Chorley Council

Report of	Meeting	Date
Director Policy and Governance	Governance Committee	1 July 2020

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 16 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, controls in place and actions planned to further mitigate the strategic risks as set out in Appendix 1.

EXECUTIVE SUMMARY OF REPORT

4.   The Council operates in a continually changing political, economic and financial environment. 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 contains the latest revision of the risk register on GRACE to the SRR (correct as of 09.06.20) for Members' information and comment.

6.   The risk register is continually reviewed and considered a 'live' register and currently the majority of risk categories remain stable for 2020 with nine of these identified as 'high risk', five 'medium risk' and one 'low risk'. Two risks have shifted from 'medium' to 'high' compared to last year. One new risk has been added for this year and is rated as 'high risk' The majority of risk levels remain static as mitigating actions have ensured that the risks have been effectively managed and have therefore not escalated across the year.

7.   It should be noted that all the risks within the strategic risk register this year have been reviewed in the context of the COVID-19 pandemic and associated impacts on service delivery. Three risk levels have been increased this year and the reasons behind these increases, including the impact of COVID-19, are explained within the body of the report.

Confidential report Please bold as appropriate	Yes	**No**

CORPORATE PRIORITIES
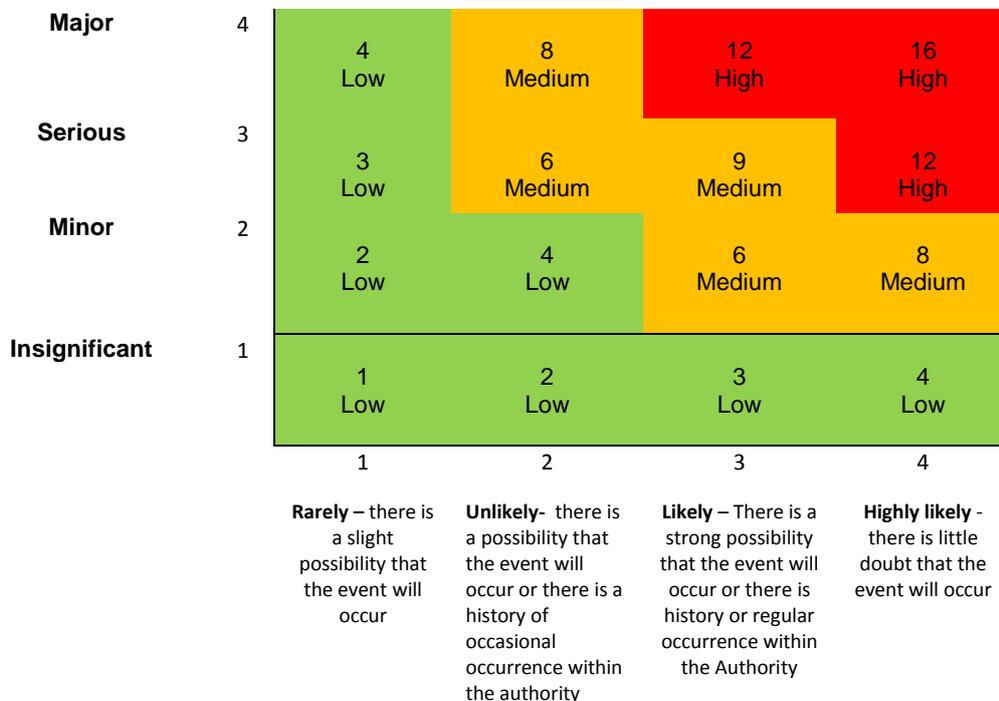
8.   This report relates to the following Strategic Objectives:

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	✓

BACKGROUND

9. 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.

10. Compiling the Strategic Risk Register requires a collective effort involving Senior Leadership Team (SLT) to identify the key strategic risk issues facing the Council. The Strategic Risk Register is stored and managed within the Council's risk management system GRACE. SLT are responsible for identifying, owning monitoring and mitigating strategic risk including ensuring that any actions against each risk are completed. The GRACE system also contains separate risk registers for individual projects and service level risk registers owned and controlled by individual services managers and project managers.

