

Draft Report to: Audit & Best Value Scrutiny Committee
Date: 20th November 2008
By: Deputy Chief Executive and Director of Corporate Resources
Title of report: Strategic Risk Monitoring
Purpose of report: To update the Committee on current Strategic Risks and Key Departmental Risks faced by the council, their status and mitigating actions.

The Committee are recommended to:

- Note the current strategic risks, the update of their status and the mitigating actions being proposed and implemented by Chief Officers.
 - Note the key Departmental level 'high' risks and associated mitigation actions in place.
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1. Financial Implications

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

2 Introduction

2.1 The Strategic Risk log is reported to Cabinet and Audit and Best Value Scrutiny Committee (ABVSC) each year as an appendix to the annual Risk Management Report. In addition to this, the Strategic Risk log will periodically be reported to Cabinet and the ABVSC, to provide a continuing insight into the council's strategic risk profile. This includes a description of the mitigation actions taken to manage the identified risks and a subjective review of the status of the risk since the last review i.e. improved, the same or worse.

2.2 In addition to the Strategic Risk log this report contains details of the key high risks reported at Departmental level. Mitigations for these risks are taken at the appropriate level and consequently, these risks have not been escalated to the Corporate Level of risk, as detailed in the Strategic Risk Log.

3 Overview of the Strategic Risk Log

3.1 For all existing risks detailed in the Strategic Risk Log, the perceived level of risk is considered to be unaltered from the review carried out in July 2008. [The main areas where the level of risk is perceived to be 'high', in terms of likelihood and impact, remain the risks associated with Waste Management, partnership working and budgetary / funding issues, and Adult Social Care, although the perceived risk in these areas has not increased since the last review.]

3.2 Two new risks have been added to the risk log since the last review both scoring High. These are Risk 14, 'Transfer from NHS to East Sussex County Council of responsibility for commissioning Learning Disability Services for adults' and Risk 15; 'Implementation by PCT of Continuing Health Care criteria '.

3.3 Control measures have been identified and added against Risk 22; 'Failure to respond effectively to growing number of young people being classed as vulnerable'.

3.4 The risk relating to the Central Rail Corridor (previously Risk 15) has now been removed following the decision of the Central Rail Corridor Board to reject proposals for development of the Lewes to Uckfield line.

4 Examples of high risks captured at Departmental level.

4.1 Appendices 2 to 6 show some key high risks captured at Departmental level. These risks are appropriately mitigated at Departmental level and therefore formal escalation to the next level is not considered appropriate

4.2 The attached key Departmental risks have been chosen as an illustration of the risk management activity taking place below the Corporate level. They show examples of risks identified and the mitigation actions be undertaken at Departmental level to address the risks. These risks represent only a sample of the risks at this level and should not be seen as representing the full risk profile that the Council faces at Departmental level.

4.3 Risks identified at Departmental and Divisional levels are reviewed on a regular basis by Departmental Management Teams as part of the Performance Management process.

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BACKGROUND DOCUMENTS

None

New and Revised Strategic Risk Log for 2008/09

Appendix 1

	KEY THEME AREAS	INHERENT RISK 1 = Low 4 = High	IMPACT 1 = Low 4 = High	LEAD COORDINATING OFFICER ON BEHALF OF COMT	NEW or Revised '*'
1.	Failure to recruit and retain key staff, and manage capacity pressures and staff moral and motivation effectively	2	4	Andrew Ogden	
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Improved corporate identity / branding including employer brand to compete with other employers at recruitment fairs and encourage more potential recruits • Implement e-Recruitment to improve our appointment procedures • Workforce planning • Pilot formal approach to Succession Planning / Capacity building • Increased use of flexible approaches to contract terms and conditions to encourage retention of key employees • Use of Management Capacity Reserve and Invest to Save • Reconciling Policy and Resources • Implementation of agreed actions from Staff Survey 2007/08 • Launch of Intranet 				
2.	Failure to implement effectively key departmental restructuring exercises (as well as ensuring a sound response to 'single status', and equal pay issues).	3	4	Andrew Ogden(relevant department lead)	
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Develop options to achieve completion of Single Status • Provide appropriate training for personnel case workers on current 				

