

Report to:	Audit, Best Value and Community Services Scrutiny Committee
Date:	1 June 2012
By:	Interim Director of Corporate Resources
Title of report:	Strategic Risk Monitoring
Purpose of report:	To update the Committee on current Strategic Risks faced by the County 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 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 the Chief Officers Management Team (COMT), Cabinet and the Audit, Best Value and Community Services 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 COMT, Cabinet and the Audit, Best Value and Community Services 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 Many of the Strategic risks noted on the Strategic Risk log (Appendix 1) have been updated or amended and these are noted by a star (*) in the 'New or Revised' column. A number of the long standing risks have been removed because they are integrated into the Council Plan and departmental risk logs. It is important that to be effective this Strategic Risk Log focuses clearly on the highest risk areas.

3.2 Four new risks have been added to the Strategic Risk log for this review. These are noted as 'New' in the 'New or Revised' column and are as follows;

- **Risk 9** – relating to an outbreak of Swine Flu
- **Risk 10** – relating to the risk of action taken by the Care Homes Association in relation to Care Home fees.
- **Risk 11** – relating to the council's responsibilities arising from the Welfare Reform Act.
- **Risk 19** – relating to the council's response to a possible drought

3.3 The following risks have been noted as scoring 4 for both Likelihood and Impact, and therefore should be considered as the Council primary, premitigation strategic risks at this time;

- **Risk 8** – relating to implementing the NHS Health and Social Care Act
- **Risk 9** – relating to an outbreak of Swine Flu
- **Risk 11** – relating to new Council responsibilities arising from the Welfare Reform Act
- **Risk 12** – relating to funding approval for the Link Road

4 Strategic Risk Log format

4.1 The format of the Strategic Risk Log has been reviewed by the Assistant Chief Executive in conjunction with the Insurance and Risk Manager, specifically in relation to the possible introduction of additional information relating to post mitigation rescoring of identified risks. However, it is currently considered inappropriate to introduce such additional information since it is felt that this would not enhance the management of the Council's Strategic Risk profile.

ANDREW TRAVERS
Interim Director of Corporate Resources

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Local Member: All

Background Documents

None

KEY THEME AREAS - Strategic Risk Log (May 2012)		LIKELIHOOD	IMPACT	LEAD OFFICER ON BEHALF OF COMT	NEW or Revised '**'
		1 = Low / 4 = High			
1.	<p>Failure to effectively manage staffing implications of budget reductions and the implications of pay freezes and pension reductions.</p> <p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Use of HRMB to provide overview of HR aspects of the implementation process • Regular reporting to COMT on progress and issues arising • Introduction of new techniques to ensure there is a good understanding of the current state of staff morale and motivation • Commenced employee engagement approach 	3	3	Simon Hughes	*
2.	<p>Failure to implement effectively key departmental restructuring exercises (as well as ensuring a sound response to 'single status', and equal pay issues).</p> <p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Implement options to achieve completion of Single Status. Negotiations with Unions now underway. Further training sessions delivered and planned for Single Status • Provide appropriate training and implementation of quality assurance mechanisms for personnel case workers on current legal requirements • Provide briefing sessions and training programmes for managers, head teachers and governors • Mediation now successfully implemented as a first step to resolve workplace disputes 	2	3	Simon Hughes (relevant department lead)	*

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3.	<p>Failure to meet the ongoing challenge of improving performance in the context of rising expectations, uncertain resources, efficiency expectations and the tension between vulnerable and universal services.</p> <p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> Continued operation of Reconciling Policy, Performance and Resources Active involvement of Scrutiny Continued focus on robust data quality and performance management (especially on low performing indicators) Establishment of future cash limits and 4 year service planning Communications and lobbying strategy Focus on benchmarking efficiency and comparative value for money Strong partnership arrangements (including the voluntary and community sector) Consultation and strong evidence base of residents' views and needs used to influence policy decisions Peer review to be planned with partners 	3	4	Becky Shaw	*
4.	<p>Failure to put in place effective Medium Term financial planning linked to service priorities to deliver sustainable outcomes and deliverable savings plans – in the context of the severe funding constraints now expected allied to existing spending pressures and other risks.</p> <p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> Operation of Reconciling Policy and Resources for 2012/13 Realistic Medium Term Resource assumptions for 2014/15 Links to Risk Management Protocols Operation of capital planning methodologies Joint working through East Sussex Finance Officers Association (ESFOA) on Council Tax risks 	3	4	Andrew Travers	*