11. All strategic risks are now contained and embedded within the GRACE system have been reviewed to inform this latest position. Directors and service leads continue to own individual risks with actions being owned by the most relevant Senior Officer within the organisation.

HOW THE RISKS ARE SCORED

12. All risks are stored within the GRACE system and are scored on a 4x4 risk matrix as outlined below:

		1	2	3	4
Major	4	4 Low	8 Medium	12 High	16 High
Serious	3	3 Low	6 Medium	9 Medium	12 High
Minor	2	2 Low	4 Low	6 Medium	8 Medium
Insignificant	1	1 Low	2 Low	3 Low	4 Low
		1	2	3	4
		Rarely – there is a slight possibility that the event will occur	**Unlikely-** there is a possibility that the event will occur or there is a history of occasional occurrence within the authority	**Likely –** There is a strong possibility that the event will occur or there is history or regular occurrence within the Authority	**Highly likely -** there is little doubt that the event will occur

13. All of the risks have been re-assessed for 2020 by SLT on the likelihood of the risk occurring against the impact for the organisation if it did occur taking into consideration any controls,

completed actions or actions planned over 2020/21. The resulting score out of 16 is used to aid in prioritising the risk and mitigating actions.

SUMMARY OF THE RISKS

14. A summary of the updated inherent risks for 2020 can be found below. The table includes risks ranked from highest matrix risk score to lowest, includes any changes to the description and / or inherent risk level.

Risk No.	Description of Risk (any changes marked in red)	Matrix Score May 2020	Change in inherent risk level from 2019
R1	Failure to realise the value of large budget investments and achieve return on investments	16 (High)	→ (increased residual risk)
R2	Failure to achieve desired outcomes through partnership working and deterioration in relationships	16 (High)	→
R3	Budget cuts in key public and third sector partners having a negative impact on local level service delivery	16 (High)	→
R4	Failure to optimise opportunities for new ways of working and alternative business models including options for income generation	16 (High)	→
R5	Lack of resources to deliver the Council's priorities due to public sector funding cuts (financial & staff capacity) and loss of income with the need to recover the general reserve and any potential impact of a national/global recession	12 (High)	→
R6	Failure to react to changing service demand including any change in demand due to the recovery from COVID-19 and internal skill gaps to address this	12 (High)	↑
R8	Failure to sustain our performance in light of budget cuts and the impact of Covid-19 and ongoing resourcing restraints	12 (High)	↑
R10	Failure to fully realise the benefits of new technology and related impact on driving organisational change	12 (High)	→
R15	Failure of (existing) Shared Service arrangements	12 (High)	→ (reduced residual risk)
R16	Not managing the recovery after COVID-19 effectively	12 (High)	**New risk**
R11	Reduction in staff satisfaction and morale with the Council including increase in sickness absence	9 (Medium)	→ (increased residual risk)
R13	Damage to the council's reputation and potential reduction in resident satisfaction in relation to high profile decision making	9 (Medium)	↑
R9	External legislative and policy change affecting service delivery (Universal credit, GDPR, BREXIT)	8 (Medium)	→
R12	Incidents affecting service delivery/business continuity or even widespread damage, injury or risk to the public including cyber-attack	8 (Medium)	→
R7	Reduction in satisfaction with the Council	6 (Medium)	↓

Risk No.	Description of Risk (any changes marked in red)	Matrix Score May 2020	Change in inherent risk level from 2019
R14	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	4 (Low)	→

15. Further details about each of these risks, residual and target scores and their mitigating controls and actions can be found within the detailed register in Appendix 1.

16. The risk scores for four risks have been changed as highlighted in the table above. Three inherent risk scores have increased for 2020 demonstrating a higher overall risk for the council this year and one inherent risk score has decreased, outlining a lower level of risk due to the strong controls in place against this risk.

