

**Report to:** Audit and Best Value Scrutiny Committee  
**Date:** 3 March 2010  
**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.

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

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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 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 Three new risks have been added to the Strategic Risk Log since the last review in October 2009. These are Risk 16, relating to the 'probable introduction of free personal care for older people and adults receiving community services', Risk 20, relating to 'the failure to reduce numbers killed or seriously injured on East Sussex Roads', and Risk 26 relating to 'the failure to respond appropriately to the increasing number of referrals to children's social services and to the increasing number of children with Child Protection Plans and Looked After Children'.

3.2 For Risk 17, relating to the failure to secure appropriate approval for the Link Road, the level of inherent risk is perceived to have increased from 3 to the highest level, 4.

3.3 The mitigation actions relating to several risks have also altered since the last review. These are as follows;

- Risk 1 : A mitigation action relating to, 'Consider findings of 2009 Staff Survey and develop action plan' has been added to replace a mitigation action relating to agreed actions following the 2007/08 Staff Survey.
- Risk 2 : Minor alterations to mitigations including noting that negotiations with Unions are now underway in relation to Single Status.

- Risk 9: The first mitigation relating to Planning consents has had the word 'outline' replaced by 'detailed'.
- Risk 11: A mitigation action relating to the 'Development of implementation plan' has been added.
- Risk 17 : Mitigations relating to 'Preparation for public enquiry including key legal support' and 'Ensure robust statements of evidence for CPO public enquiry and witnesses properly briefed / trained' have been removed and mitigation actions relating to 'Ensure target cost is within budget' and 'Submit final MSBC by 28<sup>th</sup> February 2010' added. Several other mitigation actions related to this risk have been reworded and some mitigation actions amalgamated.
- Risk 18: Two mitigation actions have been removed. These are, 'Continue to develop closer working relations with Districts' and ' Bring together operational and financial colleagues to finalise recycling solutions'
- Risk 19: The mitigation action 'Resolve recycling credit issues' has been removed, and a mitigation action relating to 'Completion of legal agreement with Districts to gain clarity of future recycling plans' has been added.

3.4 A risk relating to 'the Failure to influence effectively school performance to avoid significant intervention measures from Government (inc. Ofsted)', has been removed from the Strategic Risk Log for this review.

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Background Papers

None

## New and Revised Strategic Risk Log for 2009/10

	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	*
	<b><u>Mitigating Actions</u></b> <ul style="list-style-type: none"> <li>• Consider findings of 2009/10 Staff Survey and develop action plan.</li> <li>• Improved corporate identity/branding</li> <li>• E-Recruitment underway to improve our appointment procedures</li> <li>• Workforce planning</li> <li>• Increased use of flexible approaches to contract terms and conditions to encourage retention of key employees</li> <li>• Use of Management Capacity Reserve</li> <li>• Reconciling Policy and Resources</li> <li>• Robust internal Communications Strategy</li> </ul>				
2.	Failure to implement effectively key departmental restructuring exercises (as well as ensuring a sound response to 'single status', and equal pay issues).	2	3	Andrew Ogden(relevant department lead)	*
	<b><u>Mitigating Actions</u></b> <ul style="list-style-type: none"> <li>• Implement options to achieve completion of Single Status. Negotiations with Unions now underway.</li> <li>• Provide appropriate training for personnel case workers on current legal requirements</li> <li>• Provide briefing sessions and training programmes for managers,</li> </ul>				

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	<p>headteachers and governors</p> <ul style="list-style-type: none"> <li>• Mediation now successfully implemented as a first step to resolve workplace disputes</li> </ul>				
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><b><u>Mitigating Actions</u></b></p> <ul style="list-style-type: none"> <li>• Continued operation of Reconciling Policy and Resources</li> <li>• Active involvement of Scrutiny</li> <li>• Continued focus on robust data quality and performance management (especially on low performing indicators)</li> <li>• Establishment of forward cash limits and 4 year service planning</li> <li>• Communications and lobbying strategy</li> <li>• Focus on benchmarking efficiency and comparative value for money</li> <li>• Strong partnership arrangements (inc the voluntary and community sector)</li> <li>• Consultation and strong evidence base of residents' views and needs used to influence policy decisions</li> </ul>				

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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	
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> <li>• Formal monthly monitoring and reporting</li> <li>• Enhanced budget monitoring processes</li> <li>• Risk management arrangements</li> <li>• Medium Term planning</li> </ul>				
5.	Reputational damage and lack of confidence from failure to maintain or deliver increased service standards (including inspection or assessment scores in Comprehensive Area Assessment).	2	3	Becky Shaw	
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> <li>• Robust performance management and risk regimes in place</li> <li>• Continued strengthening of customer focus and equalities work</li> <li>• Strong partnership arrangements</li> <li>• Clear communications and consultation strategy and infrastructure</li> <li>• Post inspection action plans incorporated in business plans</li> <li>• Delivering effective partnership responses to CAA regime.</li> </ul>				