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	<p>legal requirements</p> <ul style="list-style-type: none"> • Provide briefing sessions and training programmes for managers, headteachers and governors • Implement mediation as a first step to resolve workplace disputes 				
3.	Failure to meet the ongoing challenge of improving performance whilst Reconciling Policy and Resources in the context of rising expectations, limited resources, efficiency expectations and the tension between vulnerable and universal services.	3	4	Sean Nolan(Becky Shaw)	
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Continued operation of Reconciling Policy and Resources • Active involvement of Scrutiny • Continued focus on performance management (especially on low performing indicators) • Establishment of forward cash limits and 3 year service planning • Communications and lobbying strategy • Focus on benchmarking efficiency and shared services • Strong partnership arrangements (inc the voluntary and community sector) • Consultation and strong evidence base of residents' views and needs 				
4.	Failure to manage adequately volatile budget areas (e.g. social care, special needs, home to school transport etc) to the extent they impact sufficiently on other priorities.	3	4	Sean Nolan	

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	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Formal monthly monitoring and reporting • Enhanced budget monitoring processes • Risk management arrangements • Medium Term planning 				
5.	Reputational damage and lack of confidence from failure to maintain or deliver increased service standards (including inspection or assessment scores in CPA/CAA).	2	3	Becky Shaw	
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Robust performance management and risk regimes in place • Continued strengthening of customer focus and equalities work • Strong partnership arrangements • Clear communications and consultation strategy and infrastructure • Post inspection action plans incorporated in business plans • Seeking to influence new regimes. 				
6.	Negative impact of 'credit crunch' and worsening economic conditions including significant increases in relevant inflation factors.	3	4	Sean Nolan	'*'
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Maintenance of prudent reserve strategy • Review scope to increase excess inflation provision • Limited scope to act but maintain awareness of impact on local economy. • Business Support scheme launched. 				

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	<ul style="list-style-type: none"> Tracking economic impact locally. Signposting advice to residents, businesses and staff. 				
7.	Failure to manage successfully the quality, relationships and outcomes from the increasingly complex partnership agenda including the various aspects of locality working.	3	3	Becky Shaw	
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> Clear partnership governance arrangements Successful delivery of LAA2 linked to Reconciling Policy Robust LAA / NIS monitoring arrangements in place and integrated into Reconciling Policy and Resources Strong relationships with local partners New integrated sustainable community strategy showing joint priorities East Sussex in Figures in place Planned strengthening of communication with local Members through improved intranet 				
8.	Failure to manage effectively the key strategic relationships with, and performance of, key commercial partners (e.g. BT, Serco, Veolia, key care providers etc).	2	4	Cheryl Miller	'*'
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> Relationship strategies in place Review of contract management arrangements 				

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9.	Failure to secure an effective ‘Agewell’ Scheme in line with business objectives.	2	4	Keith Hinkley	
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Agewell funding approval (PFI) and affordability confirmed at Expression of Interest stage and Outline Business Case submitted. • Procurement phase begun with OJEU issued. • Project team and governance arrangements in place. • All Outline Planning Consents achieved on the four acquired sites. • Full link to corporate capital planning. • Care needs linked with Commissioning Strategies. • Preparation of contingency plans. 				
10.	Failure to put in place an effective medium term service plan consistent with commissioning strategies, “Putting People First”, whole system challenges, and drivers with maximum efficiencies and resources available.	2	4	Keith Hinkley	‘*’
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Three year plan, including objectives for Putting People First agreed and integrated into the Council Plan and Adult Social Care Business Plan. Joint commissioning strategies for older people and learning disabled completed. Joint commissioning strategy for mental health planned for March. Implementation monitored through core performance management processes within the County Council. • Joint Business planning with PCT’s in place for 2008/09. • Implementing the change agenda through robust programme and project management arrangements. 				

