Chorley Council

Report of	Meeting	Date
Director Change and Delivery	Governance Committee	Wednesday, 3 August 2022

Strategic Risk Review

Is this report confidential?	No

Is this decision key?	Not applicable

Purpose of the Report

1. The Strategic Risk Register is used by the council 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 Strategic Risk Register, which includes 19 strategic risks to the council, including actions in progress as well as new actions planned to further mitigate identified risks.

Recommendations to Governance Committee

3. That members note the strategic risks, controls in place and actions planned to further mitigate the strategic risks as set out in the report.

Reasons for recommendations

4. To enable the risk register to be updated on GRACE, the council's risk management system, to ensure close monitoring of key strategic risks.

Other options considered and rejected

5. No other options have been considered as the report is for information only.

Executive summary

6. The Council operates in a continually changing political, economic and financial environment. The Strategic Risk Register is therefore a live document and needs to be updated to reflect any new or emerging strategic risks facing the Council.

7. This report contains the annual update of the strategic risk register for member's information and comment and includes updates identified by the Shared Senior Management team through interim reviews conducted throughout the year. The

updated version of the risk register will then be updated on GRACE, the council's risk management system, following consideration by the Governance Committee.

Corporate priorities

8.   The report relates to the following corporate priorities:

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 to the report

9.   The Strategic Risk Register is a key part of the council's risk management system, alongside service level and individual project level risk registers, and considers the key risks that are applicable to Corporate Strategy and service delivery across the council as a whole.

10.   The Council operates in a continually changing political, economic and financial environment. The Strategic Risk Register is therefore a live document and needs to be updated to reflect any new or emerging strategic risks facing the Council.

11.   The Strategic Risk Register is owned by the Senior Management Team and is stored and managed through GRACE, the council's risk management system. SMT are responsible for identifying, owning, monitoring and delivering actions to mitigate strategic risk, including ensuring that any actions against each risk are completed.

12.   All risks are scored on a 4x4 risk matrix as outlined below:

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
1 Low	2 Low	3 Low	4 Low

Insignificant   1

1	2	3	4
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

Summary of risks

13. A summary of the updated risks for 2022/23 is outlined in the table at the end of the report. This includes a summary of the existing control measures and actions in place to mitigate risk and any changes to the risk level since the last review. The full register including all of the existing control measures and new actions is available in appendix A.

Highest Scoring Risks

14. Many of the highest scoring risks focus on delivering Council priorities, including service delivery, large scale capital projects, new ways of working, and working with strategic partners to deliver outcomes. There are challenges facing the organisation in relation to budgetary pressures and financial uncertainty in relation to the current national economic context that we will have to continue to address to meet the demand for services and needs of residents. ICT and cyber security also remain a high risk to the council due to the potential impact on service delivery and reputational damage. There are strong control measures in place to mitigate these risks, including as part of the council's governance framework and budget setting and monitoring processes.

15. The highest scoring risks, with an inherent risk score of 16 and residual risk score of 12 are outlined below. Existing control measures and planned actions to help further mitigate risk are outlined within the summary table.

- R1- Failure to realise the value of large investments and achieve return on investments.
- R3- Budget challenges in key public and third sector partners having a negative impact on local level service delivery.
- R17- Incidents affecting ICT service delivery/ business continuity or even widespread damage, injury or risk to the public.
- R18- Cyber-attacks that impact business continuity and delivery.

Changes to risk scores

16. There are 19 risks included on the strategic risk register. Since the previous review, 3 risks have decreased and 4 have increased, reflecting the changing environment in which the council operates and changing risk levels as we emerge from the Covid-19 pandemic and face new challenges in relation to resourcing.

17. The risks which have decreased in score include:

- **R2- Failure to achieve desired outcomes through partnership working and deterioration in relationships.** The inherent risk score has been reduced from 16 (high) to 12 (high) based on closer working relationships between partners, including the Chorley and South Ribble Partnership, which means that whilst achieving outcomes is still dependent on strategic partners, the partnerships themselves are more robust.

