedded within the organisation.

#### **6. Risk management issues**

6.1 Corporate risk management processes continue to be used for the identification and assessment of risks to significant business objectives. The process ensures clear ownership for risks, mitigating controls and improvement actions by assigning accountability to relevant line management.

6.2 Risks are usually reviewed within directorates on a quarterly basis to ensure they remain at the forefront of the management agenda; that controls continue to be effective and mitigating actions are being addressed in a timely manner. Executive Directors are responsible for ensuring that corporate risks are managed within their respective directorates.

6.3 The risk owners across the organisation have reviewed the risks within the corporate risk register and agreed the risk scores and target risk scores.

6.4 The Risk and Insurance Team have undertaken a review of all risks contained within the CRR and have agreed the following changes with risk owners, and with CMT at their meeting on 31 July 2014:

- Risk 3c (Supply chain challenges) – to be devolved to and managed as part of the Finance risk register
- Risk 13 (Impact of fraud and compensation culture) – to be devolved to and managed as part of the Finance risk register
- Risk 19 (Increase in looked after children – to be devolved to and managed as part of the Children’s directorate risk register
- Risk 4 (Inspection outcomes) – to be removed from CRR and for individual directors to take ownership of the inspections within each of their areas as part of day to day business
- Risk 7 (Emergency and crisis response threats) – to be devolved to Neighbourhoods directorate risk register with any major situations escalated to the CRR individually as required
- Risk 10 (Climate change threats) – to be devolved to the Regeneration directorate risk register
- Risk 14 (Failure to make improvements required by the Ofsted Improvement Notice) – to be removed from the CRR and closed as the Improvement Notice has been lifted
- Risk 17 (Failure to deliver Old Square project) – to be removed from CRR as the project is now past its critical stage, and to continue to be managed at project level.

These revisions will be reflected within the next iteration of the CRR.

6.5 CMT also agreed, in principle, to the merging of risks 1 (Loss of Funding and financial instability), 2 (Cabinet/Council make short term decisions with long term implications), 6 (former ‘Workforce challenges’ risk) and 9 (Failure to manage institutional and individual change). These would be to be consolidated into one new risk focusing on the ability to deliver services along with the capacity to rise to the challenges facing the organisation going forward with the reduced resources available. This will be reported to CMT in September and any revisions will be included within the next iteration of the CRR.

6.6 The CRR is currently being audited by the council’s internal audit section. Audit reports have so far been received on thirteen of the corporate risks. In summary three risks have been given full assurance and ten risks have been given significant assurance. A summary of these results along with the most pertinent recommendations will form part of a future report once the audit is complete.

## **7. Horizon Scanning**

7.1 An integral part of managing the risks to the organisation is the systematic review of internal and external activities to enable the early identification of emerging or changing risks and opportunities. This is known as horizon scanning.

7.2 The benefits of having a horizon scanning approach include identifying external influences, perceptions, trends, and developments against which the organisation can review and refine its priorities. It has been agreed that this will be integrated into management team meetings and become part of the production and updating of corporate and directorate risk reviews and registers.

7.3 Areas which were identified through the horizon scanning process and discussed by CMT at their meeting on 31 July 2014 are detailed overleaf:

- City Deal

The Executive Director (Regeneration) reported that this formed part of the partnership risk as Walsall was the secretariat for this joint Black Country programme. He reported that the programme was progressing well with Walsall's risk being related to the "homes jobs prosperity" pilot being jointly implemented with Accord Housing. Discussions were ongoing between the council and Accord Housing in relation to risk ownership.

The Chief Executive commented in general about the potential for nationally driven governance changes affecting City regions and suggested that CMT should discuss this in more detail at a future meeting.

- Universal Free School Meals for Reception, Year 1 and Year 2

Work has continued since Christmas so that Catering Services will be in a position to introduce Universal Free School Meals for all Key Stage 1 (KS1) children from September 2014. In consultation and with agreement of the Primary Schools' Forum, a bidding process was run to allocate the £590k of Government capital funding.

As a result of this, the additional equipment, crockery and cutlery has been ordered and most has already been delivered to site. The council's Catering Service will continue to advise head teachers of schools where the in-house service is the contractor. All other KS1 schools will make their own arrangements.

#### 7.4 Proposed Changes to Risk Definitions

##### Definitions for Current Risk Scoring

Audit Committee on 7 April 2014 asked for more detailed definitions with regard to risk 'likelihood' to be developed and the recent risk awareness sessions also highlighted the need for clearer definitions regarding the risk 'impact'.

Therefore, in order to satisfy these requests an attempt has been made to develop potential definitions and these are set out below for Audit Committee to consider/comment although it must be borne in mind that these definitions are subjective:

##### Impact

The authority currently uses 4 categories for Impact, with associated descriptions and definitions, however these only consider the impact on the council's objectives. These are as follows:

Current Impact Score Definitions		
Score	Category	Definition
1	Negligible	Little effect on the organisation's objectives

2	Marginal	Affects some of the organisation's objectives
3	Critical	Affects most of the organisation's objectives
4	Catastrophic	Affects all of the organisation's objectives

Again these definitions can be subjective and could be widened to consider their impact on a number of different areas (evaluating risk impact using this method individuals would pick the highest area of impact for the impact score). Potential Impact definitions for Walsall's risk methodology are set out below:

<b>Proposed Impact Score Definitions</b>				
<b>Score</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>Criteria</b>	<b>Negligible</b>	<b>Marginal</b>	<b>Critical</b>	<b>Catastrophic</b>
Impact on safety	No injury sustained – near miss.	Injury or short term absence < 7 days.	Serious injury or longer term absence > 7 days.	Death, abuse, life threatening injury or personal disability.
<b>OR</b>				
Increase in costs	Can be contained within service budget and amounts to less than 1% of overall service budget (up to a maximum cost of £100k).	Cost can be contained within directorate budget and amounts to less than 1% of overall directorate budget (up to a maximum cost of £250k).	Cost can be contained within council wide resources, or amounts to a cost of more than £250k.	Costs cannot be contained within council resources including reserves.
<b>OR</b>				
Legal implications	No legal implications.	Any risk of legal action can be contained by the successful implementation of work that is being carried out within the service or directorate.	Any risk of legal action can be contained by the successful implementation of work that is being carried out within the directorate or across the council e.g. development of a new pay structure to stop equal pay claims.	Actions being undertaken will not entirely remove the risk of legal implications e.g. data protection policy and training in place for all staff, however still risk of data breach leading to legal action and fines.
<b>OR</b>				
Intervention	Intervention at service	Intervention via CMT.	Member Intervention via	Statutory body or enforcement

	level only.		either Council, Cabinet, Audit Committee or Scrutiny.	authority.
<b>OR</b>				
Impact on service delivery	Minimal service disruption anticipated – less than 1 day.	Significant service disruption – less than 1 week.	Service failure (not affecting vulnerable groups or business critical systems) for a short time – 1 to 2 weeks.	Serious service failure for more than 2 weeks, or affecting vulnerable groups or business critical systems for more than 1 day.
<b>OR</b>				
Impact on Project delivery	Limited or no impact on project delivery – delay of 1 week or less.	Significant project delay or delivery impact – delay less than 1 month.	Project failure impacting on departmental priorities and performance.	Project failure impacting on corporate priorities and performance.
<b>OR</b>				
Reputational damage	No impact on reputation.	Short term local media interest – less than 1 month.	Sustained local media interest – running over several months.	Highly damaging impact on council reputation involving national media attention, potential Public Interest Report or Judicial Review.

### Likelihood

The authority currently uses 6 categories for Likelihood, with associated descriptions, but with no definitions provided for them. These are as follows:

<b>Current Likelihood Scores</b>	
<b>Score</b>	<b>Category</b>
1	Almost Impossible
2	Very Low
3	Low
4	Significant
5	High
6	Very High

These scores are therefore potentially subjective and may depend on the interpretation of the individual carrying out the risk assessment, although the risk and insurance team do provide direction if requested.

Developing further detail for Likelihood definitions would provide greater guidance and ensure consistency in the way that risks are scored. Potential Likelihood definitions for Walsall's risk methodology are set out below:

<b>Proposed Likelihood Score Definitions</b>				
<b>Score</b>	<b>Category</b>	<b>Definition</b>	<b>Guidance on assessment</b>	
			<b>Based on Audit Commission guidelines</b>	<b>“Walsall” version</b>
1	Almost Impossible	Less than 5% chance of happening	The event has not happened in a way that affects this council and it is unlikely that it will ever happen to affect this council.	The event under consideration has not happened but is theoretically possible (ie: plane falling on Walsall town centre).
2	Very Low	5% - 25% chance	Event has occurred in the last 5 years+ or is likely to happen within the next 5 years+.	The event has happened somewhere within the UK within the last 5 years+, or is likely to happen within the next 5 years+, but it is considered unlikely that it would affect this organisation (ie: investing in Icelandic banks).
3	Low	26% - 50% chance	Event has occurred in the last 3-5 years or is likely to happen within the next 3-5 years.	The event has happened within the last 3-5 years, or is likely to happen within the next 3-5 years, and will / has affected the operation of the council (ie: flooding as a result of climate change / heavy downpour over a prolonged period).
4	Significant	51% - 75% chance	Event has occurred in the last 2-3 years or is likely to happen within the next 2-3 years.	Event has happened within the last 2-3 years, or is likely to happen within the next 2-3 years, and will / has directly impacted on

				the council (ie: poor inspection report).
5	High	76% - 90% chance	Event has occurred within the last 1-2 years or is likely to happen within the next 1-2 years.	Event has happened within the last 2 years, or is likely to happen within the next 2 years, and will / has directly impacted on the council (ie: death of a child in care).
6	Very High	Greater than 90% chance of happening	Event has occurred in the last year or is likely to happen within the next year.	An event has happened within the last 12 months or the event is pending and will impact on the organisation directly in the next 12 months and there is little or nothing that can be done to stop it happening (ie: change in legislation, eg: Care Act).

