Strategic Risk Register – Q3 2023/24

Ref	Strategic Risks	Risk Control / Response and Post Mitigation RAG score	RAG
5	**RECONCILING POLICY, PERFORMANCE & RESOURCE** There is ongoing uncertainty in relation to future funding levels, the longer-term local government funding regime, and the impact of national reforms, particularly across Children's Social Care and Adult Social Care. The impact of a period of high inflation/cost of living are leading to higher demand for Council services and have increased the direct cost of providing services. Together these create a risk of insufficient resources being available to sustain service delivery at the agreed Core Offer level to meet the changing needs of the local community. The proposed budget for 2024/25 requires a draw from the Financial Management Reserve to balance the budget.	We employ a robust Reconciling Policy, Performance and Resources (RPPR) process for business planning, which ensures a strategic corporate response to resource reductions, demographic change, and regional and national economic challenges; and directs resources to priority areas. We take a commissioning approach to evaluating need and we consider all methods of service delivery. We work with partner organisations to deliver services and manage demand, making best use of our collective resources. We take a 'One Council' approach to delivering our priorities and set out our targets and objectives in the Council Plan. We monitor our progress and report it quarterly. Our plans take account of known risks and pressures, including social, economic, policy and demographic changes and financial risks. However, we continue to operate in changing and uncertain contexts. Current and forecast economic conditions continue to shape a very challenging financial outlook both for the Council itself and many of the county's residents and businesses. Alongside this we continue to face ongoing challenges as a result of the persistent legacy of Covid, the increased cost of living and other national and international factors. We will continue to use the latest information available on these challenges to inform our business planning. We will also continually review our performance targets, priorities, service offers and financial plans, and will update these as required. As part of this we will continue to take action wherever we can to mitigate financial and service delivery pressures – making best use of new technology, investing in our workforce, seeking efficiencies, and checking that our services are effective and provide value for money. We will look to develop and implement further measures to address the funding challenges we face. We lobby, individually and in conjunction with our networks and partners, for a sustainable funding regime for local government in general and for children's social care and adult social care specifically, to meet the needs of the residents of East Sussex.	**Red**

Ref	Strategic Risks	Risk Control / Response and Post Mitigation RAG score	RAG
12	**CYBER ATTACK** The National Cyber Security Centre (NCSC) has highlighted the substantial risk to British web infrastructure, with elevated levels of Cyber Crime being reported against all areas of government, particularly in light of the current Ukrainian situation. Cyber attacks are growing more frequent, sophisticated, and damaging when they succeed. The COVID-19 pandemic has increased the need to carry out many additional functions virtually and remotely. Changes in working practice give rise to more requests to relax security controls, with services more likely to take risks on the technology they procure and how they use it. Controls have been enhanced to manage these requests. The impacts of a cyber attack are far-reaching, and it is difficult to put a figure on the cost, but authorities that have been subject to major attacks have calculated the disruption to have cost between £10m and £12m.	Most attacks leverage software flaws and gaps in boundary defences. IT&D use modern security tools to assure our security posture: Monitoring network activity and identifying security threats; Keeping software up to date with regular patching regimes; Continually monitoring evolving threats and re-evaluating the ability of our toolset to provide adequate defence against them; Ongoing communication with the Security industry to find the most suitable tools and systems to secure our infrastructure. IT&D continues to invest in new tools, which use pre-emptive technology to identify threats and patterns of abnormal behaviour. The Council achieved Cyber Essentials Plus accreditation during 2022/23. Cyber Essentials Plus is the industry standard for the private and public sectors, underpinning safe sharing with partners and helping ensure sufficient controls are in place to minimise the risk of a cyber incident. Enhancing user awareness: Expanding E-Learning and policy delivery mechanisms to cover Cyber threat; educating staff around the techniques and methods used by active threats; and providing General Data Protection Regulation (GDPR) training and workshops to cascade vital skills and increase awareness of responsibilities under GDPR legislation. Business Continuity Scenario testing is currently being cascaded through Departmental Management Teams. Services hosted in ISO 27001 accredited Orbis Data Centres.	**Red**

