Chorley Council

Report of	Meeting	Date
Chief Executive	Governance Committee	22nd June 2016

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', six 'medium risk' and four 'low risk'. One risk has been increased to the highest level to reflect the impact of recent budget cuts to partner services. One risk has reduced following successful work to manage high profile consultations that have now progressed to delivery stages.

Confidential report Please bold as appropriate	Yes	**No**

CORPORATE PRIORITIES

7. This report relates to the following Strategic Objectives:

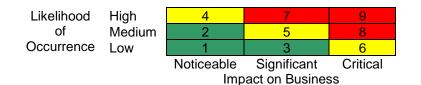| Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy communities		An ambitious council that does more to meet the needs of residents and the local area	✓

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		Noticeable	Significant	Critical
	High	4	7	9
	Medium	2	5	8
	Low	1	3	6

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 May 2015
R1	Failure to achieve desired outcomes through partnership working and deterioration in relationships	9 (High)	0
R2	Budget cuts in key public and third sector partners having a negative impact on local level service delivery	9 (High)	+1
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)	0
R10	Failure to fully realise the benefits of new technology and related impact on driving organisational change.	5 (Medium)	0
R11	Reduction in staff satisfaction and morale with the Council including increase in sickness absence	4 (Medium)	0
R12	Damage to the council's reputation and potential reduction in resident satisfaction in relation to high profile planning applications, consultations and decisions.	3(Low)	-2
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 including cyber-attack.	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 May 2015 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; R2 Budget cuts in key public and third sector partner having a negative impact on local level service delivery, and; R12 Damage to the council's reputation and potential reduction in resident satisfaction in relation to high profile planning applications, consultations and decisions.

15. The risk score for R2 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. Along with risk R1, Failure to achieve desired outcomes through partnership working and deterioration in relationships, this is one of two risks facing the council considered to be at the highest level.

16. The highest scoring risks, R1-5, focus on delivering Council priorities and maintaining local services in the light of budget cuts. The Transformation Strategy for 2016, approved by Executive Cabinet in January, responds to the recommendations of the Future Governance Models review and provides a framework to support the organisation in the change that will be required to address the challenges in the coming years. The actions in the Transformation Strategy will be central to addressing risk in this area through supporting the council to achieve its ambitions for public service reform. The strategy will be delivered through the 2015/16 Corporate Strategy project to review the way the council operates and implement changes and is attached at Appendix 2 for information.

17. Risk R2 refers to budget cuts in key public and third sector partners having a negative impact on local level service delivery. Despite strong controls and mitigating actions, the financial pressures on service delivery partners have meant that anticipated cuts have now started to take effect, most recently in the changes to local bus services by the County Council and challenges in local health services. The score has therefore been increased to the highest level, prioritising the risk and also taking into account the ongoing activity by the County Council regarding changes to Children's and Youth Services and supported housing.

18. In addition to the Transformation Strategy, a number of additional controls remain in place including the Chorley Public Service Reform Partnership which looks to mitigate the negative impact of budget cuts by taking a system wide view to reducing demand with a focus on early intervention and prevention. The Council will also continue to respond proactively to consultations and take necessary action to maintain vital services for local residents.

19. Actions to reduce risk continue to be delivered successfully although any reduction is offset to a large extent by increasing pressure on resources. This update sees a reduction of the score for risk R12, Damage to the council's reputation and potential reduction in resident satisfaction in relation to high profile planning applications, consultations and decisions. This risk referred to a number of specific cases including the Market Walk extension and Extra Care scheme which have now progressed beyond consultation activity and received planning consent. The resident satisfaction survey in June 2015 demonstrated increased levels of satisfaction overall with ongoing monthly monitoring and improvement activity for customer satisfaction.

20. All low level risks remain at the same level with new actions and monitoring dates to ensure continued mitigation of risk. Risk R15, which refers to incidents affecting service delivery/business continuity or even widespread damage, injury or risk to the public, has been updated to incorporate cyber-attack or information management breach following a review carried out by the council's insurers. Overall the review indicated a green rating which means the area is perceived to be of minimal risk with no immediate actions required;

therefore the risk score has been maintained at a low level. One area received an amber rating in relation to third parties with actions identified to be progressed in 2016.