## 7.5 A Possible Simplified Approach

The risk and insurance team have also reviewed the current risk management methodology and identified the advantages and disadvantages of this approach compared to other systems. A summary of approaches is attached at **Appendix 2** and following consultation with CMT it was agreed that the different approaches should be submitted to Audit Committee for them to consider which methodology best meets the needs of the organisation, the outcome of which will be reported back to a future meeting of CMT which may involve consultation with risk owners/champions if a revised approach is recommended.

## 8. **Equality implications**

8.1 None arising directly from this report.

## 9. **Consultation**

9.1 Managers and colleagues at all levels across the council prepare and monitor risk registers and manage identified risks. All directorates have a number of identified risk champions. The council also consults with external bodies such as brokers, insurers, external consultants and recognised bodies such as ALARM,



IRM and CIPFA and the CIPFA Better Governance Forum. It is also a member of the Midlands Risk Managers Forum and the Midlands Insurance Officers Group.

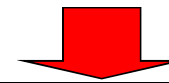
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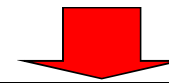
✉ [coxp@walsall.gov.uk](mailto:coxp@walsall.gov.uk)

# UPDATE: July 2014



No.	Description of Risk	Risk Owners	April 2014				July 2014				OVERVIEW	
			Impact	Likelihood	Risk Rating	Score Priority	Impact	Likelihood	Risk Rating	Score Priority	Trend	Current Status
<b>FINANCE</b>												
1 (pgs 1-2)	Loss of Funding and financial instability - Long term financial plan, medium term financial plan, Shaping the Future.	Chief Finance Officer (JW)	4	5	20	H	4	5	20	H	↔	<b>R</b>
2	Cabinet/Council make short term decisions with long term implications - The three E's (Economy, Efficiency, Effectiveness) plus medium term financial plan.	Chief Executive (PS)	3	6	18	H	3	6	18	H	↔	<b>R</b>
6 (pgs 3-5)	With significant budget reductions, will the council have the right people with the right skills to deliver services in a different environment - Clear and fit for purpose HR policies/procedures, Employee Benefits, Employee Development.	Head of Human Resources (SMcG)	3	4	12	M	3	4	12	M	↔	<b>A</b>
9 (pgs 7-8)	Failure to manage institutional and individual change - Downsizing council activity, Working Smarter (vanguard method), Smarter Workplaces, service reviews, change management challenges.	Chief Executive (PS)	3	5	15	H	3	5	15	H	↔	<b>R</b>
<b>PROCESSES &amp; GOVERNANCE</b>												
4 (pgs 9-10)	Inspection outcomes - Sustainable Communities Strategy, Corporate Plan, Working Smarter Programme, Shaping the Future, Walsall Performance Framework.	Executive Director (Resources) (RB)	2	4	8	M	2	4	8	M	↔	<b>A</b>
<p><b>Impact: 1=Negligible (Little effect to organisational objectives) 2=Marginal (Affects some of the organisational objectives) 3=Critical (Affects most of the organisational objectives) 4=Catastrophic (Affects all of the organisational objectives)</b></p> <p><b>Likelihood: 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High;</b></p> <p><b>H=HIGH (Red 15-24) M = MEDIUM (Amber 4-12) L = LOW (Green 1-3) NR=New Risk RM=Risk Managed</b></p>												

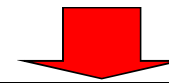
# UPDATE: July 2014



No.	Description of Risk	Risk Owners	April 2014				July 2014				OVERVIEW	
			Impact	Likelihood	Risk Rating	Score Priority	Impact	Likelihood	Risk Rating	Score Priority	Trend	Current Status
7	Emergency and crisis response threats - <i>Emergency Plan, Category 1 responder, Local Resilience Forum, Walsall Council Emergency Planning Forum, Local Flood Risk Management Strategy, Sustainable Drainage Approval Board.</i>	Assistant Director (Neighbourhoods) (KS)	3	4	12	M	3	4	12	M	↔	
8	Data control - <i>Information (data) management, ICT, cyber risk.</i>	Head of Business Change (PG)	3	6	18	H	3	6	18	H	↔	
12	Adequate governance - Adequate Governance Framework in place, effective monitoring of the Governance Framework, Monitoring Officer Protocol in place, Constitution is relevant and updated, ensure reporting of unlawful acts and maladministration.	Head of Legal and Democratic Services (TC)	3	5	15	H	3	5	15	H	↔	
14 (pgs 11-14)	Failure to make improvements required by the DC LG Improvement Notice	Interim Executive Director (Children's Services) (RC)	3	4	12	M	2	3	6	M	↓	

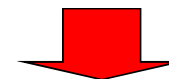
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**Likelihood: 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High;**  
**H=HIGH (Red 15-24) M = MEDIUM (Amber 4-12) L = LOW (Green 1-3) NR=New Risk RM=Risk Managed**

# UPDATE: July 2014



No.	Description of Risk	Risk Owners	April 2014				July 2014				OVERVIEW	
			Impact	Likelihood	Risk Rating	Score Priority	Impact	Likelihood	Risk Rating	Score Priority	Trend	Current Status
<b>PARTNERSHIP WORKING</b>												
3a	Partnership working (Local) - Sustainable Community Strategy/Walsall Plan; six Area Partnerships.	Executive Director (Neighbourhoods) (JM)	3	4	12	M	3	4	12	M	↔	A
3b	Partnership working (regional) - Local Enterprise Partnership (LEP), Black Country LEP/Consortium, Black Country Consortium, City Deal, West Midlands European Service.	Executive Director (Regeneration) (SN)	3	4	12	M	3	4	12	M	↔	A
5	Loss of community cohesion - Community Safety Plan 2011-14, Prevent/Walsall Community Cohesion Action Plan, Safer Walsall Partnership, inter agency working.	Executive Director (Neighbourhoods) (JM)	3	4	12	M	3	4	12	M	↔	A
20 (pgs 15-16)	Failure to safeguard children and all vulnerable adults - Children & Adult Safeguarding Boards, multi- agency partnership working.	Interim Executive Director (Children's Services) (RC)					3	4	12	M	NR	A
<p><b>Impact: 1=Negligible (Little effect to organisational objectives) 2=Marginal (Affects some of the organisational objectives) 3=Critical (Affects most of the organisational objectives) 4=Catastrophic (Affects all of the organisational objectives)</b>  <b>Likelihood: 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High;</b>  <b>H=HIGH (Red 15-24) M = MEDIUM (Amber 4-12) L = LOW (Green 1-3) NR=New Risk RM=Risk Managed</b></p>												

# UPDATE: July 2014



No.	Description of Risk	Risk Owners	April 2014				July 2014				OVERVIEW	
			Impact	Likelihood	Risk Rating	Score Priority	Impact	Likelihood	Risk Rating	Score Priority	Trend	Current Status
<b>CHANGE ACTIVITY (external factors)</b>												
10 <i>(pgs 17-19)</i>	Climate change threats <i>Climate Change Strategy, Carbon Reduction Commitment Energy Efficiency Scheme, Carbon Management Plan, Big Carbon Saving, Local Flood Risk Management Strategy.</i>	Executive Director (Regeneration) (SN)	2	4	8	M	2	4	8	M	↔	A
11 <i>(pgs 21-22)</i>	Demographic Change <i>- Adult Social Care Operating Model, demographic reviews, medium/long term financial planning.</i>	Executive Director (Social Care and Inclusion) (KS)	3	4	12	M	3	4	12	M	↔	A
15 <i>(pgs 23-30)</i>	Welfare Reform Act 2012 <i>- Council Tax Reduction Scheme, Household Benefit Cap, Bedroom Tax, Walsall Crisis Support Scheme, Universal Credit, Discretionary Housing Payments.</i>	Executive Director (Resources) (RB)	3	4	12	M	3	4	12	M	↔	A
16 <i>(pgs 31-33)</i>	Impact of Care Act <i>- Care Act Implementation Board, engagement with ADASS, LGA etc.</i>	Executive Director (Social Care and Inclusion) (KS)	3	4	12	M	3	4	12	M	↔	A
<p><b>Impact: 1=Negligible (Little effect to organisational objectives) 2=Marginal (Affects some of the organisational objectives) 3=Critical (Affects most of the organisational objectives) 4=Catastrophic (Affects all of the organisational objectives)</b>  <b>Likelihood: 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High;</b>  <b>H=HIGH (Red 15-24) M = MEDIUM (Amber 4-12) L = LOW (Green 1-3) NR=New Risk RM=Risk Managed</b></p>												

**CORPORATE RISK MATRIX - JULY 2014**

<b>Likelihood over 12 months</b>	<b>6</b>			<b>2, 8</b>	
	<b>5</b>			<b>9, 12</b>	<b>1</b>
	<b>4</b>		<b>4, 10</b>	<b>3a, 3b, 5, 6, 7, 11, 15, 16, 20</b>	
	<b>3</b>		<b>14</b>		
	<b>2</b>				
	<b>1</b>				
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>Impact</b>					

Red = High  
(score 15 -24)

Amber = Medium  
(score 4 – 12)

Green = Low  
(score 1 – 3)

Likelihood: 6 = very high, 5 = high; 4 = significant; 3 = low; 2 = very low; 1 = almost impossible

Impact: 4 = catastrophic;  
(Affects all of the organisational objectives) 3 = critical;  
(Affects most of the organisational objectives)

2 = marginal;  
(Affects some of the organisational objectives) 1 = negligible  
(Little effect to organisational objectives)

Risk No	Current score (with current actions)			Target Score			Difference
	I	L	Score	I	L	Score	
1	4	5	20	3	4	12	8
2	3	6	18	3	5	15	3
3a	3	4	12	3	3	9	3
3b	3	4	12	3	3	9	3
4	2	4	8	2	3	6	2
5	3	4	12	2	4	8	4
6	3	4	12	2	2	4	8
7	3	4	12	3	3	9	3
8	3	6	18	3	6	18	0
9	3	5	15	3	5	15	0
10	2	4	8	2	4	8	0
11	3	4	12	3	3	9	3
12	3	5	15	2	3	6	9
14	2	3	6	Dependant upon DfE			N/A
15	3	4	12	3	3	9	3
16	3	4	12	3	3	9	3
20	3	4	12	3	3	9	3

**Rolling Year's Trend**

	April 2014		July 2014	
	No. of Risks	%	No. of Risks	%
Red	5	26%	5	29%
Amber	14	74%	12	71%
Green	0	0%	0	0%
<b>TOTAL</b>	19		17	
Risks Managed	0		2	

## CORPORATE RISK REGISTER

1	Loss of Funding and financial instability	Last Reviewed	Last Updated	Current Risk Score	Target Risk Score	Achieved by
		March 2014	July 2014	(1xL) 4x5=20	(1xL) 3x4=12	April 2015

Risk Owner: Chief Finance Officer (JW)

### Risk Description

The council is facing rising demand for public services countered by a dramatic fall in funding and income – creating a significant ‘funding gap’. This mismatch between service demand and budget availability will lead to an increase in financial instability and pressure will also be created between “demand-led services” (eg social care) and other priorities.