17. The majority of strategic risk levels have remained similar to 2019 as mitigating actions and controls have ensured that the risks have been effectively managed and have therefore not escalated across the year. However, all actions and controls have been reviewed and updated against these risks and any changes recorded within the GRACE system.

18. A new risk has been added for this year to reflect managing the recovery from COVID-19. This risk is regarding the organisational response to manage the recovery as a result of the impact of COVID-19 and effectively delivering the recovery of our communities, business functions and other services. This risk is currently rated as high as plans for recovery are still evolving and this is an unprecedented situation for the Council.

19. It should be noted that other risks have been reviewed in light of COVID-19 and amended appropriately to reflect the long-term impact that this crisis will have on the Council and services it delivers.

HIGHEST SCORING RISKS – A SUMMARY

20. The highest scoring risks (R1-R4) continue to focus on delivering Council priorities, including large scale investment projects, new ways of working and alternative business models including options for income generation. There are significant challenges facing the organisation within the coming year including budgetary pressures and internal and external change, coupled with an ever-increasing demand for our services.

21. Whilst some budget savings have been achieved over 2018/19, the council continues to face significant financial challenges as we move towards 2020/21 and preparing for these challenges means we must continue to transform the way in which we deliver services to achieve a more efficient organisation that can continue to meet the need of local residents through providing quality services. The work of the Transformation Team continues to focus on achieving the financial savings that need to be made towards a sustainable operational and financial position, informing the corporate planning process and is therefore listed as a control/action measure against many of the highest scoring strategic risks.

22. The risk score for R1 'failure to realise the value of large budget investments and achieve return on these investments' continues to be the highest rated risk for the Council. This risk includes the council's investment into large scale commercial developments such as the Digital Office Park, Market Walk and investment into key employment sites. This year we have seen a slight reduction in the net return for both Market Walk and Digital Office Park despite continuing to invest in work to bring forward more tenants at both sites and our other units including staff time, advertising, and incentives. Therefore, there has been a slight increase in the residual risk score as the need to see a return on this long-term investment to assist the Council in achieving a sustainable financial position in future years remains crucial.

23. The risk R2 'failure to achieve desired outcomes through partnership working and deterioration in relationships' continues to be rated one of the highest risks for the Council due to the reliance we have on partnership working to support our sustainability in light of reductions in government funding and to work effectively in partnership with other organisations to provide joined up support for our most vulnerable residents. However, extensive progress has been made this year to continue to strengthen established working relationships that the Council has in place (Public Service Reform and Integrated Community Wellbeing Service). Strong control measures are listed to mitigate this risk over the coming months therefore the risk score for this risk remains the same.

24. The risk R3, refers to budget cuts in key public and third sector partners having a negative impact on local level service delivery. We continue to work with partners to ensure that we are providing the most cost effective and sustainable solutions possible to sustain local services affected by county level budget cuts. However, despite strong controls and mitigating actions in place internally to mitigate this risk, external financial pressures at both a national and county wide level still exist meaning that this risk level is maintained.

25. The final risk is the risk R4 which is a 'failure to optimise opportunities for new ways of working and alternative business models including options for income generation'. This risk remains unchanged due to the work of the Transformation Team who continue to manage a programme of work which aims to deliver new ways of working and options for income generation. In 2020/21 several actions are planned to reduce this risk level including the development of an Income Generation Strategy and a refresh of the Transformation Strategy to ensure it reflects the latest position and ambitions for the council.

CHANGES TO INHERENT RISK SCORES – A SUMMARY

26. The review has resulted in an increase in the inherent risk score for risk R6, 'failure to react to changing service demand'. The inherent risk score has increased due the unprecedented nature of the recovery from COVID-19 and this presents a skills / knowledge gap to effectively react to this in some areas of the Council. This risk has changed from medium to high.

27. The risk R7 'reduction in satisfaction with the Council' has been assigned a lower inherent risk rating to reflect the marked reduction in resident dissatisfaction levels over the past twelve months, with dissatisfaction levels now at around 13% compared to 17.7% last year. This risk remains medium.

