

Report of	Meeting	Date
Director (Change and Delivery)	Governance Committee	Wednesday, 25 September 2024

Strategic Risk Review

Is this report confidential?	No
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Is this decision key?	Not applicable
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Purpose of the Report

1. The Strategic Risk Register is used by the Council to identify and address any potential risks to the organisation and the delivery of its functions which need to be managed strategically.
2. This report provides members with an updated Strategic Risk Register, setting out the strategic risks to the Council, control measures and new actions planned to help manage risk.

Recommendations to Governance Committee

3. That members note the strategic risks and consider the controls in place and actions planned to further mitigate risk as set out in the report.

Reasons for recommendations

4. To enable the risk register to be updated on GRACE, the Council's risk management system, to ensure close monitoring of key strategic risks.

Other options considered and rejected

5. No other options have been considered as the report is for information only.

Executive summary

6. The Council operates in a changing political, economic and financial environment. The Strategic Risk Register is therefore a live document and needs to be updated to reflect any new or emerging strategic risks facing the Council.
7. This report contains the annual update of the risk register for member's information and comment and includes updates identified by the Shared Senior Management

Team (SMT) through interim reviews conducted throughout the year. The updated version of the risk register will then be updated on GRACE, the Council's risk management system, following consideration by the Governance Committee.

Corporate priorities

8. The report relates to the following corporate priorities:

Housing where residents can live well	A green and sustainable borough
An enterprising economy with vibrant local centres in urban and rural areas	Healthy, safe and engaged communities

Background to the report

9. The Strategic Risk Register is a key part of the Council's risk management system, working alongside service level and individual project level risk registers. The risk registers consider the key risks that are applicable to Corporate Strategy and service delivery across the Council as a whole.
10. The Council operates in a continually changing political, economic and financial environment. The Strategic Risk Register is therefore a live document and needs to be updated to reflect any new or emerging strategic risks facing the Council.
11. The Strategic Risk Register is owned by the Senior Management Team and is stored and managed through GRACE, the Council's risk management system. SMT are responsible for identifying, owning, monitoring and delivering actions to mitigate strategic risk, including ensuring that any actions against each risk are completed.

12. All risks are scored on a 4x4 risk matrix as outlined below. The inherent risk score reflects the risk before any existing control measures are taken into account, whereas the residual risk score reflects the control measures the Council has in place to reduce and manage risk.

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

Summary of risks

13. A summary of the updated risks for 2024/25 is outlined in the table at the end of the report. This includes a summary of the existing control measures and actions in place to mitigate risk alongside any changes to the risk level since the last review. The full register including all of the existing control measures and actions is available in appendix A.

Changes to Risks

14. In Chorley's strategic risk register, titles and descriptions of some risks have been reordered and amended to simplify the registers, make them more succinct and avoid duplication. Key changes to risks that have been renamed, removed or added include:

Old	New
R3 Detrimental impact of budget challenges	Renamed to R3 Poor Financial Sustainability to encompass more of the measures in place to support broader financial sustainability for the Council, as the previous risk was focused on budget challenges for partners.
R17 Failure to optimise new options for income generation	Included within the risk for R3 Poor Financial Sustainability .
R5 Lack of Resources	Renamed R6 Staff Capacity and Skills to be more specific and provide clarity. Financial resources are referred to in R3 Poor Financial Sustainability .
R7 Reduction in Satisfaction with the Council	Included within R14 Damage to the Council's Reputation as resident satisfaction and public sector organisations is already captured within this risk.
N/A	R11 Changes to Key Personnel added as a new risk in order to assess the potential impact of changes to senior officers and Council members on service delivery.
N/A	R12 Corporate Governance Failure added as a new risk to help ensure that the Council continues to develop and improve its corporate governance controls.
R13 - Poor relationships between officers and political parties	Renamed R13 - Breakdown in Political Relationships to reflect the broadening of the risk from 'member and officer relationships' to 'political relationships' and changes following the General Election.