Ref	Strategic Risks	Risk Control / Response and Post Mitigation RAG score	RAG
9	**WORKFORCE** An inability to attract and retain the high calibre staff needed could lead to a reduction in the expertise and capacity required to deliver statutory services to our residents, including to prevent harm to children, young people and vulnerable adults at the required level and standards, impacting on the achievement of the Council's strategic objectives.	In September 2022 Cabinet agreed an investment of £270k across 2022/23 and 2023/24 to put in place a number of strategies to respond to the significant current recruitment and retention challenges. Work reported on in Q1 and Q2 is ongoing with some highlights being: - Linking in with organisations that support people back into employment to extend our reach into sections of the labour market that are underrepresented or face significant barriers to employment. - On-going attendance at events such as careers fairs and shows to maximise our presence with job seekers. - Appointment to a new post of 'Pre-Employment Coordinator', with specific responsibility to link in with organisations that support people back into employment to extend our reach into sections of the labour market that are underrepresented or face significant barriers to employment. - Use of apprenticeships, traineeships, intern arrangements and more flexible work arrangements etc as a way of bringing in new talent to the Council. - Continued delivery of our two leadership development programmes to support our talent management strategies: the 'Ladder to Leadership' programme and 'Head of Service Masterclasses'. The second cohort of the Ladder to Leadership programme started in September 2023. Additional work undertaken in Q3 includes: -Refreshing of recruitment guidance for managers with the inclusion of new 'top tips' to support efficient and inclusive recruitment practice. - Establishment of an exit interview pilot which will run for 3 months in the first instance to enable an assessment of success. -Delivery of 2 strategic workforce planning sessions to Head of Service by the Local Government Association. -Provision of information sessions and training around application and interview techniques for candidates, who want to apply for roles at East Sussex County Council (ESCC) - Engagement with employees at ESCC, who are under 25, to get feedback on what attracted them to the Council as an employer; and to begin establishing a forum for young people in the new year to highlight any issues, and to attract candidates from a younger demographic to the Council - Delivery of internal resilience training sessions for younger apprentices around what is expected from them at work and to prepare them for becoming an 'ambassador for apprenticeships' at the Council within schools.	**Red**

Ref	Strategic Risks	Risk Control / Response and Post Mitigation RAG score	RAG
15	**CLIMATE** Failure to limit global warming to below 1.5°C above pre-industrialisation levels, which requires global net human-caused emissions of carbon dioxide (CO2) to be reduced by about 45 percent from 2010 levels by 2030, reaching 'net zero' by 2050 at the latest. The predicted impacts of climate change in East Sussex include more frequent and intense flooding, drought, and episodes of extreme heat, as well as impacts from the effects of climate change overseas, such as on food supply. This will lead to an increase in heat-related deaths, particularly amongst the elderly, damage to essential infrastructure, increased cost of food, disruption to supply chains and service provision, and greater coastal erosion.	**Climate change mitigation**: the science-based target is to reduce scope 1 and 2 carbon emissions by 50% every 5 years (equating to 13% per year). The focus is on buildings, as they made up 79% of carbon emissions in 2020/21. Internal oversight of progress is by the corporate Climate Emergency Board. **Climate change adaptation**: we work with partners on some aspects of adaptation, including flood risk management plans and delivering a Heat Alert service during the summer months. In Quarter 3 2023/24: **A) Mitigation**: 1) **Carbon Reduction Target**: the target for 2023-24 is a 13% carbon reduction compared with 2022-23 and a cumulative reduction of 42% against the baseline year of 2019-20. Energy usage data for Q1 and Q2 2023-24 indicates that we achieved an 8% reduction in energy usage compared with Q1 and Q2 in 2022-23. However, the carbon emissions from our energy usage increased because the national electricity grid has become temporarily more carbon intensive in 2023-24 due to an increase in fossil fuels and a reduction in renewables to run the system. This is beyond the control of the County Council. If energy usage in Q3 & 4 is similar to 2022-23 then the annual result for 2023-24 will be about a 1% overall increase in carbon emissions compared with 2022-23. 2) **Carbon Reduction Schemes**: the target for 2023-24 is for the delivery of a further 23 capital schemes. Thirteen schemes were completed by the end of Q3. The RAG status for meeting the target is currently amber, primarily due to supply chain and site issues (e.g., a local solar PV contractor for the Council went into administration during Q2). **B) Adaptation:** 1) **Adaptation Plan**: In August the Climate Emergency Board agreed to the procurement of consultancy support to produce a climate change vulnerability and risk assessment, to help inform the development of an adaptation plan. Subject to the evaluation of the quotes received, a consultant will be appointed in January to complete this work.	**Red**