External financial market factors could adversely impact on our financial position such as:

- Our ability to meet our forecasted operating and capital expenditure and income;
- The impact of the financial environment on our pension funds (low interest rates etc.).

### Key mitigation activities

The council has a well established financial strategy with there being close monitoring of key funding built into its long term financial plan. This is discussed and agreed with both cabinet and council. There is active monitoring and reporting of all key demand services. The medium term financial outlook is updated regularly. We horizon scan and model the impact of incoming changes, such as business rate retention, council tax benefit localisation, public health changes. We review the level of provisions, reserves and contingency frequently. We monitor service and cost pressures on an ongoing basis.	Head of Finance (VB)
The council has adopted a Working Smarter Review programme to achieve three key principles, one of which is removing costs from the authority. It is intended that this programme will be key to the identification of financial savings to support future financial stability.	Executive Director – Resources (RB)

**Impact:** 1=Negligible (Little effect to organisational objectives) 2=Marginal (Affects some of the organisational objectives)  
3=Critical (Affects most of the organisational objectives) 4=Catastrophic (Affects all of the organisational objectives)

**Likelihood:** 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High.

**CMT Risk Register – July 2014**

**Appendix 1(iii)**

<u>Further Actions/Controls required:</u> <ul style="list-style-type: none"> <li>A four year service plan that balances services delivery costs to the medium term financial outlook is to be developed.</li> </ul>	<u>By Who:</u> Chief Finance Officer (JW)	<u>When:</u> Feb 2015
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***Progress to Date***

A financial model has been produced by the CFO and an indicative scenario illustrating the impact on services has been put forward to the Chief Executive and the Corporate Management Team.

Chief Executive and Corporate Directors met on 28 January 2014 to discuss and agree a corporate wide service plan that addresses the funding gap. To be presented to the executive in late spring 2014 for their consideration.

The financial model presented by the CFO was debated - CMT decided that a more intensive piece of work on Shaping the Future should be undertaken. Work on Shaping the Future led by the Executive Director (Resources) is progressing.

A meeting with cabinet members was held on the 9 July 2014 - agreement reached that a four year service plan should be developed. Early indication from members given on allocation of resources to individual service areas. This is subject to change. Officers working to develop options in conjunction with portfolio holders.

**Impact:** 1=Negligible (Little effect to organisational objectives) 2=Marginal (Affects some of the organisational objectives)  
3=Critical (Affects most of the organisational objectives) 4=Catastrophic (Affects all of the organisational objectives)

**Likelihood:** 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High.



6	With significant budget reductions, will the council have the right people with the right skills to deliver services in a different environment.	Last Reviewed	Last Updated	Current Risk Score	Target Risk Score	Achieved by
		March 2014	July 2014	(I x L) 3 x 4 = 12	(I x L) 2 x 2 = 4	In line with financial plans – April 2015

Risk Owner: Head of Human Resources (SMcG)

#### Risk Description

The council will be a significantly different organisation as a result of the budget reductions. Whilst the full extent of this is not known, it is clear that the council will have less people delivering fewer services.

There is a risk that if the council doesn't have a clear understanding of what it will be in the future, when it gets there, it will not have the right people, with the right skills and knowledge to effectively deliver services. This may be because:-

- it has let go staff via redundancies that it should have kept;
- that it hasn't trained and developed staff in the skills and knowledge needed to work in a 'different' way;
- that it hasn't recruited the right staff;
- that talented staff don't want to join Walsall Council (or local government for that matter) as it doesn't articulate what it will be and what is valued.

Failure to address this issue at an early stage could lead to significant financial losses to the organisation, be this via spend on the 'wrong' things (for example training on things that are no longer valued), or expensive recruitment of the wrong people.

#### Key mitigation activities

There are a number of mitigating activities to help address the above, if the council is clear about what it will be in the future.

**Clear and fit for purpose HR policies and procedures**

**Impact:** 1=Negligible (Little effect to organisational objectives) 2=Marginal (Affects some of the organisational objectives)  
3=Critical (Affects most of the organisational objectives) 4=Catastrophic (Affects all of the organisational objectives)

**Likelihood:** 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High.

<p>The council will always look to minimise the impact of compulsory redundancies by seeking volunteers. This is good practice, and is an important part of the council showing that whilst in difficult times, it will continue to try and help and support staff wherever possible. However, the council will not accept volunteers for redundancies if by doing so it significantly impacts upon the services being delivered. The council's procedures allow for managers to refuse volunteers if it is in the best interests of the council.</p>	<p>HR Manager (Strategy) (NMCD)</p>
<p><b>Employee Benefits</b></p>	<p>HR Manager (Strategy) (NMCD)</p>
<p>The council implemented a new pay and grading structure in 2011. There are only 6 posts that attract a market supplement (as our rates are not competitive with the outside employment market). The council subscribes to epaycheck, a national pay benchmarking service which allows for comparisons of jobs across a range of councils to be made.</p>	
<p><b>Employee Development</b></p>	<p>Senior HR Manager (Specialist Services) (MS)</p>
<p>Each Directorate has a dedicated HR professional supporting them on their staffing needs. This covers both operational – sickness management, disciplinaries etc, but also the more strategic approach to managing their workforce. This HR support works with directorates, encouraging them to think about what their workforce needs to be in the short, medium and long term, this might be in terms of numbers, skills, knowledge etc. The results of this may be very different to what is in place now. HR can then support the directorate to deliver interventions and changes to make the workforce what it needs to be.</p>	
<p>The council has significantly reduced its Learning and Development team and budget over the past few years. The Corporate Training Budget for the whole council is currently only £50,000. This is a risk if the council needs to train staff in new things.</p>	

<u>Further Actions/Controls required:</u>	<u>By Who:</u>	<u>When:</u>
<p><b>Clarity on the future direction of the council, and as such, what is wanted and expected of staff.</b></p> <ul style="list-style-type: none"> <li>• CMT to be clear about what it wants from staff (skills, attitudes, knowledge) going forward. An Organisational Diagnostic to be undertaken to support this work.</li> <li>• Executive Directors work with their HR support to be clear about what they want from their workforce in the future</li> </ul>	<p>CMT</p> <p>Executive Directors / HR Business Prtnrs</p>	<p>March 2015</p> <p>March 2015</p>

**Impact:** 1=Negligible (Little effect to organisational objectives) 2=Marginal (Affects some of the organisational objectives)  
3=Critical (Affects most of the organisational objectives) 4=Catastrophic (Affects all of the organisational objectives)  
**Likelihood:** 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High.

<p><u>Further Actions/Controls required:</u> (Cont'd)</p> <p><b>Fit for purpose approach to downsizing the council.</b></p> <ul style="list-style-type: none"> <li>Review of the redundancy procedure.</li> </ul> <p><b>Recruiting and retaining the right staff.</b></p> <ul style="list-style-type: none"> <li>Review of the Recruitment Manual.</li> <li>Employee Benefits – HR to look at new innovative employee benefits to help recruit and retain staff.</li> </ul>	<p><u>By Who:</u> HR Manager (Strategy) (NMCD)</p> <p>Recruitment Manager (IS)</p> <p>HR Manager (Strategy) (NMCD)</p>	<p><u>When:</u> Sept 2014</p> <p>Sept 2014</p> <p>Sept 2014</p>
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***Progress to Date***

**Clear and fit for purpose HR policies and procedures**  
 In 2013/14 the following procedures have been reviewed/written, consulted upon, and implemented :-

- Job Evaluation
- Job Evaluation Appeals
- Code of Conduct
- Gifts and Hospitality

In addition, the redeployment and redundancy procedures have been reviewed, consulted upon with managers and CMT and are currently out for consultation with the Trade Unions.

**Employee Development**  
 HR Business Partners have been working with Directorate’s encouraging them to consider the ‘people plans’ they wish to put in place to make sure they have the right workforce with the right skills, both now and in the future.

**Clarity on the future direction of the Council**  
 Significant work has commenced under the ‘Shaping the Future’ and ‘Supporting the Future’ projects (this work includes the OD diagnostic), which will help provide councillors with information to help determine what the future will look like.

**Employee Benefits**  
 Work on employee benefits will now commence later in 2014. There is an opportunity to collaborate with Sandwell MBC in this.

**Impact:** 1=Negligible (Little effect to organisational objectives) 2=Marginal (Affects some of the organisational objectives)  
 3=Critical (Affects most of the organisational objectives) 4=Catastrophic (Affects all of the organisational objectives)  
**Likelihood:** 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High.

