

Report of	Meeting	Date
Chief Executive	Governance Committee	13 March 2014

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 14 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 large investments effectively. The risk related to the ability to resource Council priorities in the light of public sector funding cuts has been increased to reflect the impact on the business.

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. 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.

Compiling the Strategic Risk Register requires a collective effort involving chief officers and senior members to identify the key strategic risk issues facing the Council. Heads of Service are responsible for identifying, monitoring and mitigating service list level risk and once key projects have been identified the responsibility for managing these and compiling project risk registers lies with individual services. The process 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	Lack of resources to deliver the Council's priorities due to public sector funding cuts (financial & staff capacity)	8 (High)	+1
R3	Reduction in satisfaction with the Council	7 (High)	0
R4	Failure to sustain our performance in light of budget cuts	7 (High)	0
R5	External legislative and policy change affecting service delivery, particularly future changes as a result of Welfare Reform	7 (High)	0

Risk No.	Description of Risk	Matrix Score	Change from Mar 2013
R6	Failure to react to changing service demand	7 (High)	0
R7	Failure to realise the value of large budget investments and achieve return on investment	6 (Low)	New
R8	Failure to identify/exploit opportunities for new ways of working and alternative business models including options for income generation	5 (Medium)	0
R9	Reduction in staff satisfaction and morale with the Council including increase in sickness absence	5 (Medium)	0
R10	Failure to achieve desired outcomes through partnership working and deterioration in relationships	5 (Medium)	0
R11	Failure to fully realise the benefits of new technology and related impact on driving organisational change.	3 (Low)	0
R12	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
R13	Failure of Shared Service arrangements	3 (Low)	0
R14	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 September 2013 along with a narrative to show reasoning for the scoring.
14. One new risk has been added to the register, number R7, failure to realise the value of large budget investments and achieve return on investment. This risk refers to the recent large investments including inward investment, support for the town centre and the purchase of Market Walk. In order to mitigate the risk, the council must ensure that all investments have been subject to appropriate due diligence and scrutiny prior to commitment as well as effective planning, management and monitoring of investments in order to ensure that any issues are highlighted and addressed. A score of six has been allocated to this risk which indicates a critical impact on the business but low likelihood of occurrence given the measures and controls in place. It also takes into account the recent peer review observation of sound financial management practises.
15. The score for risk R2 has increased from 7 to 8 which reflects the future anticipated reduction in resources in 2015/16 and 2016/17 as outlined in the Medium Term Financial Strategy. It also reflects comments received in the recent peer review with regard to the need to manage scale and ambition against available resources through effective prioritisation and careful rationalisation.
16. 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 a review of core funding in favour of a commissioned approach to ensure that available resources are directed to council priorities with appropriate support for partners to deliver. The current

conditions continue present increasing challenges with further more significant cuts anticipated.

17. A number of other risks retain high scores reflecting the pressure to maintain performance and customer satisfaction in challenging conditions. Four 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. This includes a number of new actions for 2014/15 such as additional investment in key priorities, roll out of individual performance management and implementation of a new management competency framework.
18. Actions to reduce risk continue to be delivered successfully although any reduction is offset to a large extent by increasing pressure on resources; as such, no risk scores are reduced in this update. All medium and low level risks remain at the same level with new actions and monitoring dates in place to ensure continued mitigation of risk.

IMPLICATIONS OF REPORT

19. 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	5248	21.02.2014	SRRupdate

