

Report to: **Audit and Best Value Scrutiny Committee**
Date: **2 September 2009**
By: **Deputy Chief Executive and Director of Corporate Resources**
Title of report: **Risk Management Annual Report 2009**
Purpose of report: **To update the Committee of the developments in Risk Management in the past 12 months and proposed actions for the next 12 months.**

The Committee is recommended to note:

- (1) the developments in risk management in the last 12 months; and**
(2) the proposed actions set out in Section 6
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1. Financial Implications

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

2 Introduction

2.1 The purpose of risk management is not to remove all risk, rather it is to ensure that risks are identified, analysed and managed in order to ensure that the Council can successfully achieve its objectives and fulfil its obligations, while providing an appropriate level of service and leadership to the community. The Comprehensive Performance Assessment (CPA) regime included a series of Key Lines of Enquiry (KLOE) under the Use of Resources element, which relate to risk management. The Council scored 4 in this section of the 2008 CPA. In 2009 the CPA was replaced by the Comprehensive Area Assessment (CAA), a more rigorous test, focusing on outcomes as opposed to processes. The Council is targeting a score of 3 out of 4 for the relevant section, relating to Risk Management.

3 Developments in Risk Management over the past 12 months

3.1 The main focus of Risk Management activity has been to create closer links between the risk identification and Business Planning process. Closer links between these processes will help to ensure the inclusion of risk mitigation actions into Business plans, where appropriate. This will also facilitate an integrated mechanism for quarterly risk monitoring in conjunction with the regular Business Plan and Performance monitoring cycle. It is anticipated that this mechanism will be further refined and rolled out to Departments in 2009.

3.2 An investigation into the way in which individual Departments capture and record risks has also been undertaken. This has shown that several departments have developed their own systems to support their management of risk and facilitate the escalation of risk. In order to avoid unnecessary duplication of a feasibility study relating to the existing Corporate Risk database is being undertaken to ascertain if this should be replaced, amended or dispensed with entirely.

3.3 The Strategic Risk Log, which represents the Corporate Level Risks and key Departmental level risks, has been reported to the Chief Officers Management Team (COMT), Cabinet and Audit and Best Value Scrutiny Committee on a regular basis to ensure an awareness of the changing risk profile facing the council. In addition to this a 'Risk Events' log is maintained by COMT to highlight specific issues and events as they arise.

3.4 To support the Risk Management process, an Internal audit of the Council approach to Strategic Risk Management has also been completed. This audit resulted in 'substantial assurance' being awarded.

3.5 The highest volume of third party claims received by the council relate to injury or damage caused on the Highway. The number of claims received has increased dramatically due to the poor weather conditions experienced in Winter 2008/9. Consequently, and in line with the previously agreed Highways Claims report, a dedicated member of staff has been appointed within the Highways team to manage the information gathering process required to facilitate a defence to such claims. In addition to this, £95,000 was made available from the Risk Management budget to support emergency road maintenance works, caused as a result of the poor weather conditions.

4 Strategic Risk

4.1 The COMT have reviewed the Strategic Risks for 2009/10. These have been submitted to Cabinet and Audit and Best Value Scrutiny Committee as an appendix to the 'Reconciling Policy and Resources – State of the County 2009' Report.

5 Examples of Risks captured at Departmental level.

5.1 Appendices 1 to 5 show some examples of risks captured at Departmental and Divisional levels. These risks are appropriately mitigated and therefore not considered appropriate to escalate to the Corporate Risk level.

5.2 These risks are just a small sample chosen to illustrate the type of risk management activity being undertaken below the Corporate level, showing risks identified and mitigation actions taken.

6 Issues to be addressed and future improvements.

6.1 To support the continued development and embedding of Risk Management across all council Departments, a risk management training program will be introduced. This will explain the essential concepts relating to the management of risk, and the specific approach adopted by council. It is envisaged that this training will take the form of an e-learning package and be made available to all managers.

6.2 Ongoing support will be provided to Departmental Risk Co-ordinators in relation to developing the closer links between performance monitoring and risk monitoring and to ensure that risks are recorded in an appropriate manner, particularly if the existing Corporate Risk database is replaced.