**Impact:** 1=Negligible (Little effect to organisational objectives) 2=Marginal (Affects some of the organisational objectives)  
3=Critical (Affects most of the organisational objectives) 4=Catastrophic (Affects all of the organisational objectives)

**Likelihood:** 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High.

**CMT Risk Register – July 2014**

9	Failure to manage institutional and individual change	Last Reviewed	Last Updated	Current Risk Score	Target Risk Score	Achieved by
		Nov 2013	July 2014	(1xL) 3x5=15	(1xL) 3x5 =15	July 2014

Risk Owner: Chief Executive (PS)

#### Risk Description

The need of the State to deliver a reduced range of services with significantly fewer resources is presenting significant challenges. Over the medium term (6-7 years) there will be a need to seek to reconcile public expectations about the range and scale of council services and the reality of what can be afforded. Citizens will need to continue to develop their personal responsibility for key issues as the reach of the State reduces. There are challenges for individual citizens, for political groupings, for employees and for the council as a whole. It is possible that developments within the third sector will assist in mitigating the impacts of changes.

#### Key mitigation activities

There is now widespread acknowledgment of the scale of the challenge within the council. The MTFP is regularly updated and published and briefings have been given by finance staff to all party groups. The Chief Executive has been holding open briefing sessions for all staff for several years. The financial challenge has been explained and is well understood.

As at 25 July 2014 the Cabinet is starting the process of determining its proposals for a four year approach to the council's budget. This will be published for consultation 22 October 2014 and ultimate determination by Full Council 26 February 2015.

The finely balanced political structure of the council means that there is an increased risk in the budget process. Whilst the actual disposition of the agreed budget rests with the Cabinet, the overall budget envelope is a matter for the Full Council. The greater degree to which there is a shared understanding across political groups of the key budget decisions will assist in explaining to the public the nature and scale of service changes.

#### Mitigation Measures

More so than in previous years the scrutiny process should be used to seek consensus on changes to be made.

Working Smarter Programme Board/ Theme leaders

7

**Impact:** 1=Negligible (Little effect to organisational objectives) 2=Marginal (Affects some of the organisational objectives)  
3=Critical (Affects most of the organisational objectives) 4=Catastrophic (Affects all of the organisational objectives)

**Likelihood:** 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High.

**CMT Risk Register – July 2014**

**Appendix 1(iii)**

Traditionally scrutiny recommendations tend to note and reject recommendations from Cabinet. The scrutiny process presents an opportunity for challenge and also to develop consensus about what should be done with perhaps a reduced focus on recommendations that Cabinet 'reconsider'.

Development of broad agreement on the response to the financial challenge may be advised by informal cross party discussions and officer briefings to cross party groups.

The necessity for staff to continue to develop their appreciation of the need for change will continue to be met.

- Chief Executive briefings.
- In house written communications.
- Directorate based briefings.
- Staff involvement through future phases of the 'Shaping of the Future' process.

Addressing public expectation is perhaps the least well developed area of the council activity. Inevitably there will be differences of approach between the party groups. This is welcome because it reflects a vibrant democracy. However, there are some common messages about the scale of change that will be required that it may be possible to deliver on a cross party basis. This issue should be explained.

The third sector in Walsall is less well developed than in some parts of the country. The council has significantly increased its grant support to Walsall Voluntary Action to assist in capacity building. Grants and commissioned services to the third sector have so far received a high level of protection from finding cuts. However, there will be a need to see a greater a greater level of activity from the sector if, as some commentators claim, it is to play a significant part in mitigating the consequences of public sector funding reductions.

**Further Actions/Controls required:**

- Cabinet develop 4 year budget proposals.
- Seek to develop appropriate cross party consensus on key changes.
- Agree means of engaging with the public on agreed key changes.
- Continue to develop employee participation in the changes that are required.
- Work with third sector to assist in capacity development.

**By Who:**

Cabinet/CMT  
 Chief Exec  
 Cabinet/CMT  
 CMT  
 CMT

**When:**

}Ongoing  
 }  
 }Ongoing  
 }  
 }Ongoing

**Progress to Date** - Set out above.

**Impact:** 1=Negligible (Little effect to organisational objectives) 2=Marginal (Affects some of the organisational objectives)  
 3=Critical (Affects most of the organisational objectives) 4=Catastrophic (Affects all of the organisational objectives)

**Likelihood:** 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High.

4	Inspection outcomes	Last Reviewed	Last Updated	Current Risk Score	Target Risk Score	Achieved by
		March 2014	June 2014	(1xL) 2x4=8	(1xL) 2x3=6	March 2015

Risk Owner: Executive Director – Resources (RB)

#### Risk Description

Whilst government driven inspections have reduced they continue to occur in areas of council business and the outcome of any inspection will impact on the council's reputation from the perspective of customers, staff, peers and regulatory bodies. It is important that senior and service management understand and are aware of the frameworks for and potential outcomes of inspections so that any damage to the council's reputation minimised.

#### Key mitigation activities

<p>The Corporate Management Team recognises that the need to manage the council's reputation is a vital part of the council's work. The best mitigation is to do the right things well, at the right time and when customers need it. Stakeholders' understanding our purpose and our commitment to meeting that purpose is a critical part of reputational management. Through the Sustainable Communities Strategy, the corporate plan, the working smarter programme and shaping the future work there will be ongoing effort to share a common and agreed purpose.</p> <p>Services subject to regulatory inspection recognise the need to understand the framework for and potential outcome of an inspection, focussing on service delivery and how this aligns to the framework rather than the framework driving focus and activity. The best mitigation is to do the right things well, at the right time and when customers need it.</p> <p>The risks around reputational damage as a result of a poor inspection outcome fall into some consistent categories:</p> <ul style="list-style-type: none"> <li>- Loss of customer confidence in the service they are receiving</li> <li>- Service managers focus on responding to inspection findings and not on customer needs – a disproportionate balance of resources</li> <li>- Poor communication of outcomes and of action being taken</li> <li>- Lack of engagement with staff, customers and other key stakeholders in developing and delivering actions to address recommendations from inspections</li> </ul>	<p>Executive Director – Resources (RB) / Head of Business Change (PG)</p>
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**Impact:** 1=Negligible (Little effect to organisational objectives) 2=Marginal (Affects some of the organisational objectives)  
3=Critical (Affects most of the organisational objectives) 4=Catastrophic (Affects all of the organisational objectives)

**Likelihood:** 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High.

The recently approved performance management framework clearly details the roles and responsibilities of all employees in terms of how services perform and how well the council is achieving priorities. The management of inspections is contained within this and serves as an assurance to where accountability lies and where additional support can be pulled from.

In many areas of council business peer challenge / review is available and is a valuable mechanism for independent consideration of services from colleagues with specialist knowledge and can be used to prepare for inspections. However it is important that the use of peer challenge is aligned to the delivery of priorities for our customers and that preparation for a peer challenge does not divert resources away from customers. Learning from a peer challenge should inform service improvements as well as informing inspection readiness but the pull on resources to manage this should be minimal. The purpose of a peer challenge / review should receive consideration from Corporate Management Team (CMT) when appropriate.

Further Actions/Controls required:

- Embedding of 'performance framework' with regular reporting to CMT and Quality Assurance of directorate arrangements
- Closer integration with risk management strategy to ensure that performance measures help identify risks around inspection activity.
- Maintenance of corporate understanding / schedule of areas likely to be inspected, timescales for inspection and assessment of readiness
- Develop corporate oversight of inspection readiness within services

By Who:

} Head of  
 } Programme  
 } Delivery  
 } (CW)  
 }  
 }  
 }  
 }  
 }

When:

By  
 March  
 2015

***Progress to Date***

Walsall Performance framework agreed by Audit Committee on 6 January and 5 February 2014, engagement with directorates is continuing to ensure it is properly embedded. First report for 2014 scheduled for CMT at end of June.

List of areas currently subject to inspection presented to Audit Committee in June 2013, prepared by Assistant Director (Finance) in consultation with all executive directors and Corporate Performance Management (CPM). Inspection outcomes reported through to Audit Committee as appropriate.

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 3=Critical (Affects most of the organisational objectives) 4=Catastrophic (Affects all of the organisational objectives)

**Likelihood:** 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High.

**CMT Risk Register – July 2014**



14	Failure to make improvements required by the DC LG Improvement Notice	Last Reviewed	Last Updated	Current Risk Score	Target Risk Score	Achieved by
		6 weekly at Improvement Board – next meeting: 30 June 2014	June 2014	(1xL) 2x3=6	<i>Dependant upon DfE (i.e. to lift the Improvement Notice)</i>	

Risk Owner: Interim Director - Children's Services (RC)

#### Risk Description

The Ofsted inspection of safeguarding and looked after children in June 2012 identified significant weaknesses in safeguarding children including that children were left at risk of significant harm for longer than necessary. The report has also had a negative impact on the reputation of children services and the role of council and other agencies (eg: police) in safeguarding vulnerable children.

The council became the subject of an Improvement Notice, issued by the Secretary of State on 1 November 2012. This notice outlines the key areas for improvement namely:

- Partnership and governance
- Capability, capacity and culture
- Quality of frontline practice

and aligns to the areas for improvement identified in the Ofsted report. An Improvement Board was established, chaired by an Independent Chair, Chris Spencer, who reports to the Parliamentary Under Secretary of State for Children and Families. The Improvement Board now meet 6 weekly.

Ofsted introduced a new framework in November 2013 to inspect services for children in need of help and protection, children looked after and care leavers. This is a universal inspection and will apply to Walsall, and all other authorities. It includes a review of the effectiveness of the Local Safeguarding Children Board (LSCB), authority. The Chair of the LSCB is appointed by and accountable to the Chief Executive in each authority.

The Inspection framework operates on the basis of 'good' as the minimum standard that children, young people and their families and carers have a right to expect. The previous 'adequate' judgement (which Walsall currently holds) is replaced by 'requires

**Impact:** 1=Negligible (Little effect to organisational objectives) 2=Marginal (Affects some of the organisational objectives)  
3=Critical (Affects most of the organisational objectives) 4=Catastrophic (Affects all of the organisational objectives)

**Likelihood:** 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High.

improvement'. A judgement of 'inadequate' in any of the key judgement areas will automatically result in an 'inadequate' judgement for overall effectiveness. Ofsted is currently consulting on new integrated inspectorate arrangements which will be piloted in a number of LAs prior to a more comprehensive roll-out from April 2015.

