

## SCC Audit Committee

24<sup>th</sup> November 2022

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### Ask of Audit Committee :

- To note the risks of the LGR programme register

### Key points for discussion:

- Updates since the last report to the Committee in September
- The risks on the register

# Risk Update

Changes to the register since the last report

Ref	Risk description	New/closed/change	Comments
24	There is a risk that legacy councils may make spend commitments that adversely affect implementation and benefits delivery	Closed	Risk was closed as mitigated by S24 direction
367	The risk of the 5 councils overspending on the 22/23 budget and having to use reserves	New	Replacement for risk 24, awaiting further details
358	The risk that the process of appointments to T2/T3/T4 roles could result in an employment claim if process is not followed properly	New	

## **Risk Matrix – update – move to 5x5 matrix**

Following requests from both SCC Audit Committee and LGR Implementation Board, the risk matrix has been reviewed to a straightforward 5x5 matrix, as set out in the next slide

The revised risk register, with revised scores can be seen at the end of the presentation

# Risk Matrix – 1<sup>ST</sup> October 2022

<b>5</b> <b>Certain</b> >75% chance	<b>5</b>	<b>10</b>	<b>15</b>	<b>20</b>	<b>25</b>
<b>4</b> <b>Probable</b> 51 to 75% chance	<b>4</b>	<b>8</b>	<b>12</b>	<b>16</b>	<b>20</b>
<b>3</b> <b>Possible</b> 26 - 50% chance	<b>3</b>	<b>6</b>	<b>9</b>	<b>12</b>	<b>15</b>
<b>2</b> <b>Unlikely</b> 5 - 25% chance	<b>2</b>	<b>4</b>	<b>6</b>	<b>8</b>	<b>10</b>
<b>1</b> <b>Remote</b> 0-5% chance	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
	<b>Minimal</b> <b>1</b>	<b>Limited</b> <b>2</b>	<b>Moderate</b> <b>3</b>	<b>Significant</b> <b>4</b>	<b>Catastrophic</b> <b>5</b>
<b>IMPACT (B)</b>					

# LGR Risks - October 2022

## Programme Level Risks:

Overview of total number of risks:

Workstream	Total N
Finance	3
People	6
SAI	3
CCP	2
PSG/PMO	5

Residual likelihood Score of Programme level Risks

Remote	Unlikley	Possible	Probable	Certain
0	6	10	2	1

Likelihood score	PL risk
Probable	<ol style="list-style-type: none"> <li>Loss of staff</li> <li>Unforeseen emergency</li> </ol>
Certain	<ol style="list-style-type: none"> <li>Budget gap</li> </ol>

## Workstream Risks ( Sept scorecard)




Overview of total number of risks:

Workstream	Total number of risks	
	August	September
People	26	33
CCP	13	20
SAI	67	70
Finance	23	23
Assets	36	36
Governance	24	25
<b>Total:</b>	<b>189</b>	<b>207</b>

# Direction of Travel

The same committees also requested that a direction of travel indicator was added to the register so that Members could see movement of the risks on the register – the updated register is set out below

Descriptor	Meaning	Measurement
Red Arrow	Risk increasing	Changes made to score or residual score increased
Amber Arrow	No change	No actions being delivered or residual score remains the same
Green Arrow	Risk reducing	Actions being delivered or residual score reduced

Ref	Risk description	Impact on the programme (effect)	Inherent score	Controls/Actions	Residual score	Direction of Travel indicator
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"> <li>Inability to set a balanced budget</li> <li>Reductions in service budget and levels</li> </ul>	20	<ul style="list-style-type: none"> <li>Finance and asset protocol across 5 councils</li> <li>S24 Notice from DHLUC effective May 2022</li> <li>Budget monitoring processes in the 5 councils</li> <li>Establishment control processes (People)</li> <li>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 (</li> </ul>	20	
15	Failure of workstreams/projects to achieve their expected financial benefits as described in business case	<ul style="list-style-type: none"> <li>Lack of achievements of promised overall programme benefits</li> <li>Programme does not meet stakeholder expectations</li> <li>Inability to set a balanced budget</li> </ul>	16	<ul style="list-style-type: none"> <li>Robust benefits realisation plan in place</li> <li>Early modelling / forecasting of cash-benefits</li> <li>Monitoring through programme reporting framework including escalation and intervention</li> <li>Dedicated LGR Programme Manager in post</li> <li>Tranche 1 products agreed</li> <li>Work on Tranche 2 products started</li> </ul>	12	
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"> <li>Inability to pay invoices, raise invoices, and monitor spending during the year</li> </ul>	16	<ul style="list-style-type: none"> <li>Implementation plan that delivers in excess of the minimum viable product</li> <li>Continued close management of implementation partner against published programme</li> <li>Clear governance and oversight</li> <li>Independent governance oversight role by SOCITM</li> <li>Reports to formal steering group</li> </ul>	8	