Ref	Strategic Risks	Risk Control / Response and Post Mitigation RAG score	RAG
20	**PLACEMENTS FOR CHILDREN AND YOUNG PEOPLE IN OUR CARE** Inability to secure sufficient high quality placements for children in our care, suitable accommodation for care experienced young people and respite provision, leading to significant financial pressure leading to significant financial pressure and poorer outcomes for children/young people.	Effective demand management, robust management of front door Delivery of early help services, implementation of Family Hub programme throughout 2023-24, and Level 2 Family Keyworkers (Q3), Implementation, monitoring and evaluation of Edge of Care 'Connected Families', Family Safeguarding programmes ('Connected Families in Partnership' launch planned for January 2024), enabling more children to live safely with their families. Further delivery of kinship/Special Guardianship Order placements. Capital bid for Sorrel Drive. Consultancy project-IMPOWER to determine forecast trajectory and development of evidence-based business case to further improve sufficiency of placements. Fostering Recruitment & Retention Strategy completed. East Sussex County Council is part of the South East Sector Led Improvement Programme, Regional Fostering Strategy and piloting Mockingbird hub. Uplift to fostering allowance (for in house carers, Special Guardianship Orders, Kinship carers) approved by the Chief Management Team to help secure sufficient supply of in house foster carers as an alternative to more expensive care packages. In Q3, the valuing care tools have been embedded into the business as usual with a strong focus on reunification. Fostering allowance uplift has been made part of the recruitment drive. Both elements are attempting to mitigate the increased costs due to the lack of placements for Looked After Children.	**Red**
19	**SCHOOLS AND INCLUSION, SPECIAL EDUCATIONAL NEEDS AND DISABILITIES (ISEND)** For Children with Special Educational Needs. Inability to secure statutory provision due to lack of availability of specialist placement within the county and increasing demand for placements in this sector. This would put the Council at risk of judicial review and/or negative Local Government Ombudsman judgements for failing to meet our duties within the Children and Families Act 2014, with associated financial penalties and reputational damage.	Effective use of forecasting data to pre-empt issues. Work with statutory partners to develop contingency plans. Work with the market to increase provision where needed. Expanding internal interim offer for children.	**Red**

Ref	Strategic Risks	Risk Control / Response and Post Mitigation RAG score	RAG
1	**ROADS** Extreme weather events over recent years, including this winter, have caused significant damage to many of the county's roads, adding to the backlog of maintenance in the County Council's Asset Plan: and increasing the risk to the Council's ability to stem the rate of deterioration and maintain road condition. The economic impacts of the pandemic and recent events in Ukraine have had some effects on service delivery during this year, particularly with increased costs and shortages of suitable contractors and materials.	The changing climate is now influencing the rate of road deterioration, with more extreme events such as warmer wetter winters; and drier summers punctuated by unseasonal heavy downpours (drying and shrinking the substructure of roads). Additional funding over the last few years has helped maintain road condition, however, the latest condition and funding modelling showed the potential for deterioration over the next 10 years. Additional carriageway patching, footway, signing and lining works were carried out with additional budget allocated through the Reconciling Policy, Performance and Resources process in 2023 and Cabinet approved additional investment of £15.7m in June 2023 for highway maintenance. The improvements are well underway to provide greater network reliance. Deterioration in road surfaces in 2023/24 has continued with a generally cool and wet summer and wet start to winter. Road Condition Indicator (RCI) scores for this year indicate we are on target for principal roads but slightly below target for non-principal and unclassified roads, this is what we expected from the modelling given the current conditions. The evidence shows the current winter weather is taking its toll on the condition of many of the county's roads, with large numbers of potholes forming daily and roads deteriorating. Mitigations include encouraging road users to report potholes so we can intervene as soon as possible in accordance with our policies and lobbying Government for additional investment as, without it, it will be increasingly difficult to manage the risks of further decline.	**Red**
18	**DATA BREACH** A breach of security/confidentiality leading to destruction, loss, alteration, unauthorised disclosure of, or access to, personal data. This includes breaches that are the result of both accidental and deliberate causes. A personal data breach is a security incident that has affected the confidentiality, integrity, or availability of personal data regardless of whether information has been accessed, altered, or disclosed via electronic or manual means. Risks to individuals, reputational damage, fines from the Information Commissioner's Officer (ICO), compensation claims.	Policy and guidance procedures in place to support practice. Data Protection Officer (DPO), Caldicott Guardians and Information Governance Officers monitor breach reporting and put in place mechanisms to minimise recurrence. Staff training to develop awareness. E-learning and policy delivery mechanism expanded to enhance skills and increase awareness of responsibilities under General Data Protection Regulation legislation. Technical security measures operated by Information Technology and Digital (IT&D), including access control and segregation of duties.	**Amber**