Ofsted has also now implemented a Framework to inspect the Local Authority (LA) arrangements to support School Improvement, which is targeted at those LAs where there are concerns about progress and performance for children.

In the next quarter it is possible that Walsall could be inspected by Ofsted, on its universal help, care and protection arrangements for children, and it will certainly be inspected in the next 2 years.

Failure to satisfy the Department for Education (DfE) that the council has improved its practice and therefore outcomes for children and young people will result in the Improvement Notice being extended or ultimately an intervention by central government. This could result in ongoing reputation damage for the council and its partnership and claims being brought against the council giving rise to additional costs and a decrease in insurer confidence.

#### Key mitigation activities

<ul style="list-style-type: none"> <li>• Ongoing discussion and liaison between Council [Chief Executive and Interim Director of Children's Services (DCS)] and DfE representatives on behalf of the minister.</li> <li>• Improvement Board established and independent chair appointed – meets 6 weekly with comprehensive reports on performance, practice and partnership.</li> <li>• Reports to Full Council on 24 September 2012, 7 January and 23 September 2013.</li> <li>• Reporting to Audit Committee (12 November 2012, 25 February, 2 September and 11 November 2013).</li> <li>• Regular reporting to Children and Young People Scrutiny and Performance Panel (26 November 2012, 8 January, 12 February, 26 March, 16 May, 10 September, 15 October, 26 November 2013, 14 January 2014 and 8 April)</li> <li>• Reports by Independent Chair to Minister – March 2013, June 2013, December 2013 and forthcoming June/July 2014</li> <li>• 6 month review 21 August 2013 and 12 month review 3 December 2013.</li> <li>• Children and Young People Scrutiny task group on quality and effectiveness of frontline practice reported in May 2013 and progress assessed on recommendations in August 2013.</li> <li>• Regular assurance meetings arranged with Chief Executive, Lead Member, Chair of Safeguarding Board and DCS and with Partners</li> <li>• Children's Champion appointed to provide support in transition from Improvement Board arrangements – has</li> </ul>	<p>Interim Director – Children's Services (RC)/ Interim Assistant Director – Specialist Services (SB)/ Assistant Director – Access and Achievement (LP)</p>
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**Impact:** 1=Negligible (Little effect to organisational objectives) 2=Marginal (Affects some of the organisational objectives)  
3=Critical (Affects most of the organisational objectives) 4=Catastrophic (Affects all of the organisational objectives)

**Likelihood:** 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High.

<p>provided independent oversight from February 2014.</p> <ul style="list-style-type: none"> <li>• Staff and partner briefings on new inspection framework.</li> <li>• Quality Assurance framework and regular audits.</li> <li>• School Improvement reshape of services, expectations and activity being undertaken.</li> </ul>	
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<u>Further Actions/Controls required:</u>	<u>By Who:</u>	<u>When:</u>
<ul style="list-style-type: none"> <li>• Delivery of improvements outlined in Improvement Plan (workforce, frontline practice, quality assurance and performance management, partnerships) evidenced by ongoing monitoring of impact by Improvement Board and subsequent partnership boards.</li> </ul>	Interim Director – Children’s Srvcs (RC)/ Interim Assistant Director – Specialist Srvcs (SB)	Monthly
<ul style="list-style-type: none"> <li>• Increased focus by school improvement service of schools in an Ofsted category or at risk of being so.</li> </ul>	Interim Director – Children’s Services (RC)/ Assistant Director – Access and Achievement (LP)	Monthly updates
<ul style="list-style-type: none"> <li>• Reports to Full Council.</li> <li>• Report to Audit Committee.</li> <li>• Regular reporting to Children and Young People Performance and Outcomes Scrutiny Panel.</li> </ul>	) Interim ) Director - ) Children’s ) Srvcs (RC)	) As per ) mtg ) dates )

**Impact:** 1=Negligible (Little effect to organisational objectives) 2=Marginal (Affects some of the organisational objectives)  
3=Critical (Affects most of the organisational objectives) 4=Catastrophic (Affects all of the organisational objectives)  
**Likelihood:** 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High.

### ***Progress to Date***

12 month DfE Review took place on 3 December 2013. Progress was recognised. Presentation and review documents available. Strategic Improvement Plan associated risks now being disaggregated so that actions are owned and championed by key Boards: Walsall Safeguarding Children's Board (WSCB), Children and Young People's Partnership Board (C&YPPB), Corporate Parenting Board (CPB) and Health and Wellbeing Board (HWB) and kept under scrutiny by Children & Young Peoples Scrutiny Performance Panel (C&YSPP).

- Assurance arrangements reviewed in March 2014 to confirm fitness for purpose and are ongoing.
- Report co-ordinated internally to set out case for recommendation to Minister to lift the Improvement Notice.
- DfE and Improvement Board Chair have reported on positive visits, all data requests met swiftly.
- Early help thematic inspection concurred with accurate self assessment.
- All actions in Improvement Notice exiting arrangements on track, including recruitment of external challenger and champion for children.
- Some nervousness still from key partner agencies about 'losing' the Improvement Board and associated accountability work (ongoing) with Borough Management Team and targeted Assurance works by Chief Executive and DCS to address this.
- Ongoing work to ensure greater proportion of Walsall children going to good or better schools, includes co-produced strategy and operational plans; staff changes, appointment of permanent Assistant Director for Access and Achievement and a Head Teacher and Governors Conference in January 2014. Critical now to ensure strategy turns to delivery plans impacting on outcomes for children.

**Impact:** 1=Negligible (Little effect to organisational objectives) 2=Marginal (Affects some of the organisational objectives)  
3=Critical (Affects most of the organisational objectives) 4=Catastrophic (Affects all of the organisational objectives)

**Likelihood:** 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High.

20	Failure to safeguard children and all vulnerable adults	Date of Assessment	Current Risk Score	Target Risk Score	Achieved by
		<i>NEW RISK</i> June 2014	(1xL) 3x4=12	(1xL) 3x3=9	Ongoing

Risk Owner: Interim Director - Children's Services (RC)

**Risk Description**

Failure to ensure effective partnership practice in safeguarding children and vulnerable adults will result in significant harm, abuse or death for vulnerable residents of all ages. This has serious regulatory and reputational implications and risks, including intervention, for the council and the wider partnership, with serious consequences for service users and loss of confidence by local residents.

**Key mitigation activities**

Effective Children and Adult Safeguarding Boards.	Interim Director – Children's Srvcs (RC)/ Director – Adult & Social Srvcs
Quality and effective front line practice.	Respective safeguarding Boards; Interim Director- Children's Srvcs (RC) / Director – Adult & Social Srvcs and teams

**Impact:** 1=Negligible (Little effect to organisational objectives) 2=Marginal (Affects some of the organisational objectives)  
3=Critical (Affects most of the organisational objectives) 4=Catastrophic (Affects all of the organisational objectives)

**Likelihood:** 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High.

Good multi-agency partnership working.	As above
Effective and comprehensive quality assurance.	Director-Children's Srvcs (RC) / Director – Adult & Social Srvcs and teams

<u>Further Actions/Controls required:</u>	<u>By Who</u>	<u>When:</u>
Timely replacement of ICS system, comprehensive migration of data and effective training for users.	Integrated Childrens System (ICS) programme board	Ongoing

***Progress to Date***

The key mitigating activities listed above are in place but we must ensure that they continue in a sustainable way. For Children we have reported actions and their impact to the Improvement Board since September 2012. Equally we regularly self assess and share that with partners, play a full part in our safeguarding board, conduct assurance meetings in line with guidance and are regulated regularly. Safeguarding of Adults has historically seen less focus at a national level, however, that is changing through government policy and through local practice change.

**Impact:** 1=Negligible (Little effect to organisational objectives) 2=Marginal (Affects some of the organisational objectives)  
3=Critical (Affects most of the organisational objectives) 4=Catastrophic (Affects all of the organisational objectives)  
**Likelihood:** 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High.

10	Climate change threats	Last Reviewed	Last Updated	Current Risk Score	Target Risk Score	Achieved by
		Feb 2014	July 2014	(1xL) 2x4=8	(1xL) 2x4=8	Oct 2014

Risk Owner: Executive Director – Regeneration (SN)

#### Risk Description

A significant risk exists that growing long-term climate change challenges are placed “on the back burner” over the next few years. All local authorities will be challenged by: an increase in inclement weather patterns (flood, heat waves, drought, windstorm, increased snow fall) building the right infrastructure and new statutory flood and water risk management duties. Having sufficient financial resources and flexibility to address these challenges may become increasingly difficult.

#### Key mitigation activities

The current Climate Change Strategy with accompanying Mitigation and Adaptation Action Plans covering the period 2010-2014. There is an open Internal Audit action for the Strategy and Actions to be updated, with a deadline of November 2014. The Carbon Management Plan will also need to be updated and published on the council’s website. The new framework for reporting and monitoring of the Climate Change Strategy and Action Plans now sits with the Low Carbon Management Board which meets quarterly. Following the successful Carbon Trust’s Collaborative Low Carbon Schools Service pilot, a delivery plan was developed and is published on the council’s website. Schools enquiring as to how to reduce their energy consumption are directed in the first instance to this delivery plan which includes case studies from some of the schools on the pilot programme, the energy saving interventions adopted and the resultant savings both in terms of carbon and money.

