

SCC Audit Committee

22nd September 2022

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Ask of Audit Committee :

- To note the risks of the LGR programme register
- To identify if further reports to the committee would be welcome

Key points for discussion:

- Overview of the management of risks at programme level including how they are monitored
- The risks on the register

Risks for the LGR programme

For this specific programme the definition of risk is:

The effect of uncertainty on objectives

Or in other words....

A potential for something to occur that can have an impact on what you are trying to deliver

Risk Management framework, creating the process to follow to

1. Escalate risks
2. Identify new risks
3. Close risks

Review and monitor

Programme Level risks are reviewed and developed in a number of ways:

1. Weekly review by the LGR Programme Director includes discussion on current risks and potential areas of risk to be explored
2. Monthly through Programme Steering Group and the Programme Board
 1. Current programme level risks and identification of areas for consideration of risk
 2. Any new risks identified to determine if need to be added to the register
 3. Any risks that have been escalated up from workstreams
 4. Any risk for closure
3. Through direct work with the workstreams and their respective project and change managers to ensure that the delivery of mitigation is being undertaken
4. New risks as the workstream develop their products for delivery, and the risks that are associated with the delivery

Review and monitor

5. LGR Joint Scrutiny committee

1. To receive monthly reports on programme level risks, identifying changes and any updates that have taken place to the register
2. Scrutinise particular programme risks with a view to seeking assurance in respect of mitigation and scoring of risks,, e.g.at next Scrutiny meeting, will be looking in depth at Finance – risk 10 and People – risk 11 and 12

LGR Joint Scrutiny – 19th August – overview

Programme level risks presented to Scrutiny on the 19th August following request from LGR Implementation Board – initial introductory presentation given.

Feedback:

- Loss of staff
- Impact of inflation, energy costs, wages
- Concerns over the residual scores of Risk 10 (Budget Gap)
- New areas of potential risks identified
 - Failure to engage with TC/PC
 - Culture and ways of working
 - Impact on residents

Next meeting – 30th September

- Update on programme level risks
- Scrutiny of risk 10 (Budget Gap) and risks 11 and 12 (People)

Introduction to the register

- Currently 19 risks on the register
- Register is set out to show
 - The risk description
 - The impact on the programme of the risk
 - The gross score (Inherent) – the score before any controls or actions
 - The controls (already in place) and the actions (being done)
 - The net score (residual) - the score after any controls and actions

Programme Level Risks - workstream: Finance

Date: August 2022

Ref	Risk description	Impact on the programme (effect(Inherent score	Controls/Actions	Residual score	Comments
10	There is a risk of a significant budget gap for new Somerset Council in 2023/24 when districts and County budgets combine, significantly impacting the financial stability of the new Council	<ul style="list-style-type: none"> Inability to set a balanced budget Reductions in service budget and levels 	22	<ul style="list-style-type: none"> Finance and asset protocol a cross 5 councils S24 Notice from DHLUC effective May 2022 Budget monitoring processes in the 5 councils Establishment control processes (People) Development of 22/23 baseline budget for new Council, to provide basis for the development of MTFP for new Somerset Council and 23/24 budget (22	
15	Failure of workstreams/projects to achieve their expected financial benefits as described in business case	<ul style="list-style-type: none"> Lack of achievements of promised overall programme benefits Programme does not meet stakeholder expectations Inability to set a balanced budget 	20	<ul style="list-style-type: none"> Robust benefits realisation plan in place Early modelling/ forecasting of cash-benefits Monitoring through programme reporting framework including escalation and intervention Dedicated LGR Programme Manager in post Tranche 1 products agreed Work on Tranche 2 products started 	19	
24	There is a risk that legacy councils may make spend commitments that adversely affect implementation and benefits delivery	<ul style="list-style-type: none"> Threat to opening financial position of the council. Impact on achievement of the £18.5m financial benefit. Potential for harm to relationships between councils 	20	<ul style="list-style-type: none"> DHLUCs 24 notice Adoption of the Finance and Asset protocol by all 5 councils Guidance produced 	8	
26	The risk that the back-office ERP (Enterprise Resource Planning) system not sufficiently implemented to support the new authority	<ul style="list-style-type: none"> Inability to pay invoices, raise invoices, and monitor spending during the year 	20	<ul style="list-style-type: none"> Implementation plan that delivers in excess of the minimum viable product Continued close management of implementation partner against published programme Clear governance and oversight Independent governance oversight role by SOCITM Reports to formal steering group 	18	