Ref	Strategic Risks	Risk Control / Response and Post Mitigation RAG score	RAG
8	**CAPITAL PROGRAMME** There are risks and uncertainties regarding the capital programme over the current Medium Term Financial Plan period and beyond, which could impact on the ability to deliver the Council's priorities and set a balanced budget. Factors such as inflation, supply chain issues, unforeseen operational risks, and wider economic and geopolitical factors are likely to impact project deliverability and affordability. Additionally, if capital expenditure isn't profiled accurately, then significant slippage against the budgeted programme can undermine the planning process, particularly in relation to treasury management modelling and the impact of borrowing. Due to the complexity of factors and uncertainties impacting them, the level of government grants and other sources of capital programme funding such as developer contributions and capital receipts could be significantly reduced. A combination of the above risks, alongside a volatile interest rate environment, could significantly increase the cost of borrowing to fund the capital programme, increasing pressures on the Council's revenue budget in an already challenging financial environment.	The Council reviews and updates its 20-year Capital Strategy annually as part of the Reconciling Policy, Performance and Resources (RPPR) process, which sets the framework in which the capital programme is planned and allows the Council to prioritise investment to support its objectives. The development and delivery of the capital programme is overseen by a Capital Strategic Asset Board (CSAB), which is a cross departmental group, who also hear from Departmental Capital Board/Sub Boards who oversee priority areas. The capital programme includes an element of 'normal' level of inflation for ongoing target-based core programmes (as opposed to programmes that have cash limited envelopes). Additionally, a capital risk provision in the form of additional borrowing flexibility is in place to provide the ability to react to emerging risks such as supply chain issues and inflationary pressures. The level of provision is reviewed and approved on an annual basis as part of the RPPR process and is maintained by the CSAB in adherence to financial regulations. As part of the RPPR process, services are asked to provide a profiled programme based on best knowledge, which is reviewed and challenged by CSAB, to ensure the programme is profiled as accurately as possible. A corporate slippage risk factor can be applied to the programme to reflect likely programme spend to provide greater robustness to the planning and monitoring process. The CSAB have oversight of all sources of capital funding, including grants, capital receipts and developer contributions, to ensure that assumptions are prudent and realistic, and funds are used effectively and to minimise the need to borrow. Funding announcements are actively monitored, and funding targets reviewed to minimise the impact on delivery of the capital programme, ensuring that there is sufficient liquidity to meet funding requirements. The cost of borrowing for the capital programme has a direct impact on the Council's Medium Term Financial Plan position, therefore capital investment decisions are considered as part of the RPPR process based on Treasury Management capacity and affordability in the context of the Council's wider financial position. The Council's approved Treasury Management Policy and Strategy has been prepared in the context of the current financial situation and seeks to ensure that capital investment plans are affordable, prudent, and sustainable.	**Amber**

