

## **GOVERNANCE COMMITTEE**

WEDNESDAY, 10TH SEPTEMBER 2014, 2.30 PM  
COMMITTEE ROOM 1, TOWN HALL, CHORLEY

I am now able to enclose, for consideration at the above meeting of the Governance Committee, the following reports that were unavailable when the agenda was published.

**Agenda No    Item**

**7            STRATEGIC RISK REGISTER UPDATE REPORT**

(Pages 20 - 31)

Report of the Chief Executive (enclosed)

GARY HALL  
CHIEF EXECUTIVE

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Report of	Meeting	Date
Chief Executive	Governance Committee	10 September 2014

## STRATEGIC RISK UPDATE REPORT

### PURPOSE OF REPORT

1. The Strategic Risk Register (SRR) is the vehicle by which the Council aims to identify and address any potential risks to the organisation and the delivery of its functions which therefore need to be managed strategically.
2. This report provides members with an updated SRR which includes 15 strategic risks to the Council, including actions in progress as well as new actions planned to further mitigate identified risks.

### RECOMMENDATION(S)

3. That members note the strategic risks, actions in progress and actions planned to further mitigate the strategic risks as set out in Appendix 1.

### EXECUTIVE SUMMARY OF REPORT

4. The Council does not exist in a vacuum and the political, economic and financial environment in which it operates is constantly changing. The SRR is therefore a live document and needs to be updated to reflect any new or emerging strategic risks facing the Council.
5. This report therefore contains the latest revision to the SRR for members' information and comment.
6. Seven of the risk categories remain at the same level with five of these areas identified as 'high risk'. One new risk has been added to the register following the recent high levels of public interest in consultations and planning applications such as Gypsy and Traveller site allocation and the Croston flood scheme. Failure to manage this interest potentially putting the Council's reputation at risk. Following improvements in performance, four risks have decreased. The council's decision to investigate the business case for seeking unitary status and impact of the delivery of the Single Front Office have resulted in three risk scores increasing since March 2014.

<b>Confidential report</b> Please bold as appropriate	Yes	No
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**CORPORATE PRIORITIES**

7. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy communities		An ambitious council that does more to meet the needs of residents and the local area	X

**BACKGROUND**

8. Risk management is a cornerstone of good corporate governance and the Council has established a system of risk management which involves the creation of risk registers at a strategic level, service level and individual project levels.

Compiling the Strategic Risk Register requires a collective effort involving chief officers and senior members to identify the key strategic risk issues facing the Council. Heads of Service are responsible for identifying, monitoring and mitigating service list level risk and once key projects have been identified the responsibility for managing these and compiling project risk registers lies with individual services. The process is described in more detail in the Council’s Risk Management Framework.

**HOW THE RISKS ARE SCORED**

9. The risks identified in the register have been scored on a 3 x 3 matrix, reflecting the likelihood of the risk occurring against the impact of it on the organisation if it did happen. The resulting score out of 9 is used to aid in prioritising the risk and the actions that are planned to mitigate them.

Likelihood of Occurrence	High	4	7	9
	Medium	2	5	8
	Low	1	3	6
		Noticeable	Significant	Critical
		Impact on Business		

10. Each entry within the register is scored to provide an assessment of the residual level of risk, that is the score taking into account the ‘controls in place’.

11. Whatever level of residual risk remains it is essential that the controls identified are appropriate, working effectively and kept under review.