Re-wiring schemes will always include more energy efficient lighting and we now have one school, Millfield Primary, which boasts of LED Smart technology. The school is the first in Walsall to install LED in classrooms as well as communal areas. St John’s Primary is the next to have agreed to LEDs in classrooms. Other actions include phased replacement of public lighting with LED lanterns. So far 1800 have been replaced with a further 548 scheduled for this financial year. Awaiting a refreshed business case for Solar PVs for the Civic Centre

A key driver for ensuring the council reduce its carbon emissions is the Carbon Reduction Commitment Energy Efficiency

Energy Officer (CE)

**Impact:** 1=Negligible (Little effect to organisational objectives) 2=Marginal (Affects some of the organisational objectives)  
3=Critical (Affects most of the organisational objectives) 4=Catastrophic (Affects all of the organisational objectives)

**Likelihood:** 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High.

<p>Scheme (CRC). A timetable for robust reporting and a set of internal CRC operational procedures and processes has exist. Driving the message home through behaviour change will require the backing and support from all of the Corporate Management Team. A Sustainability and Carbon Management module has been written which sits on the council's e-learning portal for staff to access.</p> <p>Work is being undertaken with social landlords to encourage the use of renewables and to also benefit from the feed in tariffs. The council remains at the forefront nationally in securing investment to help residents (especially the vulnerable) improve energy efficiency (reduce carbon emissions and costs) of their homes. This has included:</p> <ul style="list-style-type: none"> <li>a) Securing funding from DECC to help tackle fuel poverty in the borough - ongoing.</li> <li>b) Undertaking a collective fuel switch with other councils in the West Midlands - ongoing</li> </ul> <p>Big Carbon Saving – there are two nominated installers working under the Energy Company Obligation (ECO) umbrella for boiler replacement and solid wall insulation for residents who have been tested. Boiler replacements are now active in Walsall but external wall insulation is not now expected to go ahead until 2015/16, if at all.</p>	
<p>In accordance with DEFRA requirements the council is designated as a Lead Local Flood Authority (LLFA). In accordance with new legislation the council has produced a Preliminary Flood Risk Assessment (PFRA) and is now working on the production of a Local Flood Risk Management Strategy. A structured work plan has been produced to prioritise our approach which includes: the implementation of a flood risk management strategy, identification and designation of flood risk control features and assets and the establishment of a Sustainable Drainage Approval Board. A strategic flood partners group has been established, chaired by the portfolio holder, and includes all strategic partners. The purpose is to provide strategic direction for local flood management with the meetings to be held six monthly.</p>	<p>Group Manager – Highways &amp; Environment (JR)</p>

<u>Further Actions/Controls required:</u>	<u>By Who:</u>	<u>When:</u>
<ul style="list-style-type: none"> <li>• Production of a Local Flood Risk Management Strategy.</li> <li>• Establish a sustainable Urban Drainage Approval Board.</li> <li>• Identify and designate flood control features</li> </ul>	<ul style="list-style-type: none"> <li>} Group</li> <li>} Manager -</li> <li>} Highways &amp;</li> <li>} Environment</li> <li>} (JR)</li> </ul>	<ul style="list-style-type: none"> <li>2014</li> <li>Oct 2014</li> <li>Oct 2014</li> </ul>

**Impact:** 1=Negligible (Little effect to organisational objectives) 2=Marginal (Affects some of the organisational objectives)  
3=Critical (Affects most of the organisational objectives) 4=Catastrophic (Affects all of the organisational objectives)

**Likelihood:** 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High.



<u>Further Actions/Controls required (Cont'd):</u>	<u>By Who:</u>	<u>When:</u>
<ul style="list-style-type: none"> <li>Climate Change Strategy to be updated</li> </ul>	Carbon Reduction Compliance Officer (CE)	November 2014
<ul style="list-style-type: none"> <li>Carbon Management Plan to be refreshed</li> </ul>	Carbon Reduction Compliance Officer (CE)	November 2014

***Progress to Date***

- CHP is on the list of strategic projects and not in the main programme. Other options to explore include going into partnership.
- Smarter workplaces project/programme.

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3=Critical (Affects most of the organisational objectives) 4=Catastrophic (Affects all of the organisational objectives)  
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**Impact:** 1=Negligible (Little effect to organisational objectives) 2=Marginal (Affects some of the organisational objectives)  
3=Critical (Affects most of the organisational objectives) 4=Catastrophic (Affects all of the organisational objectives)

**Likelihood:** 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High.

**CMT Risk Register – July 2014**

11	Demographic Change	Last Reviewed	Last Updated	Current Risk Score	Target Risk Score	Achieved by
		March 2014	June 2014	(IxL) 3x4=12	(IxL) 3x3=9	Sep 2014

Risk Owner: Executive Director – Social Care & Inclusion (KS)

#### Risk Description

The tension between short-term cuts and long-term goals is illustrated by demographic changes. Demographic change could in future have a significant impact on the delivery of the council's objectives. The Corporate Plan 2013/14-2014/15 priority for improving health and well being includes the following desired outcomes:

- Gaps in life expectancy between the least and most deprived wards in the borough are reduced
- More people living healthier and more active lifestyles
- Reduced childhood obesity leading to healthier adult lifestyles
- Fewer vulnerable adults and older people needing intensive support and for shorter periods
- More vulnerable adults living meaningful lives in their own homes with fewer people living in long term residential or nursing care

But Britain has a changing and ageing population and there will be challenges as this demographic transition occurs.

There are rising numbers of very elderly people liable to need support, because of:

- High birth rate in 1920s (between end of WW1 and 1930s depression)
- More living longer
- Lifespan rising faster than years of healthy life
- Increasing numbers of people with dementia
- Rising expectations of retaining elements of a normal life.

The number of younger adults living with physical disability and/or learning difficulty and needing support is also increasing because of:

- More being born
- More surviving to adulthood
- More living with higher levels of dependency
- More living longer
- Rising expectations of living a normal life.

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**Impact:** 1=Negligible (Little effect to organisational objectives) 2=Marginal (Affects some of the organisational objectives)  
3=Critical (Affects most of the organisational objectives) 4=Catastrophic (Affects all of the organisational objectives)

**Likelihood:** 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High.

**CMT Risk Register – July 2014**

**Appendix 1(iii)**

## Key mitigation activities

<ul style="list-style-type: none"> <li>• Good intelligence on the structure and dynamics of the borough's population, e.g. rising birth rate coinciding with increasing numbers of very elderly, stretching the working age population dependency ratio.</li> <li>• Maximising prevention, independence and self-reliance through individual, family and community capacity building, to reduce dependence on expensive statutory services.</li> <li>• Adult social care operating model which maximises preventative interventions, thereby reducing the need for long term intensive and expensive care.</li> <li>• Understanding and acting on the role of all council – and partner – services in the prevention agenda. This is not exclusively a children's and adult social care issue.</li> <li>• Allocation of available resources in ways that prioritise need that cannot be met in other ways, and ensuring equity within and between population cohorts</li> <li>• Maximising service user contributions towards meeting the costs of services, while ensuring ability to pay.</li> </ul>	ED – Resources (RB) / ED – N/hoods (JM)/ Head of Finance (VB)/ Economic Intelligence Mngr (EC)/ ED – Social Care & Inclusion (KS)
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<p><u>Further Actions/Controls required:</u></p> <ul style="list-style-type: none"> <li>• Ensure fed into the annual budget round, medium term financial plan and long term financial plan</li> <li>• Regular review of the demographics; monitor, change and adapt accordingly:             <ul style="list-style-type: none"> <li>- 2011 census detail</li> <li>- Annual mid year estimates</li> </ul> </li> </ul>	<p><u>By Who:</u> Head of Finance (VB) Economic Intelligence Mngr (EC)</p>	<p><u>When:</u> Quarterly  Annual (September)</p>
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## Progress to Date

The revenue budget for 2014/15 reflects the mitigation activities detailed above, in particular the maximisation of prevention and alignment of our operating model. However, national changes to charging arrangements from 2015/16 set out in the Care Bill mean that no proposals for additional or increased charges have been put forward for the 2014/15 budget.

There are indications in the acute hospital of greater demand from older people, but to date mitigating action has prevented that adversely impacting the Directorate's budget. Reablement and social work services are the key to the mitigation and constitute the main focus for the next 2 years on containing demand.

The Children and Families Act 2014 is providing requirements and opportunities this year to develop joint working with Children's services for those in transition and thereby ensure better outcomes at lower costs in meeting that demand.

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3=Critical (Affects most of the organisational objectives) 4=Catastrophic (Affects all of the organisational objectives)

**Likelihood:** 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High.

**CMT Risk Register – July 2014**

**Appendix 1(iii)**

15	Welfare Reform Act 2012	Last Reviewed	Last Updated	Current Risk Score	Target Risk Score	Achieved by
		June 2014	April 2014	(1xL) 3x4=12	(1xL) 3x3 =9	October 2015

Risk Owner: Executive Director – Resources (RB)

#### Risk Description

The Welfare Reform Act 2012 came into effect in January 2012 introducing a wide range of reforms to the benefits and tax credits system, administered across government departments, agencies and local authorities. Many benefits are being changed, or withdrawn and replaced by new systems. There are also complicated transitional arrangements as the reforms are phased in over the next few years, and uncertainty remains in some areas. Most of the changes will impact upon those of working age, with residents of state pension credit age being largely protected from adverse impacts.

Elements that are administered by the local authority are being implemented in parallel to ‘business as usual’. This involves moving resources from the benefits processing/customer support into project work or dealing with the increased customer enquiries. Additional funding has been allocated to help with the implementation but skilled permanent staffing resources are difficult to obtain and there is a shortage of costly agency staff.

In addition these changes are also being implemented alongside the implementation of systems thinking within “My money, My Home, My Job” (MHJ).

From April 2013 there has been a significant amount of change for the residents of Walsall.

#### 1. Council Tax Reduction Scheme

The design and implementation of a local scheme where pensioners are protected and there is a reduction in funding from central government. Whilst the council has identified its preferred scheme, retaining the current scheme, there is a financial risk to the council of any movement in the customer base.

The scheme passes all of the financial risk to local authorities for rising caseloads. If a large employer closes in any area the additional cost of supporting these customers will have to be met locally. The rising pensioner population who have to be protected on the same benefit levels provide a further financial pressure. Council considered options and have adopted to protect the working aged customer base from the reduction in budget during 2014/15.

