

## Audit Committee

Committee: Audit Committee  
Meeting or Proposed Decision Date –  
[29/08/24]  
Key Decision – No



## Improvement & Transformation Programme – Risk Report

Chair of Committee: Cllr Mike Hewitson  
Executive Member(s): Cllr Theo Butt Philip – Lead Member for Transformation and Human Resources.  
Local Member(s) and Division(s) affected: N/A  
Executive Director: Alyn Jones, Executive Director for Strategy, Workforce and Localities

### Executive Summary

This Report provides the Audit Committee with an update on the potential risks linked to the Council's Improvement and Transformation Programme. Managing risk is integral to the programme management approach, encompassing regular evaluations, oversight, and reporting procedures.

The last update to Audit Committee was in May 2024, work to deliver the approach to whole Council transformation – a critical element of creating long-term financial sustainability for Somerset Council – has continued to progress since the last update.

The approach to whole Council transformation is encompassed within the **Improvement and Transformation Programme** which brings together the activity required to deliver our vision, redesign our organisation, reshape our workforce, transform our services, and deliver our savings. The Programme comprises five component interrelated parts which will run concurrently:

- New Organisational Design
- Workforce Programme
- Innovation and Change Programme
- Partnerships, Devolution and Localities Programme
- Savings Delivery Plan

The programme risks are presented in Appendix A, with 11 active risks being monitored, with the following risk scores.

Red Current Risk Score	1
Amber Current Risk Score	7
Green Current Risk Score	3
Total Live Programme Risks	11

There are 6 emerging risks being reviewed by Programme Steering Group.

### **Recommendations**

That Audit Committee consider the latest risk update report and:

- Note the risks associated with the Improvement and Transformation Programme set out in Appendix A.
- Consider whether the proposed mitigating actions are adequate and appropriate to address concerns.

### **Reasons for Proposals**

To ensure risks associated with the Improvement and Transformation Programme are being effectively managed, reviewed and any areas of concern identified and address.

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## Background and purpose of report

### 1. Programme Risks

Since the last report a thorough review of programme risks and our approach to risk management has been undertaken in line with the corporate approach to risk management. Changes that have been made include:

- **Scoring** risks by the likelihood and impact of the inherent risk (without mitigation), current risk (based on mitigation progress so far) and target risk (based on completion of all mitigating activity).
- **Risk mitigations** – distinguishing between those mitigations already in place (and therefore aiding the current risk score) and those which are yet to be implemented (thus informing the target risk score).
- The introduction of **themes** to enable similar risks to be reviewed together, making the management of dependencies between risks and mitigations clearer. The themes are:
  - Financial Sustainability
  - Capacity & Resources
  - Non-Delivery (of the programme)
  - Ways of Working
  - Emerging (used short term only for new risks to be captured whilst information is still being assessed)
- Adopting the **Corporate Risk Scoring Matrix** which was approved by Audit Committee in May 2024, and transitioning programme risks onto the new corporate risk solution, Ideagen.
- Clear **differentiation between project/workstream risk registers and the programme risk register** – the programme register comprises programme level risks, cross cutting risks and escalated project risks where the current risk score is 16 or higher. Project/workstream risks below a current score of 16 sit on the project/workstream risk register.
- **Programme Steering Group acting as the escalation route** for review and approval of emerging and current risks, with regular reviews scheduled to ensure and assess effectiveness of mitigations.























### 2. Risk Overview Report

All eleven current programme risks are summarised in Table 1 below.

Appendix A details each risk including mitigation progress. In addition, there are also six emerging risks that are currently being reviewed with the Programme Steering Group (these relate to legal challenge by staff, members or the public; alignment of

organisational design with ways of working; Data and Tech (staff and funding) for Innovation & Change Programme; requirement for additional savings; meeting Transformation Plan requirements; and Delivery of Council priorities.

**Table 1 – Current Programme Risks**

Code	Title	Status	Risk Score	Trend	Assessment Frequency	Date Assessed	Impact	Likelihood
ITP0001	Insufficient budget for redundancies		15		Bi-monthly*	02-Aug-2024	5	3
ITP0002	Redesign of the Council does not deliver the required workforce savings		12		Bi-monthly*	09-Jul-2024	4	3
ITP0003	Financial savings are counted twice so reducing the actual savings against the bottom line		15		Bi-monthly*	15-Jul-2024	5	3
ITP0004	Payroll costs continue to increase despite of key lines of enquiry (KLOE) to reduce workforce costs being implemented.		8		Quarterly	09-Jul-2024	4	2
ITP0005	Unmotivated workforce		15		Bi-monthly*	01-Aug-2024	5	3
ITP0006	Council struggles to recruit and retain required talent and knowledge		12		Bi-monthly*	15-Jul-2024	4	3
ITP0007	Insufficient resource in Data and Tech skills to deliver requirements of Innovation & Change Programme and DDAT capabilities that enable service redesign and sustainable change		16		Monthly	01-Aug-2024	4	4
ITP0008	Insufficient resource to deliver business as usual (to the same standard) following permanent exit of resource		12		Bi-monthly*	15-Jul-2024	4	3
ITP0009	Excessive loss of staff with talent and organisational knowledge		10		Quarterly	18-Jul-2024	5	2
ITP0010	Non delivery of the organisational restructure by 31st March 2025		15		Bi-monthly*	09-Jul-2024	5	3
ITP0011	Damage to Trade Union relations and risk of industrial action		8		Quarterly	22-Jul-2024	4	2