28. The inherent risk score for R8 'failure to sustain our performance in light of budget cuts' has been increase for 2020/21 to reflect the impact of COVID-19 and associated downturns which may have on performance. This risk has changed from medium to high. Strong controls continue to be in place against this risk and actions identified will help to ensure that any impact is minimal across the next year.

29. The risk R13 'damage to the council's reputation and potential reduction in resident satisfaction in relation to high profile decision making' has been increased. Giving consideration to large number of high-profile pieces of work being completed over the next year such as the employment sites, TVS and Whittle Surgery there is the increased risk around the future impact of COVID-19 on these large schemes and any future controversial decision making going forward around these projects. As with all of the risks listed, there are again strong controls in place including monthly monitoring of customer satisfaction and responding to any issues raised by residents through social media.

30. It should also be noted that in the current climate of the COVID-19 pandemic, the risk R12 'incidents affecting service delivery/business continuity or even widespread damage, injury or risk to the public including cyber-attack' has remained unchanged. This is due to the effectiveness of the controls put in place in light of COVID-19 and the additional risk added to the strategic risk register to encompass risks related to COVID-19.

IMPLICATIONS OF REPORT

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

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

COMMENTS OF THE STATUTORY FINANCE OFFICER

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

COMMENTS OF THE MONITORING OFFICER

18. No comments

CHRIS SINNOTT
DEPUTY CHIEF EXECUTIVE

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Rebecca Aziz-Brook	5348	26.05.20	Strategic risk register report

Risk No.	Description of Risk	Risk Owner	Risk category	Controls in Place	Inherent risk score	Residual risk score	Target risk score	Actions Planned	Target Action Date
R1	Failure to realise the value of large budget investments and achieve return on investment	ML	Financial	Budget setting process Regular budget monitoring Project and programme management Market Walk Steering Group CLT Programme Board Representation in the Corporate Strategy	16 (high)	12 (high)	6 (medium)	Delivery of Investment Strategy Development of Wholly Owned Company Ongoing monitoring of investment projects Transformation Programme	31/07/20 31/10/20 31/03/21 31/03/21
R2	Failure to achieve desired outcomes through partnership working and deterioration in relationships	CS	Partnership/contractual Reputational	Continued support to the development of ICWS Continued delivery of actions within the Transformation Strategy Continued Public Service Reform Programme monitoring Joint Integrated Community Wellbeing service monitoring and Executive Partnership working Public Service Reform Partnership and role of the Executive Transformation Programme Existing working relationships	16 (high)	6 (medium)	4 (low)	Build relationships with new senior management in partner organisations Deliver the corporate project 'work with our partners to deliver sustainable public services'	31/03/21 31/03/21

Risk No.	Description of Risk	Risk Owner	Risk category	Controls in Place	Inherent risk score	Residual risk score	Target risk score	Actions Planned	Target Action Date
R3	Budget cuts in key public and third sector partners having a negative impact on local level service delivery	CS	Financial Partnership/contractual Reputational Strategic	Chorley Council response to LCC consultations Chorley Public Service Reform board Continued delivery of the Transformation Programme Cost effective, sustainable solutions to intermediate measures identified in response to County Council cuts Existing relationships with key public sector partners Impact assessment undertaken regarding LCC's budget cuts Joint Integrated Community Wellbeing Service monitoring and Executive Re- commissioned third sector contracts to maintain local service delivery Reserve budget enabled council to respond to LCC budget cuts such as bus and library services	16 (high)	8 (medium)	6 (medium)	Delivery of the Transformation Focus group forward plan Exploration of alternative sustainable delivery models for services currently supported Officers and Members to lobby and influence key public sector partners Refresh of the Transformation Strategy	31/03/21 30/06/20 31/03/21 30/09/20

