

Report of	Meeting	Date
Chief Executive	Governance Committee	12 September 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 thirteen 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. Most of the risk categories remain at the same level given the current funding situation and impact on resource with six areas identified as 'high risk'. One new risk has been added to the register to reflect the need to manage customer demand. The risk related to ICT has been down-graded following the successful implementation of new technology.

Confidential report 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. 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

Risk No.	Description of Risk	Matrix Score	Change from Mar 2013
R1	Budget cuts in key public and third sector partners having a negative impact on local level service delivery	8 (High)	0
R2	Reduction in satisfaction with the Council	7 (High)	0
R3	Failure to sustain our performance in light of budget cuts	7 (High)	0
R4	External legislative and policy change affecting service delivery, particularly future changes as a result of Welfare Reform	7 (High)	0
R5	Lack of resources to deliver the Council's priorities due to public sector funding cuts (Financial & Staff Capacity)	7 (High)	0
R6	Failure to react to changing service demand	7 (High)	New
R7	Failure to identify/exploit opportunities for new ways of working and alternative business models including options for income generation	5 (Medium)	0

Risk No.	Description of Risk	Matrix Score	Change from Mar 2013
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	Failure to fully realise the benefits of new technology and related impact on driving organisational change.	3 (Low)	-2
R11	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
R12	Failure of Shared Service arrangements	3 (Low)	0
R13	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 2013 along with a narrative to show reasoning for the scoring.
14. One new risk has been added to the register, number R6, failure to react to changing service demand. This risk refers to the ability of the organisation to continue to meet changing customer demand for services in the light of reducing resources. In order to mitigate this risk, the council must monitor, manage and reduce demand by working to change customer expectations and driving down the cost of delivery to make services more sustainable. This includes delivery of transformational projects such as use of new technology, channel migration and customer self-service. A score of seven has been allocated to this risk which indicates a high likelihood of occurrence and significant impact on the business. Overall responsibility for the risk is allocated to Strategy Group with mitigating actions overseen by Policy and Communications.
15. The highest risk remains as budget cuts in key public and third sector partners given the negative impact this could potentially have on local level service delivery. The risk continues to be managed effectively with a number of actions delivered including additional funding support to a number of third sector groups and a full review of partnership working. However, the current conditions present increasing challenges for partner capacity with a resulting impact on the overall local service offer.
16. A number of other risks are also scored highly and reflect the increasing pressure to maintain performance in a challenging economic environment. These risks retain a score of seven which indicates that the likelihood of occurrence remains high although the impact on the business is not currently considered critical given the controls and mitigating actions in place.
17. Actions to reduce risk continue to be delivered successfully although any reduction is offset to a large extent by increasing pressure on resources. The risk related to implementation of new technology has again been downgraded due to significant progress of the ICT programme with several projects now delivered. All medium and low level risks remain at the same level with new actions 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
Victoria Willett	5348	02.09.13	SRRupdate

Appendix 1

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Change from Mar 2013	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. Sustainable community strategy. Additional funding support for third sector groups included in 2013/14 budget.	8	0	Review of core funding Officers and Members to lobby and influence key public sector partners through meetings (including the Chorley Partnership), working groups and responding to consultations.	GH	On going	Cuts now starting to take effect evidenced by partner performance. Further cuts anticipated with potentially significant impact.
R2	Reduction in satisfaction with the Council	Reputation (Internal)	SG	Strong customer service culture. Corporate health dashboard. Resident satisfaction survey. Refreshed marketing and engagement strategy.	7	0	Use of technology to gather data and internal communications to raise awareness across the organisation. Campaigns and events programme including civic pride campaign.	Policy and Comms	Dec 2013	Recent resident satisfaction survey positive although risk remains the same in the light of future funding cuts. Likelihood of occurrence remains high, impact on business not currently considered critical given controls and mitigating actions.
R3	Failure to sustain our performance in light of budget cuts	Reputation (Internal)	CS	Performance management framework Regular performance monitoring. Refreshed local performance indicators	7	0	Implement individual performance management and update the performance management framework.	RH	Ongoing	Likelihood of occurrence remains high, impact on business not currently considered critical given controls and mitigating actions.
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 Welfare reform manager and partnership steering group Credit Union	7	0	Planned partnership approach to change management through work with DWP, CAB and LCC.	Policy and Comms	Dec 2013	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	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 New prioritised organisational plan Strong Medium Term	7	0	Implement individual performance management and update the performance management framework.	Policy and Comms	Dec 2013	Likelihood of occurrence remains high, impact on business not currently considered critical given controls and mitigating

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Change from Mar 2013	Actions Planned	Action Owner	Target Action Date	Comments
				Financial Strategy Transformation Strategy Performance Management Framework			Organisational development plan refresh. Update to Transformation Strategy Budget consultation			actions.
R6	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	new	Service intelligence to inform delivery and prioritisation of activity Channel migration strategy Strategy group to focus resources where needed	RH	March 2014	New risk added to reflect need to manage customer demand and make services more sustainable by driving down cost to access.
R7	Failure to identify/exploit opportunities for new ways of working and alternative business models including options for income generation	Operational (Internal)	SG	Transformation programme Strategic partnerships framework Strong Medium Term Financial Strategy	5	0	Organisational design work including service migration programme Options and agreement on long term business model Corporate strategy refresh	CS	Nov 2013	Work is ongoing although a firm option is yet to be identified and agreed
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 Healthcare cash back scheme New intranet launch	5	0	Internal communications strategy Updated OD programme Development of new 'Leading Edge' Management competencies Number of specific interventions including additional management training	Policy and Comms	Dec 2013	The recent satisfaction survey shows that 87% staff are satisfied overall which is positive although remains a risk given increasing demand on staff capacity
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	Chorley Partnership has been re-organised to ensure strong partner relationships and future commitment.
R10	Failure to fully realise the benefits of new technology and related impact on driving	Operational (Internal & External)	AK	Regular internal communication on progress	3	-2	Further benefits realisation reviews of recently	AK	March 2014	New technology has been implemented so impact on organisation is reduced and

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Change from Mar 2013	Actions Planned	Action Owner	Target Action Date	Comments
	organisational change.			Project monitoring Appropriate training for staff			implemented technology			work is underway to ensure benefits realised.
R11	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	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.
R12	Failure of Shared Service arrangements	Operational (Internal)	SG	Strategic partnerships framework Effective governance arrangements	3	0		CS	March 2014	Risk stays the same due to potential impact of failure on organisation.
R13	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				Business continuity plans tested several times in 2013 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)