

Report to: **Scrutiny Committee for Audit and Best Value**

Date: **22 March 2007**

By: **Deputy Chief Executive and Director of Corporate Resources**

Title of report: **Strategic Risk Monitoring**

Purpose of report: **To update the Audit and Best Value Scrutiny Committee on the list of current strategic risks, their status and mitigating actions**

RECOMMENDATION: The Committee are recommended to note the current strategic risks, update of their status and the mitigating actions being proposed and implemented by Chief Officers.

1. Financial Implications

1.1 There are no direct additional financial implications resulting from this report. There are significant financial implications that could arise from a failure to operate sound risk management.

2 Introduction

2.1 A list of strategic risks and mitigating actions has been reported to Cabinet and the Audit and Best Value Scrutiny Committee each year with the annual report on risk management. This report provides an update and shows the version of the strategic risk log updated for Cabinet in January and considered by COMT in March. The format has not changed.

2.2 For the most part there is no change – compared to the original generic assessment of likelihood and impact – in the risk ‘threat’, although there is an assessed improvement in some areas. It can be difficult to rank risks but Waste, Adult Social Care and major projects per se, remaining generically challenging areas.

3 Resume of Risk Management

3.1 The main review of operational risks continues to take place as part of the current planning cycle and in conjunction with production of business plans. These risks will be analysed and reported upon annually in the second quarter of the financial year as previously. Monthly reviews are carried out by Departmental Management Teams and amendments made during the year as necessary but the overall corporate review and analysis takes place annually.

3.2 The Corporate Risk Management Strategy is due for review next year and this will take into account the latest information and advice from the Audit Commission and the Department for Communities and Local Government as well as recognised best practice generally.

SEAN NOLAN

Deputy Chief Executive and Director of Corporate Resources

Contact Officer: John Butcher Tel: 01273 481593

Local member: All

BACKGROUND DOCUMENTS

None

The Strategic Risk Management log for 2006/07 (last considered by Cabinet – January 2007)

	Countywide Themes	Inherent Likelihood (4 = high)	Lead Coordinating Officer on behalf of COMT	Impact (4 = High)	Jan 07 View (w)orse (s)ame (i)mproved
1	Failure to recruit and retain key staff in particular areas.	3	Andrew Ogden	3	(I) S
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Market Research improved • Development of a flexible pay and reward strategy and recruitment incentives including housing • Improved Employer Brand • Workforce Strategy produced • Development of career pathways, e.g. trainee social worker programmes, CIPFA training programme • Use of specialist headhunters 				
2	Capacity overload, in terms of necessary change initiatives, falling on a relatively small number of key staff across the Council but also impact on the maintenance of existing core deliverables.	4	Andrew Ogden	3	(I) S
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Increasing the take up of the Leadership and Management Development Programmes in place • Workforce Strategy produced • Flexible rewards for excellent performance put in place • Continuation of new Management Capacity Reserve 				
3	Failure to maintain both the morale and improving motivation, of all staff, but also addressing key cultural barriers to Council-wide improvement.	2	Cheryl Miller	3	(I) S
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Follow-up work on staff survey and Peer Review • Leadership and Management Development Programmes • Improve engagement with staff • Internal communications office appointed (2 years) to delivery new strategy • Performance in national and local awards, e.g. Excellence Awards 				

	Countywide Themes	Inherent Likelihood (4 = high)	Lead Coordinating Officer on behalf of COMT	Impact (4 = High)	Jan 07 View (w)orse (s)ame (i)mproved
	<ul style="list-style-type: none"> Increased emphasis on performance and efficiency across the Council IPP re-accreditation Increasing understanding of Policy Steers 				
4	Failure to meet the challenge of reconciling and sustaining the all round improvement agenda and policy priorities with the future resource outlook and short term capping threat – and ensuring the maximum contribution from the efficiency agenda.	4	Sean Nolan	4	(I) S
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> Reconciling Policy and Resources Framework Related performance management framework Communication/consultation plan Lobbying plan, work of scrutiny Establishment of forward cash limits and allocations, 3 year service planning. Work of Productivity Board (inc. Invest to Save and cultural change programme). Income Board established Shared services work 				
5.	Failure to avoid the almost generically risky and volatile budget areas (e.g. Social Care, special needs, home to school transport etc.) dominating, in financial terms, other service priorities	4	Sean Nolan	4	(S) S
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> Normal departmental and county-wide budget and performance monitoring. Enhanced budget monitoring processes. Specific tracking of NHS debt. Specific focus on capital monitoring. 				
6.	Reputational damage to the Council's sense of confidence and motivation from:				

