



Audit & Governance Committee  
11 April 2016

**Leadership Risk Register**

**Purpose of the report:**

The purpose of this report is to present the Leadership risk register as at 29 February 2016 and update the committee on any changes made since the last meeting to enable the committee to keep the council's strategic risks under review.

**Recommendations:**

It is recommended that the committee:

1. Review the Leadership risk register; and
2. Determine whether there are any matters that they wish to draw to the attention of the Chief Executive, Cabinet, specific Cabinet Member or relevant Scrutiny Board.

**Leadership risk register:**

3. The Leadership risk register (Annex 1) is owned by the Chief Executive and shows the council's key strategic risks. The register is regularly reviewed by strategic risk leads from across the council, senior management and members.
4. Since it was last presented to the committee in February, the risk register has been reviewed by the Strategic Risk Forum<sup>1</sup> (chaired by the Director of Finance) and the Statutory Responsibilities Network<sup>2</sup>. The Leadership risk register is also being presented to the Council Overview Board on 13 April 2016.

<sup>1</sup> Strategic Risk Forum membership – Director of Finance (Chair), strategic risk leads, Chief Internal Auditor, Head of Emergency Management, Risk and Governance Manager.

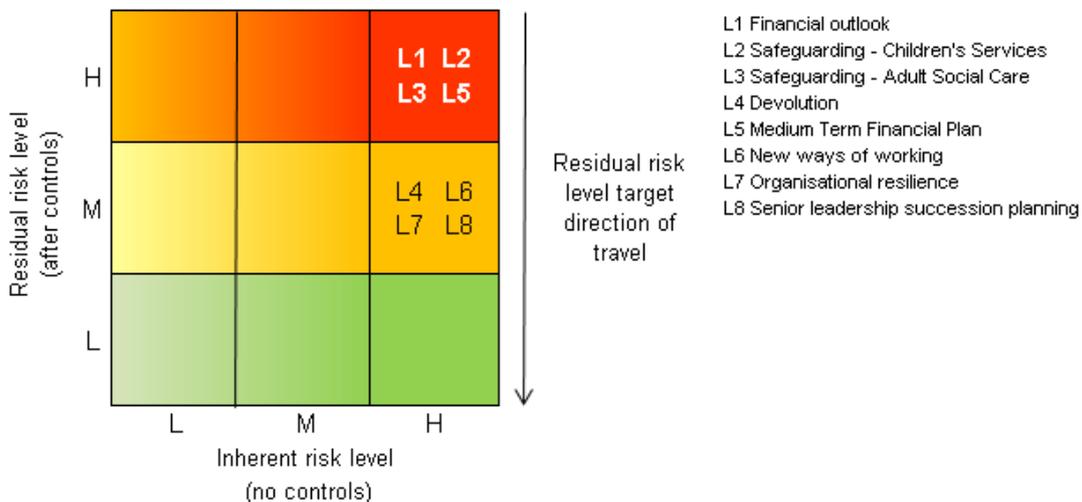
<sup>2</sup> Statutory Responsibilities Network membership – Chief Executive (Chair), statutory officers for Social Care and Public Health, Education, Fire, Director of Finance, Director of Legal, Democratic and Cultural Services, Chief Internal Auditor.

## Changes to the Leadership risk register

5. Additional processes and wording changes have been made to the following risks:
- Financial outlook (L1);
  - Safeguarding – Children’s Services (L2); and
  - Medium Term Financial Plan (L5).

### Residual risk level

6. The Leadership risk register includes both the inherent and residual risk levels for each risk. Inherent risk is the level of risk before any control activities are applied. The residual risk level takes into account the controls that are already in place, detailed on the risk register as both ‘processes in place’ and ‘controls.’
7. There are eight risks on the Leadership risk register, all of which have a high inherent risk level, as illustrated in the table below. Despite mitigating actions, four of these risks continue to have a high residual risk level (L1,L2,L3,L5) and four continue to have a medium residual risk level (L4,L6,L7,L8): showing the significant level of risk that the council is facing despite the processes and controls being put in place to manage the risks.



### Implications:

#### Financial and value for money implications

8. There are no direct financial implications relating to the Leadership risk register.

#### Equalities and Diversity Implications

9. There are no direct equalities implications but any actions taken need to be consistent with the council’s policies and procedures.

#### Risk Management Implications

10. Effective management of risks and financial controls supports the council to meet its objectives and enable value for money.

**Next steps:**

The Leadership risk register will be presented to Council Overview Board on 13 April and Cabinet on 26 April 2016.