Appendix 1

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Change from Sep 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 2014/15 budget. Review of core funding including commissioning of large contracts	8	0	Officers and Members to lobby and influence key public sector partners through meetings (including the Chorley Partnership), working groups and responding to consultations. Officers and Members to consider how we can use our own resources more effectively to reduce and prevent gaps in service. Review of partnerships	GH	On going	Cuts now starting to take effect evidenced by partner performance. Further cuts anticipated with potentially significant impact e.g. LCC bus route cuts.
R2	Lack of resources to deliver the Council's priorities due to public sector funding cuts (financial & staff capacity)	Financial (Internal)	SG	Refreshed corporate strategy Single organisational plan Strong Medium Term Financial Strategy Budget consultation	8	+1	Additional budget investment in priorities Business planning and refresh of the single organisational plan including rationalisation and prioritisation of activity. Embedding of individual performance management	Policy and Comms	Sept 2014	Highlighted by the recent peer review, likelihood of occurrence remains high and further reduction in resources anticipated. Impact on business not currently considered critical given controls and mitigating actions.
R3	Reduction in satisfaction with the Council	Reputation (Internal)	SG	Strong customer service culture. Corporate health dashboard. Resident satisfaction survey. Refreshed marketing and engagement strategy. Regular monitoring by strategy group and Executive Cabinet.	7	0	Corporate project to review and address customer satisfaction and dissatisfaction Additional investment in priority areas Tangible improvement projects in the Corporate Strategy	Policy and Comms	Sept 2014	Resident satisfaction remains high although level of dissatisfaction with service received is increasing. Likelihood of occurrence remains high, impact on business not currently considered critical given controls and mitigating actions.

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Change from Sep 2013	Actions Planned	Action Owner	Target Action Date	Comments
							Communications, campaigns and events.			
R4	Failure to sustain our performance in light of budget cuts	Reputation (Internal)	CS	Performance management framework Regular performance monitoring. Refreshed local performance indicators Leading Edge management competencies	7	0	Implement individual performance management and update the performance management framework.	RH	Ongoing	No significant drop in performance evidenced to date. Likelihood of occurrence remains high, impact on business not currently considered critical given controls and mitigating actions.
R5	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 Additional dedicated resources – Welfare Reforms Manager, Welfare Reforms Officer and Employability Officer. Credit Union	7	0	Delivery of the Welfare Reforms Action Plan	Policy and Comms	Sept 2014	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.
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. Digital strategy approved GIS strategy refreshed and approved	7	0	Service intelligence to inform delivery and prioritisation of activity. Channel migration strategy. Strategy group to focus resources where needed.	AK	Sept 2014	Risk reflects need to manage customer demand and make services more sustainable by driving down cost to access. New self-serve technology now in place including MyAccount feature online.
R7	Failure to realise the value of large budget investments and achieve return on investment	Financial (Internal)	SG	Budget setting process Regular budget monitoring	6	New	Project and programme management	RH	Mar 2015	New risk added to reflect significant level of investment and strategic reliance on successful outcomes.

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Change from Sep 2013	Actions Planned	Action Owner	Target Action Date	Comments
										Market Walk purchase key part of income generation strategy. Currently low likelihood of occurrence given due diligence and monitoring undertaken.
R8	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 Corporate strategy refresh	5	0	Organisational design work including service migration programme Options and agreement on long term business model	CS	Sept 2014	Work is ongoing although a firm option is yet to be identified and agreed
R9	Reduction in staff satisfaction and morale with the Council including increase in sickness absence	People (Internal)	COS	OD and health and wellbeing programmes Healthcare cash back scheme New intranet Leading edge management competencies	5	0	Internal communications strategy Updated OD programme Number of specific interventions including additional management training Staff consultation on restructure proposals Restructure implementation plans included additional staff training.	HR&OD/ Policy and Comms	Sept 2014	Currently no reported increase in sickness absence although a number of internal restructures may impact on overall staff morale
R10	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. Review of partnerships	GH	Ongoing	A review of partnerships is currently being undertaken to ensure efficient partnership working and resources focussed on priorities.
R11	Failure to fully realise the benefits of new technology and related impact on driving	Operational (Internal & External)	AK	Regular internal communication on progress	3	0	ICT programme review to assess actions delivered	AK	June 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 Sep 2013	Actions Planned	Action Owner	Target Action Date	Comments
	organisational change.			Project monitoring Appropriate training for staff						work is underway to ensure benefits realised.
R12	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. Attendance at political group meetings to address key issues.	3	0		GH	As Required	Relationship is currently strong.
R13	Failure of Shared Service arrangements	Operational (Internal)	SG	Strategic partnerships framework Effective governance arrangements	3	0		CS	Ongoing	Risk stays the same due to potential impact of failure on organisation.
R14	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)