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5.	<p>Reputational damage and lack of confidence from failure to maintain or deliver increased service standards.</p> <p><u>Mitigating Actions</u></p> <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 	2	3	Becky Shaw	
6.	<p>Failure to manage successfully the quality, relationships and outcomes from the increasingly complex partnership agenda including the various aspects of locality working.</p> <p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Strong relationships with local partners • Integrated sustainable community strategy showing joint priorities • East Sussex in Figures providing robust evidence base. 	3	3	Becky Shaw	
7.	<p>Failure to manage effectively the key strategic relationships with, and performance of, key commercial partners (e.g. BT, Serco, Veolia, key care providers etc.).</p> <p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Relationship strategies in place • Review of contract management arrangements • Council wide review of commissioning and procurement approach 	2	4	All Chief Officers	

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8.	<p>Risks from implementing the NHS Health and Social Care Act including effective engagement with GPs, delivery of savings targets across health and social care and assumption of public health duties.</p> <p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> Partnership working with CCGs and NHS Sussex on the development of joint commissioning and delivery arrangements for health and social care. Management of joint commissioning arrangements and posts to lead the delivery of Quality Innovation Productivity and Prevention targets and health and social care transformation. Shadow Health and Wellbeing Board to promote partnership working and oversee the development and delivery of the Health and Wellbeing Strategy. Development of strategic plan for improving the health and wellbeing of East Sussex residents. Delivery through robust programme management arrangements of the agreed plans Successful ‘early implementer’ status for Public Health given to East Sussex by Department of Health includes engagement with national learning networks on key areas and robust transition plans. Multi-agency Public Health steering group to oversee the development of new working arrangements for Public Health in East Sussex and time limited Public Health System Partnership in place 	4	4	Becky Shaw	*

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9.	<p>Swine Flu (Influenza A/H1N1) outbreak. The Department of Health as Lead Government Department set the likelihood in the Local Risk Assessment Guide and based on the modelling in the Cabinet Office and DH Pandemic Framework we are still required to plan for a possible attack rate of 50% population with a death rate of 2.5%.</p> <p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> There is an existing NHS East Sussex Suite of Pandemic Plans and a Sussex Resilience Forum Multi-agency Pandemic Plan. Actions: Ensure that NHS East Sussex Pandemic Influenza Plan is reviewed and updated when new national guidance is issued, Pandemic Flu Committee to continue to develop response arrangements, Commissioners of services ensure that all services commissioned on behalf of the East Sussex population are robust and are able to respond with the PCT to pandemic. 	4	4	Diana Grice	NEW

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10	<p>Care homes fees and the risk that the care homes associations may take action through Judicial Review if they consider the Council offer does not reflect the local cost of care</p> <p><u>Mitigating Actions</u> Failure to sustain current improved performance on our priority performance indicators within Adult Social Care</p> <ul style="list-style-type: none"> • Market Position Statements developed that take account of national and regional benchmarking and local market conditions in determining fees offer • Counsel's advice taken on approach being taken and potential opportunities and risks • Participation in national work being undertaken by ADASS on a fair price for care • Agreed process of partnership working with the sector • Management through DMT of process of consultation with providers on fee increases • Projected increases in care costs contained within budget plans for future years 	2	3	Keith Hinkley	NEW
11	<p>The risk that arrangements will not be in place to deal with the Welfare Reforms in relation to impact on collection rates for Council Tax, effect on demand for and charging for services, and new arrangements for community grants Impact of Welfare Reform on residents of East Sussex with</p> <p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Joint project with Boroughs, Districts and other precepting authorities • Cross departmental project arrangements to put in place with additional project management capacity • Financial impact to be modelled within future years RPP&R process • Financial Inclusion partnership 	4	4	Becky Shaw	NEW

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12	<p>Failure to secure confirmation of the Orders or final funding approval for the Link Road and to ensure that the same remains affordable and deliverable.</p> <p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Lobbying on Compulsory Purchase Order report release • Ensure all DfT conditions are met in final funding bid • Ensure no material changes are made to the scheme • Finalise target price with contractor • Complete environmental preparation works in 2012 to allow main construction to begin in 2013 	4	4	Rupert Clubb	*
13	<p>Failure to deliver major property projects – on cost, to specification and to time – but including failure to deliver effective client or sponsor role.</p> <p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • New model in place • Involvement of Scrutiny • Implementation of PID approach • Challenge / training for project sponsors • Partnering arrangements with specialist project management • More structured work on key client roles • Review of forward planning skills and capabilities with key departments (e.g. Children’s) • 	3	4	Andrew Travers	

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14	Failure to work effectively with other public sector bodies to rationalise the public estate and reduce overall costs	2	3	Andrew Travers	*
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Strong partnership relationships with other bodies • Support and facilitation of Strategic Property Asset Collaboration East Sussex (SPACES), the County-wide asset planning initiative led by Eastbourne BC and Sussex Police Authority • Collaborative procurement of FM services • Roll-out of agile working and better utilisation of the office estate 				