- **R4- Failure to optimise opportunities for new ways of working** has been reduced from a residual risk of 8 (medium) to 6 (medium) to reflect how the council has adapted to more agile and flexible working as a result of the Covid-19 pandemic including through the Digital and Workplace strategies. The council will have to ensure that it continues to monitor and identify opportunities for new ways of working which may emerge in the future.

- **R16- Failure to manage the recovery from Covid-19 effectively** has been reduced from an inherent risk of 12 (high) to 9 (medium) and residual risk from 12 (high) to 6 (medium.) This reflects the reduction in risk from the Covid-19 pandemic as measures have relaxed, and indications that the council has adapted well to new ways of working and service needs, for example, a refreshed Economic Development Strategy is being developed to reflect the changing needs of the borough. It is anticipated that this will move to business as usual management over the next year, as the recovery from Covid-19 is further embedded.

18. The risks which have increased in score are set out below:

- **R3- Budget challenges in key public and third sector partners having a negative impact on local level service delivery** has been increased in residual risk

from 8 (medium) to 12 (high.) This reflects that whilst the council retains a strong financial position, there is an increased uncertainty in public sector costs and funding, including due to the impact of increasing inflation and the cost of living crisis. New actions have been identified within the risk register to ensure that Chorley can continue to deliver on local service delivery including accessing schemes linked to the Levelling Up agenda.

- **R5- Lack of resources to deliver the Council's priorities due to public sector funding cuts or lack of staff capacity and skills**. The inherent risk score for R5 has been increased from 12 (high) to 16 (high) to reflect the national uncertainties in relation to costs and funding and the job market shortage which has an impact on successful recruitment and retention of skilled staff. Several new areas of work are being delivered to mitigate this risk, including a People Strategy being developed to support workforce capacity, succession planning and identifying skills gaps earlier.

- **R10- Failure to fully realise the benefits of new technology and related impact on driving organisational change** has been increased from 12 (high) to 16 (high) and residual risk from 6 (medium) to 9 (medium.) Whilst the council continues to aim to maximise the benefits of all new technology, the ICT plan includes a large programme of work to be delivered, which provides the basis of infrastructure and technology to support the effective use of new technology. There has been limited ICT capacity to drive forward this plan with several roles within the service currently being recruited to but there is now a plan in place to move forward with delivery, which will be monitored and supported through the Programme Management Office.

- **R11- Reduction in staff satisfaction and morale** has been increased in inherent risk from 9 (medium) to 12 (high) to reflect national public sector trends in relation to workloads and fatigue from the Covid-19 pandemic, capacity pressures, and adapting to the momentum of organisational change over the last few years. Staff satisfaction and morale is being closely monitored through regular 'pulse surveys' which help to provide a snapshot of wellbeing across the council and identify areas for further development and improvement. The new People Strategy is also currently being developed and will look to support staff morale through measures such as a review and relaunch of staff awards and recognition and more opportunities for staff to engage socially. There is also more capacity in place to manage and monitor organisational change to support staff through it.

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
R1	Failure to realise the value of large investments and achieve return on investments	16	12	→	Risk level maintained. Current control measures in place include the budget setting process and monitoring, project and programme management, wholly owned company steering group, SMT programme board and Transformation Focus Group.	Further actions to mitigate risk include the delivery of the investment strategy and ongoing monitoring of investment projects through quarterly monitoring.\n\nA new action, as part of the budget planning process, is for Finance to work closely with services to revisit income models to ensure we are getting the best return on our investments we can.
R2	Failure to achieve desired outcomes through partnership working and deterioration in relationships	12	6	↓	The inherent risk score has been reduced from **16** (high) to **12** (high) based on closer working relationships between partners including the Chorley and South Ribble Partnership. This means that whilst achieving outcomes through strategic partnerships is still uncertain, the council's partnerships are more robust.	Planned actions to further reduce risk include the delivery of the corporate project 'join up public services by working with our partners' and a review of the Key Contract and Strategic Partnership Framework. Engaging in discussions and activity related to Levelling Up in Lancashire will also help us to deliver better outcomes through our partners.
R3	Budget challenges in key public and third	16	12	↑	The residual risk has been increased from **8** (medium) to **12** (high) to reflect	Additional actions have been identified to further mitigate risk including the delivery of