Risk No.	Description of Risk	Risk Owner	Risk category	Controls in Place	Inherent risk score	Residual risk score	Target risk score	Actions Planned	Target Action Date
R4	Failure to optimise opportunities for new ways of working and alternative business models including options for income generation	CS	Financial Operational Partnership/contractual Reputational	Key strategic partnership framework Corporate Strategy Chorley Public Service Reform Partnership Transformation Strategy	**16** (high)	**8** (medium)	**6** (medium)	Delivery of the MTFS Explore alternative delivery models for development projects Income generation strategy Refresh of the Transformation Strategy Review key strategic partnership framework Update previous report on business models Fees and Charges policy	31/03/21 31/07/20 31/07/20 31/07/20 31/07/20 31/12/20 31/03/21

Risk No.	Description of Risk	Risk Owner	Risk category	Controls in Place	Inherent risk score	Residual risk score	Target risk score	Actions Planned	Target Action Date
R5	Lack of resources to deliver the Council's priorities due to public sector funding cuts (financial & staff capacity)	CS	Financial Reputational	Refreshed Corporate Strategy and service level business plans Refreshed Medium Term Financial Strategy Additional budget investment in priorities Continued organisational development Delivery of the Transformation programme Changes to service provision Increase in Council tax 2020/21 Transformation Focus Groups	12 (high)	6 (medium)	4 (low)	Annual corporate planning and budget process including developing the big issues paper and engaging with Members Delivery of the MTFS – ongoing and overseen by the Transformation Team Delivery of the Organisational Development Strategy Delivery of the Transformation Focus Groups forward plan Focus on business growth generating additional income to make the council financially self-sufficient Refresh of the Transformation Programme	28/02/21 31/03/21 31/12/21 31/03/21 31/03/21 31/07/20

Risk No.	Description of Risk	Risk Owner	Risk category	Controls in Place	Inherent risk score	Residual risk score	Target risk score	Actions Planned	Target Action Date
R6	Failure to react to changing service demand	AK	Strategic Technological	Delivery of the Single Front Office review Delivery of the digital inclusion project ICT Digital Strategy Self service capability via the Council website Use of system data and regular monitoring and reporting Volumetric data capture	12 (medium)	6 (medium)	4 (low)	Implementation of the ICT and customer strategies Implementation of the Digital Strategy Review of the Single Front Office operating model	31/03/20 01/04/21 30/09/20
R7	Reduction in satisfaction with the Council	AK	Reputational	Corporate Health Dashboard Customer focus within the Digital and ICT Strategies Customer satisfaction survey Strong customer service culture Resident satisfaction survey results 2017 Single Front Office Tangible improvement projects in the Corporate Strategy	6 (medium)	6 (medium)	6 (medium)	Additional investment in priority areas Delivery of communications, campaigns and events Monthly customer satisfaction process being improved for 2020/21 Tangible improvement projects in the Corporate Strategy 2020	31/03/21 27/12/20 30/09/20 29/11/20

Risk No.	Description of Risk	Risk Owner	Risk category	Controls in Place	Inherent risk score	Residual risk score	Target risk score	Actions Planned	Target Action Date
R8	Failure to sustain our performance in light of budget cuts	CS	Operational Reputational Strategic	Annual business planning process Benchmarking exercises including LG Inform Performance dashboard for SLT Performance indicators Performance management framework Performance monitoring and annual refresh of local indicators Refresh of Transformation Strategy	**12** (medium)	**6** (medium)	**4** (low)	Delivery of Transformation Focus Groups forward plan Refresh performance management framework Transformation Strategy refresh	31/10/20 31/10/20 31/03/21
R9	External legislative and policy change affecting service delivery (Universal Credit, GDPR, BREXIT)	CS	Legal/regulatory Operational Reputational	Additional resources dedicated BREXIT risk register Chorley Welfare Reform Partnership Credit Union GDPR policies in place and DPO role assigned to the head of HR, Legal and Democratic	**8** (medium)	**8** (medium)	**4** (low)	GDPR audit Monitor BREXIT negotiations/ deal	30/11/20 31/12/20
R10	Failure to fully realise the benefits of new technology and related impact on driving organisational change.	AK	Operational Technological	Digital Strategy Review of the Single Front Office Worksmart initiatives ICT strategy Implementation of Office 365	**12** (high)	**6** (medium)	**2** (low)	Accommodation review Refresh of Streetscene Modernisation Strategy Refresh of the Transformation Strategy	31/12/20 31/07/20 31/07/20