Programme Level Risks - workstream: Service Alignment

Date: August 2022

Ref	Risk description	Impact on the programme (effect)	Inherent score	Controls/Actions	Residual score	Comments
228	Lack of a decision around contracts that are reaching the end of their life between now and April 2024	<ul style="list-style-type: none"> Reduction in service levels 	22	<ul style="list-style-type: none"> Engage with finance and procurement sub work streams to ensure that decisions are made that allow sufficient time to put contracts/arrangements in place and to mobilise. 	14	
13	Unforeseen emergency or business continuity interruption or rising tide situation that requires staff to be directed from the day job into incident response.	<ul style="list-style-type: none"> Inadequate resources in project delivery Lack of management capacity Reallocation of programme or existing council resources to support response and recovery 	20	<ul style="list-style-type: none"> 1. Create and maintain a Business Continuity Plan (BCP) for the LGR Programme (signed off by Programme Board) including: <ul style="list-style-type: none"> Engagement with Workstreams to develop the BCP, Engagement with Somerset Local Authorities Civil Contingencies Unit to ensure alignment with wider BCP arrangements across the programme and 5 councils, Internal comms to ensure awareness and buy-in for BCP, Desktop test of BCP. (Resource constraints have delayed completion of this piece of work however more staff have been approved for PMO) 	15	
22	The risk that delivery of ICS implementation is not effectively joined-up with LGR implementation	<ul style="list-style-type: none"> Failure to deliver programme to agreed time, cost and quality. Failure to deliver expected benefits. Missed transformation opportunities 	14	<ul style="list-style-type: none"> Understanding of interdependencies incorporated into LGR work plans and must have Adequate staff resource across both programmes with appropriate capabilities and capacity to address the work 	14	

Programme Level Risks - workstream: People

Date: August 2022

Ref	Risk description	Impact on the programme (effect)	Inherent score	Controls/Actions	Residual score	Comments
12	Loss of staff from County and District Councils deemed essential to the programme delivery	<ul style="list-style-type: none"> Delays in the delivery of the Programme implementation plan Additional cost of resourcing eg temporary labour Knock-in impacts to BAU service delivery Insufficient level of experience and expertise to deliver the new council operations 	22	<ul style="list-style-type: none"> Delays in the delivery of the Programme implementation plan Additional cost of resourcing eg temporary labour Knock-in impacts to BAU service delivery Insufficient level of experience and expertise to deliver the new council operations- Delays in the delivery of the Programme implementation plan Additional cost of resourcing eg temporary labour Knock-in impacts to BAU service delivery Insufficient level of experience and expertise to deliver the new council operations Mutual aid process in place 	20	
11	The risk that there are insufficient people resources to implement LGR programme and deliver the approved business case	<ul style="list-style-type: none"> Programme not delivered to quality, time and cost Non-cash and cash benefits not delivered Delays in the delivery of the Business Case objectives or compromised quality Unmanageable workloads on staff 	22	<ul style="list-style-type: none"> Early definition of resource requirements (capability and capacity) as part of gateway Validation of 1 with PwC as QA partner incorporating lessons learned from previous LGR programmes Resource shortfalls to be raised to five CEOs to address Interim labour arrangements to be defined as a fall back plan. Dedicated LGR Programme Manager (in post from Jan '22) PwC as quality assurance partner in place from Dec '21. 17 February 2022 agreement to fund additional PMO, project specific and subject matter expertise to the programme. Mutual aid process in place Monthly scorecard resource identification 	14	
25	The risk that BAU activity within the Councils is impacted by stretched staff resources balancing LGR and BAU work	<ul style="list-style-type: none"> Reduced capacity to deliver non=LGR activity to required quality Reputational harm to existing and new councils Loss of staff owing to workload/disruption to services Staff wellbeing 	22	<ul style="list-style-type: none"> Recruitment protocol Staff engagement at local level BAU process at local level to ensure any additional work is scrutinised before agreeing to continue Monitoring key performance indicators for any drop off in service provision/performance Mutual aid process in place Monthly scorecard resource identification 	14	