Highest Scoring Risks

15. Many of the highest scoring risks focus on delivering Council priorities, including service delivery, large scale capital projects, and working with strategic partners to deliver outcomes. There are challenges facing the organisation in relation to budgetary pressures and financial uncertainty in relation to the current national economic context that we will have to continue to address to meet the demand for services and needs of residents. ICT and cyber security also remain a high risk to the Council due to the potential impact on service delivery and reputational damage. There are strong control measures in place to mitigate these risks, including as part of the Council's governance framework, budget setting and monitoring processes.

16. The highest scoring risks, with an inherent risk score of 16 are outlined below. Existing control measures and planned actions to help further mitigate risk are outlined within the summary table.
 - **R3 Poor Financial Sustainability**
 - **R4 Failure to Realise the Benefit of Major Investments**
 - **R6 Staff Capacity and Skills**
 - **R7 Failure of ICT Security and Data Protection**

Changes to risk scores

17. The majority of strategic risk levels have remained similar to 2023/24, with mitigating actions and controls ensuring that the risks have been effectively managed and therefore not escalated across the year. All actions and controls have been reviewed and updated against these risks to ensure any new activity is captured and this will be recorded within the GRACE system following Governance Committee.
18. There are 16 risks included on the strategic risk register. Since the previous review, 2 risks have increased in score.
19. The risks which have increased in score include:
 - **R5 Failure to Respond to External Legislation and Policy Change.** The inherent risk level has increased from 8 to 9 due to a recent increase in key pieces of legislation impacting local government, such as the Environment Act and Procurement Act, alongside the potential for new legislation following the General Election. The Council continues to take action to respond to external legislation, such as planning system changes in response to England's housing crisis. These proposals have been reviewed by the Planning team, who are actively managing potential risks therefore the residual risk score remains low.
 - **R13 - Breakdown in Political Relationships.** The inherent risk has increased from 6 to 9 and the residual risk has increased from 2 to 6. This is to reflect the broadening of the risk from 'member and officer relationships' to 'political relationships' to ensure we are capturing a wider range of risks such as changes following the General Election.

20. This will be replicated in both Chorley and South Ribble's risk registers so applies equally to both councils.

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
R1 - Incidents Impacting Service Delivery	The ability of the Council to continue its service delivery/ business continuity is either halted or scaled back as a result of major incidents.	12	9	→	<p>The risk level has remained the same and reflects the recently announced ballot for local government industrial action.</p> <p>Continuity plans are in place to help mitigate the impact of any industrial action, including prioritisation of services and redeployment of staff. Regular SJCC meetings also take place to ensure regular engagement with the union.</p> <p>Other measures in place include the business continuity plans, emergency plans, command and control structure and national, regional and local security plans and digital services continuity plan.</p>	Business continuity plans, which outline the process in case of incidents, are to be reviewed and maintained. Other actions have been identified to refresh the digital services Disaster Recovery Plan to reflect its current position and a skills audit for emergency planning to ensure all Strategic Duty Officers are suitably trained to respond to any emergency event.
R2 - Failure to Deliver Outcomes through	Failure to achieve desired outcomes through	12	6	→	Risk level maintained. The risk level still remains high as the Council works with partners to achieve several strategic objectives and whilst this brings benefits in terms of wider influence and	Planned actions to mitigate risk further include embedding of a refreshed Key Contracts and Partnerships Framework to ensure that it enables robust monitoring of strategic partnerships, with a mapping