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
	sector partners having a negative impact on local level service delivery				that whilst the council retains a strong financial position there is an increased uncertainty in funding, including for our key public and third sector partners, due to the impact of inflation and the cost of living crisis. Current measures in place include the MTFS, Transformation Strategy, and partnerships with key public sector partners.	the refreshed transformation programme and engaging in discussions in Lancashire around Levelling Up to ensure Chorley benefits from available funding.
R4	Not adapting to new ways of working- Failure to optimise opportunities for new ways of working	12	6	↓	The residual risk has been reduced from **8** (medium) to **6** (medium) to reflect the work that has been carried out during the pandemic to support agile working. This has included the ongoing work through the ICT programme and Digital Strategy, and approval of the Workplace Strategy to set out a vision and action plan for future ways of working. Covid-19 has helped to develop a change in culture across the organisation to support agile	Actions to further mitigate risk include the delivery of the Workplace Strategy including accommodation review and the ICT plan which will help to ensure that the right infrastructure and technology is in place to support new, hybrid, ways of working, such as through the roll-out of new mobile ICT equipment.

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
					and flexible working.	
R5	Lack of resources to deliver the Council's priorities due to public sector funding cuts (financial & staff capacity) or lack of staff capacity and skills (including as a result of issues in relation to recruitment and retention)	16	9	↑	The inherent risk of lack of resources to deliver the council's priorities has been increased from **12** (high) to **16** (high) to reflect the impact of recruitment and retention on the staffing resources available to the council. This reflects wider public and private sector trends and changes to the job market as a result of the Covid-19 pandemic. Current control measures in place include the corporate strategy and service level business plans to assess levels of resource needed and deliver income generation or efficiency projects, the MTFS and budget setting process to identify current and new resources, and resilience from shared services arrangements and the OD strategy to identify skills gaps.	Actions identified to further mitigate the risk include a focus on business growth and income generation through the review of the commercial programme and development of an income generation strategy, the People Strategy to support workforce capacity and skills gaps and SMT to continue monitoring any potential financial impact in relation to the Ukraine Crisis, Cost of Living and inflation. A new action has been identified for the review of management capacity, which will help to ensure that there is the right level of capacity at the head of service level. The new People Strategy will also support recruitment, retention and staff development through: - delivery of a review of recruitment and onboarding to ensure this is as efficient as possible - consistent graduate and apprentice process to grow our own - annual development day to give staff

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
						more time for developing their skills - annual workforce review to provide information on any current or upcoming skills gaps
R6	Failure to react to changing service demand including any change in demand due to the recovery from COVID-19 and internal skill gaps to address this	8	6	→	Risk level maintained. Current measures in place to mitigate risk include use of system data to assess service demands, self-service, and the ICT and Digital Strategy to help manage demand more effectively through new technology.	A new action has been identified to reflect emerging service demand in relation to Ukraine and the cost of living crisis including adapting community support (such as a sponsor support network) and monitoring of any council requirements (such as administration of grants or rebates.) To ensure that the right skills are in place across the organisation to meet service demand, a new People Strategy is in the process of being developed to identify workforce capacity and skill gaps.
R7	Reduction in satisfaction with the Council	6	6	→	The resident survey 2021 shows increased resident satisfaction with the council, however there is still a need to proactively manage the risk to maintain the current risk level.	A further action to be delivered is additional investment in priority areas, to be identified through the annual budget process.