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11.	Risks from changes within the NHS including consultation on "Fit for the Future" and application of provider Trusts for Foundation status. Further risk that there will be delays in the local health economy picking up new responsibilities for continuing healthcare	3	4	Keith Hinkley	'*'
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Robust and formal partnership working including the development of joint commissioning strategies, Risk Share Agreement, Section 31 Agreements and Service Level Agreement. • Improved engagement with the local health economy including the setting up of an Executive Group (Director of Adult Social Care and Health Chief Executive) to manage the development of social care and health services in East Sussex. • Joint plan agreed for implementing changes to continuing healthcare, including monitoring arrangements. 				
12.	Failure to sustain current improved performance on our priority performance indicators within Adult Social Care	2	4	Keith Hinkley	
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Continue with the DMT led Performance Board. • Develop our understanding of the new indicators in the National Indicator Set. • Enhance capacity and performance through the new management structure and Assessment and Care Management Programme. 				

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13.	Failure to deliver ASC Transformation Agenda.	3	4	Keith Hinkley	
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> Review of current commissioning strategies in a structured programme of work to ensure compliance with Putting People First. 				
14.	Transfer from NHS to ESCC of responsibility and fund for commissioning Learning Disability Services for adults.	4	4	Keith Hinkley	
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> Joint project group with PCT's including Legal Services and Audit. Governance arrangements requiring Cabinet agreement, including risk management arrangements. Joint work with other local authorities to ensure consistent approach to management of risk. 				
15.	Implementation by PCT of Continuing Health Care (CHC) criteria.	4	4	Keith Hinkley	
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> Management oversight through Joint CHC Leadership Group. Processes to be agreed for disputes resolution, including referral to Secretary of State. Use of debt recovery process. 	4	4	Keith Hinkley	

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16.	Failure to secure appropriate approval for the Link Road and expected external funding support and to ensure that the same remains affordable and deliverable.	3	4	Rupert Clubb	'*'
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Continue governance through project board • Continue to influence Regional Transport Board and local development frameworks. • Continue to work with GOSE and DfT to complete Major Schemes Business Case. • Consider ECI to ensure scheme stays within cost envelope. • Develop closer links with DfT re major scheme funding. 				
17.	Failure in key waste delivery plan and milestones (including in relation to indemnities resting with the County Council and recycling with Districts).	3	4	Rupert Clubb	
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Contract governance through Joint Project Board • Affordable interim arrangements secured through contract re-negotiation • Waste reserve based on modeled prudential scenarios • Continuous development and scrutiny of modeling 				

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18.	Failure to deliver benefits of a joint waste authority with Districts.	3	3	Rupert Clubb	
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Continue to develop business case for joint working • Continue officer, Chief Officer and mentor level meetings. • Develop Waste Resources Strategy Group as key forum for exploring new opportunities. 				
19.	Failure to deliver major property projects – on cost, to specification and to time – but including failure to deliver effective client or sponsor role.	3	4	Sean Nolan	‘*’
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Review of future model underway • Involvement of Scrutiny • Implementation of PID approach • Challenge / training for project sponsors • Partnering arrangements with specialist project management • Review of forward planning skills and capabilities with key departments (eg Children’s) 				
20.	Failure to deliver economic regeneration aspirational progress in key areas, (including Hastings, Bexhill, Newhaven and Eastbourne Hailsham Triangle) and to fail to maximize benefit of any new Sub-Regional economic governance structures.	3	4	Cheryl Miller	*
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Analysis of indices of multiple deprivation commissioned. • Robust planning processes and partnerships in place 				*

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	<ul style="list-style-type: none"> • East Sussex Economic Strategy • Annual economic study and business survey 				
21.	Failure to deliver the benefits of a 'hard federation' in Hastings to improve standards at Key Stage 3 and 4.	2	4	Matt Dunkley	*
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Quarterly monitoring of the implementations of Ninestiles Plus contract by the Deputy Director, L&SE. • Regular contact between the Executive Headteacher and a project manager for the Federation. • Significant investment of resources from the County Council and the Standards Fund grant to facilitate a range of strategies including the appointment of Directors of improvement in the core subjects. 				
22.	Failure to respond effectively to the growing number of young people being classed as vulnerable and potentially requiring support and services.	3	4	Matt Dunkley	*
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Recruiting more staff for youth support teams and redefining their role and function. 				
23.	Failure to effectively articulate and commission major school re configurations requirement over the short and long term – including Academy Programme in Hastings, BSF in Bexhill, further BSF rounds and primary capital programme.	3	4	Matt Dunkley	*
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • An external review of the structure and responsibilities of the Capital Strategy Team. 				