Bi monthly\* = every two months

Table 2 details the programme risk scoring matrix which replicates the Corporate Risk Matrix except for the assessment frequency which has been amended to ensure risks are reviewed within the programme delivery timescales. The review cycle will be:

- **Red** (High) risks reviewed monthly
- **Amber** (Medium) risks reviewed bi-monthly (every two months)
- **Green** (Low) risks reviewed quarterly

Table 2 – Improvement & Transformation Programme Risk Scoring Matrix

## Improvement & Transformation Programme Risk Scoring Matrix



Likelihood (A)	<b>5. Very Likely</b> >90% chance	<b>5</b> Low Quarterly	<b>10</b> Low Quarterly	<b>15</b> Medium Bi-Monthly	<b>20</b> High Monthly	<b>25</b> Very high Monthly
	<b>4. Likely</b> 50% to 90% chance	<b>4</b> Low Quarterly	<b>8</b> Low Quarterly	<b>12</b> Medium Bi-Monthly	<b>16</b> High Monthly	<b>20</b> High Monthly
	<b>3. Possible</b> 25 to 50% chance	<b>3</b> Low Quarterly	<b>6</b> Low Quarterly	<b>9</b> Medium Bi-Monthly	<b>12</b> Medium Bi-Monthly	<b>15</b> Medium Bi-Monthly
	<b>2. Slight Likelihood</b> 10 to 25%	<b>2</b> Recording of risks at this level is optional	<b>4</b> Low Quarterly	<b>6</b> Low Quarterly	<b>8</b> Low Quarterly	<b>10</b> Low Quarterly
	<b>1. Very unlikely</b>	<b>1</b> Recording of risks at this level is optional	<b>2</b> Recording of risks at this level is optional	<b>3</b> Low Quarterly	<b>4</b> Low Quarterly	<b>5</b> Low Quarterly
		<b>Insignificant</b> 1	<b>Minor</b> 2	<b>Significant</b> 3	<b>Major</b> 4	<b>Critical</b> 5
<b>IMPACT (B)</b>						

### Links to Council Plan and Medium-Term Financial Plan

3. The overarching transformation approach is key to closing the budget gap for 2024/25 and to support long-term financial stability. The Workforce Programme within the Improvement and Transformation portfolio delivers the single largest financial benefit in 2025/26 (c.£40m) and is therefore an essential element toward future financial stability
4. The ambitions within our Council Plan are enabled by the resources available. Our budgetary position affects the level of impact that can be achieved for our communities. Moving towards a financially sustainable council will help safeguard our ambitions

### Other options considered

5. See February 2024 Executive Report on Developing the Approach to Transformation - [Developing the Approach to Transformation.pdf \(somerset.gov.uk\)](https://www.somerset.gov.uk)

## **Key considerations for the Council**

### **Scrutiny comments / recommendations:**

6. Since the last update to Executive in June, views from Corporate and Resources Scrutiny Committee have been sought in May and July on the Improvement and Transformation Programme.
7. Scrutiny continues to note that the volume of change required to deliver a financially sustainable council would impact service delivery. Continued awareness and scrutiny of the Programme is required, so the impact of resizing the workforce, devolving services, or stopping services is understood by all stakeholders and relevant scrutiny boards. To assist in continued awareness, regular all Member briefings are now taking place. The first series of all Member briefings took place on 24 April and the second was held on 10 June and most recently on 14 August.
8. To improve oversight by Scrutiny a monthly dashboard has been developed providing an overview of progress and covering the delivery that is due the following month.
9. In July, Scrutiny raised concerns that some of the risk scores may not accurately reflect the level of risk and Scrutiny would undertake a review of the risk register and provide feedback.

### **Consultation and feedback**

10. There is no requirement for consultation or engagement with customers, communities, partners and providers as part of this report.

### **Financial and Risk Implications**

11. Risks related to the delivery of the Council's Improvement and Transformation Programme, including delivery of financial savings, are detailed in this report and Appendix A.
12. The report is not asking for Members to agree any savings in a particular area. The wider transformation programmes, within the transformation approach, will bring forward individual business cases, where financial implications will be detailed for approval.