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6.	Negative impact of the Recession on the County Council and on East Sussex residents, businesses and communities (including collapse of key supply chains due to the economic downturn).	<b>3</b>	<b>4</b>	Cheryl Miller (All Chief Officers)	
	<p><b><u>Mitigating Actions</u></b></p> <ul style="list-style-type: none"> <li>• <b>Implementation of agreed evidence and partnership based action plan supporting:</b> <ul style="list-style-type: none"> <li>○ <b>Businesses;</b></li> <li>○ <b>Residents</b></li> <li>○ <b>Voluntary and Community Sector and local communities.</b></li> </ul> </li> <li>• <b>Through RP&amp;R monitoring and the impact of the Recession on County Council finances, services, performance and suppliers and amending plans and strategies accordingly.</b></li> </ul>				
7.	Failure to manage successfully the quality, relationships and outcomes from the increasingly complex partnership agenda including the various aspects of locality working.	<b>3</b>	<b>3</b>	Becky Shaw	
	<p><b><u>Mitigating Actions</u></b></p> <ul style="list-style-type: none"> <li>• <b>Clear partnership governance arrangements</b></li> <li>• <b>Successful delivery of LAA2 linked to Reconciling Policy and Resources</b></li> <li>• <b>Robust LAA / NIS monitoring arrangements in place and integrated into Reconciling Policy and Resources</b></li> <li>• <b>Strong relationships with local partners</b></li> <li>• <b>Integrated sustainable community strategy showing joint priorities</b></li> <li>• <b>East Sussex in Figures providing robust evidence base.</b></li> <li>• <b>Planned strengthening of communication with local Members.</b></li> </ul>				

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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 (all Chief Officers)	
	<u><b>Mitigating Actions</b></u> <ul style="list-style-type: none"> <li>• <b>Relationship strategies in place</b></li> <li>• <b>Review of contract management arrangements</b></li> </ul>				
9.	Failure to secure an effective ‘Agewell’ Scheme in line with business objectives.	2	4	Keith Hinkley	*
	<u><b>Mitigating Actions</b></u> <ul style="list-style-type: none"> <li>• <b>All detailed planning consents achieved on the four acquired sites.</b></li> <li>• <b>Full link to corporate capital planning.</b></li> <li>• <b>Care needs linked with Commissioning Strategies.</b></li> <li>• <b>Preparation of contingency plans.</b></li> </ul>				
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><b>Mitigating Actions</b></u> <ul style="list-style-type: none"> <li>• <b>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, mental health and learning disabled completed. Implementation monitored through core performance management processes within the County Council.</b></li> </ul>				

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	<ul style="list-style-type: none"> <li>Implementing the change agenda through robust programme and project management arrangements.</li> </ul>				
11.	Risks from changes within the NHS including delivery of World Class Commissioning application of provider Trusts for Foundation status and impact of PCT achieving efficiency savings.	<b>3</b>	<b>4</b>	Keith Hinkley	<b>*</b>
	<u><b>Mitigating Actions</b></u> <ul style="list-style-type: none"> <li><b>Robust and formal partnership working including the development of joint commissioning strategies, Risk Share Agreement, Section 31 Agreements and Service Level Agreement.</b></li> <li><b>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.</b></li> <li><b>Development of Implementation Plan between County Council and Primary Care Trusts, specifying priority areas for integrated working, investment decisions and performance targets.</b></li> </ul>				
12.	Failure to sustain current improved performance on our priority performance indicators within Adult Social Care	<b>2</b>	<b>4</b>	Keith Hinkley	
	<u><b>Mitigating Actions</b></u> <ul style="list-style-type: none"> <li><b>Continue with the DMT led Performance Board.</b></li> <li><b>Develop our benchmarking for the National Indicator Set.</b></li> <li><b>Enhance performance through programme arrangements for Putting People First.</b></li> </ul>				



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

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16.	Probable introduction of free personal care for Older People and adults receiving community services.	4	4	Keith Hinkley	*
	<b><u>Mitigating Actions</u></b> <ul style="list-style-type: none"> <li>• <b>Contribute to lobbying of Government to address the additional financial pressures being placed on Local Authorities.</b></li> <li>• <b>Allocation by County Council of £750k ‘one off’ funding in 2010/11 to mitigate the risk in the first year.</b></li> <li>• <b>Preparation of contingency plans to manage the costs of implementation and deliver a balanced budget.</b></li> </ul>				
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.	4	4	Rupert Clubb	*
	<b><u>Mitigating Actions</u></b> <ul style="list-style-type: none"> <li>• <b>Continue governance through project board</b></li> <li>• <b>Continue to influence Regional Transport Board and local development frameworks.</b></li> <li>• <b>Submit final MSBC by 28 February 2010</b></li> <li>• <b>Maintain closer links with DfT to resolve any queries arising from MSBC submission</b></li> <li>• <b>Consider and implement recommendations from 4Ps peer review</b></li> <li>• <b>Work closely with newly appointed contractor – co-locate teams</b></li> <li>• <b>Ensure target cost is within budget.</b></li> <li>• <b>Continue to use expert legal advice and lobby for ministerial decision as quickly as possible.</b></li> </ul>				

