Chorley Council

Report of	Meeting	Date
Director (Change and Delivery)	Governance Committee	Wednesday, 2 August 2023

Strategic Risk Review

Is this report confidential?	No

Is the decision key?	No

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 need to be managed strategically.

2. This report provides members with an updated Strategic Risk Register, setting out the strategic risks to the council, control measures and actions planned to help manage risk.

Recommendations to Governance Committee

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

Reasons for recommendations

4. To note and comment on the Council's Strategic Risk Register and support the 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 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 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 is also recorded on GRACE, the Council's risk management system.

Corporate priorities

5.   The report relates to the following corporate priorities:

Housing where residents can live well	A green and sustainable borough
An enterprising economy with vibrant local centres in urban and rural areas	Healthy, safe and engaged communities

Background to the report

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

9.   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.

10.   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.

11.   All risks are scored on a 4x4 risk matrix as outlined below. Inherent risks set out the likelihood and impact of a risk if there were no control measures in place and residual risk scores take into account the risk once control measures are in place but before further actions have been carried out.

		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

Summary of risks

12.   A summary of the updated risks for 2023/24 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 alongside any changes to the risk level since the last review. The full register including all of the existing control measures and actions is available in appendix A.

Highest Scoring Risks

13.   Many of the highest scoring risks focus on delivering Council priorities, including service delivery, large scale capital projects, and working with strategic partners to deliver outcomes. These reflect the key challenges facing the organisation such as the budgetary pressures and financial uncertainty which is reflective of the current national economic context and being managed through the transformation programme and delivery of the Medium- Term Financial Strategy. In addition, ICT and cyber security also remain a high risk to the council due to the potential impact on service delivery and reputational damage which is being managed through the delivery of the ICT plan.

14.   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 major investments
- R3- Budget challenges in key public and third sector partners having a negative impact on local level service delivery.
- R16- Failure of ICT security

16.   R5- 'lack of resources to deliver the Council's priorities due to public sector funding cuts or lack of staff capacity and skills' is also a high scoring risk with an inherent risk score of 16 and a residual risk score of 9.

Changes to risk scores

17.   There are 17 risks included on the strategic risk register. Since the previous review, 1 risk has decreased and 1 risk has increased in score, 1 risk has been removed and 1 new risk has been identified.

18.   The risks which have decreased in score include:

- **R14- Failure of shared services arrangements.** The inherent risk score has been reduced from 12 (high) to 8 (medium) to reflect that the phase 1 and 2 shared services have become more embedded and established over the last year, with good progress on the development plans and increased satisfaction for newly shared services following the latest pulse survey.

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

- **R11- Incidents affecting service delivery.** The inherent risk score has increased from 8 (medium) to 12 (high) and the residual risk from 4 (low) to 9 (medium.) This reflects the increased risk of industrial action which could impact on service delivery and business continuity. In the case of industrial action, a full plan has been identified to prioritise services and identify areas where staff could be redeployed to minimise the impact on customers.

20.   A new risk has been identified as **R15 'failure to act to address the impact of climate change'** to reflect both the reputational risk and negative impact on our communities because of the Climate Emergency. This has been allocated an inherent risk score of 12 (high) and residual risk score of 9 (medium) with mitigating actions including the council's Climate Change Strategy and action plans.

21.   The risk for **'failure to manage the recovery from COVID-19 effectively'** has been removed from the register. This is to reflect that the recovery actions have been subsumed as part of wider pieces of work and delivered as part of business as usual including the response to the cost of living crisis. Therefore, the recovery of COVID-19 no longer needs to be identified specifically as a key strategic risk. This better reflects the wider long-term economic impact from the pandemic and impact on communities.

