

Report of	Meeting	Date
Chief Executive	Governance Committee	24 th June 2015

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 15 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 contains the latest revision to the SRR for members' information and comment.
6. The risk register is continually reviewed and currently, the majority of risk categories remain stable with five of these identified as 'high risk', seven 'medium risk' and three 'low risk'. One risk has been increased to the highest level to reflect the importance of partnership working in achieving public sector reform and maintaining local services in the light of budgetary cuts. One risk has reduced following successful work to embed actions around Welfare Reforms and engage with partners to minimise the impact of changes on residents.

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	✓

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 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 Sept 2014
R1	Failure to achieve desired outcomes through partnership working and deterioration in relationships	9 (High)	+1
R2	Budget cuts in key public and third sector partners having a negative impact on local level service delivery	8 (High)	0
R3	Lack of resources to deliver the Council's priorities due to public sector funding cuts (financial & staff capacity)	8 (High)	0
R4	Failure to optimise opportunities for new ways of working and alternative business models including options for income generation	8 (High)	0
R5	Failure to react to changing service demand	7 (High)	0
R6	Reduction in satisfaction with the Council	6 (Medium)	0
R7	Failure to sustain our performance in light of budget cut	6 (Medium)	0
R8	Failure to realise the value of large budget investments and achieve return on investment	5 (Medium)	0
R9	External legislative and policy change affecting service delivery, particularly future changes as a result of Welfare Reform	5 (Medium)	-2
R10	Failure to fully realise the benefits of new technology and related impact on driving organisational change.	5 (Medium)	0
R11	Damage to the council's reputation and potential reduction in resident satisfaction in relation to high profile planning applications, consultations and decisions.	5 (Medium)	0
R12	Reduction in staff satisfaction and morale with the Council including increase in sickness absence	4 (Medium)	0
R13	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
R14	Failure of Shared Service arrangements	3 (Low)	0
R15	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 2014 along with a narrative to show reasoning for the scoring.
14. No new risks have been added to the register and the risk scores for two risks have been changed; R1 Failure to achieve desired outcomes through partnership working and

deterioration in relationships, and; R9 External legislative policy change affecting service delivery, particularly future changes as a result of Welfare Reform.

15. The risk score for R1 has been increased by 1 point, taking it from a score of 8 to the highest possible risk level of 9 which indicates a high likelihood of occurrence and critical impact on the business. It replaces risk R2, budget cuts in key public and third sector partners having a negative impact on local level service delivery, as the highest risk now facing the council.
16. The highest scoring risks, R1-5, focus on delivering Council priorities and maintaining local services in the light of budget cuts. Public service reform and work to investigate future alternative delivery models will be central to addressing risk in this area through seeking to manage demand and reduce costs.
17. Risk R1 reflects the critical importance of effective partnership relations to achieve necessary outcomes from this work, currently in its early stages with a final solution yet to be clearly defined. The score has therefore been increased to the highest level, prioritising this risk and also taking into account the failure of Lancashire County Council to engage in the recent Commission into the Future of Public Services and other initiatives.
18. A number of additional controls are in place to mitigate these risks including the Chorley Public Service Reform Board, budget investment in priorities and strong MTFS along with new actions such as a specific corporate strategy project to 'Investigate future business models for public services' and further income generation activity.
19. Actions to reduce risk continue to be delivered successfully; this update sees a reduction in risk R9, External legislative and policy change affecting service delivery, particularly future changes as a result of Welfare Reform. This follows the successful implementation of the Welfare Reform Action Plan and resulting corporate strategy project to promote digital inclusion. All low level risks remain at the same level with new actions and monitoring dates to ensure continued mitigation of risk.

IMPLICATIONS OF REPORT

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

Finance		Customer Services	
Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment required?	N
No significant implications in this area		Policy and Communications	