Risk No.	Description of Risk	Risk Owner	Risk category	Controls in Place	Inherent risk score	Residual risk score	Target risk score	Actions Planned	Target Action Date
								Undertake benefits realisation around technology changes	31/07/20
R11	Reduction in staff satisfaction and morale with the Council including increase in sickness absence	VW	Human Resources	Continued application of sickness absence policy Delivery of additional management training Health and safety policies Healthcare cash back scheme Wellbeing support Internal communications plan Leading edge management competencies Listening day working groups Local indicator refresh – sickness targets OD health and wellbeing programme	9 (medium)	8 (medium)	3 (low)	Delivery of the OD Strategy	31/12/21
R12	Incidents affecting service delivery/business continuity or even widespread damage, injury or risk to the public including cyber-attack/information management breach.	CS	Information Strategic	Business Continuity Plan Emergency Plan Flu pandemic plan. Multi agency flood plan Chorley COMAH Plan Staff awareness of ICT risks/threats	8 (medium)	4 (low)	4 (low)	Business continuity plans refreshed and reviewed Cyber risk report to be produced Undertake risk exercise	31/10/20 31/08/20 31/03/21

Risk No.	Description of Risk	Risk Owner	Risk category	Controls in Place	Inherent risk score	Residual risk score	Target risk score	Actions Planned	Target Action Date
				and reporting of any issues				Updated DR plan to be produced	31/03/21
				National, regional and local security plans.					
				Command and control structure in place					
				Response to rise in UK threat levels					
				Emergency arrangements continue to be in place					
				Staff awareness					
				Continued member of the PSN network					
R13	Damage to the council's reputation and potential reduction in resident satisfaction in relation to high profile decision making.	GH	Reputational	Communication and engagement with local stakeholders and residents Governance procedure in place Planning Policies in place Monthly monitoring of resident satisfaction Resident satisfaction survey results 2017 Monitoring of social media (comments, threads, themes) responding appropriately and alerting where needed Monthly monitoring of customer satisfaction	9 (medium)	4 (low)	2 (low)	Continued tailored communication and engagement Monthly monitoring of customer satisfaction	31/03/21 31/03/21

Risk No.	Description of Risk	Risk Owner	Risk category	Controls in Place	Inherent risk score	Residual risk score	Target risk score	Actions Planned	Target Action Date
R14	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	CM	Strategic	All Party Leaders meetings Attendance at political group meetings to address key issues Corporate Strategy development and engagement with political parties Meetings with Leader/Leader of Opposition Member development	4 (low)	2 (low)	2 (low)	Work with political groups to manage change ahead of elections	31/03/21
R15	Failure of existing Shared Service arrangements	GH	Operational Partnership/contractual Financial Reputational	Strategic partnerships framework Effective governance arrangements Best practice to shape future services	12 (high)	4 (medium)	2 (low)	Review governance arrangements	31/07/20
R16	Managing the recovery from Covid-19 effectively	CS	Business recovery	BCMT management Effective governance arrangements Effective business planning process	12 (high)	12 (high)	6 (medium)	Development of a recovery plan Delivery of recovery plan actions	31/07/20 31/03/21

Risk owners
GH – Gary Hall (Chief Executive)
CS – Chris Sinnott (Deputy Chief Executive)
AK – Asim Khan (Director of Customer and Digital)
ML – Mark Lester (Director of Commercial Services)
CM – Chris Moister (Director of Governance)
VW – Victoria Willett (Service Lead – Transformation and Partnerhships)