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15	<p>Delivery and reputational risk in relation to the Economic Development Programme including the Economic Development Strategy (EDS) and wider capital projects. Failure to deliver economic regeneration in key areas and failure to maximize benefit of LEP.</p> <p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Ensure through EDS implementation planning a prioritised, ‘owned’ and SMART but stretching set of outputs and targets. Progress to be reviewed annually by the ESSP, monitored between by EDS team • Develop PIDs in relation to capital projects that are robust and comprehensive. Regularly review milestones and related risk logs, early reporting of <i>potential</i> issues/ barriers to achievement • Ensure all projects are appropriately resourced, with governance structures in place to guide delivery • Ensure sensitive, accurate and realistic public (and Member) reporting of progress such that expectations of milestone timing and end product delivery are managed and are clearly understood • As appropriate ensure delivery partners are fully signed up to the detail of project delivery and understand the need, and feel able to act on the earliest reporting of slippage • Robust planning processes and partnerships in place • New Local Economic Assessment & East Sussex Economic Strategy • Annual business survey • LEP Board & Executive in place; vision. Strategic objectives and enabling activities agreed • Regular “team East Sussex” pre-meetings held • Successful Growing Places Fund bids supported to SELEP 	2	4	Rupert Club	*

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16	Failure to provide school places	3	4	Matt Dunkley	*
	<u>Mitigating Actions</u> <ul style="list-style-type: none"> • Ensure processes for admissions/place planning/forecasting to inform strategy and commissioning are integrated and streamlined, ensuring emerging issues and risks are highlighted appropriately. • Proactive and continual review and assessment of school places pressures and reorganisation opportunities. • Ensure that reorganisation issues in relation to school leadership (including headship vacancies in primary phase) and standards are prioritized and appropriate strategies incorporated in capital planning processes. • Investment in feasibility studies as appropriate. • Review and assess use of assets for different purposes where opportunities are identified, • Ensure all stakeholders are briefed on emerging issues and risks • Ensure continued communications with DfE in order to clarify our strategy and requirements (maintain priority in national picture) • Minimise/stop any expenditure commitments until funding is secured (any expenditure to be approved either by SMT or the Capital Strategy board. 				

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17	<p>As more schools convert to Academies, Council departments (and in particular CSD) will be affected by reducing available grant (both Formula Grant LACSEG & DSG LACSEG)</p> <p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> Review s251 to ensure interpretation and reported lines of expenditure are correct and/or consistent. Ensure non-statutory services are traded (where appropriate) to mitigate loss of income. Ensure changes to funding are reflected appropriately in s251 and budgets. Ensure all affected departments are made aware of any changes to DfE policy and practice. Maintain constructive relationship with Schools Forum; making sure they are aware of impact/potential impact on core central services. Develop and support school to school collaboration as well as Joint Commissioning approaches. Respond to any DfE consultations to highlight impact of any proposed changes to academies funding; liaising with other LA colleagues, LGA and ADCS as appropriate. 	2	2	Matt Dunkley	*
18	<p>A delay in delivering superfast broadband leaves East Sussex in an uncompetitive position. Risk associated with non-competitive procurement process.</p> <p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> Broadband Plan approved April 2012. Work to find best procurement routes and aim for contract award by end of 2012 at latest. Effective communications on potential benefits to the county via regular updates on the webpage (at least bi-monthly) and build on demand stimulation programme 	2	4	Rupert Clubb	*

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19	<p>Drought - some restrictions have been introduced by the Water Companies in light of the declared drought. Sufficient water is available for current usage and no further restrictions are anticipated at present. The concern is for 2013 if rainfall in autumn/winter is again below the norm.</p> <p><u>Mitigating Actions</u></p> <ul style="list-style-type: none"> • Departments to ensure water is used efficiently and customers / service users / contractors are encouraged to do the same • Maintain ‘Saving Water’ page on the Council’s web-site providing information to the public and links to the water companies and Environment Agency • Emergency Planning Team to take part in the fortnightly Sussex Resilience Forum ‘Drought Teleconference’ and report on any changes requiring significant inputs / alterations required by the Council • Support the Water Companies and Environment Agency as required in promoting water saving messages • Emergency Planning Team to review the Water Companies’ ‘Planning Assumptions’ when published and report any effects on Council practices. • Emergency Planning Team to review the ESCC Drought Plan when the Water Companies’ Planning Assumptions are published 	2	3	Rupert Clubb	NEW