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	<ul style="list-style-type: none"> • Failure to manage, effectively, communication of controversial areas. • Single major avoidable incident/failure • External assessments (e.g. CA/ JAR, CPA, CSCI etc) • Performance (Peer Review) • Residents not recognising improvements • Avoidable service mistakes 	<p style="text-align: center;">2</p> <p style="text-align: center;">1</p> <p style="text-align: center;">2</p> <p style="text-align: center;">3</p> <p style="text-align: center;">2</p> <p style="text-align: center;">2</p>	<p style="text-align: center;">Becky Shaw</p> <p style="text-align: center;">Cheryl Miller</p> <p style="text-align: center;">Cheryl Miller</p> <p style="text-align: center;">Cheryl Miller</p> <p style="text-align: center;">Becky Shaw</p> <p style="text-align: center;">Cheryl Miller</p>	<p style="text-align: center;">4</p> <p style="text-align: center;">4</p> <p style="text-align: center;">4</p> <p style="text-align: center;">4</p> <p style="text-align: center;">2</p> <p style="text-align: center;">3</p>	<p style="text-align: center;">(S) S</p> <p style="text-align: center;">(S) S</p> <p style="text-align: center;">(I) S</p> <p style="text-align: center;">(S) S</p> <p style="text-align: center;">(W) S</p> <p style="text-align: center;">(S) S</p>
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Medium Term communication strategy in place in including agreed processes to ensure planning of key messages for controversial issues. • Departmental communications structure (including department officers) and forward plan implemented. • ‘Your County’ and media plans in place. Corporate and service issues consultation in place/developing. (Key weakness/issue: internal communication). • Robust performance management (inc risk management) in place. • Planned strengthening of Customer Focus. • Plans for thorough preparations for inspections in place. • Peer Review Action Plan. 				
7.	<p>Failure to handle, successfully, the increasingly complex partnership agenda (e.g. LAA, health reconfiguration, Lyons, White paper shared services etc.)</p>	<p style="text-align: center;">4</p>	<p style="text-align: center;">Becky Shaw</p>	<p style="text-align: center;">3</p>	<p style="text-align: center;">(S) S</p>
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • LAA process transparent and integrated with Reconciling Policy and Resources. • Ongoing and robust responses to proposed Government arrangements. • ‘East Sussex in Figures’ (Data observatory) in place. • Formal engagement with health arrangements in place. • Ongoing development of locality working. 				

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	<ul style="list-style-type: none"> Improved joint working shared services being developed. 				
8.	Failure to achieve expected standards in key service areas or deterioration in high performing areas	2	Becky Shaw	3	(S) W
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> Close involvement in performance monitoring by Cabinet and Scrutiny Members Reconciling Policy and Resources and Strategic Risk Management to highlight potential areas of weakness Increased focus on performance/ improvement achievement following Peer Review. Quarterly monitoring reports to full Council require detailed comments to support amended actions if performance is not on track Review of appropriate software to ensure help manage performance information closer to real time. East Sussex in Figures will assist monitoring of customer impacts 				
9.	Failure to be truly customer focussed (including access and local presence)	3	Sean Nolan/Becky Shaw	3	(S) S
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> Links to Productivity agenda and Reconciling Policy and Resources Successful E-Government strand (i.e. web, hubs, kiosks etc) Debate opened on defining excellence in customer focus. Local and national public satisfaction surveys results to be analysed and used to inform service planning. Variety of service initiatives. On going development of locality working 				

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10.	Failure to work effectively at locality level.	3	Becky Shaw	2	(S) S
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Robust Partnership structures in place. (Development issue: – continuing work on locality approach). • Strong and developing service based structures. • Proactive monitor of national changes (Lyons, Local Government Bill and Implementation Plan etc). • Improved focus on role of local members. 				
11.	Failure to secure coherent “Age Well” PFI or PPP Scheme (ASC)	3	Keith Hinkley	3	(S) S
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Age Well funding approval (PFI) and affordability confirmed at Expression of Interest stage and Outline Business Case, submitted. • Project team and governance arrangements in place. • Related ‘Living Well’ PFI scheme being developed. • Outline Planning Consent achieved on two, of four sites. • Full link to corporate capital planning. 				
12.	The Risks from PCT reconfiguration and the effects of “creating an NHS fit for the purpose” including the risk of the current significant overspend in the local health economy resulting in cost shunting and other risks for Adult Social Care (ASC) – including increased risk of significant bad debts.	4	Keith Hinkley	4	(S) S
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Continued partnership working e.g development of commissioning strategies, Risk Share Agreement, Section 31 agreements. • Proactive and robust engagement with the local health economy. • New debt recovery arrangements in place. 				