Programme Level Risks - workstream: People

Date: August 2022

Ref	Risk description	Impact on the programme (effect)	Inherent score	Controls/Actions	Residual score	Comments
309	The risk that there is insufficient capacity to manage the people side of change	<ul style="list-style-type: none"> Where programme outcomes and benefits results are dependent on collective, proficient adoption of new ways of working 	20	<ul style="list-style-type: none"> Change management approach, quality framework and tools established and in use Supplementary offer to strengthen change capabilities started and will continue to evolve, e.g. targeted interventions and coaching, high risk, high need products in T1 Validation of approach and priorities with PwC and our Unitary partners Working closely with comms and People workstream Plans in place to identify and collaborate with wider change assets across all organisations Mobilisation of tactical change management resource to work alongside and support existing network of change management across all organisations Engagement with programme and WS leads to unite thinking and drive profile of people side of change as core competence of programme Evidence based approach to defining extent and impact of T1 products to define level of need and target resource where needed most Application of data and insight from a cross WS to build programme change plan and EIA support Embedding change management within current assurance practice and reporting Nominated lead for People change 	19	
103	Agreement not reached with Trade Unions on pay scales/terms and condition for new Council staff	<ul style="list-style-type: none"> Employer and Trade Union cannot reach agreement 	9	<ul style="list-style-type: none"> Consideration of plan B if agreement cannot be reached, including utilising Somerset CC terms and conditions 	8	New risk added following PSG/PB August 2022

Ref	Risk description	Impact on the programme (effect)	Inherent score	Controls/Actions	Residual score	Comments
14	Loss of opportunity to align public and VCSE services to new operating model and outcomes as defined in the Business Case	<ul style="list-style-type: none"> • Reduced financial and non-financial benefits • Poor relationship between partners and new authority • Transformational opportunity lost, delayed or reduced • Negative impact on cross-cutting outcomes for communities • Reputational damage for new council 	20	<ul style="list-style-type: none"> • Complete partner and stakeholder mapping exercise (CCP) • Targeted engagement with all strategic partners (CCP) • Effective ongoing communications with all stakeholders about LGR programme and its objectives (Comms) • Effective LCN's • Services thinking about the relationship with the public and VCSE in design and delivery (SA) • Ensure LGR Advisory Board remains inclusive, transparent and accessible (CCP) • Stakeholder management plan(s) for critical products and across workplans (CCP) • External communications on purpose and benefits of the LGR programme (Comms) • Senior officer engagement with VCSE and partners (CCP) • Use of customer panel to hear voice of the public and users (CCP) 	19	
19	Design/products to create new unitary council will not have the community as the central focus in the design of the new operating model	<ul style="list-style-type: none"> • Organisational culture is not community focused • Insufficient partnership working • Poor outcomes for communities • Failure to deliver planned business case benefits 	19	<ul style="list-style-type: none"> • Programme and workstream checkpoint review criteria • Ensure LGR Advisory Board remains effective, inclusive, transparent and accessible (PSG) • Embed community focus as a critical requirement of operating model development through workshops, research and engagement (CCP) • Ensure TOM development reflects emerging customer strategy and principles (CCP) • Engagement with all workstreams to secure agreement/recognition that communities focus goes beyond safe and legal (CCP) • Ensure interdependencies are identified and managed through iterative discussion and collaboration (CCP) • Specifically, engage with People workstream to support as ethos and culture of communities and customers first (CCP/People) • Involve customers and communities in the design of products and services (CCP) • Learn from customer experience and feedback (CCP) • Develop sound business case to underpin 	18	

