

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

Date: **18 November 2014**

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 risk controls and responses.**

RECOMMENDATION: The Committee is recommended to note the current strategic risks and the risk controls and responses 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. This is formally reviewed by DMT's and CMT on a quarterly basis and was last reviewed by Cabinet on 16th September 2014 as part of quarter 1 Council Plan monitoring. Members should note that the most recent version of the risk register will be reported to Cabinet on 16th December 2014 as part of quarter 2 monitoring and will then be presented to the Audit Best Value and Community Services Scrutiny Committee (ABVCSSC) at its 17th March 2015 meeting.

2.3 Since the last review by the ABVCSSC in September 2014, the overall number of risks in Appendix A has remained the same. All risks have been reviewed and there have been some improvements in relation to risk articulation and risk controls / responses. These are as follows;

- Risk 1 : Roads. The risk has been amended and the risk controls updated.
- Risk 6 : Local Economic Growth. The risk has been slightly amended and the controls rewritten.
- Risk 7 : Schools. The risk has been rewritten but the controls remain unaltered.
- Risk 8 : Capital programme. The controls have been updated.

2.4 We will continue to explore opportunities to further strengthen the Council's risk management arrangements and for mitigating our key strategic risks. It is however, important to recognise that in some cases there is an inherent risk exposure over which the Council has only limited opportunity to mitigate or control.

3. Risk Improvement Activity

3.1 Regular reviews of risk registers continue to be carried out in conjunction with departmental risk coordinators to ensure that relevant risks are identified and risk controls and responses are effective.

3.2 As part of our plans to help strengthen project and programme risk management, a risk review of the Social Care Information System (SCIS) Programme has recently been completed with a similar review in support of the Agile Programme now underway. A series of risk management workshops have also been held to support programme managers in identifying, articulating and effectively mitigating programme relevant risks.

3.3 It is also proposed to make various changes to the risk management element of the 'Exec View' project management system, to bring it in line with the council's corporate approach to the management of risk.

KEVIN FOSTER
Chief Operating Officer

Contact Officers: Russell Banks, Head of Assurance, Tel: 01273 481447
Rawdon Philips, Risk & Insurance Manager, Tel: 01273 481593

Local Member: All

Background documents :
None

Strategic Risk Register			
Ref	Strategic Risks	Risk Control / Response	RAG
1	<p>ROADS</p> <p>Severe winter weather, over recent years, caused significant damage to many of the county's roads including an unprecedented number of potholes. We know that this is likely to lead to a backlog in repairs, an increased number of potholes and an increased number of liability claims causing reputational damage and increasing financial risk to the Council.</p>	<p>Investment has improved the overall condition of Principal (A) and Non-principal (B/C) roads. Roads patched or resurfaced are less vulnerable to severe winter weather. The Highways Asset Plan and ten year investment programme direct longer term plans to improve the road network condition, particularly 'C' and Unclassified roads, while sustaining a 'steady state' level for A and B roads. This planned investment programme is supplemented by funding agreed by Cabinet that is already having a positive impact on the rate of improvement. Further funds have also been secured from the Department for Transport Pothole Fund (£1.44m July 2014) and Severe Weather Recovery Scheme (£2.65m March 2014). However, bad winter weather could cause deterioration on some roads, so we will monitor this closely at Q2.</p> <p>Improvements have been made to the highways claims process to reduce response times and better repudiate third party claims for damages. Improvements to contract rates and processes are also anticipated through the future highways maintenance contract which is expected to commence in May 2016.</p>	R
2	<p>ORDINARY RESIDENCE</p> <p>Risk from other areas placing clients in receipt of social care services in East Sussex, and transferring to ESCC the commissioning, care management and funding responsibility for the individual as a result of a successful Ordinary Residence claim.</p>	<p>Dedicated Ordinary Residence Panel set up. The Panel discusses and agrees strategic and legal responses to Ordinary Residence claims from and to other Local Authorities, and directs reporting content. Panel members contact other Local Authorities directly where appropriate, and instruct Legal Services representation (including Counsel, and applications for Secretary of State determination) on behalf of ESCC.</p> <p>Continued awareness raising for ASC operational staff (and particularly Social Care Direct) in line with published guidance on Ordinary Residence, resulting in earlier case referrals to Ordinary Residence team. Guidance for frontline staff was written and issued followed by panel members visiting all ASC Operational teams to deliver presentation and Q&A. OR Inbox established to provide advice to staff and monitor all known incoming/outgoing OR queries and claims.</p> <p>Regular information gathering and reporting to DMT on all Ordinary Residence case referrals and financial projections.</p>	R