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13	Failure to put in place coherent medium term service plan consistent with commissioning strategies: whole system challenges and drivers with maximum efficiencies and resources available.	3	Keith Hinkley	4	(S) S
	<u>Mitigating Actions</u> Three year plan agreed with commissioning strategies for older people and the learning disabled to be in place for April 2007.				
14.	Failure to achieve a coherent approach to Delayed Discharges and the necessary partnership working (ASC).	4	Keith Hinkley	3	(I) S
	<u>Mitigating Actions</u> Action Plan agreed and Risk Share Agreement to be further reviewed. Improved partnership working continues.				
15.	Failure to deliver Business Transformation Programme.	2	Keith Hinkley	4	(n/a) S
	<u>Mitigating Actions</u> Management of Programme through robust project management arrangements				
15.	Coherence of developing Youth Services and Connexions agenda.	2	Matt Dunkley	2	(S) I
	<u>Mitigating Actions</u> Review of information, advice and guidance to young people (Connexions) established and on track. Linked to wider development of integrated youth support services and the "Youth Offer" (activities).				
16.	Failure on major school build and design issues (e.g. Rye).	2	Matt Dunkley	3	(I) S

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	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Clarity of Project Director and Manager on Rye Primary Project Board. Very close monitoring of implementations of project plans and of risk elements. • Similar approach taken for Tideway. 				
17.	Waste – failure by the contractor to obtain necessary planning consents.	4	Bob Wilkins	4	(S) S
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Contract has a provision for 'interim service'. During this period negotiations would take place and a solution derived based on the current information. The solution could be revised, modified or totally new facilities and sites pursued or as a direct result, termination of contract. If such a scenario appeared likely, the County Council would have to secure alternative outlets. • Continual liaison with Brighton & Hove and Veolia. • Key decision set for February 2007. 				
18.	Failure in Key Waste delivery plans and milestones.	4	Bob Wilkins	3	(S) W
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Both Councils have adopted the plan. • Additional property expertise added to the team. • Defending ESCC decision on Legal Court challenges. • Project team leadership reviewed in the short term. • Additional property expertise added to the team. 				
19.	Failure to secure the Bexhill/Hastings link road scheme with proper funding.	3	Bob Wilkins	3	(I) S
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Secure funding, via RP&R, for development phase including securing some contribution from Government. • Robust project plans are in place. • Regular monitoring of cost profile. 				

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	<ul style="list-style-type: none"> National consultation on funding. 				
20	Failure to secure an effective scheme for the Southeram/Beddingham A27.	1	Bob Wilkins	3	(I) I
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> Highways Agency decision made and work underway. 				
21.	Lack of progress on Central Rail Corridor.	2	Bob Wilkins	2	(S) S
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> Project Board committed to independent review. 				
22.	Lack of progress in delivering the aims concerns the 'Eastbourne, Polegate, Hailsham – Triangle'.	3	Bob Wilkins	3	(S) S
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> Partner liaison meeting taking place Project PID agreed by partners SEEDA support confirmed 				
23.	Failing to secure fair share of planning gain in the relationship with Districts and Boroughs	3	Bob Wilkins	3	(S) S
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> ESCC decisions being defended. Continuing liaison with Districts and Boroughs. 				
24.	Failure to ensure adequate records storage capacity when current capacity is used up within 2 years.	4	Andrew Ogden	2	(I) S

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	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • An Invest to Save project is about to commence to tackle the backlog of processing and destruction of records caused by increased use of the Records Management Service, which should increase capacity by a year. • Work is being undertaken on the legal admissibility of electronic records, including the scanning of paper documents • Work continues towards the achievement of a new Record Office with capacity for future growth – secure ESCC contribution in the draft capital programme. 				
25.	Failure to work effectively, internally or with partners, to manage the full range of travellers' issues.	3	Becky Shaw	2	(I) S
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Multi-agency strategy for full range of issues agreed (with Member involvement) • ESCC traveller group created and working • ESCC owned site to be in-house from 1.4.07 managed by Chief Executives. • Successful bid for resources for refurbishment of the Maresfield Site. • Multi-agency approach to (advising) SEERA Portal. Review of such East Plan (distribution of new pitches). 				
26.	Failure of the Hastings and Bexhill Taxforce to ensure a coherent outcome for the area objectives and remain within legal constraints.	3	Cheryl Miller	3	(S) S
	<p><u>Mitigating Actions</u></p> <p>Members and officers influence through task group and HBRL(Seaspace).</p>				

NOTE: Position in brackets in final column shows assessment at previous Cabinet.