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**Leadership risk register as at 29 February 2016 (covers rolling 12 months) Owner: David McNulty Annex 1**

**Strategic risks** – have the potential to significantly destroy or destroy the organisation

Ref	Risk ref.	Description of the risk	Inherent risk level (no controls)	Processes in place (ie the 'how' risks are being mitigated)	Controls (i.e. decisions needed)	Lead risk owner	Residual risk level (after existing controls)
L1	FN01	<b>Financial outlook</b> Lack of funding, due to constraints in the ability to raise local funding and/or distribution of funding, results in significant adverse long term consequences for services.	<b>High</b>	<ul style="list-style-type: none"> <li>Structured approach to ensuring Government understands the council's Council Tax strategy and high gearing.</li> <li>Targeted focus with Government to secure a greater share of funding for specific demand led pressures (in particular Adult Social Care).</li> <li>Proactive engagement with Government departments to influence Government policy changes (especially grant distribution, 100% Business Rate Retention strategy and school funding).</li> <li>Continued horizon scanning of the financial implications of existing and future Government policy changes.</li> <li>Development of alternative / new sources of funding (e.g. bidding for grants).</li> </ul> <p>Notwithstanding actions above, there is a significant risk of Central Government policy changes /austerity measures impacting on the council's long term financial resilience. There is also a risk that the EU referendum delays Government policy changes.</p>	<ul style="list-style-type: none"> <li>Members make decisions to reduce spending and or generate alternative sources of funding, where necessary, in a timely manner.</li> <li>Officers unable to recommend MTFP unless a credible sustainable budget is proposed.</li> <li>Members proactively take the opportunities to influence central Government</li> </ul>	Director of Finance	<b>High</b>
L2	CSF1,2	<b>Safeguarding – Children's Services</b> Avoidable failure in Children's Services, through action or inaction, including child sexual exploitation,	<b>High</b>	<ul style="list-style-type: none"> <li>Working within the frameworks established by the Children's Safeguarding Board ensures the council's policies and procedures are up to date and based on good practice.</li> <li>Adult Social Care and Children, Schools and Families are working as key stakeholders in the</li> </ul>	<ul style="list-style-type: none"> <li>Timely interventions by well recruited, trained, supervised and managed professionals ensures appropriate actions are taken to safeguard and promote the well being of</li> </ul>	Deputy Chief Executive and Strategic Director of Children's Schools and	<b>High</b>

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Key to references:  
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ORB = Orbis risk

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Ref	Risk ref.	Description of the risk	Inherent risk level (no controls)	Processes in place (ie the 'how' risks are being mitigated)	Controls (i.e. decisions needed)	Lead risk owner	Residual risk level (after existing controls)
		leads to serious harm, death or a major impact on well being.		further development of the Multi-Agency Safeguarding Hub. <ul style="list-style-type: none"> <li>Children's Services Improvement Plan is being delivered to address the improvement notice dated 26 January 2016 and strengthen service and whole system capability and capacity. Ofsted visit on a monthly basis to monitor progress.</li> <li>Assistant Director roles and responsibilities have been reshaped to strengthen leadership and governance.</li> </ul>	children in Surrey. <ul style="list-style-type: none"> <li>Actively respond to feedback from regulators.</li> <li>Robust quality assurance and management systems in place to identify and implement any key areas of learning so safeguarding practice can be improved.</li> <li>The Children's Safeguarding board (chaired by an independent person) comprises senior managers from the County Council and other agencies facilitating prompt decision making and ensuring best practice.</li> <li>An Improvement Board (chaired by the Deputy Leader) oversees progress on the Improvement Plan and agrees areas of action as required.</li> </ul>	Families	
L3	ASC6,7	<b>Safeguarding – Adult Social Care</b> Avoidable failure in Adult Social Care, through action or inaction, leads to serious harm, death or a major impact on wellbeing.	<b>High</b>	<ul style="list-style-type: none"> <li>Working within the framework established by the Surrey Safeguarding Adults Board ensures that the council's policies and procedures are up to date and based on good practice.</li> <li>Care Act Implementation Board provides strategic direction and focus.</li> <li>Adult Social Care and Children, Schools and Families are working as key stakeholders in the further development of the Multi Agency Safeguarding Hub.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to work with the Independent Chair of the Surrey Safeguarding Adults Board to ensure feedback and recommendations from case reviews are used to inform learning and social work practice.</li> <li>Agree and embed agreed changes resulting from Care</li> </ul>	Strategic Director of Adult Social Care & Public Health	<b>High</b>

