Chorley Council

Report of	Meeting	Date
Director Policy and Governance	Governance Committee	21 June 2017

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 operates in a continually changing political, economic and financial environment. 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 six of these identified as 'high risk', six 'medium risk' and three 'low risk'. Four risk levels have been increased this year. Two risk levels have been increased to reflect the large levels of investment and change being undertaken in the borough over the coming year and potential resident views regarding this. One risk level has been increased to reflect higher risks with regards to implementing new ways of working and alternative business models for the council and one has been rated more highly due to recent changes to UK threat levels and heightened risk of cyber-attacks.

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.

9.   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. Senior Management Team (SMT) 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 and storing them within the Council's risk management system (GRACE) lies with individual services. The process is described in more detail in the Council's Risk Management Framework.

HOW THE RISKS ARE SCORED

10.   The introduction of the GRACE system now means that all organisational risk registers are centrally stored. The introduction of the system has also seen an updated risk matrix which scores risk on a 4x4 matrix rather than the 3x3 matrix as was previously used. This matrix is considered a more comprehensive tool on which to record and evaluate risk. The 4x4 matrix can be seen below:

		1	2	3	4
Major	4	4 Low	8 Medium	12 High	16 High
Serious	3	3 Low	6 Medium	9 Medium	12 High
Minor	2	2 Low	4 Low	6 Medium	8 Medium
Insignificant	1	1 Low	2 Low	3 Low	4 Low

Rarely – there is a slight possibility that the event will occur	**Unlikely**- there is a possibility that the event will occur or there is a history of occasional occurrence within the authority	**Likely** – There is a strong possibility that the event will occur or there is history or regular occurrence within the Authority	**Highly likely** - there is little doubt that the event will occur

11.   All of the risks have been re-assessed and re-scored on the 4x4 matrix based on the likelihood of the risk occurring against the impact for the organisation if it did occur. The resulting score out of 16 is used to aid in prioritising the risk and mitigating actions. If the risks have been considered to be at the same level as last year (when scored based on the 3x3), the score shown will be at the equivalent level on the 4x4 matrix, although it may appear as a higher number. The register also indicates where there has been a change in the consideration of the risk level since the register was last reviewed in 2016.

SUMMARY OF THE RISKS

12.   A summary of the updated risks for 2017 can be found below:

Risk No.	Description of Risk	Matrix Score	Change in risk level from June 2016
R1	Failure to realise the value of large budget investments and achieve return on investments	16 (High)	↑
R2	Failure to achieve desired outcomes through partnership working and deterioration in relationships	16 (High)	→
R3	Budget cuts in key public and third sector partners having a negative impact on local level service delivery	16 (High)	→
R4	Failure to optimise opportunities for new ways of working and alternative business models including options for income generation	16 (High)	↑
R5	Lack of resources to deliver the Council's priorities due to public sector funding cuts (financial & staff capacity)	12 (High)	→
R6	Failure to react to changing service demand	12 (High)	→
R7	Reduction in satisfaction with the Council	9 (Medium)	↑
R8	Failure to sustain our performance in light of budget cut	9 (Medium)	→
R9	External legislative and policy change affecting service delivery, particularly future changes as a result of Welfare Reform	8 (Medium)	→
R10	Failure to fully realise the benefits of new technology and related impact on driving organisational change.	8 (Medium)	→
R11	Reduction in staff satisfaction and morale with the Council including increase in sickness absence	6 (Medium)	→
R12	Incidents affecting service delivery/business continuity or even widespread damage, injury or risk to the public including cyber-attack.	6 (Medium)	↑
R13	Damage to the council's reputation and potential reduction in resident satisfaction in relation to high profile planning applications, consultations and decisions.	4 (Low)	→
R14	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	4 (Low)	→
R15	Failure of Shared Service arrangements	4 (Low)	→

13. Further details about each of these risks and their mitigating controls can be found within the register in Appendix one.

14. No new risks have been added to the register. The risk scores for four risks have been changed as highlighted in the table above. All changes to these risks have seen the risk score increase rather than decrease, demonstrating a higher level of risk in these areas for the Council this year.

15. The highest scoring risks, R1-5, continue to focus on delivering Council priorities and maintaining local services in the light of budget cuts. The Future Governance Models report and Transformation Strategy 2016 set out how the Council would meet challenges in future years through the development of new business models. Enabling actions have now been completed and the Transformation Strategy will be refreshed to set out a framework to achieve the financial savings that need to be made towards a sustainable operational and financial position, informing the corporate planning process.

16. The risk score for R1 'failure to realise the value of large budget investments and achieve return on these investments' has increased considerably since 2016 and is now considered to be the highest rated risk for the Council. This risk is now scored at 16 and categorised as 'high', compared to a risk level of 'medium' in 2016. The reason for this increase includes the Council's investment into large scale commercial developments, particularly in the town centre, and the need to see a return on this long term investment to assist the Council in achieving a sustainable financial position in future years.

17. Risk R2, which was the highest scoring risk in 2016, 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 Council has stepped in to mitigate the impact of these changes for our local residents where possible, although we are aware that financial pressures at both a national and county wide level still exist meaning that further budget cuts may be imminent; therefore the risk score is maintained.