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18.	Failure in key waste delivery plan and milestones (including recycling with Districts).	3	4	Rupert Clubb	*
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> <li>• Contract governance through Joint Project Board</li> <li>• Work with OGC to minimise risk of infraction proceedings over extension of contract</li> <li>• Affordable interim arrangements secured through contract re-negotiation</li> <li>• Waste reserve based on modeled prudential scenarios</li> <li>• Continuous development and scrutiny of modeling</li> <li>• Develop partnership approach with BHCC and Veolia</li> </ul>				
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"> <li>• Continue to develop business case for joint working</li> <li>• Continue officer, Chief Officer and mentor level meetings.</li> <li>• Align collection contracts</li> <li>• Completion of legal agreement with districts and gain clarity of future recycling plans</li> <li>• Develop the role of the East Sussex Waste Resources Strategy Group</li> </ul>				
20	Failure to reduce numbers of Killed and Seriously Injured on East Sussex roads.	3	3	Rupert Clubb	*
	<u>Mitigating Actions</u>				

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	<ul style="list-style-type: none"> <li>• <b>Appoint dedicated Road Casualty Reduction Specialist</b></li> <li>• <b>Work closely with partners through East Sussex Casualty Reduction Steering Group (ESCRSG)</b></li> <li>• <b>Work up strategy and action plan through ESCRSG</b></li> <li>• <b>Identify measures where there is evidence of success</b></li> <li>• <b>Pilot these measures in East Sussex</b></li> <li>• <b>Roll out successful pilots more widely</b></li> </ul>				
21.	Failure to deliver major property projects – on cost, to specification and to time – but including failure to deliver effective client or sponsor role.	<b>3</b>	<b>4</b>	Sean Nolan	
	<u><b>Mitigating Actions</b></u> <ul style="list-style-type: none"> <li>• <b>Review of future model underway (interim model in place since September 07)</b></li> <li>• <b>Involvement of Scrutiny</b></li> <li>• <b>Implementation of PID approach</b></li> <li>• <b>Challenge / training for project sponsors</b></li> <li>• <b>Partnering arrangements with specialist project management</b></li> <li>• <b>More structured work on key client roles</b></li> <li>• <b>Review of forward planning skills and capabilities with key departments (eg Children’s)</b></li> </ul>				
22.	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.	<b>3</b>	<b>4</b>	Cheryl Miller	
	<u><b>Mitigating Actions</b></u> <ul style="list-style-type: none"> <li>• <b>Analysis of indices of multiple deprivation commissioned.</b></li> </ul>				

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	<ul style="list-style-type: none"> <li>• <b>Robust planning processes and partnerships in place</b></li> <li>• <b>East Sussex Economic Strategy</b></li> <li>• <b>Annual economic study and business survey</b></li> </ul>				
23.	Failure to deliver improved standards at Key Stage 3 and 4 in Hastings as Filsham valley refused to agree to a 'hard federation'.	<b>2</b>	<b>4</b>	Matt Dunkley	
	<u><b>Mitigating Actions</b></u> <ul style="list-style-type: none"> <li>• <b>Quarterly monitoring of the implementations of Ninestiles Plus contract by the Deputy Director, L&amp;SE.</b></li> <li>• <b>Regular contact between the Executive Headteacher and the Joint Committee.</b></li> <li>• <b>Significant investment of resources from the County Council and the Standards Fund grant to facilitate a range of strategies to improve core subjects.</b></li> <li>• <b>Joint Committee established following Filsham Valley against Hard Federation.</b></li> </ul>				
24.	Failure to respond effectively to the growing number of young people being classed as vulnerable and potentially requiring support and services.	<b>3</b>	<b>4</b>	Matt Dunkley	
	<u><b>Mitigating Actions</b></u> <ul style="list-style-type: none"> <li>• <b>Recruiting more staff for youth support teams and redefining their role and function.</b></li> </ul>				
25	Failure to articulate effectively 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.	<b>3</b>	<b>4</b>	Matt Dunkley	
	<u><b>Mitigating Actions</b></u>				

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	<ul style="list-style-type: none"> <li>• <b>Children’s Services Capital Strategy Team restructured.</b></li> <li>• <b>Additional investment in feasibility studies.</b></li> <li>• <b>Readiness to Deliver for BSF submitted to DCSF.</b></li> <li>• <b>PCP Board established.</b></li> <li>• <b>Consultation on primary reorganisation in Bexhill and Eastbourne</b></li> <li>• <b>Academies Board Established</b></li> </ul>				
26.	Failure to respond appropriately to the increasing number of referrals to children’s social services and to the increasing number of children with Child Protection Plans and Looked After Children.	<b>4</b>	<b>4</b>	Matt Dunkley	<b>*</b>
	<u><b>Mitigating actions</b></u> <ul style="list-style-type: none"> <li>• <b>Refreshed social worker recruitment and retention strategy, including recruitment from abroad.</b></li> <li>• <b>Additional funding made available for children’s social care services.</b></li> <li>• <b>Management capacity of frontline services strengthened.</b></li> <li>• <b>Proactive recruitment of new foster carers and support lodgings providers.</b></li> </ul>				