Ref	Strategic Risks	Risk Control / Response	RAG
3	<p>CARE ACT Implementation of the additional duties and demands arising from the Care Act, within reducing resources. The implications of the Act will fundamentally impact on how we deliver social care, including Safeguarding; social care funding; contributions to meet the cost of care (Dilnot report); increased duties in respect of carers and the provision of information and advice. The Act has direct implications for the whole social care system including independent providers and health partners, with the introduction of the Better Care Fund across health and social care forming a key part of the changes. The implementation timescales for some aspects of the Act, not least funding reform, have tight timescales for delivery. These changes have to be implemented whilst continuing to meet current statutory duties.</p>	<p>Care Act governance arrangements established with CMT oversight and workstreams identified for each aspect of the Act.</p> <p>Close working with ADASS to ensure, where possible, regional implementation solutions can be sought to minimise duplication and variation. Representation on ADASS workstreams and close working with the regional lead are being developed.</p> <p>Joint working with East Sussex Clinical Commissioning Groups to develop the Better Care Fund are in place and implementation is on schedule.</p> <p>Current programmes of work are cognisant of Care Act implications, where known, and are being planned and delivered accordingly. E.g social care information system; review of internet content; care pathway business process redesign; Better Together - health and social care integration programme.</p>	R
4	<p>HEALTH Programme established to transform health and social care in East Sussex and deliver the Better Care Fund plan to improve outcomes for East Sussex residents. Failure to deliver programme will impact on social care, public health and health outcomes and increase social care cost pressures.</p>	<p>Implementation of East Sussex Better Together Programme by ESCC and all East Sussex Clinical Commissioning Groups, with robust governance arrangements reporting to County Council and Health and Wellbeing Board. Programme will include review of needs and available resources, wide engagement with stakeholders and residents and evidence of best practice, to develop a plan for a clinically and financially sustainable health and social care system in East Sussex. There will also be targeted use of the Better Care Fund to better integrate health and social care and contribute to whole system transformation.</p>	A
5	<p>RESOURCE Failure to plan and implement a strategic corporate response to resource reductions, demographic change, and regional economic challenges in order to ensure continued delivery of services to the local community.</p>	<p>We employ a robust Reconciling Policy, Performance and Resources (RPPR) process for business planning. We have adopted a commissioning approach which means evaluating need and considering all methods of service delivery, which includes working with partner organisations to deliver services. The Council Plan sets out targets for a 'One Council' approach to deliver our priorities and is monitored quarterly.</p>	A

Ref	Strategic Risks	Risk Control / Response	RAG
6	<p>LOCAL ECONOMIC GROWTH Failure to deliver local economic growth, and failure to maximise opportunities afforded by Government proposal to allocate Local Growth Funding to South East Local Enterprise Partnership, creating adverse reputational and financial impacts.</p>	<p>The SELEP Growth Deal was announced in June and specifically allocates £54.58m to East Sussex. A further £11.5m was allocated to projects in Newhaven via the neighbouring Capital to Coast LEP Growth Deal. East Sussex was allocated 36.8% of the funding requested, which is a proportion similar to that allocated SELEP-wide. SELEP was not allocated Local Growth Funding through the Growth Deal to set up SEFUND (a £331m fund to facilitate commercial and housing development) but SELEP is continuing to work with the government on the proposal. We will look at opportunities to bid for the remaining Growing Places Funding held by SELEP. Stakeholders are aware of the EU Structural and Investment Fund process and the intended call by government for project proposals in January 2015. The findings of the East Sussex Councils 'Open for Growth' peer review will be published in late July/August and the councils involved are developing an action plan to implement agreed recommendations.</p>	A
7	<p>SCHOOLS An increasingly diverse set of education providers could lead to fragmentation and increase the risk of underperformance. This would impact negatively on standards and which in turn will impact on the local economy, the cost of health and social care</p>	<p>Implement and monitor strategic plan to secure high performing sponsors to work in East Sussex. Effective management of academy conversion programme, free schools and Newhaven University Technical College (UTC) - Cleantech - to establish on-going relationships with converters. Agreements are in place so that performance data is shared by academies and performance data continues to be analysed for all schools so that the LA maintains an overview of the performance of all pupils in the County. Academic achievement is a predictor of future employability and life chances. Academies are included in school to school improvement alliances and LA offers direct support to academies to address any performance concerns that become apparent through data analysis or other intelligence gathering; this includes support from consultant headteachers for secondary academies. Where academies do not appear to be accessing appropriate support, LA brings this to the attention of the DfE.</p>	A
8	<p>CAPITAL PROGRAMME Failure to deliver capital programme outcomes on-time and on-budget, impacting on the Council's ability to support local economic growth.</p>	<p>The Council has a five year capital programme in place which reflects Council priorities. This is updated annually and monitored as part of the Reconciling Policy, Performance and Resources (RPPR) process. A review to strengthen and improve the overall governance arrangement for the effective management and delivery of the Capital Programme is currently underway and due to report late 2014, with any improvements being fully implemented by 1 April 2015.</p>	A

Ref	Strategic Risks	Risk Control / Response	RAG
9	<p>WORKFORCE Under-informed and under-motivated workforce results in adverse impact on service delivery / performance and ability to successfully deliver service transformation / corporate change programme.</p>	<p>There has been a consistent and supportive management of single status roll out and restructuring which is due to conclude in 2014. We have worked effectively in partnership with Trade Unions throughout. Building on the feedback from the Employee Engagement sessions run last year, we have commenced a series of engagement sessions with the purpose of supporting and equipping managers to engage with their teams during the on-going period of change. These events will also be used to reinforce the Council's behaviours which are applicable to all employees. Corporate Management Team web-chat provides a quarterly opportunity to engage with a broader cross section of the workforce and respond to staff queries and issues.</p>	A
10	<p>WELFARE REFORM Welfare reform leading to sub-optimal outcomes for East Sussex community. Impact on working age adults with the potential increased demand on services. Direct financial pressure on the County Council along with implications on spending within the wider local economy.</p>	<p>Work with the District and Borough Councils to understand the impact of changes to the Council Tax Benefit scheme for East Sussex. Any potential financial impact is reflected through the Reconciling Policy, Performance and Resources (RPPR) process. We are working in partnership through the Financial Inclusion Partnership and the Targeted Welfare Reform Project which provides information on the changes to partners and the public across East Sussex. There remains an element of inherent risk over which the County Council does not have control. Full implementation of some of the Government's welfare reform initiatives have been delayed (for example universal credit is unlikely to be introduced in East Sussex until 2017), so the full impact of the changes on the County's residents is not clear.</p>	A