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				<ul style="list-style-type: none"> <li>Established a locality safeguarding advisor to assure quality control.</li> <li>Strong leadership, including close involvement by Associate Cabinet Member for Adult Social Care in safeguarding functions.</li> </ul>	Act 2014 consultation. - Actively respond to feedback from regulators.		
L4		<b>Devolution</b> Failure to achieve a 3SC devolution deal leaves SCC without a coherent response to the strategic challenges facing the county.	<b>High</b>	<ul style="list-style-type: none"> <li>3SC internal governance arrangements agreed - including a Strategic Oversight Group which manages 3SC risks (and 3SC risk register developed/approved).</li> <li>Programme office and workstream sponsors and leads agreed with roles and responsibilities defined.</li> <li>Regular meetings of local authority Leaders and Chief Executives.</li> <li>Regular engagement with 3SC partners.</li> <li>Regular engagement with central government at both political and official level.</li> <li>Negotiation with Government underway, following a successful Ministerial challenge meeting in January.</li> </ul>	- Keep all processes under active review. - Strategic Oversight Group reviewing risk register quarterly.	Chief Executive	<b>Medium</b>

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# Leadership risk register as at 29 February 2016 (covers rolling 12 months) Owner: David McNulty Annex 1

**Cross cutting risks** – high level risks that can be mitigated more effectively through cross working

Ref	Risk ref.	Description of the risk	Inherent risk level (no controls)	Processes in place (ie the 'how' risks are being mitigated)	Controls (i.e. decisions needed)	Lead risk owner	Residual risk level (after existing controls)
L5	ASC1,2 CSF4 C&C2 EAI1 FN2 FR72, 85 ORB11	<p><b>Medium Term Financial Plan (MTFP) 2016-21</b> Failure to achieve the MTFP, which could be a result of:</p> <ul style="list-style-type: none"> <li>• Not achieving savings</li> <li>• Additional service demand and/or</li> <li>• Over optimistic funding levels.</li> </ul> <p>As a consequence, lowers the council's financial resilience and could lead to adverse long term consequences for services if Members fail to take necessary decisions.</p>	<b>High</b>	<ul style="list-style-type: none"> <li>• Monthly reporting to Continuous Improvement and Productivity Network and Cabinet on the forecast outturn position is clear about the impacts on future years and enables prompt management action (that will be discussed informally with Cabinet).</li> <li>• Budget Support meetings (Chief Executive and Director of Finance) continue to review and challenge the robustness of MTFP delivery plans and report back to Cabinet as necessary.</li> <li>• A Public Value Transformation Board has been established, as required by Cabinet, and the Terms of Reference agreed. Members of the Board are the Leader of the Council (Chair), Chief Executive and Director of Finance.</li> <li>• Budget planning discussions held with Cabinet and Scrutiny Boards.</li> <li>• Early conversations are undertaken with all relevant stakeholders to ensure consultations about service changes are effective and completed in a timely manner.</li> <li>• Cross service networking and timely escalation of issues to ensure lawfulness and good governance.</li> </ul>	<ul style="list-style-type: none"> <li>- Prompt management action taken by Directors / Leadership Teams to identify correcting actions. (Evidenced by robust action plans)</li> <li>- Members (Council, Cabinet, Scrutiny Boards) make the necessary decisions to implement action plans in a timely manner</li> <li>- Members have all the relevant information to make necessary decisions</li> </ul>	Director of Finance	<b>High</b>
L6	ASC2,9 CSF4 EAI3,15 FR74	<p><b>New ways of working</b> Failure to identify and manage the impacts / consequences of</p>	<b>High</b>	<ul style="list-style-type: none"> <li>• Shared and aligned strategies to ensure no unintended consequences.</li> <li>• Robust governance arrangements (eg. Inter Authority Agreements, Better Care Board,</li> </ul>	<ul style="list-style-type: none"> <li>- Leadership and managers recognise the importance of building and sustaining good working relationships with key</li> </ul>	Chief Executive	<b>Medium</b>