### **Legal and Procurement Implications**

13. There are no legal or procurement implications resulting from this progress update.

### **HR / Workforce Implications**

14. The workforce and HR implications associated with the Improvement and Transformation Programme will be significant and will be considered separately as the Workforce Programme develops. The workforce reduction element of the Improvement and Transformation Programme will reduce FTE by c. 20-26% across the whole Council, affecting all levels of management. Phase 2 of the Somerset Council restructuring business case is currently under development for implementation September 2024 – March 2025. To ensure Somerset Council is resilient and sustainable.

### **Equalities Implications**

15. An Equality Impact Assessment (EIA) has been developed for the Workforce Programme element of the Improvement and Transformation Programme and shared with Executive in February 2024. EIAs are currently under development for the other elements of the Programme and will be developed as a result of any consultation requirements for individual service change (where applicable).

### **Community Safety Implications**

16. There are no community safety implications associated with this report, but any service specific impacts on community safety will be considered separately as the programme develops.

### **Climate Change and Sustainability Implications**

17. Somerset Council have declared both a Climate and Ecological Emergency. Through that, the Council has committed to working towards making the whole county, including our own estate and operations, 'Carbon Neutral' by 2030 and to take positive action to reverse the damage on our natural habitats by man-made activity. We have also pledged to ensure that Somerset is resilient to, and prepared for, the effects of Climate Change. There are no climate change and sustainability implications directly arising from this report however separately it would be appropriate for the Council to consider the impact of this programme and other national changes on our targets.

### **Health and Safety Implications**

18. There are no direct health and safety implications from this decision. However, any specific impacts and implications will be considered separately as the programme develops.

### **Health and Wellbeing Implications**

19. We recognise that any period of change can be unsettling. Our employee assistance programme has a range of resources available to staff to help with their physical and

mental wellbeing. As part of the Workforce programme, we will ensure that an extensive communication and engagement approach is maintained through the 'Supporting People Through Change' workstream. A SharePoint site has been created as a one stop shop for all existing and new manager and staff health and wellbeing resources.

20. Any specific impacts and implications on population health and wellbeing and impacts on preventing ill-health or reducing health and social inequalities, will be considered as part of any decision making as the programme develops.

## **Social Value**

21. There are no Social Value implications directly arising from this report. However, any specific impacts and implications will be considered separately, for example, social value will be a key consideration particularly for the Partnerships, Devolution and Localities programme and will be built into measures of success and impact.

## **Background Papers**

22. Improvement and Transformation Programme, report to Scrutiny Corporate and Resources, [Improvement and Transformation Programme Update - July Report](#)
23. Somerset Council Improvement and Transformation Programme – June update, report to Executive 5<sup>th</sup> June 2024. [Agenda for Executive on Wednesday, 5th June, 2024, 10.00 am - Modern Council \(somerset.gov.uk\)](#)
24. Improvement and Transformation Programme, report to Scrutiny Corporate and Resources, 29<sup>th</sup> May 2024. [Improvement and Transformation Programme pdf \(somerset.gov.uk\)](#)
25. Developing the Approach to Transformation – Future Council, report to Executive 8<sup>th</sup> April 2024. [Developing the Approach to Transformation pdf \(somerset.gov.uk\)](#)
26. Developing the Approach to Transformation, report to Scrutiny 7<sup>th</sup> March 2024. [Developing the Approach to Transformation pdf \(Somerset.gov.uk\)](#)
27. Developing the Approach to Transformation, report to Executive 7<sup>th</sup> February 2024. [Developing the Approach to Transformation.pdf \(somerset.gov.uk\)](#)

**Note** For sight of individual background papers please contact the report author.

## **Appendices**

28. Appendix A – Full Risk Report (generated from Ideagen)

**Report assurance checklist ahead of report publication  
(for Audit, Executive, Full Council and Scrutiny Committees)**



	Officer Name	Date Completed
Legal & Governance Implications	Jill Byron and Scott Wooldridge	15/08/2024
Finance & Procurement	Nicola Hix	07/08/2024
Workforce (*)	Dawn Bettridge	15/08/2024
Asset Management (*)	Oliver Woodhams	16/08/2024
Executive Director	Alyn Jones	15/08/2024
Executive Lead Member	Cllr Theo Butt Philip	19/08/2024
<b>Consulted:</b>	N/A	
Local Division Members	List local members	N/A
Opposition Spokesperson(s)	Cllr Faye Purbrick Opposition Spokesperson for Transformation and Human Resource	Report shared on 19.08.24
Relevant Scrutiny Chair(s)	Cllr Bob Filmer for Scrutiny Corporate & Resources Committee	Report shared on 19.08.24

Note:

Directors may nominate additional officers to act on their behalf

(\*) – these areas only need to be consulted on proposals if the proposals have workforce or asset management implications

Reports will not be published if assurance checklist has not been adequately completed – report author to liaise with Democratic Services well ahead of publication deadline