# Programme Level Risks - workstream: Service Alignment




Date: October 2022




Ref	Risk description	Impact on the programme (effect)	Inherent score	Controls/Actions	Residual score	Direction of Travel
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"> <li>Reduction in service levels</li> </ul>	20	<ul style="list-style-type: none"> <li>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.</li> </ul>	9	
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"> <li>Inadequate resources in project delivery</li> <li>Lack of management capacity</li> <li>Reallocation of programme or existing council resources to support response and recovery</li> </ul>	16	<ul style="list-style-type: none"> <li>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"> <li>Engagement with Workstreams to develop the BCP,</li> <li>Engagement with Somerset Local Authorities Civil Contingencies Unit to ensure alignment with wider BCP arrangements across the programme and 5 councils,</li> <li>Internal comms to ensure awareness and buy-in for BCP,</li> <li>Desktop test of BCP. (Resource constraints have delayed completion of this piece of work however more staff have been approved for PMO)</li> </ul> </li> </ul>	12	
22	The risk that delivery of ICS implementation is not effectively joined-up with LGR implementation	<ul style="list-style-type: none"> <li>Failure to deliver programme to agreed time, cost and quality.</li> <li>Failure to deliver expected benefits.</li> <li>Missed transformation opportunities</li> </ul>	9	<ul style="list-style-type: none"> <li>Understanding of interdependencies incorporated into LGR work plans and must have</li> <li>Adequate staff resource across both programmes with appropriate capabilities and capacity to address the work</li> </ul>	9	








# Programme Level Risks - workstream: People

Date: October 2022

Ref	Risk description	Impact on the programme (effect)	Inherent score	Controls/Actions	Residual score	Direction of Travel Indicator
12	Loss of staff from County and District Councils deemed essential to the programme delivery	<ul style="list-style-type: none"> <li>Delays in the delivery of the Programme implementation plan</li> <li>Additional cost of resourcing e.g. temporary labour</li> <li>Knock-in impacts to BAU service delivery</li> <li>Insufficient level of experience and expertise to deliver the new council operations</li> </ul>	20	<ul style="list-style-type: none"> <li>Use of interim staff</li> <li>Redeployment</li> <li>Recruitment Protocol</li> <li>Staff engagement to support development of culture (building on existing culture) throughout the lifetime of the programme</li> <li>Mutual Aid process agreed</li> <li>Analysis of staff on fixed term contracts to 31/3/23</li> <li>Explore mutual aid</li> <li>Appointment of Chief Executive for SCC and new Council agreed by Full Council end of July 2022</li> <li>Working on T2/T3 appointments</li> </ul>	16	
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"> <li>Programme not delivered to quality, time and cost</li> <li>Non-cash and cash benefits not delivered</li> <li>Delays in the delivery of the Business Case objectives or compromised quality</li> <li>Unmanageable workloads on staff</li> </ul>	20	<ul style="list-style-type: none"> <li>Early definition of resource requirements (capability and capacity) as part of gateway</li> <li>Validation of 1 with PwC as QA partner incorporating lessons learned from previous LGR programmes</li> <li>Resource shortfalls to be raised to five CEOs to address</li> <li>Interim labour arrangements to be defined as a fall back plan.</li> <li>Dedicated LGR Programme Manager (in post from Jan '22)</li> <li>PwC as quality assurance partner in place from Dec '21.</li> <li>17 February 2022 agreement to fund additional PMO, project specific and subject matter expertise to the programme.</li> <li>Mutual aid process in place</li> <li>Monthly scorecard resource identification</li> </ul>	9	
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"> <li>Reduced capacity to deliver non=LGR activity to required quality</li> <li>Reputational harm to existing and new councils</li> <li>Loss of staff owing to workload/disruption to services</li> <li>Staff wellbeing</li> </ul>	20	<ul style="list-style-type: none"> <li>Recruitment protocol</li> <li>Staff engagement at local level</li> <li>BAU process at local level to ensure any additional work is scrutinised before agreeing to continue</li> <li>Monitoring key performance indicators for any drop off in service provision/performance</li> <li>Mutual aid process in place</li> <li>Monthly scorecard resource identification</li> </ul>	9	