6.3 Risks faced by individual schools are unlikely to impact on the Council's Strategic Risk register, although they can have the potential to create a significant reputational and financial risk for the council or for an individual school. Therefore a 'risk ranking survey' of all schools has been commissioned. This will commence in the Autumn term 2009 and is scheduled to take 2 years. The surveys of all secondary schools will be undertaken in the first year. Surveys will be carried out by surveyors from the Council's property insurer, Zurich Municipal, who will survey according to a preset list of criteria, enabling schools to be ranked by level of risk in several areas. The cost of undertaking the surveys will be met from existing Risk Management budgets.

6.4 A tendering of the Council non liability insurance will be undertaken, since the Long Term Agreement with the existing service provider will expire in March 2010. The tendering process will be managed by council officers in conjunction with staff from the Council's appointed Insurance brokers, Jardine Lloyd Thompson, in accordance with European Union requirements. The tendering process will involve an assessment of the council's existing risk financing program in relation to prevalent insurance market conditions.

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Local Members: All

Appendix 1 : Adult Social Care

Business Unit	Key Business Process	Risk	Control Measure	Likelihood scoring	Impact scoring	Responsible Officer	Risk level
Finance and Business Support	Support the Putting People First Agenda to Transform Adult Social Care	Systems and Processes become too cumbersome and complex	Network with OLAs, Ensure good communication and iterative process so fully understand implications before decisions made	Likely	High	Alex Garnett	Divisional
Learning Disability Directly Provided Services	Increase employment opportunities for individuals by developing a discreet countywide employment support service	Recession decreasing job opportunities	Increase training and qualification opportunities pre-work, increase vocational opportunities	High	High	Helen Fletcher	Divisional
Mental Health	To provide support to enable people with MH problems gain and retain employment	Lack of opportunity due to economic climate	1. Provision of support to retain employment 2. Build relationships with employers	Likely	High	Kate Dawson	Divisional
Strategy and Commissioning	To develop a range of housing options that provide high quality, choice, and independent living, reducing the reliance on long term / permanent residential care	That 'credit crunch' impact on capital funding reduces the options for development of new models that are reliant on capital	Develop a portfolio of options that are not fully dependent on capital development. Take early opportunities to access capital that is known to be available	High	Medium	Beverly Hone	Divisional

Appendix 2 : Transport & Environment

Business Unit	Key Business Process	Risk	Control Measure	Likelihood scoring	Impact scoring	Responsible Officer	Risk level
Reactive Maintenance	Winter maintenance of highways	Low salt stocks late in the season could prevent effective salting action within the Eastern Area. Prolonged cold spells and snow requires extended gritting periods. Risk of there not being sufficient drivers and grit supplies to cover 24 hour gritting operation	Regular monitoring of weather conditions and salt stocks. Employment of experienced staff to take informed decisions. Annual familiarisation training for Drivers (Snowdrop). Regular servicing of vehicles and spare gritters to be made available.	2	3	Tony Pike and Andy Brooke	Departmental
Reactive Maintenance and Construction & Planned Maintenance	Reactive and planned maintenance of highways.	Severe weather situation occurs (i.e. flooding), causing widespread damage to the highway network. Long term impacts of climate change.	Network offices placed on emergency footing. Regular press releases issued and reviewed. Funding bid formulated for GOSE and Cabinet to consider. Use Local Climate Impact Profile (LCLIP) to help assess likely impacts as part of the ongoing adapting to climate change work.	2	3	Tony Pike, Andy Brooke and Stuart Watt	Departmental
Transport Policy and Transport Strategy	Develop the Hastings to Bexhill Link Road	Delay in Central Government funding particularly in present climate and future election	ESCC lobbying through Government channels	3	3	Carl Valentine	Departmental
Planning	The planning appeal process	If decisions of the Planning Committee are overturned key developments may be halted. The risk is that without these developments, e.g. Peacehaven Waste Water Treatment Works, we may be unable to deliver high level aims of the Council.	Ensure a robust process is in place and ensure sufficient evidence is provided to justify the decisions made.	1	4	Tony Cook	Departmental