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
					Current control measures include methods of measuring customer satisfaction including the resident survey, customer satisfaction survey and corporate health dashboard. Tangible improvements projects in the corporate strategy, customer focus and delivery of communications, campaigns and events are also in place to help support high satisfaction with the council.	
R8	Failure to sustain our performance	12	6	➔	Current risk level maintained to reflect that whilst performance remains strong across the council, growing service demand and changes to Government policy creates the risk of challenges to resources which may impact on performance. Current control measures in place to ensure that performance is monitored and sustained include the performance	A new action has been identified for further work to develop the performance and project management systems which will help to support robust reporting and early identification of key issues.

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
					management framework which includes regular reporting of corporate strategy projects and indicators, the Project and Performance Leads Network to ensure that the framework is embedded with high quality data and reporting, benchmarking exercises, and the business planning process to identify relevant service level indicators.	
R9	Failure to adapt to external legislative and policy change affecting service delivery	8	6	➔	Risk level maintained. To minimise the risk of not responding to external legislative and policy change, control measures are in place including training and development, professional subscriptions in relevant service areas, SMT to monitor and policy and legislative changes in their areas, and the BREXIT risk register.	A new action has been identified in relation to continuing to engage in plans aligned to Levelling Up and monitor the implications for Chorley.

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
R10	Failure to maximise new technology- Failure to fully realise the benefits of new technology and related impact on driving organisational change. This includes the failure of staff to take up new technological changes.	16	9	↑	Inherent risk increased from **12** to **16** and residual risk from 6 to 9 to reflect that whilst the council continues to work to maximise the benefits of new technology, the delivery of the ICT plan, which will help to ensure that the right infrastructure and technology is in place to support the effective use of new technology, has dependencies across the organisation and that there is currently limited ICT capacity which could impact on the implementation of the plan. This will be monitored through the Programme Management Office and recruitment is currently ongoing to address gaps in ICT capacity. Current measures in place to mitigate risk include the Transformation Strategy, Digital Strategy and Workplace Strategy.	Actions to be delivered include a refresh of the Streetscene Modernisation Strategy, implementation of the accommodation review and delivery of the transformation programme. The delivery of the ICT plan will also help to mitigate risk.
R11	Reduction in staff satisfaction and	12	6	↑	The inherent risk has been increased from **9** (medium) to **12** (high) to reflect	Actions in place to mitigate this risk include regular pulse surveys and continued staff

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
	morale with the Council including increase in sickness absence				the issues in relation to capacity, adapting to organisational changes and the ongoing impact of the Covid-19 pandemic and workforce fatigue. This reflects wider trends across the public sector.	engagement have helped to identify specific areas for development with action plans in place. Further actions to be delivered include the refresh of the Organisational Development strategy, which will be a new People Strategy aligned to the staff survey results 2021, and also the delivery of the refreshed internal communications strategy. New actions have been identified in relation to the delivery of the People Strategy including an interactive staff experience and review and relaunch of staff rewards and recognition.
R12	Incidents affecting service delivery/business continuity or even widespread damage, injury or risk to the public	8	4	➔	Risk level maintained. Current measures in place to control the risk of incidents affecting service delivery include the business continuity plan, emergency plan, command and control structure and national, regional and local security plans.	A new action has been identified for SMT to monitor the impact of the Ukraine crisis on business continuity in relation to areas such as supply chains and security.