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	<ul style="list-style-type: none"> Additional investment in feasibility studies. BSF and PCP the responsibility of individuals commissioned specifically for these areas of work. 				
24.	Failure to effectively influence school performance to avoid significant intervention measure from Government (inc Ofsted).	2	4	Matt Dunkley	*
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> CfBT contract reconfigured to focus solely on intervention, leadership development, and training. Additional resource invested in areas of the county, and schools, with the poorest performance. External monitoring and support commissioned to accelerate the progress of any schools proving to be “hard to shift”. 				

Objective	KBP	Risk	Priority	Control Measure	Responsible Officer
<p>8. Leadership A council with Adult Social Services responsibility will provide a key professional role for staff working in Adult Social Care services. They will also have a key role in assuring accountability of services to local communities through consultation with local people and in particular those who use services</p>	<p>Recruiting to key positions</p>	<p>Restructuring in other Departments hindering the ability to recruit due to vacancy control measures</p>	<p>High</p>	<p>Project planning and monitoring for early warning of potential problems</p>	<p>Mark Stainton</p>
<p>9. Commissioning and use of resources Adult Social Care leaders commission and deliver services to clear standards of both quality and cost, by the most effective, economic and efficient means available.</p>	<p>Joint working with Health partners on key Departmental drivers</p>	<p>Lack of capacity within the PCTs to deliver the agenda</p>	<p>High</p>	<p>Robust monitoring of joint priorities. Regular communication via SMT.</p>	<p>Beverly Hone</p>
<p>9. Commissioning and use of resources Adult Social Care leaders commission and deliver services to clear standards of both quality and cost, by the most effective, economic and efficient means available.</p>	<p>Joint working with Health partners on key Departmental drivers</p>	<p>Transfer to ESCC the responsibility and assets for commissioning Learning Disability Services for adults that were the responsibility of the NHS.</p>	<p>High</p>	<p>Ensure capacity within Strategy & Commissioning Division.</p>	<p>Beverly Hone</p>

Business Unit	Objective	KBP	Risk	Priority	Control Measure	Responsible Officer
CEx - Strategic Economic Development	Provision of an Adult Learning Service for Rural East Sussex via ACRES	Financial, reputational and delivery support	Potential of partner colleges to withdraw from the consortium causing financial pressures	High	New agreements with existing colleges are being negotiated.	Kieran McNamara
CEx - Communications	Improve the County Council's reputation by explaining our policies and decisions clearly and ensuring consistent information and messages using the full range of communication methods. Council Plan 1.7	Deliver an improved media profile for ESCC and its priorities	Potential damage to reputation of adverse publicity on budget cuts 2008/09 and their impact on post external assessments particularly CAA	High	Successful delivery of new Communications Strategy, including planned increase of media coverage to balance negative publicity on Service cuts	Lynn Evans
CEx - County Records	Make the documentary heritage of East Sussex (including Brighton & Hove) available to the public (present and future generations)	Acquire, list and conserve archival material and store securely the records in the office's custody, maintaining optimum environmental conditions for their survival and safe systems for production and inspection	Inadequate air conditioning, causing long-term damage to the documents in the council's care with potential loss of reputation, action from owners and refusal of grant-giving bodies to make awards.	High	Ensure existing systems are maintained. Install new equipment if funding available.	Elizabeth Hughes

	Objective	KBP	Risk	Priority	Control Measure	Responsible Officer
PROPERTY	Policy Steer P5: In conjunction with the appropriate client sponsor roles, ensure effective and efficient delivery of capital projects	P 5.8/9/10: Better delivery of capital projects within agreed timescales and costs.	Failure to deliver high profile projects impacts on reputation	High	<ul style="list-style-type: none"> ☐ Strengthening of Capital Projects team and development with clients of sustainable delivery model 	John Morris