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
Strategic Partnerships	strategic relationships.				<p>capacity to deliver, it also means that the Council can have less control over delivery.</p> <p>Existing control measures include the Key Strategic Partnership Framework to provide regular monitoring of key contracts, alongside shared governance arrangements, agreed structures and partnership boards.</p>	<p>exercise undertaken alongside this to ensure that partnerships have a clear purpose and that there is not any duplication.</p> <p>There will also be continued engagement with emerging system changes and devolution at a Lancashire level.</p>
R3 - Poor Financial Sustainability	Reduction in current funding streams (including government grants and key public sector and third-party partners) or an increase in costs. This could lead to an increase the use of reserves or a negative impact	16	12	→	<p>Risk level maintained. Although the Council still maintains a strong financial position, there is a risk of poor financial sustainability due to the recent impact of high inflation and the ongoing uncertainty around government funding.</p> <p>Existing control measures to reduce the risk of poor financial stability include the Medium-Term Financial Strategy and reporting, budget monitoring arrangements, treasury and cash management to improve cashflow forecasting and the transformation strategy.</p>	<p>Planned actions to further mitigate risk include engaging in plans aligned to investment projects and monitoring the impact of this and any future funding streams and bids to ensure Chorley benefits from future funding opportunities.</p> <p>Further actions include delivering the accommodation project which aims to make best use of office accommodation and assets as well as a refresh of the Transformation Strategy to have a greater focus on delivering savings or generating income.</p>

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
	on local level service delivery.					
R4 - Failure to Realise the Benefit of Major Investments	Failure to realise the benefit of large-scale investments linked to the capital programme delivery and oversight.	16	12	→	<p>Current risk score maintained.</p> <p>Current measures in place to mitigate risk include quarterly monitoring of the capital programme, regular budget monitoring arrangements for projects within the capital programme and a standardised business case for capital investments to ensure a high quality of reporting and informed decision making.</p>	Planned actions to be delivered include regular updates of funding arrangements as part of quarterly budget monitoring to members and Leader Briefing, with the Finance team to meet with service areas to identify alternative funding sources including CIL, S106 or grant funding.
R5 – Failure to Respond to External Legislation and Policy Change	Failure to respond or adapt to external legislation and policy change (e.g. devolution, local government reorganisation and changes to the national	9	6	↑	<p>The inherent risk level has increased from 8 to 9 due to a recent increase in key pieces of legislation impacting local government and the potential for new legislation following the General Election.</p> <p>Existing control measures in place include regular policy reviews, policy and legislation briefings, response to government consultations, officer and</p>	<p>The Council will continue to engage in Lancashire level changes, including any plans aligned to the investment projects.</p> <p>A new change control process will be developed to ensure policies are regularly reviewed so they reflect any internal or external changes and a horizon scanning document will continue to be circulated each month to the Senior Leadership Team (SLT)</p>

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
	planning system).				member training and interaction with partner agencies.	<p>to identify policy changes and any potential impact.</p> <p>This risk will continue to be monitored in line with any changes from the new Government following the General Election, including changes to the planning system.</p>
R6 – Lack of Staff Capacity and Skills	Lack of staff capacity/skills (including as a result of issues in relation to recruitment) to enable service delivery or for the Council to deliver large scale capital projects to support the Corporate Strategy.	16	9	→	<p>Risk level maintained.</p> <p>Current control measures in place include the People Strategy which continues to develop staff skills and engagement through key initiatives such as the annual It's All About Us Conference, personal development days and training programmes. HR mapping of key gaps and recruitment drives also help to mitigate this risk, with the introduction of a new recruitment system helping to attract new staff into the organisation.</p>	<p>Further mitigating actions include embedding the new recruitment system to help streamline recruitment and deliver an improved candidate experience and the delivery of the Recruitment Strategy which has included the introduction of a new colleague referral scheme and recruitment masterclasses for hiring managers.</p> <p>A new staff survey was carried out in August 2024 and is now being analysed to identify areas for further improvement moving forwards.</p>