**SUMMARY OF THE RISKS**

<b>Risk No.</b>	<b>Description of Risk</b>	<b>Matrix Score</b>	<b>Change from Mar 2014</b>
R1	Budget cuts in key public and third sector partners having a negative impact on local level service delivery	8 (High)	0
R2	Lack of resources to deliver the Council's priorities due to public sector funding cuts (financial & staff capacity)	8 (High)	0
R3	Failure to identify/exploit opportunities for new ways of working and alternative business models including options for income generation	8 (High)	+3
R4	External legislative and policy change affecting service delivery, particularly future changes as a result of Welfare Reform	7 (High)	0
R5	Failure to react to changing service demand	7 (High)	0
R6	Reduction in satisfaction with the Council	6 (Medium)	-1
R7	Failure to sustain our performance in light of budget cut	6 (Medium)	-1
R8	Failure to achieve desired outcomes through partnership working and deterioration in relationships	6 (Medium)	+1
R9	Failure to realise the value of large budget investments and achieve return on investment	5 (Medium)	-2
R10	Failure to fully realise the benefits of new technology and related impact on driving organisational change.	5 (Medium)	+2
R11	Damage to the council's reputation and potential reduction in resident satisfaction in relation to high profile planning applications, consultations and decisions. For example, Gypsy and Traveller site allocation and the Croston flood scheme .	5 (Medium)	New
R12	Reduction in staff satisfaction and morale with the Council including increase in sickness absence	4 (Medium)	-1
R13	Failure to build and maintain strong relationships of trust and confidence between officers and each party to promote good and open relationships between political parties	3 (Low)	0
R14	Failure of Shared Service arrangements	3 (Low)	0
R15	Incidents affecting service delivery/business continuity or even widespread damage, injury or risk to the public.	2 (Low)	0

12. Further details about each of these risks and their mitigating controls can be found within the register in Appendix one.
13. All of the risks have been re-assessed and the register indicates whether there has been a change since the register was last reviewed in March 2014 along with a narrative to show reasoning for the scoring.

- 14. One new risk has been added to the register, R11 - Damage to the council's reputation and potential reduction in resident satisfaction in relation to high profile planning applications, consultations and decisions. For example, Gypsy and Traveller site allocation and the Croston flood scheme. This is linked to proposals following Planning and Policy changes and the high level of public interest and emotive views generated by such proposals. A score of five has been allocated to this risk which indicates a medium likelihood of occurrence but the potential to significantly impact on business.
- 15. The highest increase in risk is for R3, failure to identify/exploit opportunities for new ways of working and alternative business models including options for income generation, with an increase from 5 to 8. This increase results from the council's decision to investigate the business case for seeking to become a unitary council and the potential impact to the organisation both financially and operationally as well as the potential to impact on partner relationships.
- 16. The highest risks, those scoring 7 and 8, continue to be focused on budget cuts and maintaining performance under challenging conditions. These risks continue to be managed effectively with a number of actions delivered including the newly formed Chorley Public Service Reform Board, strong Medium Term Financial Strategy and ongoing Business Planning and Corporate Strategy refresh.
- 17. Actions to reduce risk continue to be delivered successfully; this update sees a reduction in four risks resulting from improvements in performance and successful return on investment from large budget investments. All low level risks remain at the same level with new actions and monitoring dates in place to ensure continued mitigation of risk.

**IMPLICATIONS OF REPORT**

- 18. This report has implications in the following areas and the relevant Directors' comments are included:

Finance		Customer Services	
Human Resources	X	Equality and Diversity	
Legal		Integrated Impact Assessment required?	N
No significant implications in this area		Policy and Communications	X

**COMMENTS OF THE STATUTORY FINANCE OFFICER**

17. There are no financial implications associated with the report.

**COMMENTS OF THE MONITORING OFFICER**

18. No comments

GARY HALL  
CHIEF EXECUTIVE

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Natalie Taylor-Proctor	5248	04/09/2014	SRRupdate



Appendix 1

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Change from March 2014	Actions Planned	Action Owner	Target Action Date	Comments
R1	Budget cuts in key public and third sector partners having a negative impact on local level service delivery	Strategic (External)	SG	<p>Existing relationships with key public sector partners.</p> <p>Chorley Public Service Reform Board</p> <p>Core funding support.</p> <p>Additional funding support for third sector groups included in 2014/15 budget.</p> <p>Review of core funding including commissioning of large contracts</p> <p>The newly formed Chorley Public Service Reform Board focuses on how organisations can collectively deliver high quality public services to the public efficiently and effectively. Work streams are underway.</p>	8	0	Officers and Members to lobby and influence key public sector partners through meetings, working groups and responding to consultations.	GH	On going	<p>Cuts now starting to take effect evidenced by partner performance.</p> <p>Impact on business not considered critical given control and mitigating actions</p>
R2	Lack of resources to deliver the Council's priorities due to public sector funding cuts (financial & staff capacity)	Financial (Internal)	SG	<p>Refreshed single Organisational Plan</p> <p>Strong Medium Term Financial Strategy</p> <p>Additional budget investment in priorities</p>	8	0	<p>Business planning including a refresh of the Corporate Strategy for 2014/15, involving rationalisation and prioritisation of activity.</p> <p>Focus on bringing in additional income to make the council financially self-sufficient for example the</p>	Policy and Comms	March 2015	Highlighted by the recent peer review, likelihood of occurrence remains high and further reduction in resources anticipated. Impact on business not currently considered critical given controls and mitigating actions. In particular the recent investment of Market Walk which has provided ROI above initial



Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Change from March 2014	Actions Planned	Action Owner	Target Action Date	Comments
							purchase of Market Walk  Embedding of individual performance management			expectations.
R3	Failure to identify/exploit opportunities for new ways of working and alternative business models including options for income generation	Operational (Internal) and Reputational	SG	Strategic partnerships framework  Strong Medium Term Financial Strategy  Corporate strategy refresh	8	+3	The council has agreed to investigate the business case for the council becoming a unitary authority. The work will be overseen by an all-party working group in the coming months.	CS	Ongoing	The area of work that has the most impact on this risk is the Council's current work around unitary status.  The work in developing the business case has the potential to impact the organisation both financially and operationally. There is also the additional risk to external partner relationships, in particular with LCC. The risk has therefore been increased.
R4	External legislative and policy change affecting service delivery, particularly future changes as a result of Welfare Reform	Strategic (External)	SG	Changes are being monitored and implications for the Council reported to SG for consideration. Health & wellbeing board LDF  Additional dedicated resources – Welfare Reforms Manager, Welfare Reforms Officer and Employability Officer.  Credit Union	7	0	Delivery of the Welfare Reforms Action Plan  Credit Union offer is being further developed	Policy and Comms	March 2015	To date the impact has been manageable through a proactive approach and mitigating activity however, this continues to be a high risk given recent national policy developments.
R5	Failure to react to changing service demand	Strategic (Internal)	SG	Use of system data and regular monitoring and reporting  Volumetric data capture Self service capability via council website.	7	0	Service intelligence to inform delivery and prioritisation of activity.  Channel migration strategy.	AK	March 2015	Risk reflects need to manage customer demand and make services more sustainable by driving down cost to access.  New self-serve technology

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Change from March 2014	Actions Planned	Action Owner	Target Action Date	Comments
				Digital strategy approved GIS strategy refreshed and approved			Strategy group to focus resources where needed.  Embedding of the Single Front Office			now in place including MyAccount feature online.  Single Front Office work now underway
R6	Reduction in satisfaction with the Council	Reputation (Internal)	SG	Strong customer service culture.  Regular monitoring through the Corporate health dashboard.  Resident satisfaction survey.  Customer Satisfaction Survey	6	-1	Corporate project to review and address customer satisfaction and dissatisfaction  Additional investment in priority areas  Tangible improvement projects in the Corporate Strategy  Communications, campaigns and events.	Policy and Comms	March 2015	Overall resident satisfaction levels remain high and resident's levels of satisfaction with services they have requested has improved since the beginning of the year.  Whilst this risk is still considered an important issue the score has been reduced reflecting the improved satisfaction levels and taking into account the controls and mitigating actions that are ongoing.
R7	Failure to sustain our performance in light of budget cuts	Reputation (Internal)	CS	Performance management framework  Regular performance monitoring.  Refreshed local performance indicators  Leading Edge management competencies	6	-1	Implement individual performance management  My Projects – system development  Benchmarking exercises including LG Inform	RH	Ongoing	Recent LGA Peer review highlighted the organisations high levels of performance and delivery.
R8	Failure to achieve desired outcomes through partnership working and deterioration in relationships	Reputation (Internal)	SG	CPSRB and role of the Executive in leveraging priorities  Regular meetings with LCC lead.	6	+1	Members and officers to work to manage relationships and ensure effective communication  Early Intervention work	GH	Ongoing	Chorley Public Service Reform board has been created to ensure efficient partnership working and resources focussed on priorities.