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"> <li>Where programme outcomes and benefits results are dependent on collective, proficient adoption of new ways of working</li> </ul>	16	<ul style="list-style-type: none"> <li>Change management approach, quality framework and tools established and in use</li> <li>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</li> <li>Validation of approach and priorities with PwC and our Unitary partners</li> <li>Working closely with comms and People workstream</li> <li>Plans in place to identify and collaborate with wider change assets across all organisations</li> <li>Mobilisation of tactical change management resource to work alongside and support existing network of change management across all organisations</li> <li>Engagement with programme and WS leads to unite thinking and drive profile of people side of change as core competence of programme</li> <li>Evidence based approach to defining extent and impact of T1 products to define level of need and target resource where needed most</li> <li>Application of data and insight from a cross WS to build programme change plan and EIA support</li> <li>Embedding change management within current assurance practice and reporting</li> <li>Nominated lead for People change</li> </ul>	12	
103	Agreement not reached with Trade Unions on pay scales/terms and condition for new Council staff	<ul style="list-style-type: none"> <li>Employer and Trade Union cannot reach agreement</li> </ul>	6	<ul style="list-style-type: none"> <li>Consideration of plan B if agreement cannot be reached, including utilising Somerset CC terms and conditions</li> </ul>	4	
358	The risk that the process of appointments to T2/T3/T4 roles could result in an employment claim if process is not followed properly	<ul style="list-style-type: none"> <li>Reputational damage</li> <li>Cost implications for the new council</li> <li>Confidence levels of other colleagues in the appointment process to the new council</li> </ul>	16	<ul style="list-style-type: none"> <li>Incoming new Chief Executive taking ownership of the risk</li> <li>SSDC Chief Executive taking on sponsor role for People workstream</li> <li>Regular reporting back to PB by People workstream</li> <li>Consultation with PB</li> <li>Consultation with Trade Unions on the procedures</li> <li>External legal advice being taken</li> <li>Member engagement in T2 appointments and</li> </ul>	12	

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"> <li>Reduced financial and non-financial benefits</li> <li>Poor relationship between partners and new authority</li> <li>Transformational opportunity lost, delayed or reduced</li> <li>Negative impact on cross-cutting outcomes for communities</li> <li>Reputational damage for new council</li> </ul>	16	<ul style="list-style-type: none"> <li>Complete partner and stakeholder mapping exercise (CCP)</li> <li>Targeted engagement with all strategic partners (CCP)</li> <li>Effective ongoing communications with all stakeholders about LGR programme and its objectives (Comms)</li> <li>Effective LCN's</li> <li>Services thinking about the relationship with the public and VCSE in design and delivery (SA)</li> <li>Ensure LGR Advisory Board remains inclusive, transparent and accessible (CCP)</li> <li>Stakeholder management plan(s) for critical products and across workplans (CCP)</li> <li>External communications on purpose and benefits of the LGR programme (Comms)</li> <li>Senior officer engagement with VCSE and partners (CCP)</li> <li>Use of customer panel to hear voice of the public and users (CCP)</li> </ul>	12	
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"> <li>Organisational culture is not community focused</li> <li>Inefficient partnership working</li> <li>Poor outcomes for communities</li> <li>Failure to deliver planned business case benefits</li> </ul>	12	<ul style="list-style-type: none"> <li>Programme and workstream checkpoint review criteria</li> <li>Ensure LGR Advisory Board remains effective, inclusive, transparent and accessible (PSG)</li> <li>Embed community focus as a critical requirement of operating model development through workshops, research and engagement (CCP)</li> <li>Ensure TOM development reflects emerging customer strategy and principles (CCP)</li> <li>Engagement with all workstreams to secure agreement/recognition that communities focus goes beyond safe and legal (CCP)</li> <li>Ensure interdependencies are identified and managed through iterative discussion and collaboration (CCP)</li> <li>Specifically, engage with People workstream to support as ethos and culture of communities and customers first (CCP/People)</li> <li>Involve customers and communities in the design of products and services (CCP)</li> <li>Learn from customer experience and feedback (CCP)</li> <li>Develop sound business case to underpin</li> </ul>	8	