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
R7 - Failure of ICT Security and Data Protection	Failure of ICT security to prevent cyber-attacks, uphold data protection including GDPR regulations and maintain ICT service delivery.	16	9	→	<p>The risk level remains high to reflect the heightened possibility of cyber-attacks on public sector organisations.</p> <p>Current measures in place include security arrangements and policies including the Information Security Framework, security testing, mandatory training modules for all staff including phishing email training and Government briefings and guidance.</p>	<p>Planned actions to further mitigate risk include the delivery of the Digital Strategy and ICT Plan to ensure that the right technology and infrastructure is in place to support ICT security. A review and update of the Information Security Framework will ensure it is up to date and reflects the latest guidance.</p> <p>A new cyber security policy and vulnerability management software are being developed and a weekly change advisory board has been created to assess changes to systems prior to implementation.</p>
R8 - Failure to Act to Address Climate Change	Failure to act successfully to meet commitments made by the Council to address climate change, alongside the risk of negative impacts on our communities as	12	9	→	<p>Risk level maintained.</p> <p>Control measures in place include climate change strategies and actions plans, dedicated climate change officers, a Biodiversity Net Gain Project Lead and planning policy which considers the environmental impact of new developments.</p>	<p>New actions have been identified to refresh the current climate change action plan to ensure that it is tailored against potential external funding.</p> <p>An EV strategy will be developed and a programme of delivery across Council assets will be introduced.</p>

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
	a result of the Climate Emergency.					
R9 - Failure to Adapt to New Ways of Working and Changing Service Demand	Failure to adapt business models and services to reflect changes in the way people interact and do business with the Council.	12	6	→	The risk level has been maintained to reflect ongoing projects that will support changes to the way we work including the delivery of the Transformation Strategy and Digital Strategy.	Planned actions to further mitigate the risk include the refresh of the transformation programme, including the implementation of a new Change and Delivery Board to be set up to oversee the Fit for Future programme. This will help to provide greater monitoring of progress and benefits.
R10 - Low Staff Satisfaction and Morale	Reduction in staff satisfaction and morale with the Council including increase in sickness absence.	12	6	→	The risk score has been maintained to reflect that whilst there have been recent improvements to staff satisfaction as a result of steps taken to support staff wellbeing and morale, staff satisfaction still remains a risk for the Council due to the pressures faced in relation to funding and capacity, alongside the continued need for change to adapt to a challenging external environment.	Further actions have been identified including the continuation of the Service Led Programme to implement better staff terms and conditions which should lead to increased staff satisfaction, and the Lunch and Learn series to support cross team learning and collaboration. The launch of a simplified staff survey should gain useful staff feedback to highlight areas for improvement and development within the Council. The relaunch of staff employee engagement groups will also help to facilitate

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		9	6		<p>Current control measures in place to minimise the risk include consistent HR processes and policy, the People Strategy and OD programme, internal communication and regular Pulse surveys to monitor staff satisfaction.</p>	<p>better two-way communication across the organisation, with the new Manager Network also providing an opportunity to invest in manager development.</p> <p>Staff rewards and recognition have been improved through the introduction of an annual employee recognition awards event, with a further action to include the roll out of branded 'thank you' cards for the Senior Leadership Team (SLT) to recognise teams and individuals across the Council.</p>
R11 - Changes to Key Personnel	Potential impact of changes to senior officers and Council members on service delivery and continuity.	9	6	→	<p>This is a new risk which has been introduced to reflect the risk of the impact of any changes to the senior officers or members of the Council, for example, changing priorities or objectives, or the need for a transition or handover period.</p> <p>Current measures to mitigate this risk include succession planning, the recruitment website and increased resilience due to shared services, which</p>	Planned actions include ensuring the induction process is followed for new senior officers and elected members alongside the continuation of succession planning, particularly for senior officers, through the performance review process.

