

4 September 2006

STRATEGIC RISKS AND THEIR MANAGEMENT

The Council manages risk on a daily basis throughout its services. In addition, we have assessed the major risks to the operation of the Council and to the achievement of its Council's goals, aims and priorities

A full analysis of risks is contained in the Council's Risk Register. The Register identifies the following strategic issues which constitute significant potential risks, and which will be managed by the Corporate Planning Group, reporting to the Cabinet. The principal strategic risks to the operation of the Council and the achievement of its objectives are shown below.

Risk	Underlying Cause	Severity	Probability	Comments on Control and Mitigation Development	Cabinet and Chief Officer Responsible
		LMH			
Business Continuity					
The lack of adequate plans to ensure the Business Continuity of County Council operations	This risk refers to any event which might cause major disruption to the continuity and delivery of WCC operations and business activities.	H	L	<p>Control: A Business Continuity Plan was issued in September 2005 and it is being reviewed. Departmental plans have also been prepared. A series of table top and call out exercises culminating in a live exercise are also planned. In the event of an Avian Flu/Flu Pandemic, we are highlighting service areas and minimum staff totals required to continue each service. For ICT, main server is secure and disaster recovery planning is in place for the top 47 servers. Corporate IT is working with services to address risk to business systems.</p> <p>Mitigation: Key staff are allocated to four levels of response teams (initial response, 2 to 24 hours, and beyond). For ICT, an alternative business continuity site has been identified and disaster recovery planning is being developed with the new contractor. Server virtualisation and storage replication plans are underway with delivery staged over the next 12-18 months.</p>	<p>Cabinet Member Fleur de Rhe Philipe</p> <p>Director of Environmental Services</p>
Supply, Demand and Cost					
Failure to manage the overall budget for children's care placements in 2006/7 and subsequent years	Market pressures and the rising number of complex cases significantly affect the County Council's ability to influence or control the continuing increase in costs of services for children.	H	H	<p>Control: Recovery Planning in Children's Services is also in place and the implementation of the Children's Placement Strategy is providing a co-ordinated framework which includes tighter commissioning; senior management oversight of placement procurement; improving budget management and forecasting and work towards implementation of Member</p>	<p>Cabinet Member Children's Care: Bridget Wayman</p> <p>Director for Children and Education</p>

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				Scrutiny recommendations. In-house residential services are being externalised in an effort to reduce costs in the medium term and the County is engaged with the regional Commissioning Forum in seeking to develop an effective engagement with the independent sector. <i>Mitigation:</i> We continue to face pressures on the costs of placements for Children Looked After: and we are addressing them through the Placement Strategy and Scrutiny Task group recommendations, which jointly focus on the recruitment of foster carers, contracting arrangements with providers and commissioning of residential home services.	
Failure to manage the overall budget for adult care placements in 2006/7 and subsequent years.	The very significant impact, including the major financial implications notified to WCC with little notice, of the extensive reorganisation and reduction in services by Primary Care Trusts (PCTs) in the county, has led us to withdraw from arrangements for the integrated management of health and social care. Also, as with children's placements, market pressures and the rising number of complex cases significantly affect the County Council's ability to influence or control the continuing increase in costs of services for children, disabled people and older people.	H	H	<i>Control:</i> In 05/6 the Department of Adult and Community Services (DACS) had reduced the number of people eligible for community services by 7%. <i>Mitigation:</i> In this financial year the recovery plan has set a savings target of £6.8 million to be achieved through a range of measures. It has been clear from this work that, despite making significant progress to reduce their over spend, DACS will not be able to make reductions to meet the total budget shortfall whilst still maintaining essential services to the very vulnerable. The budget shortfall is, therefore, being addressed in 2006/7 on a Corporate Recovery Planning basis overseen by the Corporate Management Board and involving dedicated work by the Recovery Board. In 2007/8 Adult and Community Services will be substantially reconfigured to reflected the major shift in the overall budget level for this range of services.	<i>Cabinet Members</i> Adult Care: John Thomson and Mary Douglas Director of Adult and Community Services
<i>Management of Complex and Large Changes</i>					
Not achieving desired efficiencies and service improvements described in the Corporate Plan.	This risk refers to identified critical paths for the various projects not being achieved.	H	M	<i>Control:</i> Key control mechanisms include the strategic oversight of the Corporate Management Board, the role of key corporate groups and the specific programme and project management arrangements for the major projects. Internal governance arrangements have been reviewed and improved during the last year. <i>Mitigation:</i> Monitoring would identify any shortfalls. Budget and recovery planning would be used to address any delay in achieving savings from efficiencies. Our performance management processes trigger corrective action to reduce any	<i>Cabinet Member</i> Jane Scott Chief Executive