Appendix 3 : Corporate Resources Risks

Business Unit	Key Business Process	Risk	Control Measure	Likelihood scoring	Impact scoring	Responsible Officer	Risk level
Audit & Performance	Support the development and implementation of the Council's SME Support Package	Reputational risk from failure to maintain CAA UoR value for money score	Council's procurement strategy includes focus on efficiency Best Deal programme linked to SECE 3% cashable savings programme for Commodities. Council is linking sustainability to procurement	3	3	Johnathan Campbell	Divisional
Finance	Actively manage the Accounts Stream in relation to the Service Improvement Plan to implement new initiatives	Lack of internal SAP knowledge and single person specialisms acting as a limit on service development or on day to day delivery.	Appropriate training of staff across different functions within the Finance division and up skilling of SAP users.	3	3	Richard Hemsley	Divisional
Property	Realign existing capital investment with need by achieving disposals targets in line with the Council's Asset Management Plan.	Insufficient skills to ensure generation of capital receipts, delivery of projects to time and budget and effective estates management	Professional development training of Estates, Capital and Maintenance officers	4	3	John Morris	Divisional

Appendix 4 : Children's Services Risks

Business Unit	Objective	Risk	Control Measure	Likelihood scoring	Impact scoring	Responsible Officer	Risk level
Strategic Resources	CSD staff work in locations that are fit for purpose and support local service delivery.	<p>1. Service budgets required to contribute to costs resulting in diversion of funding away from front line services.</p> <p>2. Service delivery staff continue to work from office hubs and other CSD properties and do not realise the benefits of co-location of s</p>	<p>Submit a CAPS bid to purchase a property in preference to leasing to take advantage of current economic climate and property market.</p> <p>If leasing a property submit a CAPS bid to fund initial set up costs (refurbishment, ICT ..).</p> <p>Work with Strategic Finance</p>	3	4	Tony Maher Annette Grose	Dept
14 - 19 / CONNEXIONS	All children and young people achieving their potential at school, and experiencing a broad, stimulating curriculum/activities both at school and beyond	<p>1 Failure to spend money in accordance with the agreed timescale could result in funding being withdrawn</p> <p>2 Impact on outcomes for young people</p> <p>3 Reputation of the council negatively affected</p>	<ul style="list-style-type: none"> • Project Board and steering groups established for larger projects to oversee programmes • Project Management secured through CRD • Capital sub group to keep providers informed of developments 	3	4	Jessica Stubbings	Dept
Integrated Area Children's Services	Improved support to children assessed to have been or be in need of protection	<p>1 Reduced service performance</p> <p>2 Reduction in reputation of authority</p> <p>3 Unsuccessful unannounced DAT inspection</p>	<p>Ongoing recruitment strategy in place with next phase target 0-11s and Hastings</p> <p>DAT implementation plan in place</p>	4	3	Diane Williamson Mac Heath	Div
Looked After Children	<p>Performance</p> <p>b) Improved health outcomes for LAC</p>	<p>Detriment to outcomes for looked after children</p> <p>Poor performance outcomes</p> <p>Damage to organisational reputation</p>	<p>1. Continued partnership with SMT in both CS and PCT on prioritising needs of this most vulnerable group</p> <p>2. pilot study of free access to freedom leisure now in place for those LAC children in permanent placements.</p>	4	3	Sally Carnie, Teresa Lavelle-Hill, Alison Jeffery, Alison Smith	Dept

Appendix 5 : Ch. Exec. Risks

Business Unit	KBP	Risk	Initial Priority	Resultant Priority	Risk Level	Control Measure	Responsible Officer
CEx - Communications	Deliver an improved media profile for ESCC and its priorities	Potential damage to reputation of adverse publicity as a result of possible actions to mitigate the efforts of the Council's difficult financial position over the next 4 years.	High-16	High-09	Departmental	Successful delivery of County Council communications strategy, including planned increase of positive media coverage to balance negative publicity, as well as advanced media planning for any expected negative news.	Lynn Evans
CEx - Library Services	Business Plan Key Service Target 1: Provide high quality stock and library services	Loss of ICT Services and Telephony	High-09	Medium-06	Departmental	Emergency phone lines in place and Saturday cover arranged.	Rhona Drever
CEx - Community Partnerships	Co-ordination of services on site provision, unauthorised encampments and maintaining good communication between Travellers and settled communities	Challenges of co-ordinating partnership working on Travellers' issues, in particular managing the sites owned by the County Council. Potentially high public concerns	High-09	Medium-06	Divisional	Corporate Travellers Group and partnership Member and Officer groups co-ordinating work on all aspects of the Travellers Strategy including communications	Alison Horan