18. Risk R4, 'Failure to optimise opportunities for new ways of working and alternative business models including options for income generation' has been rated at a higher level this year than last. Good progress has been made towards enabling new business models however to achieve the scale of change required, new models will now need to be embedded as part of service delivery. The need for these measures to be implemented successfully to realise the intended outcomes, and the consequences of not doing so, has increased the score for this risk to the highest level of 16.

19. This years' update sees an increase of the score for risk R7, 'Reduction in satisfaction with the Council'. This risk has been considered higher due to the high level of change and activity taking place across the borough and the potential reduction in customer satisfaction as a result. There are however, a number of measures in place to mitigate this risk including comprehensive communications plans regarding the town centre developments, ensuring residents are frequently informed of any changes across the town centre. A resident satisfaction survey is also due to be undertaken this year and will provide comprehensive insight into local residents levels of satisfaction. Customer satisfaction continues to be measured and monitored by Senior Management Team (SMT) frequently through the corporate health dashboard.

20. Risk R12 has been given a slightly higher rating this year to reflect recent cyber-attacks on the NHS and current UK threat levels with a medium rating due to local, regional and national controls in place. This risk level will be closely monitored and security plans remain in place, proportionate to the level of threat which is set at a national level.

21.   All other low level risks remain the same which reflects the uncertain nature of the current operating environment, with new actions and monitoring dates to ensure continued mitigation of risk.

22.   In addition to the refresh of 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.

IMPLICATIONS OF REPORT

23.   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
Kate Cronin	5061	02/06/2017	SRRupdate 2017

Appendix 1

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Actions Planned	Action Owner	Target Action Date	Comments
R1	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 SMT Programme Board Representation in the Corporate Strategy	16	Ongoing monitoring of investment projects through quarterly monitoring and Corporate Strategy Programme Board.	ML	June 2018	Risk level remains high to reflect the significant level of investment in key developments, particularly in the town centre, and the need to achieve a return to support the MTFS.
R2	Failure to achieve desired outcomes through partnership working and deterioration in relationships	Reputation (Internal)	SMT	Joint Integrated Community Wellbeing Service monitoring and Executive 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. Continued delivery of actions within the Transformation Strategy	16	Members and officers to work to manage relationships and ensure effective communication Phase 1 of ICW Service delivery – to embed governance and deliver year 1 objectives Evaluation of year 2 of the Public Service Reform Programme	GH	Ongoing	Partnership working remains critical to the organisations' transformation plans including; - Public service reform - Shared services - Integrated Community Wellbeing Service There remains a significant amount of uncertainty as a result of change in administration at county (e.g Combined Authority) and ongoing county council transformation.

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Actions Planned	Action Owner	Target Action Date	Comments
R3	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 Re-commissioning of third sector contracts to maintain local service delivery Intermediate solutions to county cuts and county council transformation budget Continued delivery of the Transformation Strategy	16	Officers and Members to lobby and influence key public sector partners through meetings, working groups and responding to consultations. Refresh of the Transformation Strategy to reflect council's updated position Cost effective, sustainable solutions to Intermediate measures to be identified in response to the county cuts (funding for libraries/ buses)	CS	Ongoing	This risk level was increased in 2016 and is to remain at the same level for 2017. This risk level remains high given outstanding budget deficits at a local, county and national level. Control measures have been successful in maintaining services and mitigating the impact of cuts for local residents but more sustainable solutions must now be identified.
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 2016 Chorley Public Service Reform Partnership Delivery of the 2016 Transformation Strategy Changes to waste collection	16	Refresh of the Transformation Strategy to embed new business models and explore options for income generation Implementation of ICT/Digital Strategy and WorkSmart principles across the organisation	CS	Ongoing	The risk score has increased this year to reflect the impact of not delivering against new business models and level of uncertainty in terms of partner/staff commitment as we progress new models and ways of working.

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Actions Planned	Action Owner	Target Action Date	Comments
R5	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 service level business plans Refreshed Medium Term Financial Strategy Additional budget investment in priorities Continued organisational development through the Leading Edge and Flair programmes Delivery of the Transformation Strategy Changes to service provision (e.g waste collection) to generate additional income Increase in Council tax 2017/18	12	Focus on business growth and generating additional income to make the council financially self-sufficient Refresh and development of a clearer and more prescriptive Transformation Strategy	CS	June 2018	Further cuts to public sector funding anticipated. The Transformation Strategy is undergoing a refresh to provide clear direction and ensure all options are assessed to mitigate the impact.
R6	Failure to react to changing service demand	Strategic (External)	SMT	Use of system data and regular monitoring and reporting Volumetric data capture Self service capability via council website. ICT and Digital Strategies Transformation Strategy Delivery of the Single Front Office (SFO)	12	Refresh of the existing Transformation Strategy, ensuring that it reflects an awareness of changing customer needs and our plans to address this. Implementation of the Digital and Customer strategy.	AK/ CS	December 2017	Risk reflects need to manage customer demand and make services more sustainable by driving down cost to access. The consolidation of single front office functions and approval of the Digital and Customer Strategy by Executive Cabinet in June 2017 will help mitigate this risk.

