

Report to: **Audit, Best Value and Community Services Scrutiny Committee**

Date: **24 June 2013**

By: **Chief Operating Officer**

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**

RECOMMENDATION: The Committee is recommended to note the current strategic risks, the update of their status and the mitigating actions being proposed and implemented by Chief Officers.

1. Financial Appraisal

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

2. Supporting Information

2.1 We continue to strengthen our approach to risk management in response to the changing risk landscape across the public sector and a changing risk profile for the County Council. The aim is to further embed sound risk management practice within the culture of the Council and to move towards a more mature, dynamic and real time approach which supports the Council in managing the delivery of priority outcomes with reducing resources.

2.2 The Strategic Risk Register is attached as Appendix A. Since it was last reviewed by the Audit, Best Value and Community Services Scrutiny Committee in March 2013, two new 'high risks' have been added; namely Risk 11 (school governance changes) and Risk 10 (potholes). The latter replaces the previous Risk 9 (conditions of roads) to help better reflect the specific challenges currently being experienced. In addition Risk 4 ('Ineffective corporate support functions') has been deleted as the consolidation process is reaching a conclusion and the new arrangements are taking shape.

The following changes to risk scores have also taken place:

- Risk 6 (Public Health) – likelihood increased from 3 to 4.
- Risk 5 (staff motivation) - likelihood reduced from 3 to 2;
- Risk 1 (resource reductions) – likelihood reduced from 3 to 2;
- Risk 3 (capital programme) – likelihood reduced from 3 to 2.

2.3 As part of the proposed risk management improvements, the Business Services Department Assurance Team are carrying out an on-going review of risk registers and will be working with managers across the authority to help improve the quality and effectiveness of risk and mitigation actions. Our initial review has identified a number of areas which we will be seeking to strengthen, these include:

- Working with departmental risk co-ordinators to improve and make more consistent, the arrangements for reviewing, challenging and updating departmental risk registers.
- Improving the quality of risk controls and ensuring proper consideration is given to the cost of these controls relative to the risk being mitigated.
- Reviewing and improving risk escalation mechanisms to help ensure that risks are always managed at the appropriate level.
- Developing arrangements to include the positive / opportunity side of risk.

2.4 It is also proposed that, in order to provide a clearer view of the Council's risk exposure, post mitigation risk scoring will be introduced to the Strategic Risk register for 2013/14. This will enable the authority to assess the effectiveness of mitigating actions and identify the level of residual risk after allowing for the application of these controls.

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Background Documents :
None

STRATEGIC RISK REGISTER SUMMARY QRT 4 1213

The following 'heat map' highlights the number of risks currently on strategic risk register and their current rating using the 4x4 matrix - likelihood and impact

LIKELIHOOD	Score		Impact			
			1	2	3	4
			Low	Medium	High	Extreme
	4	Almost certain	0	1	1	1
3	Likely	0	0	0	0	
2	Moderate	0	0	2	3	
1	Unlikely / Rare	0	0	0	0	

Risk Level	Reference	Risk	Impact	Likelihood	Risk Score (L x I)	Risk Control	Department	Owner	Last Reviewed
Strategic	Strat -10	The current pothole situation on the unclassified roads across the county will have a significant reputational risk on the County Council, will significantly damage the integrity of our roads, and result is unprecedented levels of third party claims	4	4	16	<ul style="list-style-type: none"> •Three times the usual level of resources have been deployed to deal with potholes at a cost to date of an additional £500,000. Resources to remain in place until required. • Longer term plans and additional investment to be identified to improve the condition of the road network, particularly those C and unclassified roads. • Third year of resurfacing programme completed, but roads have been affected by another wet/cold winter that has taken its toll on the roads not in the programme. • Asset plan development ongoing in conjunction with Surrey County Council and WS Atkins. • Plans for 10 year investment being developed, in the meantime works commenced on 2013/14 capital resurfacing programme but focused on remaining A and B roads. 	Corporate	Rupert Clubb	05/06/2013
Strategic	Strat-06	Health changes leading to sub-optimal outcomes for East Sussex community. Impact of local NHS deficit and recovery plan on both health outcomes and ESCO services / costs.	3	4	12	<ul style="list-style-type: none"> •Partnership working with Clinical Commissioning Groups on the development of joint commissioning and delivery arrangements for health and social care. •Health and Well Being Board and wider partners have agreed the Health and Wellbeing Strategy and Action plan. •Robust programme management arrangements for the agreed plans. •Management of joint commissioning arrangements Quality Innovation Productivity and Prevention targets and health and social care transformation. •Multi Agency Public Health Steering Group to oversee new arrangement. 	Corporate	Becky Shaw	05/06/2013
Strategic	Strat-11	Impact of changing schools governance and arrangements not improving outcomes for children.	4	2	8	<ul style="list-style-type: none"> •Effective management of academy conversion programme, free schools and Newhaven University Technical College (UTC) - Cleantech. •Robust analysis of East Sussex County Council trading with schools to underpin future arrangements. •Focus on need to improve education attainment in new context. 	Corporate	Geod Rowney	05/06/2013
Strategic	Strat-01	Failure to plan a strategic corporate response to resource reductions, demographic change, and regional economic challenges.	4	2	8	<ul style="list-style-type: none"> •Robust RPPR (Reconciling Policy, Performance and Resources) process business planning. •Adoption of Commissioning strategy and work programme. •Strategic approach to partnerships. •Infrastructure and programmes in place to support delivery of 'one council' objectives e.g Agile & Consolidation. 	Corporate	Becky Shaw	05/06/2013
Strategic	Strat-08	Failure to deliver local economic growth, and failure to maximise opportunities afforded by Government proposal to allocate single pot funding to South East Local Enterprise Partnership.	4	2	8	<ul style="list-style-type: none"> •Implement economic development strategy. •Re-focussing of capital programme to support economic development. •Partnership working through the SELEP (South East Local Enterprise Partnership) (e.g. securing Growing Places Funding) and through Local Transport Board •Broadband project leading to increased coverage of superfast broadband. •New enhanced inward investment service for the county launched. •Link Road releases economic development potential in Hastings / Bexhill. • Refresh of corporate approach to skills and employability and economic development 	Corporate	Rupert Clubb	05/06/2013
Strategic	Strat-07	Welfare reform leading to sub-optimal outcomes for East Sussex community. Impact on working age adults and potential financial impact on County, District and Borough services.	2	4	8	<ul style="list-style-type: none"> •Joint approach with boroughs and districts to design common Council tax Benefit scheme for East Sussex. •Specialist support commissioned for financial modelling. •Potential financial impact reflected through RPPR. •Partnership approach through Financial Inclusion Partnership and Targeted Welfare Reform Project 	Corporate	Becky Shaw	05/06/2013
Strategic	Strat-03	Failure to deliver capital programme outcomes on-time and on-budget.	3	2	6	<ul style="list-style-type: none"> •Establish Capital Board and develop work programme operating effectively closely linked to RPPR. •Property Improvement Plan. 	Corporate	Kevin Foster	05/06/2013
Strategic	Strat-05	Under-informed and under-motivated workforce results in adverse impact on service delivery / performance and ability to successfully deliver service transformation / corporate change programme.	3	2	6	<ul style="list-style-type: none"> •Employee engagement programme. •Consistent and supportive management of single status roll out and restructuring. •Effective joint working with Trade Unions. 	Corporate	Kevin Foster	05/06/2013