

Report to: Audit and Best Value Scrutiny Committee

Date: 4 March 2009

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 faced by the Council, their status and mitigating actions.

The Committee is recommended to note the current strategic risks, the update of their status, and the mitigation 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, 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 the Audit & Best Value Scrutiny Committee 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 Audit & Best Value Scrutiny Committee, 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.

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 November 2008. The main areas where the level of risk is perceived to be 'high', in terms of likelihood and impact, remain the risks associated Adult Social care, where several risks are perceived as high in terms of both likelihood (inherent risk) and impact, Waste Management, partnership working and budgetary / funding issues.

3.2 One major new risk as been added to the Strategic Risk log for this review. This is risk number 1, and relates to 'Collapse of the supply chain due to the economic down turn'. This risk is considered medium / high in terms of inherent risk (3), and high (4) in terms of impact. Several mitigation actions have been placed against this risk. These include, clear financial checks and parent company guarantees, prompt invoice payment, shared intelligence, early supplier engagement and the development of contingency plans.

3.3 Mitigation Actions relating to several risks have also been slightly amended for this review. These are denoted by a star (*) on the Strategic Risk Log. No risks have been removed from the Strategic Risk log for this review.

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BACKGROUND DOCUMENTS

None

New and Revised Strategic Risk Log for 2008/09

	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.	Collapse of key supply chain due to economic downturn.	3	4	Sean Nolan (all Chief Officers)	NEW
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Clear financial checks and parent company guarantees • Prompt invoice payment • Shared intelligence, early supplier engagement • Contingency plans being developed 				
2.	Failure to recruit and retain key staff, and manage capacity pressures and staff moral and motivation effectively	2	4	Andrew Ogden	*
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Implementation of agreed actions from Staff Survey 2007/08 • 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 • 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 • Internal Communications Strategy, including further development of new intranet 				

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3.	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 legal requirements • Provide briefing sessions and training programmes for managers, headteachers and governors • Implement mediation as a first step to resolve workplace disputes 				
4.	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)	
	<u>Mitigating Actions</u> <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 				

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	<ul style="list-style-type: none"> Strong partnership arrangements (inc the voluntary and community sector) Consultation and strong evidence base of residents' views and needs used to influence policy decisions 				
5.	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	
	<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 				
6.	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 (including improved Council branding) 				

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	<ul style="list-style-type: none"> • Post inspection action plans incorporated in business plans • Seeking to influence new regimes and develop effective partnership response to final CAA regime. 				
7.	Negative impact of 'credit crunch' and worsening economic conditions including significant increases in relevant inflation factors.	3	4	Cheryl Miller	*
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Implementation of agreed, evidence and partnership based action plan supporting: <ul style="list-style-type: none"> ○ Businesses; ○ Residents; ○ Voluntary and Community Sector and local communities <p>Through RP&R monitoring and impact on County Council services and performance and amending plans and financial strategies.</p> <ul style="list-style-type: none"> • Contingency plans for reducing interest on balances 				
8.	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	
	<p><u>Mitigating Actions</u></p> <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 				

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	<p>priorities</p> <ul style="list-style-type: none"> • East Sussex in Figures in place • Planned strengthening of communication with local Members through improved intranet 				
9.	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 (all Chief Officers)	
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Relationship strategies in place • Review of contract management arrangements 				
10.	Failure to secure an effective 'Agewell' Scheme in line with business objectives.	2	4	Keith Hinkley	
	<p><u>Mitigating Actions</u></p> <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. 				

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11.	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. 				
12.	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	
	<u>Mitigating Actions</u> <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 				

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	<p>health services in East Sussex.</p> <ul style="list-style-type: none"> Joint plan agreed for implementing changes to continuing healthcare, including monitoring arrangements. 				
13.	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. 				
14.	Failure to deliver ASC Transformation Agenda.	3	4	Keith Hinkley	
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> Review of current commissioning strategies in a structured programme of work to ensure compliance with Putting People First. 				
15.	Transfer from NHS to ESCC of responsibility and fund for commissioning Learning Disability Services for adults.	4	4	Keith Hinkley	
	<p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> Joint project group with PCT's including Legal Services and Audit. Governance arrangements requiring Cabinet agreement, including risk 				

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	<p>management arrangements.</p> <ul style="list-style-type: none"> Joint work with other local authorities to ensure consistent approach to management of risk. 				
16.	Implementation by PCT of Continuing Health Care (CHC) criteria.	4	4	Keith Hinkley	
	<p><u>Mitigating Actions</u></p> <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	
17.	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	*
	<p><u>Mitigating Actions</u></p> <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. Preparation for public inquiry including key legal support 				

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18.	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 				
19.	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. 				
20.	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 (interim model in place since September 07) • Involvement of Scrutiny • Implementation of PID approach • Challenge / training for project sponsors 				

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	<ul style="list-style-type: none"> Partnering arrangements with specialist project management More structured work on key client roles Review of forward planning skills and capabilities with key departments (eg Children's) 				
21.	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 East Sussex Economic Strategy Annual economic study and business survey 				
22.	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. Prepared to send a formal warning note to Filsham valley Governing 				

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	Body if they continue to vote against single governing body.				
23.	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> • Recruiting more staff for youth support teams and redefining their role and function.				
24.	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> • An external review of the structure and responsibilities of the Capital Strategy Team. • Additional investment in feasibility studies. • BSF and PCP the responsibility of individuals commissioned specifically for these areas of work. • Revised structure being developed between CSD and CRD.				
25.	Failure to effectively influence school performance to avoid significant intervention measure from Government (inc Ofsted).	2	4	Matt Dunkley	*
	<u>Mitigating Actions</u> • 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.				

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	<ul style="list-style-type: none"> • External monitoring and support commissioned to accelerate the progress of any schools proving to be “hard to shift”. • School Improvement Service being brought back into County Council with effect from 1st September 2009. 				