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3=Critical (Affects most of the organisational objectives) 4=Catastrophic (Affects all of the organisational objectives)

**Likelihood:** 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High.

**CMT Risk Register – July 2014**

**Appendix 1(iii)**

## **2. Household benefit cap**

The benefit cap was announced in the Spending Review 2010. In April 2013 a cap was introduced on the total amount of benefit that working age claimants can receive so that households on out of work benefits will no longer be entitled to receive more in benefit than the average weekly wage, after tax and national insurance. Initially the cap will be administered by local authorities via housing benefit. This has now been implemented by four London boroughs from April 2013 and Walsall went 'live' from 15 August 2013. From October 2013 it applied to all new claims to Universal Credit.

We have capped 216 claimant households, with large families being the biggest losers. Some families have lost £100 per week.

As at 17 March 2014 the number of capped households had reduced to 153 as a result of the following:- change in people's circumstances that take them below the cap threshold – ie: child leaves, person stops claiming JSA (Job Seekers Allowance), moves out of the area, begins to receive DLA (Disability Living Allowance), starts work and claims WTC (Working Tax Credit) etc.

## **3. Social sector size criteria - (bedroom tax)**

From April 2013 the maximum rent for households has been reduced depending upon how many bedrooms the household is considered to need. The estimated number of households affected is circa 4,000.

Rates of reduction: 14% of the total eligible rent for under-occupation by one bedroom; eg: £12 per week.  
25% of the total eligible rent for under-occupation by two bedrooms or more, eg: £21 per week.

January 2014 urgent circular received from the Department for Work and Pensions (DWP) re tenants who have now been identified as being exempt from this reduction. "They must have been continuously entitled to housing benefit since at least 1 January 1996 and occupied the same dwelling since that date".

Action:- the local authority (LA) to identify cases that are potentially affected by this issue. Local authorities to check eligibility and then to revise the assessment of HB (Housing Benefit). However, DWP will be amending the regulations to ensure that the policy intention is delivered. When regulations amended the LA will have to revise the assessment. Risk –1/ scarce resources being absorbed in identification, revision + reassessment; 2/ That affected claimants may make seek compensation; 3/ IT system may need an upgrade to allow this change which may be chargeable.

It is estimated that 250 residents will be affected by this "loophole". At the end of February 111 had been paid. The DWP have revised the legislation with effect from 3 March 2014. These customers will have their benefit entitlement re-assessed to re-apply

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the “bedroom” tax.

**4. Social fund - Community Care Grants and Crisis Loans (Walsall Crisis Support Scheme)**

As part of the Government’s welfare reforms, Community Care Grants and Crisis Loans for general living expenses, previously administered by the DWP within the social fund, were abolished from April 2013 and replaced by a new local provision (Walsall Crisis Support Scheme). The timescales for the design and the development of a local scheme and the limited data available from the DWP the authority implemented an interim scheme from April 2013 to enable the 2014 scheme to be designed against demand for support under the interim scheme.

Program funding allocation for Walsall is £1,098,510.

A Cabinet report on the revised scheme for 2014/15 was presented to cabinet February 2014.

DCLG released the Authority’s draft funding settlement for 2014/15 and provisional 2015/16 on 18 December 2013. *Alongside the settlement further information was published on each authority’s spending which includes £1.311m within the in 2014/15 spending powers detailed in relation to Local welfare Provision Grant but no allocation shown in 2015/16. Whilst further work will be required to understand the implications of this at present there is now no funding within the MTFP allocated for Crisis Support from 2015/16 onwards.*

Analysis is being undertaken to identify alternate options for operating the scheme and to compare that to the funding that will have been received by the authority in total by the end of 2014/15. This will summarise how long the scheme will, therefore, be able to continue to operate (subject to member approval). This analysis is still at an early stage, however, the current position shows that, if costs of the scheme for future years are broadly in line with those seen in 2013/14, then the scheme should be able to continue until at least 2016/17. A further report identifying the Crisis Support position and forward plan for 2015/16 will be circulated once this analysis has been finalised.

**5. Universal Credit (New claims from October 2013 )**

Where previously Government has seen little or no role for councils that view now seems to be changing with piloting the face to face delivery of universal credit in a number of local authorities. However, the original idea of Universal Credit (UC) being “digital by default” may be over ambitious without the customer receiving support. Help with budgeting monthly income will also be required.

### Roll out of Universal Credit (UC)

*"The four year process to stop claims to the benefits replaced by UC and to migrate existing claimants from the old system should be completed by the end of 2017".*

The exact timing and sequence of the migration process will be adjusted in the light of experience, not least from operating the pathfinder service in the Greater Manchester area from April 2013.

The roll-out of UC is now "careful and controlled" • *new claims to Universal Credit in place of Job Seekers Allowance start from October 2013; what this will actually mean will be shaped by the findings of the pathfinders. Full transition is still being planned for 2017.*

This means that local authorities will need to plan for receiving new passported Income Support claims for much longer. It also means that the managed transition of existing Housing Benefit claims to Universal Credit will not now start as planned in September 2014.

Although Universal Credit will reduce the cost of administering the benefits system, councils are still dealing with really complex changes in the meantime with reduced administrative funding.

- Staffing Risks – councils are still not clear about the long term implications for local authority staff. They are not in a position to cope with workloads if staff start to leave and go elsewhere due to the uncertainty of the future. There is no clarity on whether TUPE will apply or who will meet redundancy costs.
- The restructure within the Money Home Job (MHJ) environment which may have an impact on the ability to deliver the complex reforms to the residents of Walsall.
- It makes sense that local authorities play an on-going role in the delivery of Universal Credit. Information about Universal Credit is useful for other areas of welfare support that the local authority will continue to administer – fairer charging, Walsall Crisis Support scheme, Council Tax Reduction Scheme and residual Housing Benefit. However it is unclear if local authorities will be funded to deliver this service. A consultation paper was circulated in March 2013 but decisions are still awaited from Central Government on what is seen as a local delivery partnership. A response, the LA Framework, was received in December 2013 but it did not give sufficient details understand the impact on the local authority.
- A more detailed paper is scheduled to be produced during 2014/15
- 13 local authority led pilots have been extended for a further 3 months to enable findings to be aligned with the local support service framework.

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3=Critical (Affects most of the organisational objectives) 4=Catastrophic (Affects all of the organisational objectives)

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### **Benefit Up-rating rates**

The Chancellor announced in 2012/13 that most working age benefits are to be up-rated by 1 per cent for each of the next three years. This includes the main elements of jobseeker's allowance, employment and support allowance and income support, applicable amounts for housing benefit, maternity allowance, statutory sick pay, statutory maternity pay, statutory paternity pay and statutory adoption pay.

Benefits for pensioners and certain disabled claimants will be exempted from this cut however. The state pension will be increased by 2.5 per cent, resulting in an increase of £2.70 per week, and other benefits, including the additional state pension and disability and carers benefits, will continue to be up-rated in line with prices.

The 1 per cent up-rating include child tax credit and working tax credit (excluding disability elements). The couple, lone parent and child elements have been up-rated by 1 per cent for three years from April 2013; the basic and 30 hour elements were not up-rated in 2013-2014 but were up-rated by 1 per cent in 2014-2015, and will be up-rated by a further 1 per cent in 2015-2016; and all disability elements will continue to be up-rated by prices each year.

Child benefit, which was frozen in 2013/14, was up-rated by 1 per cent in 2014-2015 and will be up-rated by a further 1 per cent in 2015-2016.

Universal Credit earnings disregards will be increased by 1 per cent for two years from April 2014.

### **Up-rating of Local Housing Allowance (LHA) rates**

The arrangements already announced for the annual up-rating of local housing allowance rates by the September 2012 CPI rate applied for the 2013/14 cap, but for the following two years, 2014-2015 and 2015-2016, the up-rating of LHA rates is restricted to 1 per cent in most areas.

## **6. Increased Discretionary Housing Payments (DHP)**

The DWP has increased the amount of grant for Walsall significantly, however, the total spends allowed for this scheme under regulation is 2.5 times the value of the grant and this could place pressure on budgets. The value of the reductions in housing benefit as a result of the Welfare Reform Act effective from April 2013 far outstrip the total allowable spend of Discretionary Housing Payments. The DHP grant for 2014/15 has increased further to £737,214, which allows the authority to spend up to £1,843,034 – the pressure on budgets may be up to £1,105,821.







16	Impact of Care Act [previously limited to care funding cap]	Last Reviewed	Last Updated	Current Risk Score	Target Risk Score	Achieved by
		March 2014	June 2014	3x4=12	3x3=9	<i>Dependent on Care Act guidance which is currently awaited</i>

Risk Owner: Executive Director – Social Care & Inclusion (KS)

#### Risk Description

This risk has previously focussed on the anticipated financial implications of a cap on the amount that any service user has to pay towards the costs of their adult social care. This is one of the proposals contained in the Care Act 2014.

