

ANNEX 5: RISK MANAGEMENT - RISKS OVER THE MEDIUM TERM

- 5.1 Full details of the financial risks facing the County Council were set out in the 2023/24 budget report in February 2023. Many of these remain current but there are some where more details are known and therefore an update is provided in this annex.

Health

- 5.2 The entire health and social care system in West Sussex is under extreme pressure. The underlying causes, especially workforce and market-related factors, are similar across both parts. Compounding the situation, the Integrated Care Board (ICB) faces significant financial challenges of its own, which it is needing to manage in the context of sustained Government scrutiny about rates of hospital discharge. This has potential to transfer financial risk to the County Council but work will continue to develop a collaborative approach to working with health through these challenging times.

Climate Change

- 5.3 Protecting the environment remains a WSCC priority as outlined in the Council Plan and the Climate Change Strategy (CCS). To achieve carbon emission reductions and create related benefits of mitigating climate change will involve redesigning services and adapting infrastructure to take climate change into account. The WSCC Climate Action & Adaptation Plan (CAAP) is being developed throughout 2023 and is the County Council's first roadmap for achieving the goal of carbon neutrality from the council's operations from 2030 and for increasing its resilience and ability to respond to the impacts of climate change. This will be underpinned by a funding and investment strategy. External funding sources will continue to be explored but it remains a risk that further investment in both capital and revenue may be required.

Recruitment and Retention

- 5.4 The County Council continues to face recruitment and retention challenges that have been growing over recent years but may be further exacerbated by the wider job market conditions.
- 5.5 There are a number of actions being undertaken to reduce vacancy levels and turnover including international recruitment, increasing the capacity and skills within the Recruitment team, engaging with candidates in a different way, benchmarking reviews of pay and terms and conditions and optimising use of apprenticeships and ensuring career pathways for staff to develop their skills. The impact of these actions will continue to be monitored.

Delivery of savings

- 5.6 As reported in the Q4 Performance and Resources Report (PRR), £10.2m of savings were undelivered as at the end of March 2023. The majority

(£8.8m) of these relate to Adults Services and the delays in the delivery of these savings are largely as a result of challenges relating to workforce and vacancy levels within social work and occupational therapy. The Medium-Term Financial Strategy (MTFS) assumes the savings will be delivered by 2024/25 and while the plans in place are well developed, the external environment surrounding the social care market makes the outcome inter-dependent on factors that are not within the Council's direct control. Any non-delivery or delays in the delivery of savings will risk adding further pressure to the financial position.

Identification of Savings

- 5.7 Looking forward, based on the latest information, there is a budget gap of £43m for 2024/25 and 2025/26; savings or increased income to this level will need to be identified for a balanced budget to be set. Work has commenced but there is a risk that insufficient reductions can be identified or reductions to this scale may require a change in services provided or how they are provided.