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	ORB4	implementing a range of new models of delivery leads to severe service disruption and reputational damage.		Health and Wellbeing Board, financial governance framework) in place with early warning mechanisms. <ul style="list-style-type: none"> <li>Regular monitoring of progress and risks against work streams.</li> <li>Effective transition arrangements with continuous stakeholder engagement.</li> <li>Continuous focus on building and maintaining strong relationships with partners through regular formal and informal dialogue.</li> <li>Close liaison and communication with customers.</li> </ul>	stakeholders and having early discussions if these falter. <ul style="list-style-type: none"> <li>Progress discussions with Clinical Commissioning Groups in Surrey.</li> <li>Members continue to endorse approaches to integration across the council.</li> </ul>		
L7	ASC4, 5,8 EAI2, 5,17 FR06 ORB5	<b>Organisational resilience</b> Failure to plan for and/or respond effectively to a significant event results in severe and prolonged service disruption and loss of trust in the organisation.	<b>High</b>	<ul style="list-style-type: none"> <li>Developing an employment framework that supports flexibility in service delivery and organisational resilience.</li> <li>External risks are regularly assessed through the Local Resilience Forum and reviewed by the Statutory Responsibilities Network.</li> <li>Active learning by senior leaders from experiences / incidents outside the council informs continual improvement within the council.</li> <li>Close working between key services and the Emergency Management Team to proactively update and communicate business continuity plans and share learning.</li> <li>Robust governance framework (including codes of conduct, health and safety policies, complaints tracking).</li> </ul>	<ul style="list-style-type: none"> <li>Regular monitoring of effectiveness of processes is in place and improvements continually made and communicated as a result of learning.</li> </ul>	Chief Executive	<b>Medium</b>
L8		<b>Senior Leadership</b>	<b>High</b>	<ul style="list-style-type: none"> <li>Improving collective ownership and risk</li> </ul>	<ul style="list-style-type: none"> <li>Transparent and effective</li> </ul>	Chief	<b>Medium</b>

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		<p><b>Succession Planning</b> A significant number of senior leaders leave the organisation within a short space of time and cannot be replaced effectively resulting in a reduction in the ability to deliver services to the level required.</p>		<p>sharing of organisational goals by introducing a scorecard for organisational performance.</p> <ul style="list-style-type: none"> <li>• Workforce planning linked to business continuity plans</li> <li>• High Performance Development Programme to increase skills, resilience and effectiveness of leaders</li> <li>• Career conversations built into appraisal process looking forward five years</li> <li>• Shaping leaders exercise</li> <li>• Introducing new senior leadership appraisal process that mainstreams feedback (shaping leaders) and succession planning into appraisal process.</li> </ul>	succession plans	Executive	

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## Movement of risks

Ref	Risk	Date added	Inherent risk level when added	Movement in residual risk level		Current residual risk level
L1	Financial outlook (previously called future funding)	Aug 12	High	Jan 16	↑	High
L2	Safeguarding – Children’s Services	May 10	High	Jan 15	↑	High
L3	Safeguarding – Adult Social Care	May 10	High	Jan 15	↑	High
L4	Devolution	Jan 16	High	-	-	Medium
L5	Medium Term Financial Plan	Aug 12	High	-	-	High
L6	New ways of working	Jan 16	High	-	-	Medium
L7	Organisational resilience	May 10	High	Aug 12	↓	Medium
L8	Senior Leadership Succession Planning	Mar 15	High	-	-	Medium

## Risks removed from the register in the last 12 months

Risk	Date added	Date removed
<i>National policy development</i>	<i>Feb 13</i>	<i>Jan 16</i>
<i>Waste</i>	<i>May 10</i>	<i>Jan 16</i>
<i>Comprehensive Spending Review 2015</i>	<i>Sept 14</i>	<i>Jan 16</i>
<i>Reputation</i>	<i>Oct 14</i>	<i>Jan 16</i>
<i>Staff resilience</i>	<i>May 10</i>	<i>Jan 16</i>
<i>Information governance</i>	<i>Dec 10</i>	<i>Jan 16</i>
<i>Supply chain / contractor resilience</i>	<i>Jan 14</i>	<i>Jan 16</i>

## Leadership level risk assessment criteria

Due to their significance, the risks on the Leadership risk register are assessed on their residual risk level ie. the level of risk after existing controls have been taken into account, by high, medium or low.

Risk level	Financial impact	Reputational impact	Performance impact	Likelihood
	<i>(% of council budget)</i>	<i>(Stakeholder interest)</i>	<i>(Impact on priorities)</i>	
Low	< 1%	Loss of confidence and trust in the council felt by a small group or within a small geographical area	Minor impact or disruption to the achievement of one or more strategic / directorate priorities	Remote / low probability
Medium	1 – 10%	A sustained general loss of confidence and trust in the council within the local community	Moderate impact or disruption to the achievement of one or more strategic / directorate priorities	Possible / medium probability
High	10 – 20%	A major loss of confidence and trust in the council within the local community and wider with national interest	Major impact or disruption to the achievement of one or more strategic / directorate priorities	Almost certain / highly probable

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