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		LMH			
				shortfall on service improvement, and if necessary to review timescales/targets.	
Cost overruns on major capital projects reducing reserves and ability to deliver capital expenditure plans.	The risk increases with the complexity of major projects.	H	M	<i>Control:</i> The corporate management of Capital Programme, including the actions of the Capital programme Working Group, and the management of its individual projects, has been effective in managing these risks. <i>Mitigation:</i> The governance structure of the Capital Programme Working group is mitigating in its operation monitoring capital expenditure in all services and reporting to the County Treasurer on a monthly basis. The County Treasurer in turn reports to Cabinet on a quarterly basis. There is strong application of project management at all levels from planning to delivery of capital schemes. Significant capital projects have detailed risk registers that contain mitigation measures.	<i>Cabinet Member</i> Jane Scott County Treasurer
Failure to improve IT development to maximise our ability to deliver service improvements	Inability to deliver projects on time and to an agreed specification leading to failure to deliver change and benefits and to cost growth.	H	M	<i>Control:</i> To ensure that Departments identify adequate resources before allowing projects to commence, with sign up to defined benefits. To ensure that adequate technical resources are available before commencing projects. Generally, ICT projects are phased to reflect capacity and criticality. <i>Mitigation:</i> To ensure that contingency plans are in place in case budget prioritisation results in project re – prioritisation. The Head of ICT has strengthened management and direction and during the past year he has led the contract renewal for the major contract that supports the County Council's ICT operation.	<i>Cabinet Member</i> John Noeken County Treasurer
Failure of Partners and Partnerships					
Failure of partnership working to deliver joint service objectives	Instability of some of the County Council's partner agencies and the and the risk of inadequate governance arrangements in important partnerships.	H	M	<i>Control:</i> The significant impacts on the County Council of the NHS actions have clearly indicated that partnership arrangements must be sufficiently robust in relation to accountability including accountability for identified risks. Work is being taken forward to assess how models of governance can be further developed to encompass improvements to accountability. This area of work is critical to the development of the Local Area Agreement proposal for Wiltshire. The role of the Strategic Board is developing and more structured performance management arrangements will be introduced with the development of the Local Area Agreement.	<i>Cabinet Member</i> Jane Scott Chief Executive

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				Mitigation: a review of partnership agreements is taking place – mitigation will then be identified for each agreement.	
Failure of major contractors to deliver joint service objectives	Risk factors could arise in relation to a contractor's business that affects their strategic management or operational capacity, during the period of an established contract.	M	M	Major delivery partners include Sodexho, Wiltshire Highways and the Order of St John (OSJ). The impacts of the NHS actions have been highlighted above. Control: We keep under review our overall approach to the current contracting strategy including whether to break contracts down into smaller packages. The corporate contracts register is adhered to by not letting contracts exceed their due dates. There is a regular review of the procurement strategy to ensure that our business needs continue to be met. Full and thorough contract evaluation takes place at the time of award of contract. Mitigation: During the annual review of performance of all major contracts – over £1m in value there is a report back on continued contractor viability. Increased attention is being paid to learning from emergency planning exercises in order to flag up weaknesses in the Council's preparedness for handling risk scenarios involving major contractors.	Cabinet Member Fleur de Rhe Philipe Director of Environmental Services
Poor Performance					
Failure to achieve landfill reduction targets for waste, resulting in large fines	This risk relates to the European landfill directive. Fines have been set at £150 per tonne.	M	M	Control: Significant action has been put in place to improve waste minimisation and increase waste diversion from landfill. Mitigation: Cabinet has agreed to award one contract for the diversion of waste from landfill, subject to satisfactory completion of detailed drafting of contract documents. The award of the contract has lowered the risk status from High to Medium.	Cabinet Member Toby Sturgis Director of Environmental Services
Death or Serious Injury from Negligence or Failure					
Failure to safeguard against significant injury/death of pupils/young persons	A risk factor would be a lack of adequate risk assessment or supervision on school and youth service trips and activities.	H	L	Control Schools are advised and encouraged to operate the planning and risk assessment system thoroughly and consistently before undertaking school trips (therefore identifying potential sources of confirmation e.g. Health & Safety Audit). Also there is regular training and supervision of those working with vulnerable children. Mitigation: Random Health and Safety checks take place on 5% of all trips and activities. An advance online monitoring system is used to approve all visits involving pupils/young persons.	Cabinet Members Bridget Wayman and Nancy Bryant Director for Children and Education Governors (prime responsibility for H & S in Foundation/V A Schools)

