

Report of	Meeting	Date
Chief Executive	Governance Committee	11 March 2013

## 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 twelve 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. There are several changes to the register with 5 risk scores increased which is mainly a reflection of the impact of the current economic climate and austerity measures on the organisation, its staff and partners.

Confidential report Please bold as appropriate	Yes	No

### 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. 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.

## 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

12. The strategic risks are summarised below:

Risk No.	Description of Risk	Matrix Score	Change from 2012
R1	Budget cuts in key public and third sector partners having a negative impact on local level service delivery	8 (High)	+2
R2	Reduction in satisfaction with the Council	7 (Medium)	+2
R3	Failure to sustain our performance in light of budget cuts	7 (Medium)	0
R4	External legislative and policy change affecting service delivery, particularly future changes as a result of Welfare Reform	7 (Medium)	+2
R5	Lack of resources to deliver the Council's priorities due to public sector funding cuts (Financial & Staff Capacity)	7 (Medium)	+4
R6	Failure to identify/exploit opportunities for new ways of working and alternative business models including options for income generation	5 (Medium)	+2

R7	Failure to fully realise the benefits of new technology and related impact on driving organisational change.	5 (Medium)	-2
R8	Reduction in staff satisfaction and morale with the Council including increase in sickness absence	5 (Medium)	0
R9	Failure to achieve desired outcomes through partnership working and deterioration in relationships	5 (Medium)	0
R10	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
R11	Failure of Shared Service arrangements	3 (Low)	0
R12	Incidents affecting service delivery/business continuity or even widespread damage, injury or risk to the public.	2 (Low)	-2

13. Further details about each of these risks and their mitigating controls can be found within the register in Appendix 1.
14. All of the risks have been re-assessed and the register shows the change in score from last year with a narrative on the reason for this change. There have been no new risks added to the register although one risk (Damage to the Council's reputation through increasing commercial income generation activity) has been re-worded to take a broader view of future business models including income generation (R6). The score for this risk has been increased along with 4 other risks (R1, 2, 4 & 5) which reflects the impact of the current economic climate, associated austerity measures and the challenges this creates for managing the organisation.
15. The highest risk now facing the Council is budget cuts in key public and third sector partners and the negative impact this could potentially have on local level service delivery. This is evidenced by cuts to partner services and an increased demand for funding from third sector partners during a recent round of core funding. Controls already in place include structures for clear and open communication with key partners such as the Chorley Partnership and regular officer meetings. The Council has also put forward resources to support and extend the capacity of the third sector as part of a more sustainable long term approach to delivering local services.
16. Actions to reduce risks have been successful with two risks downgraded. The risk related to implementation of new technology has been downgraded due to significant progress of the ICT programme and amended slightly to reflect the risk of not now realising the benefits of this new technology. Risk relating to incidents affecting service/business continuity has been reduced following thorough testing of business continuity plans and additional controls in this area. Several medium level risks remain at the same level with some new actions; despite challenging circumstances these risks are being managed effectively.

## IMPLICATIONS OF REPORT

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

Finance		Customer Services	
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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
Victoria Willett	5348	27.02.13	SRRupdate

## Appendix 1

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Change from 2012	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	Existing relationships with key public sector partners Chorley Partnership Core funding support	8	+2	Additional funding support included in budget for 2013/14 – support for VCFS Network, extension of SPICE, generalist debt advice funding for CAB.	GH	On going	Cuts now starting to take effect evidenced by partner performance and increase in core funding requests, higher likelihood and bigger impact.
R2	Reduction in satisfaction with the Council	Reputation (Internal)	SG	Strong customer service culture  Corporate health dashboard	7	+2	Use of technology to gather data and coordinated approach to improving customer satisfaction Refresh marketing and engagement strategy Civic pride campaign	Policy and Comms	Sept 2013	New way of measuring has resulted in a drop in satisfaction which needs to be addressed.
R3	Failure to sustain our performance in light of budget cuts	Reputation (Internal)	CS	Performance management framework Regular performance monitoring.	7	0	Implement individual performance management and update the performance management framework.	RH	Ongoing	No change but still high risk given demand on capacity
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 to the Council reported to SG for consideration. Health & wellbeing board LDF Welfare Reform Manager and working groups	7	+2	Respond to consultations. Planned partnership approach to change management through work with DWP, CAB and LCC.	Policy and Comms	Dec 2013	Continues to be a risk, particularly in light of Welfare Reforms.  New actions identified.
R5	Lack of resources to deliver the Council's priorities due to public sector funding cuts (Financial & Staff Capacity)	Financial (Internal)	SG	The Corporate Strategy Business planning process Strong Medium Term Financial Strategy Transformation Strategy Performance Management Framework	7	+4	Implement individual performance management and update the performance management framework. Organisational development Update to Transformation Strategy	Policy and Comms	Sept 2013	Increased risk as savings more difficult to achieve, requires behaviour change.
R6	Failure to identify/exploit opportunities for new ways of working and alternative business models including options for income generation	Operational (Internal)	SG	Transformation strategy Strategic partnerships framework Strong Medium Term Financial Strategy	5	+2	Organisational design work including service migration programme Options and agreement on long term business model	CS	Sept 2013	Updated from previous R9 'Reputational risks of income generation'.  Firm option is yet to be identified and

										agreed.
R7	Failure to fully realise the benefits of new technology and related impact on driving organisational change.	Operational (Internal & External)	AK	Regular internal communication on progress Project monitoring Appropriate training for staff	5	-2	Business planning to recognise realisation of new technology.  Outcomes of benefits realisation work.	AK	June 2013	Technology has been implemented so impact on organisation is reduced but current risk is benefits not realised.
R8	Reduction in staff satisfaction and morale with the Council including increase in sickness absence	People (Internal)	JM	OD and health and wellbeing programmes Staff survey	5	0	Internal communications strategy Intranet refresh project Staff survey refresh Extension of healthcare cash back scheme	Policy and Comms	June 2013	Awaiting results of next staff survey.
R9	Failure to achieve desired outcomes through partnership working and deterioration in relationships	Reputation (Internal)	SG	Chorley Partnership and role of the Executive in leveraging priorities  Regular meetings with LCC lead	5	0	Members and officers to work to manage relationships and ensure effective communication  Early Intervention work including implementation of WTWF and involvement with CCG's.	GH	Ongoing	Role of Chorley Partnership in strengthening key relationships and ensuring early involvement in new initiatives.
R10	Build and maintain strong relationships of trust and confidence between officers and each party to promote good and open relationships between political parties	Strategic (Internal)	GH	Weekly meeting with leader All party leaders meetings New corporate strategy	3	0	Attendance at political group meetings to address key issues.	GH	As Required	Risk could have been scored higher previously given new administration although several key milestones achieved and relationship is currently strong.
R11	Failure of Shared Service arrangements	Operational (Internal)	SG	Strategic partnerships framework Effective governance arrangements	3	0		CS	Dec 2013	Risk stays the same due to potential impact of failure on organisation.
R12	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	-2				Business continuity plans tested several times in 12/13 and therefore considered more rigorous.

AK – Asim Khan (Head of Customer, ICT and Transactional Services)

SG – Strategy Group

GH – Gary Hall (Chief Executive)

JM – Jane McDonnell (Interim Head of HR&OD)

JC – Jamie Carson (Director People and Places)

COS – Camilla Oakes Schofield (Head of HR&OD)

RH – Rebecca Huddleston (Performance Improvement Manager)

CS – Chris Sinnott (Head of Policy and Communications)