Chorley Council

Report of	Meeting	Date
Director of Transformation	Audit Committee	17/03/11

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 and therefore need to be managed strategically.

2. This report provides members with an updated SRR which includes ten strategic risks to the Council, including actions in progress as well as actions planned to further mitigate them.

3. The format and responsibility for the SRR has been revised to be aligned with project and business planning risk management and to be better linked to policy and strategy development.

RECOMMENDATION(S)

4. That members note the new format of the Strategic Risk Register.

5. 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

6. 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.

7. This report therefore contains the latest revision to the SRR for members' information and comment.

REASONS FOR RECOMMENDATION(S)
(If the recommendations are accepted)

8. The Audit Committee's terms of reference require it to oversee all aspects of governance including risk management. This report gives Members the opportunity to ensure that the Council's strategic risk management arrangements are effective.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

9. No alternative options are appropriate to this item

CORPORATE PRIORITIES

10. This report relates to the following Strategic Objectives:

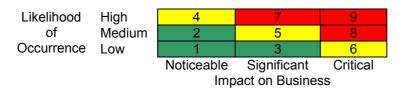|			
Strong Family Support		Education and Jobs	
Being Healthy		Pride in Quality Homes and Clean Neighbourhoods	
Safe Respectful Communities		Quality Community Services and Spaces	
Vibrant Local Economy		Thriving Town Centre, Local Attractions and Villages	
A Council that is a consistently Top Performing Organisation and Delivers Excellent Value for Money			✓

BACKGROUND

11. The management of risk is clearly embedded within the Council. While the Strategic Risk Register sets out the Council's main strategic risks there are a number of other processes that contribute to effective risk management at all levels of the organisation. These include our Business Improvement Planning process, programme and project management and Partnerships Framework. This is described in more detail in the Council's risk management framework.

SUMMARY OF CHANGES

12. The focus and format of the SRR has been revised in order to cut down on duplication and focus more on the strategic risks to the organisation and the delivery of its functions rather than risks in not delivering the Corporate Strategy which are monitored more effectively through project and business plan risk registers.

13. The result it a more focused SRR which has identified ten risks that could impact (both positively and negatively) on the Council as a whole and therefore need to be managed strategically.

14. Responsibility for the SRR has also moved from the Shared Assurance Service to the Policy team in order for it to be better aligned to strategy and policy development.

HOW THE RISKS ARE SCORED

15. 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 mitigated them.

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

16. 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'.

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

SUMMARY OF RISKS

18.   The strategic risks are summarised below:

Risk Reference	Risk	Residual Rating
1	Lack of resources to deliver the Council's priorities due to public sector funding cuts (Financial & Staff Capacity)	High (7)
4	Budget cuts in key public sector partners having a negative impact on local level service delivery	Medium (6)
2	External legislative and policy change affecting service delivery	Medium (5)
5	Failure to achieve desired outcomes through partnership working and deterioration in relationships	Medium (5)
7	Failure to sustain our performance in light of budget cuts and abolition of Comprehensive Aare Assessment	Medium (5)
8	Reduction in satisfaction with the Council (Staff & Customers)	Medium (5)
3	Flu pandemic or similar outbreak causing high staff absence – affecting service delivery	Medium (4)
6	Failure of Shared Service arrangements	Low (3)
9	Damage to the Council's reputation through increasing commercial income generation activity	Low (3)
10	Build and maintain strong relationships of trust and confidence between officers and each party to promote good and open relationships between political parties	Low (3)

19.   Further details about each of these risks and their mitigating controls can be found within the register in Appendix 1.

20.   The risk category shown in the register also describes risk as being either external or internal to the Council. Where the source is external it could be difficult if not impossible for the Council to affect the likelihood of a particular risk occurring, in which case action is concentrated on reducing the impact.

21.   As would be expected, the highest risk is the lack of resources to deliver the Council's priorities due to reductions in public sector funding cuts. While the score of seven sets it in high risk bracket, there are a number of controls in place and actions planned which should enable the Council to manage this risk effectively.

22.   Future monitoring will include assessment of the direction of travel to show how risks have either increased or decreased since the last report. Also in future reports, newly identified risks will be shown in bold.

IMPLICATIONS OF REPORT

20.   This report is cross cutting and strategic in nature and as such impacts upon all the Council's service departments.

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

Finance		Customer Services	
Human Resources		Equality and Diversity	
Legal		No significant implications in this area	✓

GARY HALL
DIRECTOR OF TRANSFORMATION

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Rebecca Huddleston	5779	07/03/11	SRR AC Report March 2011