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	09/06/2015	SRRupdate

Appendix 1

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Change from Sept 2014	Actions Planned	Action Owner	Target Action Date	Comments
R1	Failure to achieve desired outcomes through partnership working and deterioration in relationships	Reputation (Internal)	SG	<p>CPSRB and role of the Executive in leveraging priorities</p> <p>Partnership working is a key management competency</p>	9	+1	<p>Members and officers to work to manage relationships and ensure effective communication</p> <p>Unitary status business case</p> <p>Development of CPSRB to strengthen commitment</p>	GH	Ongoing	<p>Partnership working is a critical element of work around future business models and depends on the engagement of key partners. The failure of LCC to engage in the recent Commission and changes in local lead officer could present significant risks to work in this area.</p> <p>Given the level of uncertainty and limited formal controls, the score has been increased to the highest level to reflect a critical impact on the business.</p>
R2	Budget cuts in key public and third sector partners having a negative impact on local level service delivery	Strategic (External)	SG	<p>Existing relationships with key public sector partners.</p> <p>Chorley Public Service Reform Board</p> <p>Additional funding support for third sector groups included in 2015/16 budget.</p>	8	0	<p>Officers and Members to lobby and influence key public sector partners through meetings, working groups and responding to consultations.</p> <p>Focus on early intervention and prevention agenda</p> <p>Unitary business case</p>	GH	On going	<p>Lancashire County Council, Lancashire Care Foundation Trust, Lancashire Fire Rescue, Lancashire Teaching Hospitals and Police facing significant budget gap.</p> <p>Chorley Public Service Reform Board continues to focus on how organisations can collectively deliver high quality public services to the public efficiently and effectively. Work streams are underway.</p>

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Change from Sept 2014	Actions Planned	Action Owner	Target Action Date	Comments
R3	Lack of resources to deliver the Council's priorities due to public sector funding cuts (financial & staff capacity)	Financial (Internal)	SG	<p>Refreshed Corporate Strategy and single Organisational Plan</p> <p>Strong Medium Term Financial Strategy</p> <p>Additional budget investment in priorities</p> <p>Continued organisational development</p>	8	0	<p>Key business plan action for all Heads of Service to identify options for 10% efficiency savings.</p> <p>Implementation of 15/16 organisational plan to focus activity and prioritise resources around cross-cutting delivery</p> <p>Focus on bringing in additional income to make the council financially self-sufficient.</p> <p>Financial appraisal of funding options for Market Walk extension.</p>	Policy and Comms	Dec 2015	<p>Likelihood of occurrence remains high, particularly given council ambitions.</p> <p>To date, the council have been able to access resources as needed and Market Walk has provided ROI above initial expectations.</p>
R4	Failure to optimise opportunities for new ways of working and alternative business models including options for income generation	Operational (Internal) and Reputational	SG	<p>Strategic partnerships framework</p> <p>Corporate strategy</p> <p>Chorley Public Service Reform Board</p>	8	0	<p>Corporate strategy project to investigate future business models for public services in Chorley</p>	CS	Ongoing	<p>Moves towards unitary status could have significant financial and operational implications for the council.</p> <p>Partnership working remains a critical aspect of this work and risk in this respect is high, particularly with LCC.</p>
R5	Failure to react to changing service demand	Strategic (Internal)	SG	<p>Use of system data and regular monitoring and reporting</p> <p>Volumetric data capture</p> <p>Self service capability via council website.</p> <p>ICT, Digital Strategy,</p>	7	0	<p>Service intelligence to inform delivery and prioritisation of activity.</p> <p>Strategy group to focus resources where needed as part of wider organisational transformation.</p>	AK	Dec 2015	<p>More is being done to manage changing customer demand with year 1 of single front office now complete and implementation of year 2. Links to R11 and need to ensure access to technology.</p>

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				Channel Migration and GIS strategy			Year 2 of single front office to be implemented Digital inclusion project			Risk level is maintained to reflect continued need to shape a corporate response to changing customer demand as part of wider public service reform.
R6	Reduction in satisfaction with the Council	Reputation (Internal)	SG	Strong customer service culture. Regular monitoring through the Corporate health dashboard. Resident satisfaction survey. Customer Satisfaction Survey	6	0	Additional investment in priority areas Tangible improvement projects in the Corporate Strategy Communications, campaigns and events.	Policy and Comms	Dec 2015	Resident satisfaction has improved compared to the same time last year although this remains a key risk as the council continues to review services and alternative delivery models; therefore the score has been maintained.
R7	Failure to sustain our performance in light of budget cuts	Reputation (Internal)	RH	Performance management framework Regular performance monitoring. Corporate and key delivery PI's Leading Edge management competencies	6	0	Embed new technology including MyProjects Benchmarking exercises including LG Inform Refresh of local indicators	Policy & Comms	Ongoing	Performance levels remain high although continued monitoring is necessary, particularly as the Council continues to move into new areas of delivery
R8	Failure to realise the value of large budget investments and achieve return on investment	Financial (Internal)	SG	Budget setting process Regular budget monitoring Project and programme management Market Walk Steering	5	0	Embed in-house management of Market Walk to achieve closer control	RH	Dec 2015	Market Walk purchase key part of income generation strategy. Investment in Market Walk is generating income above initial projections, achieving