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Change from March 2014	Actions Planned	Action Owner	Target Action Date	Comments
							<p>including implementation of WTWF and involvement with CCG's.</p> <p>CPSRB established and work streams being progressed</p> <p>The council is investigating the case for unitary status and a business case is currently being developed.</p>			The work around unitary status has the potential to impact external partner relationships, in particular with LCC.
R9	Failure to realise the value of large budget investments and achieve return on investment	Financial (Internal)	SG	<p>Budget setting process</p> <p>Regular budget monitoring</p>	5	-2	<p>Project and programme management</p> <p>Scrutiny Topic</p>	RH	Mar 2015	<p>Market Walk purchase key part of income generation strategy.</p> <p>Investment in Market Walk is generating income above initial projections, achieving ROI, this risk has therefore been reduced.</p>
R10	Failure to fully realise the benefits of new technology and related impact on driving organisational change.	Operational (Internal & External)	AK	<p>Regular internal communication on progress</p> <p>Project monitoring</p> <p>Comprehensive training for staff</p>	5	+2	<p>Review of all technologies used to support delivery of all services across the council. Any changes identified as necessary within this review are then implemented and communicated to all staff.</p> <p>Implementation of technologies to support the delivery of the Single Front Office</p> <p>Comprehensive training</p>	AK	Ongoing	<p>The current focus and priority for any technological changes across the organisation are changes resulting from the implementation of the Single Front Office.</p> <p>As changes are implemented it is becoming evident that skills are missing and comprehensive training needs to be delivered.</p> <p>Whilst the Single Front</p>

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Change from March 2014	Actions Planned	Action Owner	Target Action Date	Comments
							package for staff			Office is prioritised other technological developments are being put on hold. Although the risk is not considered critical given the control and mitigating action in place it has increased reflecting the medium likelihood of occurrence and potential significant impact on business.
R11	Damage to the council's reputation and potential reduction in resident satisfaction in relation to high profile planning applications, consultations and decisions. For example, Gypsy and Traveller site allocation and the Croston flood scheme.	Reputation (Internal and External)	SG	Communication and engagement with local stakeholders and residents Governance Planning Policies	5	New	Continued tailored communication and engagement for different issues. Consultation on Croston flood defence scheme	GH	Ongoing	This risk is linked to Planning and Policy changes, and the high level of public interest and emotive views generated by these proposals.
R12	Reduction in staff satisfaction and morale with the Council including increase in sickness absence	People (Internal)	COS	OD and health and wellbeing programmes Healthcare cash back scheme New intranet – improving internal communications Leading edge management competencies Internal communications plan	4	-1	Updated OD programme Number of specific interventions including additional management training Staff consultation on restructure proposals Restructure implementation plans included additional staff training.	HR&OD/ Policy and Comms	March 2015	Staff sickness has continued to reduce. Staff Focus groups where undertaken earlier in the year and analysis feedback to Strategy Group and Members.
R13	Failure to build and maintain strong relationships of trust and confidence between	Strategic (Internal)	GH	Weekly meeting with leader and regular meetings with the leader of the opposition.	3	0		GH	As Required	Relationship is currently strong.

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Change from March 2014	Actions Planned	Action Owner	Target Action Date	Comments
	officers and each party to promote good and open relationships between political parties			All party leaders meetings New corporate strategy. Attendance at political group meetings to address key issues.						
R14	Failure of Shared Service arrangements	Operational (Internal)	SG	Strategic partnerships framework Effective governance arrangements	3	0		CS	Ongoing	Risk stays the same due to potential impact of failure on organisation.
R15	Incidents affecting service delivery/business continuity or even widespread damage, injury or risk to the public.	Operational (External)	JC/JM	Business Continuity Plan Emergency Plan Country wide flu pandemic plan. Multi agency fund plan	2	0	Further testing and review of plans will take place during 2014/15 at Service Level.		As required	No further changes envisaged at a strategic level due to rigorous testing undertaken during 2013.

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