IMPLICATIONS OF REPORT

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		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	02/06/2016	SRRupdate

Appendix 1

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Change from May 2015	Actions Planned	Action Owner	Target Action Date	Comments
R1	Failure to achieve desired outcomes through partnership working and deterioration in relationships	Reputation (Internal)	SMT	Chorley Public Service Reform Partnership and role of the Executive in leveraging priorities Partnership working is a key management competency Working relationships with key partners, both officer and elected member. Transformation Strategy 2016	9	0	Members and officers to work to manage relationships and ensure effective communication Transformation Strategy actions - Work to develop and implement the combined authority for Lancashire - Develop governance arrangements, structures and approach to Integrated Community Wellbeing Service Ongoing management of the Chorley Public Service Reform Programme and evaluation of year 1 work programme	GH	Ongoing	The newly adopted Transformation Strategy for 2016 focuses on the Council providing leadership to become more outwardly focussed with closer partner relationships to achieve greater integration of public services. Given the level of uncertainty, system pressures for all partners and limited formal controls, the score has been retained at the highest level to reflect a critical impact on the business.
R2	Budget cuts in key public and third sector partners having a negative impact on local level service delivery	Strategic (External)	SMT	Existing relationships with key public sector partners. Chorley Public Service Reform Partnership Additional funding support for third sector groups included in 2016/17 budget Transformation Strategy 2016	9	+1	Officers and Members to lobby and influence key public sector partners through meetings, working groups and responding to consultations. Focus on early intervention and prevention agenda Transformation Strategy actions to increase system sustainability	CS	On going	Budget cuts have now started to take effect including Lancashire County Council cuts to bus services and ongoing consultation regarding assets and children's and young people's services; therefore, the score has been increased to the highest level. Chorley Public Service Reform Partnership continues to focus on how organisations can

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Change from May 2015	Actions Planned	Action Owner	Target Action Date	Comments
										collectively deliver high quality public services to the efficiently and effectively.
R3	Lack of resources to deliver the Council's priorities due to public sector funding cuts (financial & staff capacity)	Financial (Internal)	SMT	Refreshed Corporate Strategy and single Organisational Plan Strong Medium Term Financial Strategy Additional budget investment in priorities Continued organisational development Transformation Strategy	8	0	Implementation of 16/17 Organisational Plan to focus activity and prioritise resources around cross-cutting delivery Focus on business growth and generating additional income to make the council financially self-sufficient Transformation Strategy actions - Implement changed management structure	CS	June 2016	The Future Governance Models report sets out how the council will need to change to continue to be able to deliver its priorities. The Transformation Strategy translates this into a plan of action with a number of key actions delivered to date. Delivery of the plan will provide some mitigation although this is likely to be determined over the next 5 years and therefore the score remains high based on potential impact. Gaining planning permission for the Market Walk extension secures a potentially significant future income stream
R4	Failure to optimise opportunities for new ways of working and alternative business models including options for income generation	Operational (Internal) and Reputational	SMT	Key strategic partnerships framework Corporate strategy Chorley Public Service Reform Partnership Transformation Strategy	8	0	Transformation Strategy actions: - Develop governance arrangements, structures and approach to integrated community wellbeing services	CS	Ongoing	Progress has been made to establish the combined authority and also future Integrated Community Wellbeing Service. Partnership working with County Council and health colleagues remains critical and risk in this respect is high.
R5	Failure to react to changing service demand	Strategic (External)	SMT	Use of system data and regular monitoring and reporting	7	0	Investment in the Single Front Office	AK	Dec 2016	Risk reflects need to manage customer demand and make services more

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Change from May 2015	Actions Planned	Action Owner	Target Action Date	Comments
				Volumetric data capture Self service capability via council website. ICT Digital Strategy Transformation Strategy Digital inclusion project			Investment in staff training Further enhancements to council website to facilitate channel migration to online Year 2 of the digital inclusion project			sustainable by driving down cost to access. Now in its third year, the single from office should be fully embedded by April 2017 with the most recent update presented to Executive Cabinet earlier this year. Risk level is maintained pending the delivery of actions and score to be reviewed at next update.
R6	Reduction in satisfaction with the Council	Reputation (Internal)	SMT	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.	Performance and Partnerships / Communications and events	Dec 2016	Monthly measurement shows dissatisfaction has improved although satisfaction is still below target. The Council continues to face difficult and publicly sensitive decisions regarding future service provision and therefore the risk score has been maintained.
R7	Failure to sustain our performance in light of budget cuts	Reputation (Internal)	CS	Performance management framework Regular performance monitoring. Corporate and key delivery PI's Leading Edge management competencies	6	0	Embed new technology to support internal monitoring Benchmarking exercises including LG Inform Refresh of local indicators Transformation strategy action: - Refresh the council's	Performance and Partnerships	Ongoing	Performance levels remain high although continued monitoring is necessary, particularly following the implementation of the new senior management structure.