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Change from Sept 2014	Actions Planned	Action Owner	Target Action Date	Comments
				Group						ROI, this risk has therefore been reduced.
R9	External legislative and policy change affecting service delivery, particularly future changes as a result of Welfare Reform	Strategic (External)	SG	Continued engagement with key partners through the Welfare Reform Partnership Additional dedicated resources – Court and Welfare Reforms Officer and Employability Officer.	5	-2	Credit Union offer to be further developed in 2014/15 Digital access and inclusion corporate strategy project New DHP policy to be approved.	Policy and Comms	December 2015	The implementation of the Welfare Reform action plan and effective partnership approach to the local implementation of Universal Credit in November 2014 have managed the impact of changes to a lower level than initially anticipated by the DWP. However, this continues to be a key risk given continued uncertainty around national policy.
R10	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 Comprehensive training for staff	5	0	Review of all technologies used to support delivery of all services across the council. Implementation of new technologies to support the delivery of the Single Front Office Further staff training Digital inclusion project	AK	Ongoing	Single Front Office delivery is the primary driver for developments in technology. A proactive approach to improving skills has been put in place including a comprehensive training package for staff. Externally the corporate strategy digital inclusion project has identified sites in the community from which to promote self-service access. Given the dependency on technology to facilitate efficiency, the risk level has been maintained.

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Change from Sept 2014	Actions Planned	Action Owner	Target Action Date	Comments
R11	Damage to the council's reputation and potential reduction in resident satisfaction in relation to high profile planning applications, consultations and decisions.	Reputation (Internal and External)	SG	Communication and engagement with local stakeholders and residents Governance Planning Policies	5	0	Continued tailored communication and engagement for different issues. Place Survey	GH	Ongoing	This risk is linked to Planning and Policy changes, and the high level of public interest and emotive views generated by these proposals. This includes future proposals around the extension of Market Walk and also the Extra Care Scheme.
R12	Reduction in staff satisfaction and morale with the Council including increase in sickness absence	People (Internal)	JM	OD and health and wellbeing programmes Healthcare cash back scheme Leading edge management competencies Internal communications plan	4	0	Updated OD programme Number of specific interventions including additional management training Review of Staff Matters Staff mission	HR&OD/ Policy and Comms	Dec 2015	Staff sickness has continued to reduce. Focus groups undertaken to engage staff in development of new staff mission to strengthen commitment
R13	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 and regular meetings with the leader of the opposition. All party leaders meetings Attendance at political group meetings to address key issues.	3	0	Corporate strategy development and engagement with political parties	GH	As Required	Relationships are currently strong. Result of recent local election maintains continuity
R14	Failure of Shared Service arrangements	Operational (Internal)	SG	Strategic partnerships framework Effective governance arrangements	3	0		GH	Ongoing	Risk stays the same due to potential impact of failure on organisation.

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Change from Sept 2014	Actions Planned	Action Owner	Target Action Date	Comments
R15	Incidents affecting service delivery/business continuity or even widespread damage, injury or risk to the public.	Operational (External)	GH/SG	Business Continuity Plan Emergency Plan Country wide flu pandemic plan. Multi agency flood plan Chorley COMAH Plan	2	0	Roll out Resilient Direct (RD) website with ongoing support in its use. Exercise on initial response & use of RD Participate in multi-agency training to validate the Redcliffe COMAH Plan Undertake testing of revised BCP's	GB	As required	Continuous improvement work planned for 2016/17 by SAS COMAH (Control of Major Accident Hazards) Plan relates to one site in Chorley where LCC have overall responsibility with Chorley Council preparing plan and informing residents.

AK – Asim Khan (Head of Customer and ICT Services)
 JC – Jamie Carson (Director Public Protection, Streetscene and Community)
 SG – Strategy Group
 COS – Camilla Oakes Schofield (Head of HR&OD)
 GH – Gary Hall (Chief Executive)
 RH – Rebecca Huddleston (Head of Policy and Communications)
 GB – Garry Barclay (Head of Shared Assurance Services)
 JM – Jane McDonnell (Interim Head of HR&OD)
 CS – Chris Sinnott (Programme Director)