Ref	Strategic Risks	Risk Control / Response and Post Mitigation RAG score	RAG
6	**LOCAL ECONOMIC GROWTH** The transfer of South East Local Enterprise Partnership (SELEP) responsibilities and functions to East Sussex County Council (ESCC) does not successfully integrate the development of economic strategic planning, business support, and management of capital funded programmes, into Council operations as required by Government policy. Possible consequences if the transfer is not managed successfully include: •Management, monitoring, and evaluation of the current capital programmes do not meet Government requirements, leading to potential clawback of £m funds; or an inability for ESCC to demonstrate it can manage funds successfully, affecting future allocations of growth funds. •Third parties with existing contracts may raise concerns if new / variation funding agreements are not put in place early from April 2024. •Loss of an effective 'business voice' through the current local economic growth board (Team East Sussex) and its various subgroups. •An inability to produce an agreed local economic strategy, which sets the ambitions, objectives, and key outcomes for East Sussex.	East Sussex County Council, working with partners, has successfully secured significant amounts of local growth funding totalling £127m since 2012 via the South East and Coast 2 Capital Local Enterprise Partnerships (LEPs), to deliver a wide range of infrastructure projects in East Sussex. In August 2023, Government formally announced that direct funding for LEPs will be removed from April 2024. Upper tier local authorities (UTLA's) will then be required to take on the current non-statutory LEP powers, responsibilities, and functions. These include strategy development, business support and oversight/management of capital programmes. We submitted our proposal to Government in November 2023 to become an UTLA per the guidance issued. East Sussex is eligible to be determined a 'functional economic area' to take on LEP responsibilities, but we await a formal decision on this from Government. The South East Local Enterprise Partnership (SELEP) and East Sussex County Council have produced draft integration plans to mitigate the transfer risks on current and future capital programmes; and the financial, legal and reputational risks. SELEP and our own Chief Management Team endorsed the draft integration plans in Q3, and the plans will be taken to Cabinet in March 2024 to seek approval. Further Government guidance and an Assurance Framework are due to be released in January 2024 to set out transition arrangements. Looking ahead, the lack of large-scale funding programmes to support economic growth across the county presents a big risk to us. Recent funds have been awarded directly to local Borough and District authorities (e.g., UK Shared Prosperity Fund, Levelling Up Funds) or funding has come from time-limited specific sources. The County Council and Team East Sussex, the local economic growth board, are jointly committed to producing a longer-term East Sussex Economic Growth Strategy to 2050. The strategy will set out our collective approach to take advantage of future funding sources as they become available. Significant work has been completed with consultants and stakeholder consultations. The draft strategy is scheduled for approval in 2024 and will help to mitigate economic strategic planning risks. The County Council is already in a good position to mitigate the risks on business support and ensuring business has a voice. We directly run the Business East Sussex Growth Hub services and Government have committed to fund this in 2024/25. We will also ensure the business voice continues to be heard through Team East Sussex, our local strategic advisory economic growth board for the county.	**Amber**

Ref	Strategic Risks	Risk Control / Response and Post Mitigation RAG score	RAG
4	**HEALTH** Failure to secure maximum value from partnership working with the National Health Service (NHS). If not achieved, there will be impact on social care, public health and health outcomes and increased social care operational and cost pressures. This would add pressures on the Council's budget and/or risks to other Council objectives, as well as shared system objectives in the context of our Integrated Care System across workforce and patients who are medically ready for discharge (MRD) from hospital or community beds.	As part of planning for use of the discharge capacity investment funding, continuation of quarter 1 and 2 schemes was agreed with the Integrated Care Board (ICB) and NHS Chief Executive Officers where these have evidenced patient and system benefit. This included East Sussex discharge to assess (D2A) beds; home care and agency staff to support flow through the system and free up capacity; and the transfer of care hub, in line with national requirements. Planning has also taken place as part of the winter planning process for 2023/24 to ensure additional funded schemes for Q3 and Q4 align across existing improvement plan actions, localised research activity, and the Discharge Frontrunner programme. This will also provide the basis for 2024/25 plans and Better Care Fund discharge allocations, which will enable the continued focus on Home First, reablement, and right sized bedded capacity, including schemes that support more complex care needs and target areas of greatest delay for people ready for discharge from mental health inpatient capacity. Work has also continued to progress in-year milestones in the 5-year Sussex Integrated Care Strategy Shared Delivery Plan (SDP), including a focus on the East Sussex Health and Wellbeing (HWB) Strategy priorities shared by East Sussex County Council (ESCC) and NHS for children and young people, mental health, community, and improvements in health outcomes. This has included developing partnership plans for implementing Integrated Community Teams (ICTs), aligned with the borough and district footprints to ensure use of collective resources driven by locally focussed intelligence and insight and five profiles have now been produced to support the initial development phase of ICTs. Partnership work has taken place on a pan-Sussex footing to support delivery of improvements to elective and urgent care, hospital discharge, mental health and health inequalities set out in the SDP.	**Amber**