In parallel with the progress of the legislation, national and local thinking on the totality of the financial implications of the Act are developing, and this risk has now been redefined to consider the entirety of the Act. The draft guidance which is the detail necessary to estimate impact is due to be published this month and the analysis will follow this summer. The main changes and their potential financial implications are currently:

Cap on care cost of £72,000	<p>The Bill sets a maximum a person can pay for care over their lifetime of £72,000. However, a separation of care from other living costs means that people will probably have spent much more than the headline figure of £72,000 (£150,000 has been suggested) before reaching the cap, and it is, therefore, possible that only a small minority of service users will ever reach the cap.</p> <p>Currently people can pay for their care in full when their assets are above £23,250. Additional costs may be incurred from self funders who having spent £72,000 on care will come to the local authority for support. The baseline level of self funders in Walsall is lower than some other authorities. We are aware currently of 263 self funders in residential homes but this figure could increase as not all details are held. There is an estimate of 2,700 self funders for domiciliary care but again this is an estimate and the number could be significantly higher. This is a significant piece of work that needs addressing in line with demand modelling being completed by the Joint Commissioning Unit.</p> <p>As well as costs arising from clients reaching the care cap, there are the associated additional costs</p>
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**CMT Risk Register – July 2014**

**Appendix 1(iii)**

	<p>of more social work assessments and reviews being carried out.</p> <p>There is also a potential reduction in income received from Benefits Based Charging.</p>
Transition of children (under 18) currently in the system into adult social care who will receive care free for the remainder of their life.	There could be additional costs arising from a requirement to maintain the same level of service provision when a young person moves from children's to adults services. This could have a substantial implication if the system remains as it is - currently packages of care are re-assessed on transition and generally the adult package would be at a reduced cost. SC&I need to ensure reassessment happens sooner - well before the client is transferred to SC&I.
Deferred payment of residential fees after client has deceased.	There may be an increase in the number of clients who can defer payment of their residential fees and property. This is a financial risk both to the timing of the capital receipts recovery and the property market as this can change and this could affect the level of fees an authority could recover.
National minimum threshold for eligibility.	Walsall only arranges care for clients whose needs are classed as substantial or critical. If the minimum threshold is lower there would be increased eligible demand and a significant increase in costs.
Carers entitlements (including young carers).	Under the Bill carers are entitled to more support via an assessment and support plan. There could be a significant increase in the number of carers' assessments needed to be carried out and consequent additional support costs. Enhanced rights for young carers are likely to have implications for Children's Services directorate.
Increased information, advice and signposting .	Walsall Council currently uses a team of call navigators, the Open Objects gateway and the Third Sector to provide first contact information. However, the Act requires enhanced information, advice and signposting services, which will have cost implications.
Care Providers – managing market failure.	The Act places greater emphasis than current legislation on the local authority's role to step in when there is any market failure and to ensure continuity of care – this could have financial implications.
Independent personal budgets.	Currently a client's budget is based on the value of the assessed service (via brokerage) and not the Resources Allocation System (RAS) as clients tend to follow a traditional care route. There is a different approach to assessment and support being developed to ensure equitable, personal outcomes at lower costs.
Clients with eligible needs request authority brokerage and support for a fee.	Further work needs to be carried out to assess if there is likely to be an increase in demand and cost.
Discussions are now taking place nationally about the way in which the costs of the Act's components can be calculated and funded. Some set up funding has been announced, equivalent to about £1.7m for Walsall in 2015/16, but this is recycled money expressed through the Better Care Fund. There is a limited £125k grant in 2014/15 to support implementation.	

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**Likelihood:** 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High.

There remains a serious risk that the Government will find it complex and difficult to produce a funding formula that is fair and covers the different issues that different types of local authorities will face. Almost certainly there will be increased costs and a loss of income for councils that will not be covered in the grant being made available to manage the changes.

**Key mitigation activities**

<ul style="list-style-type: none"> <li>• Close monitoring of the progress of legislation, and ministerial and operational guidance from Department of Health.</li> <li>• Engagement with ADASS (Association of Directors of Adult Social Services), LGA and other representative groups on the financial implications of the Bill.</li> </ul>	Head of Community Care – Partnerships (SJ)/ Head of Community Care – Operations (PD) / Senior Finance Manager (DM)
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<p><u>Further Actions/Controls required:</u></p> <ul style="list-style-type: none"> <li>• Scenario planning for possible statutory financial models, and CSR settlement.</li> <li>• Modelling of the financial implications as they apply to the relevant Walsall populations.</li> <li>• Forward planning of things that need to have been done by adult social care before April 2015 and 2016 (including gathering intelligence on self funders and the self funding market, and developing business and financial systems to gather, judge and process claims for financial support under the new provisions).</li> <li>• The Ministerial guidance that will accompany the Act will be critical – as ever, the devil will be in the detail.</li> </ul>	<p><u>By Who:</u></p> Senior Finance Manager (DM)/ Executive Director – SC&I (KS)	<p><u>When:</u></p> Dependent on Care Act guidance which is currently awaited.
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***Progress to Date***

A Care Act Implementation Board is in place under the Assistant Director Community Care with cross council representation on all key aspects outlined above. National guidance and information events and channels have been used to ensure the Act is fully understood and risks mitigated.

Plans to inform Members in Scrutiny and take policy decisions to Cabinet ahead of implementation from April 15 are in place.

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**Likelihood:** 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High.

## Risk Management Methodology Options Appraisal

There are advantages and disadvantages to any risk management approach. The relevant advantages and disadvantages of the council's current risk scoring methodology, alongside other potential methodologies, are shown below.

### 6x4 Matrix

The council's current method of assessing risks is quite large and complex with risks falling in one of 24 possible categories (based on multiplication of the likelihood score, of 1 – 6, with the Impact score, of 1 – 4). This results in the following assessment:

Low – score 1 – 3 (Green)

Medium – score 4 – 12 (Amber)

High – score 15 – 24 (Red).

### Advantages

The current 6x4 scoring system is well embedded within the organisation and follows a similar model of scoring risk to that used by the council's health and safety risk assessments.

### Disadvantages

The current 6x4 system could be viewed as cumbersome with little difference (if any) between the differently scored boxes. Action taken depends upon the colour of the current risk level, i.e. red, amber or green - not the score.

Adding the more detailed definitions, as set out in the Audit Committee report, to the current rating criteria will mean that risk owners will need to review their scoring to ensure that they meet the suggested criteria.

### 3x3 Matrix

A much simpler rating methodology could be achieved through use of a 3x3 matrix, as shown below:

<b>IMPACT</b>	High	7	8	9
	Medium	4	5	6
	Low	1	2	3
		Low	Medium	High
<b>LIKELIHOOD</b>				



<b>Impact Measures</b>			
	<b>High (Red)</b>	<b>Medium (Amber)</b>	<b>Low (Green)</b>
<b>Personal Safety</b>	Avoidable death, abuse, life-threatening OR permanent disability.	Avoidable serious injury OR longer term absence (over 3 days).	Avoidable minor injury OR short term absence (less than 3 days).
<b>Cost</b>	More than £250k.	Between £100k-£250k.	Between £20k-£100k.
<b>Legal impact</b>	Legal action certain; possible imprisonment.	Legal action likely. Possible fines.	Legal action and/or fines unlikely.
<b>Intervention required</b>	Statutory body, partner or enforcement agency.	Member intervention.	Corporate Management Team intervention.
<b>Service impact</b>	Serious service failure directly affecting vulnerable groups.	Serious failure but not directly affecting vulnerable groups.	Significant service disruption.
<b>Project delivery</b>	Project failure impacting on the council's performance.	Project failure impacting on the directorate's performance.	Significant delays impacting on the service's performance.
<b>Reputation impact</b>	National media attention, highly damaging, potential Public Interest Report or Judicial Review.	Sustained local media attention.	Short term local media attention.

<b>Likelihood Measures</b>			
	<b>High (Red)</b>	<b>Medium (Amber)</b>	<b>Low (Green)</b>
<b>Timescale</b>	Highly likely to happen.  An incident has occurred in the past year OR is highly likely to occur in the next year.	Likely to happen.  An incident has occurred in the past 1-2 years OR is likely to occur in the next 1-2 years.	Possible.  An incident has occurred in the past 2-3 years OR is possible in the next 2-3 years.

### Advantages

The simplified 3x3 scoring matrix provides much less choice between categories and should, therefore, be less subjective.

Follows a similar model of scoring risk to that used for RAG rating so should be familiar to many employees.

The revised matrix highlights the current red risks and, therefore, ensures that management time is spent where it will have best effect.

Risk appetite is more tightly defined within the 3x3 approach.

Making such a fundamental change to the approach to assessing business risk may act to revitalise the risk management process.

Disadvantages

The risk appetite line covers current red and some current amber risks. This could lead to confusion.

Adopting the revised 3x3 scoring matrix will require a re-write of the corporate risk management strategy, policies and procedures, scoring of current risks, and will require the rolling out of a training programme for all of those involved with risk.

**5x5 Matrix**

Research shows that a further popular approach used by organisations is a 5x5 matrix. This approach is endorsed by the European Forum for Quality Management (EFQM) and is also endorsed by the Institute of Risk Management (IRM).

The approach is similar to the council's current 6x4 approach with both likelihood and impact scored as follows:

**Impact Measures**

Score	Description	
1	Insignificant or minor	No or slight impact on objectives.
2	Moderate	Moderate impact on objectives.
3	Significant	Significant impact on objectives.
4	Very significant	Impact on objectives affecting delivery over several service areas.
5	Major (catastrophic)	Impact on objectives requiring radical review.

**Likelihood Measures**

Score	Description	
1	Rare	This will probably never happen.
2	Unlikely	Do not expect it to happen but it is possible it may do so.
3	Possible	Possibly may happen.
4	Likely	Highly probable that it will happen.
5	Almost Certain	Likely to occur in the majority of cases.

The EFQM and the IRM suggest definitions for each of these categories. As with our current approach the scores for likelihood and impact are multiplied to give an overall risk score and the risks are then plotted on a matrix. This time, however, the overall score falls into 1 of 4 categories.

1 – 4            Red (Low)  
Requires active management to ensure the activity remains an opportunity and does not become a threat.

5 – 9            Amber (Medium)  
Level of engagement needs to be kept under review to ensure this does not turn into a threat.

10 – 15        Yellow (High)

Active engagement required with further action to reduce likelihood and/or impact.

16 – 25      Blue (Very High)  
Active management required with regular reviews to reduce impact of the risk.

### Advantages

Approach endorsed by professional bodies - EFQM and IRM.

Existing definitions to support the introduction of the process.

Again, making such a fundamental change to the approach to assessing business risk may act to revitalise the risk management process.

### Disadvantages

Overall score ratings (Red, Amber, Yellow, Blue) will be unfamiliar for people using the current risk management approach and other RAG rating tools within the council.

Will require a re-write of the corporate risk management strategy, policies and procedures, scoring of current risks, and will require the rolling out of a training programme for all of those involved with risk.

Further work would be needed to refine the definitions of the scoring criteria and the risk appetite from the risk assessment exercises.

If a revised approach is needed consultation will need to be undertaken with various risk owners/risk champions.