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"> <li>Failure to deliver the new council to agreed time, cost and quality.</li> <li>Failure to deliver agreed financial and non-financial benefits.</li> <li>Missed transformation opportunities for the new authority</li> <li>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</li> </ul>	12	<ul style="list-style-type: none"> <li>Programme Implementation Manual outlining decision-making tolerances and purpose of change control</li> <li>Current Programme governance arrangements: PMO, Programme Steering Group and Programme Board to identify</li> <li>Change control process in place</li> <li>Strong communication within the programme within the programme promoting adherence to guidance around change control, benefits realisation and risk</li> <li>Quality assurance of workstream reporting</li> <li>Robust scrutiny of programme through LGR Implement Board and LGR Scrutiny</li> </ul>	9	
139	Inter-dependencies between workstreams not managed effectively	<ul style="list-style-type: none"> <li>Inability to deliver cross-cutting products successfully and therefore benefits not realised</li> </ul>	12	<ul style="list-style-type: none"> <li>Programme tranches developed</li> <li>A process/approach for management of dependencies to ensure impacts of change (time/cost/quality) are easily understood at both workstream and programme level.</li> <li>PMO providing assurance against delivery of programme capabilities</li> <li>Dependency management tool in central list (sharepoint)</li> <li>T1 products dependencies to be assessed are T1 sign off (Date: ongoing)</li> <li>Management of dependencies and interdependencies are part of monthly assurance meetings between PMO and workstream (Date: ongoing)</li> </ul>	6	
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"> <li>Missed opportunities</li> <li>Siloed working</li> <li>Failure to deliver key products</li> <li>Delays in workstreams and ultimately the programme</li> <li>Re-engineering of solutions/rework required</li> </ul>	20	<ul style="list-style-type: none"> <li>Reliable critical path is available, with regular opportunities to monitor and course-correct when necessary</li> <li>Regular opportunities for project managers to review with workstream and sub-workstream leads</li> <li>Review of scorecards</li> <li>Robust programme and project planning</li> <li>Modelling interdependencies incorporated into work plans and must haves</li> <li>Adequate resourcing of programme staff with appropriate capabilities and capacity to deliver workplan</li> <li>Utilise lessons learned from other programmes</li> <li>Dedicated LGR programme managers in post</li> </ul>	12	

# Programme Level Risks - PMO

Date: October 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"> <li>• Performance of service for vulnerable adults negatively impacted</li> <li>• Poor external perception of quality of services</li> <li>• Potential Government intervention</li> </ul>	12	<ul style="list-style-type: none"> <li>• Strong communication within the programme</li> <li>• Adherence to project guidelines around Change Control, Benefits realisation and risk.</li> <li>• Horizon scanning</li> <li>• Cross-cutting involvement of senior managers across workstreams in particular Service Alignment and Improvement</li> <li>• Quarterly reporting to Programme Board</li> <li>• PMO engagement and participation with Integrated Care System Governance</li> <li>• Modelling of interdependencies between programmes, reflected in respective plans</li> <li>• Active consideration within the emerging Target Operating Model</li> <li>• Consideration of a review of Governance of CSC and ASC</li> <li>• Ongoing comms with the service</li> <li>• Experience gained from other councils going through LGR taken into consideration in approach</li> </ul>	6	
111	The risk of overspend on the £16.5 m LGR implementation budget	<ul style="list-style-type: none"> <li>• Higher than anticipated LGR programme costs and redundancy payments</li> <li>• Reduction to reserves and longer payback on the Business Case</li> </ul>	16	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Work is underway to revisit the redundancy figures</li> </ul>	12	

# Questions/Recommendations

1. Questions
2. Recommendations:
  1. To note the risks on the LGR Programme Register