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
R13	Damage to the council's reputation and potential reduction in resident satisfaction in relation to high profile decision making	9	4	→	Risk level maintained. Current control measures in place include governance arrangements, planning policies, the corporate strategy to include tangible improvement projects and communications and engagement. Other existing measures include ways to monitor and act on any issues that might impact on the Council's reputation such as the residents survey, performance monitoring and monitoring of social media. The Key Contracts and Partnership Framework and monitoring has also been included as a control measure to reflect arrangements for assessing risk to service delivery through strategic partners including the Leisure Company and Waste Contract.	Planned actions include a refreshed Customer Strategy including customer care standards in line with the Shared Customer Service to help ensure high customer satisfaction is maintained.
R14	Failure to build and maintain strong relationships of trust and confidence between officers and each party to promote good and	6	2	→	Risk level maintained. Some of the current control measures in place to mitigate this risk include meetings with the Leader/ Leader of the Opposition, attendance at political group meetings to address key issues, all party Leaders meetings, corporate strategy	

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
	open relationships between political parties				engagement with political parties and member development.	
R15	Failure of Shared Service arrangements	12	8	➜	Risk level maintained. Current control measures in place include effective governance arrangements and monitoring through the Shared Services Joint Committee to report on progress and performance against the shared service teams. Additional senior management capacity is now also in place to support change management. Service development plans are scheduled to be delivered for each shared service to set out the transformation of the teams to a single operating model, and will help to ensure the successful implementation of ICT and Customer shared services.	A new action has been identified for a reviewed approach for phase 3 of shared services, which will use lessons learned to minimise impact on service delivery and support successful shared services.

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
R16	Failure to manage the recovery from COVID-19 effectively	9	6	↓	Reduction in inherent risk from **12** (high) to **9** (medium) and residual risk from **12** (high) to **6** (medium) to reflect reduced risk as Covid-19 measures have relaxed and the council has adapted to new ways of working and the current control measures in place to mitigate risk including the BCMT management, effective governance arrangements and the business planning process. These processes will all help to manage the recovery from the Covid-19 pandemic effectively to reflect the changes to service delivery required by the pandemic. Whilst there is still a small risk to performance due to the impact of Covid-19, for example income generation and town centre vacancy rates, performance in these areas is now improving which suggests that the council is recovering well from the pandemic.	New corporate strategy projects have been identified to support the recovery from the Covid-19 pandemic including providing support for enterprise across the borough and a refresh of the council's economic strategy.

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
R17	Incidents affecting ICT service delivery/ business continuity or even widespread damage, injury or risk to the public	16	12	➔	Risk level maintained. Current measures in place to mitigate risk include business continuity plans, emergency plans and staff awareness of ICT risks/ threats.	A new action has been identified in relation to the ICT plan which will help to ensure that the right technology and infrastructure is in place to support ICT security and business continuity.
R18	Cyber-attacks that impact business continuity and delivery	16	12	➔	Risk level maintained. Measures currently in place to mitigate risk include information security policies and procedures and staff awareness and training including reporting of any issues. A cyber risk report will be produced to further analyse the current position of the council in relation to this risk.	A new action has been identified in relation to the ICT plan which will help to ensure that the right technology and infrastructure is in place to support ICT cyber security alongside mandatory Information Security Framework training for all staff.
R19	Failure to optimise new options for	12	8	➔	Risk level maintained. Current control measures in place include the corporate strategy to reflect projects	The delivery of the Medium Term Financial Strategy and Transformation Strategy and Programme will also help to mitigate this risk

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
	income generation				that provide opportunities for income generation.	by ensuring that frameworks are in place to identify, monitor and deliver options for income generation.

Climate change and air quality

19.   The work noted in this report does not impact on the Councils Carbon emissions and the wider Climate Emergency and sustainability targets of the Council.

Equality and diversity

20.   This report has no equality or diversity implications.

Risk

21.   Strategic risk for the Council is outlined within this report.

Comments of the Statutory Finance Officer

22.   There are no direct financial implications of this report however financial risks are monitored through various means including; internal and external audit, financial reporting and financial commentary on all Council reports.

Comments of the Monitoring Officer

23.   There are no legal implications arising from the report.

Appendices

Appendix A- Strategic Risk Register

Report Author:	Email:	Telephone:	Date:
Caroline Winstanley (Transformation Co-ordinator)	caroline.winstanley@chorley.gov.uk	N/A	21 July 2022