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Actions Planned	Action Owner	Target Action Date	Comments
R7	Reduction in satisfaction with the Council	Reputation (Internal)	SMT	Digital Strategy Regular monitoring through the performance dashboard and quarterly performance reports Customer Satisfaction Survey Communications plan for town centre projects	9	Additional investment in priority areas Tangible improvement projects in the Corporate Strategy Communications, campaigns and events. Residents satisfaction survey 2017 Customer focus as key theme of Digital and Customer Strategy	Performance and Partnerships / Communications and events	December 2017	Outturn performance for dissatisfaction was positive - 18.3% for 2016/17 against a target of 20%. This risk has been rated higher for 2017 due to the high levels of change which will be seen across the town centre in 2017/18.
R8	Failure to sustain our performance in light of budget cuts	Reputation (Internal)	CS	Refreshed business planning procedure for 2017/18 Regular performance monitoring and annual refresh of local indicators Corporate and key delivery PI's Leading Edge management competencies and Organisational development activity	9	Refresh Performance management framework Embed new technology to support internal monitoring Benchmarking exercises including LG Inform Transformation Strategy refresh	Performance and Partnerships	Ongoing	Performance in 2016/17 has been generally good, with the majority of indicators performing above target. Areas of underperformance are generally where more challenging targets have been set or significant external influences such as overall employment rate. Local action plans are in place for all indicators performing below target and outline actions that will be undertaken to improve performance in these areas.

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Actions Planned	Action Owner	Target Action Date	Comments
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 Credit Union – now fully self-sustaining. Integrated Community Wellbeing Team	8	Risks outlined within relevant service business plans	AK / JC	March 2018	Upcoming elections could bring with it policy change, affecting our corporate priorities and service delivery. The Welfare Reform Partnership continues to work proactively to mitigate the impact of Welfare Reforms. However this risk remains high
R10	Failure to fully realise the benefits of new technology and related impact on driving organisational change.	Operational (Internal)	AK	Digital/ ICT Strategy Introduction to WorkSmart initiatives, with roll out seen in some teams Single Front Office	8	Extensive ICT network upgrade to improve technology and future proof organisation Continued roll out of WorkSmart across the organisation and continued staff engagement	AK	Ongoing	Risk remains at the same level for 2017 (medium) due to the risk of network disruption as the result of a significant ICT infrastructure upgrades planned for later this year and changes Worksmart will introduce to the organisation.
R11	Reduction in staff satisfaction and morale with the Council including increase in sickness absence	People (Internal)	CM	OD and health and wellbeing programmes Delivery of additional management training (Leading Edge and Flair) Healthcare cash back scheme Leading edge management competencies Internal communications plan Staff Matters	6	Staff survey 2017 Continued application of sickness absence policy Refresh of internal communications strategy	CM/ JM	December 2017	Another staff satisfaction survey (following the last held in 2015) is planned to be held in June 2017. The results of which will help to inform further controls against this risk. Staff sickness has continued to increase over the last year, with new performance measures implemented for 2017/17 following a benchmarking exercise against other local councils and national measures. Therefore this

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Actions Planned	Action Owner	Target Action Date	Comments
									risk remains the same.
R12	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/AK	Business Continuity Plan, including the application of the CONNIE system Emergency Plan Country wide flu pandemic plan. Multi agency flood plan Chorley COMAH Plan Staff awareness of ICT risks/threats and reporting of any issues National, regional and local security plans. Command and control structure in place	6	Business continuity plans refreshed and reviewed as they are entered into the CONNIE system Emergency arrangements continue to be in place Response to recent rise in UK threat level – security level to be reviewed at major events Chorley is a member of the PSN network	GB	As required	Risk level has increased slightly to reflect the recent events in the UK including NHS cyber attack. Risk retains a low score due to controls and plans in place. This risk will constantly be reviewed in light of any local or national changes.
R13	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 procedure in place Planning Policies in place	4	Continued tailored communication and engagement for different issues. Monthly monitoring of resident satisfaction Residents satisfaction survey planned for 2017	GH	June 2018	This risk level was reduced in 2016 and referred to specific cases including Market Walk and Extra Care. Large scale development applications continue to be received and therefore risk remains at the same level (low).

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Actions Planned	Action Owner	Target Action Date	Comments
R14	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.	4	Corporate strategy development and engagement with political parties	GH	As Required	Internal relationships are currently strong. Risk remains the same in light of general election and potential change in political priorities.
R15	Failure of existing Shared Service arrangements	Operational (Internal)	SMT	Strategic partnerships framework Effective governance arrangements	4	Continue with governance arrangements implemented Use any best practice/ lessons learned to inform future models for shared services	CS	Ongoing	Risk relates to existing shared services arrangements. Existing arrangements are embedded and continue to be successful. Risk level continues to stay the same due to potential impact of failure on organisation.

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))
ML – Mark Lester (Director (Business, Development and Growth))
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)