Business Unit	Objective	KBP	Risk	Priority	Control Measure	Responsible Officer
CS - EYCESS	Childcare Sufficiency Duty.	TBC	<p>Threat</p> <p>Insufficient resources to close the gaps in provision identified from sufficiency assessment. Lack of subsidy/ sustainability funding to childcare providers in areas of disadvantage result in the closure of provision or the delivery of the wrong type of provision.</p> <p>Planning and Development legislation interpretation restricts ability to establish new provision in areas of undersupply of childcare</p> <p>Insufficient EYEE funding to private and voluntary providers produces financially unsustainable child care for 3 & 4 year olds</p> <p>New Ofsted requirements from Sept 08 lead to a reduction in providers especially child minders.</p> <p>Risks</p> <ol style="list-style-type: none"> 1. Failure to meet statutory duties. 2. Reduced outcomes for children. 3. Reduced / closed services in areas of most need 4. Inability to establish facilities in areas of most need. 5. Financial risks - unsustainable gaps between funding to providers and established need. 6. Shortfall in registered child minders. 	High	<p>LPC based childcare action plans being developed to help draw in additional resources from other partners especially schools.</p> <p>Assessment of levels of subsidy from different departments of the County Council to be completed by September 08</p> <p>Training programme for staff rolled out over summer term – new Childminder Quality Pathway of support put in place.</p>	Matt Dunkley / Ruth Szulecki
CS - Strategic Resources	CSD footprints in all corporate office hub buildings enable co-location of services to support improvements in the delivery of integrated services.	TBC	<p>Threat</p> <p>Current team sizes and storage requirements are increasing and in some cases will no longer fit in their allocated footprints.</p> <p>Risk</p> <ol style="list-style-type: none"> 1 Co-location of service functions will not be realised. 2 Increased costs from sourcing additional accommodation space elsewhere. 3. Achieving a retrofit to the standards at SMK will result in some staff being displaced. 4. Teams that have been moved to SMK5 on a temporary basis will need to have a permanent location assigned by mid-March 09. 	High	<ol style="list-style-type: none"> 1.Managers embrace and implement flexible accommodation and flexible working protocols. 2.Review accommodation requirements across CSD in line with corporate standards. 	Annette Grose
CS - Strategic Resources	Procure to Pay (P2P) Best Practice supports all CSD services and all staff comply.	tbc	Dept P2P targets are not met and this impacts negatively on corporate overall performance	High	Implement a project to reinforce financial regulations and P2P Best Practice through service team audits, awareness and training for SAP approvers and other users as required. This will be implemented in phases. Phase 1 by end Mar 09.	Hazel Cunningham

Service	Objective	KBP	Risk	Priority	Control Measure	Responsible Officer
Waste Management	Plan for the sustainable management of the County's waste including provision of facilities to cater for household waste and continue to raise waste awareness through the Reduce, Re-use, Recycle campaign.	Continue to develop and promote the integrated waste service contract for the management of household and other waste collected by the borough and district councils by regular meetings at all levels.	There is a need for better partnership working with borough and district councils.	High	Directors from all authorities work together and agree a way forward on collecting and managing the county's waste; Clear direction and leadership given by the Directors to Heads of Service of waste on joint working and use of the IWMSC; Regular meetings with the WCAs, informing, sharing and clarifying the IWMSC, looking at potential possibilities to maximise benefits to all parties; ESCC to agree internally the possibilities within the IWMSC that could benefit the WCAs, including the issues on finance (recycling credit payments, recycling credit thresholds) and changes to the IWMSC on a cost neutral basis; All parties agree to work together on revising the joint Municipal Waste Management Strategy (MWMS) with shared targets; All agree to work together on developing a business case for how the county should manage its waste	Amelia Peacocke
Planning	6.8 - Plan for the development of the County development and infrastructure.	Ensure that S106 agreements completed provide for at least 90% of contributions sought	a) Developers challenging justifications for contributions sought and / or countering on financial viability grounds (as per the SPG); and b) inconsistent or less than full support from district planning authorities with regard to the contributions sought, particularly HBC (Usually, on financial viability grounds and/or on the basis contributions towards affordable housing provision are a higher priority).	High	As appropriate and to the extent the available resources allow: a) additional supporting information and / or support for district planning authorities; and b) liaison with the district planning authorities concerned.	Alan Cowling