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Change from May 2015	Actions Planned	Action Owner	Target Action Date	Comments
				Transformation Strategy			performance management and business planning frameworks to reflect changing governance models			
R8	Failure to realise the value of large budget investments and achieve return on investment	Financial (Internal)	SMT	Budget setting process Regular budget monitoring Project and programme management Market Walk Steering Group	5	0	Ongoing monitoring of Market Walk performance through quarterly management reports Corporate Strategy project to deliver the Market Walk extension	RH	Dec 2016	Market Walk continues to generate positive ROI. Planning permission for the Market Walk extension granted in October 2015 to provide significant future income stream.
R9	External legislative and policy change affecting service delivery, particularly future changes as a result of Welfare Reform	Strategic (External)	SG	Chorley Welfare Reform Partnership Additional dedicated resources – Court and Welfare Reforms Officer and Employability Officer. Credit Union – now fully self-sustaining.	5	0	Year 2 of digital access and inclusion project New DHP Policy approved Future partnership agreement with CBC/DWP	AK / JC	December 2016	The Welfare Reform Partnership continues to work proactively to mitigate the impact of Welfare Reforms. However, further changes are planned including an end to housing benefit for young people not in education or training in 2017 and therefore, the risk level is maintained.
R10	Failure to fully realise the benefits of new technology and related impact on driving organisational change.	Operational (Internal)	AK	Transformation Strategy Digital Strategy	5	0	Implementation of new technologies to support the delivery of the Single Front Office Extensive ICT network upgrade to improve technology and future proof organisation	AK	Ongoing	Risk is reduced through successful activity to embed new technology. However, the risk score is maintained given the potential for network disruption as the result of a significant ICT infrastructure upgrade planned for later this year.

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Change from May 2015	Actions Planned	Action Owner	Target Action Date	Comments
R11	Reduction in staff satisfaction and morale with the Council including increase in sickness absence	People (Internal)	COS/JM	OD and health and wellbeing programmes Healthcare cash back scheme Leading edge management competencies Internal communications plan	4	0	Transformation Strategy action: Updated OD programme Number of specific interventions including additional management training Staff Health and Wellbeing Days Launch of staff mission	CM	December 2016	The staff satisfaction survey undertaken in August 2015 showed 84% of staff are satisfied in their job (a reduction of 4% compared to 2013) with the next survey to be completed in 2017. Staff sickness has increased significantly compared to 2014/15 and a detailed report was presented to Overview and Scrutiny Committee in 2016 with recommendations made to improve the process. The recent senior management restructure may have impacted on staff morale. Additional staff health and wellbeing days are being provided.
R12	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)	SMT	Communication and engagement with local stakeholders and residents Governance Planning Policies	3	-2	Continued tailored communication and engagement for different issues. Monthly monitoring of resident satisfaction	GH	December 2016	This risk referred to specific cases including Market Walk and Extra Care which have now progressed beyond initial consultation with controls proving effective. The 2015 resident satisfaction survey showed increased levels of satisfaction across all categories. Therefore the likelihood of occurrence has reduced.

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Change from May 2015	Actions Planned	Action Owner	Target Action Date	Comments
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	Bi-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)	SMT	Strategic partnerships framework Effective governance arrangements	3	0		CS	Ongoing	Risk stays the same due to potential impact of failure on organisation.
R15	Incidents affecting service delivery/business continuity or even widespread damage, injury or risk to the public including cyber attack/information management breach.	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. Undertake testing of revised BCP's (carried forward) Actions as a result of cyber-attack/information management review	GB	As required	SAS will update key contacts, processes and procedures following the senior management review Following a review by the Councils insurance provider in May 2015, cyber attack/information management breach has been included within the description for this risk with any resulting actions to be progressed in 2016.

SMT – Senior Management Team
GH – Gary Hall (Chief Executive)
CS – Chris Sinnott (Director (Policy and Governance))
AK – Asim Khan (Director (Customer and Digital))
JC – Jamie Carson (Deputy Chief Executive/Director (Early Intervention and Support))

SG – Susan Guinness (Head of Shared Financial Services)
RH – Rebecca Huddleston (Head of Customer Transformation)
GB – Garry Barclay (Head of Shared Assurance Services)
CM – Chris Moister (Head of Legal, Democratic and HR Services)