Ref	Risk description	Impact on the programme (effect)	Inherent score	Controls/Actions	Residual score	Comments
27	Uncontrolled change to the scope of the LGR programme	<ul style="list-style-type: none"> • Failure to deliver the new council to agreed time, cost and quality. • Failure to deliver agreed financial and non-financial benefits. • Missed transformation opportunities for the new authority • Impact on capacity of teams to manage and deliver the programme: rework, wasted effort and reduction in shared understanding of programme priorities and required activity 	19	<ul style="list-style-type: none"> • Programme Implementation Manual outlining decision-making tolerances and purpose of change control • Current Programme governance arrangements: PMO, Programme Steering Group and Programme Board to identify • Change control process in place • Strong communication within the programme within the programme promoting adherence to guidance around change control, benefits realisation and risk • Quality assurance of workstream reporting • Robust scrutiny of programme through LGR Implement Board and LGR Scrutiny 	14	
139	Inter-dependencies between workstreams not managed effectively	<ul style="list-style-type: none"> • Inability to deliver cross-cutting products successfully and therefore benefits not realised 	19	<ul style="list-style-type: none"> • Programme tranches developed • A process/approach for management of dependencies to ensure impacts of change (time/cost/quality) are easily understood at both workstream and programme level. • PMO providing assurance against delivery of programme capabilities • Dependency management tool in central list (sharepoint) • T1 products dependencies to be assessed are T1 sign off (Date: ongoing) • Management of dependencies and interdependencies are part of monthly assurance meetings between PMO and workstream (Date: ongoing) 	13	
23	The risk that non-delivery or late delivery of key LGR products that other workstreams are dependant on	<ul style="list-style-type: none"> • Missed opportunities • Siloed working • Failure to deliver key products • Delays in workstreams and ultimately the programme • Re-engineering of solutions/rework required 	22	<ul style="list-style-type: none"> • Reliable critical path is available, with regular opportunities to monitor and course-correct when necessary • Regular opportunities for project managers to review with workstream and sub-workstream leads • Review of scorecards • Robust programme and project planning • Modelling interdependencies incorporated into work plans and must haves • Adequate resourcing of programme staff with appropriate capabilities and capacity to deliver workplan • Utilise lessons learned from other programmes • Dedicated LGR programme managers in post 	19	

Programme Level Risks - PMO

Date: August 2022

Ref	Risk description	Impact on the programme (effect)	Inherent score	Controls/Actions	Residual score	Comments
21	The risk that the LGR programme negatively impacts service provision and improvement activities of Children's services and Adult Social care	<ul style="list-style-type: none"> • Performance of service for vulnerable adults negatively impacted • Poor external perception of quality of services • Potential Government intervention 	19	<ul style="list-style-type: none"> • Strong communication within the programme • Adherence to project guidelines around Change Control, Benefits realisation and risk. • Horizon scanning • Cross-cutting involvement of senior managers across workstreams in particular Service Alignment and Improvement • Quarterly reporting to Programme Board • PMO engagement and participation with Integrated Care System Governance • Modelling of interdependencies between programmes, reflected in respective plans • Active consideration within the emerging Target Operating Model • Consideration of a review of Governance of CSC and ASC • Ongoing comms with the service • Experience gained from other councils going through LGR taken into consideration in approach 	13	
111	The risk of overspend on the £16.5 m LGR implementation budget	<ul style="list-style-type: none"> • Higher than anticipated LGR programme costs and redundancy payments • Reduction to reserves and longer payback on the Business Case 	20	<ul style="list-style-type: none"> • The approved commitments are being challenged if the funding has not been fully committed to ensure the bid is still required, if it is not or can be reduced this will make more funds available for the programme. • Work is underway to revisit the redundancy figures 	19	New risk added following PSG/PB agreement August 2022

Questions/Recommendations

1. Questions
2. Recommendations:
 1. To note the risks on the LGR Programme Register
 2. To identify if reports to the committee would be welcome