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
					allows the sharing of skills and resources within the Senior Management Team.	
R12 - Corporate Governance Failure	Failure to maintain and embed the corporate governance framework action plan leading to continued fundamental weaknesses in internal controls.	9	6	→	<p>This is a new risk which has been introduced to help ensure that the Council continues to develop and improve its corporate governance controls.</p> <p>Existing control measures in place include the Annual Governance Statement action plan, Council Constitution, Code of Corporate Governance, member and officer protocols and Internal Audit.</p>	Planned actions include the completion of internal audit management actions, developing the Council's approach to fraud and the Annual Governance Statement actions. These will all help to ensure that the Council continues to develop and improve its corporate governance controls.
R13 - Breakdown in Political Relationships	Failure to maintain political stability and adapt to changes in political relationships.	9	6	↑	<p>The inherent risk has increased from 6 to 9 and the residual risk has increased from 2 to 6. This is to reflect the broadening of the risk from 'member and officer relationships' to 'political relationships' and to take into account changes following the General Election.</p> <p>Regular portfolio reviews, annual refresh of Corporate Strategy projects</p>	Further actions include ensuring member and officer protocols are maintained and the continuation of the member induction and development programme, particularly following any elections.

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
					and member briefings are in place as existing measures to minimise the risk of the breakdown of political relationships.	
R14 - Damage to the Council's Reputation	Damage to the Council's reputation and potential reduction in resident satisfaction including in the context of reduction in satisfaction and wider public sector organisations.	9	4	→	<p>The risk level has remained the same as it was from the previous report.</p> <p>Measures in place to minimise risk to the Council's reputation include strong governance arrangements and frameworks for measuring and monitoring performance including conduct and capability policies, communication and engagement channels, complaints policy, resident satisfaction survey, performance monitoring, the Corporate Strategy and budget setting process, and the Strategic Partnership Framework.</p>	<p>Actions planned to further mitigate risk include the delivery of internal audit management actions and the annual governance statement actions. This will help to deliver improvements that have been identified to strengthen the Council's governance controls. Also, a planning designation action plan has been developed and will be implemented.</p> <p>The Chorley website has been improved to make it easier for residents to access Council services and information online. A mandatory training module on the Customer Access Charter has been launched for all staff to complete to ensure a consistent approach to dealing with customers.</p>
R15 - Failure of Shared Service	Failure of existing shared service arrangements	8	4	→	The current risk score has been maintained based on work that has been carried out to strengthen the	Following the refresh of the Terms of Reference for the Shared Services Joint Committee, a new reporting format will be presented to each meeting to help members

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
Arrangements	and the failure to expand shared service arrangements.				<p>approach to the implementation of new shared services.</p> <p>The risk of failure to shared services arrangements has several control measures in place including strong governance arrangements, shared Chief Executive and SMT, and regular performance reporting and monitoring of shared services to the Shared Services Joint Committee.</p>	to monitor shared services. This includes a performance dashboard, an update on service development objectives for each shared service and an overview of any opportunities for sharing.
R16 - Council Underperformance	Failure to sustain performance of Corporate Strategy projects and general organisational performance.	12	6	→	<p>Risk score maintained to reflect that whilst Council performance remains high, external challenges present a risk to high performance.</p> <p>Measures in place to help control risk include quarterly monitoring and reporting through the refreshed performance management framework, business planning process and corporate and local performance indicators to help measure performance.</p>	Planned actions include the implementation of new digital services helpdesk to provide a consistent level of service across all areas. Corporate health dashboards are provided and discussed at SLT meetings each month to monitor performance and a refresh of the project management framework will be completed to ensure the management of projects is consistent across the organisation.

Climate change and air quality

21. The work noted in this report does not impact on the Council's Carbon emissions and the wider Climate Emergency and sustainability targets of the Council.

Equality and diversity

22. This report has no equality or diversity implications.

Risk

23. Strategic risk for the Council is outlined within this report.

Comments of the Statutory Finance Officer

24. There are no direct financial implications arising from this report. Risk implications that have a direct impact upon the finances of the Council are recorded and reported in the quarterly financial reports.

Comments of the Monitoring Officer

25. The Strategic Risk Register is the main mechanism used to identify, assess, and monitor key risks. It is a way to effectively mitigate and manage risks to the council.

Appendices

Appendix A - Strategic Risk Register

Report Author:	Email:	Telephone:	Date:
Kieran Leonard (Transformation Graduate)	Kieran.leonard@chorley.gov.uk	N/A	9 September 2024