22.   To ensure that the Strategic Risk Register remains streamlined and relevant, there are two areas where similar risks have been aligned to reduce duplication and reflect similarities in risk, control measures and mitigating actions.

a)   The risks for 'incidents affecting ICT service delivery/ business continuity or even widespread damage, injury or risk to the public ' and 'cyber attacks that impact on business continuity and service delivery' have been aligned as a new risk **R16 'failure of ICT security to prevent cyber attacks, uphold data protection and maintain ICT service delivery.'**

b)   The risk for 'failure to maximise new technology and organisational change' has been aligned to **R4' failure to optimise opportunities for new ways of working.'**

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
R1- ~~Poor management of large investments~~ Failure to realise the value of major investments	Failure to realise the value of large ~~investments and achieve return on investments~~ scale investments linked to the capital programme delivery and oversight	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, Senior Management Team programme board and Transformation Focus Group. The title for this risk has also been changed from 'poor management of large investments' to 'failure to realise the value of large investments.' This better reflects the risk description and external factors including current economic context.	Further actions to mitigate risk include the introduction of a commercial stream to the Transformation Programme to identify opportunities for income generation and to review the council's commercial portfolio.
R2- Failure of partnerships	Failure to achieve desired outcomes through partnership working and deterioration in relationships	12	6	➜	Risk level maintained based on continued close working relationships between partners including the Chorley and South Ribble Partnership. This means that whilst there are dependencies on external partners to achieve some of the Council's strategic objectives, partnership working remains robust.	Planned actions to further reduce risk include a review of the council's Key Contract and Partnership framework to ensure that robust monitoring of key partnerships is in place. The council will also continue to engage in discussions related to system change at a Lancashire level.

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
R3- Detrimental impact of budget challenges	Budget challenges in key public and third sector partners having a negative impact on local level service delivery	16	12	➔	The risk level has been maintained to reflect that whilst the Council retains a strong financial position there is some uncertainty in funding, including for our key public and third sector partners, due to the impact of inflation, cost of living crisis and government funding. Current measures in place include the Medium-Term Financial Strategy, Transformation Strategy to minimise the impact on communities and strong partnerships with key public sector partners.	Additional actions have been identified to further mitigate risk including the delivery of the refreshed transformation programme and engaging in discussions in Lancashire around Levelling Up to ensure Chorley benefits from available funding. The Council will also continue to respond to partner consultations on budget pressures and ensure that local issues are highlighted.
R4- Failure to adapt to new ways of working	Not adapting to new ways of working- Failure to optimise opportunities for	12	6	➔	The risk level has been maintained, reflecting the continuing work through the ICT programme and Digital Strategy, and delivery of the Workplace Strategy to set out a vision and action	Actions to further mitigate risk include the continued delivery of the ICT plan which will help to ensure that the right infrastructure and technology is in place to support new, hybrid, ways of working. The transformation

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
	new ways of working				plan for future ways of working.	programme will also ensure that the council optimises any opportunities for new ways of working including digital, service delivery and organisational development programmes.
R5- Lack of resource	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	→	This risk level has been maintained to reflect that public sector funding and recruitment remain key challenges for the Council despite some recent success in recruitment campaigns. Current control measures in place include the corporate strategy and service level business plans to assess the levels of resource needed and enable the delivery of income generation or efficiency projects, alongside the Medium Term Financial Strategy and budget setting process to manage current and new resources. Resilience from shared services arrangements and the Organisational Development programme help to mitigate the risk of lack of staff capacity or skills.	Actions identified to further mitigate the risk include a focus on business growth and income generation through the Transformation Strategy review of the commercial programme and income generation opportunities which will help to ensure a sustainable position for the council. SMT will alsocontinue monitoring any potential financial impact in relation to the Cost of Living and inflation. The People Strategy will support recruitment, retention and staff development through a review of rewards and recognitions, an employee experience to develop shared values and ongoing graduate and apprenticeship programmes to 'grow our own'. Refresh of Terms and Conditions?

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
R6- Failure to adapt to changing service demand	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 with the reference to COVID-19 removed from the risk description to reflect the reducing impact of COVID-19.

Current measures in place to mitigate risk include use of system data to assess service demands, self-service to help manage customer demand, and the ICT and Digital Strategy to help manage demand more effectively through new technology.

To ensure that the right skills are in place across the organisation to meet service demand, a new People Strategy has been developed to identify workforce capacity and skill gaps. | Further actions to mitigate risk include action to reflect emerging service demand in relation to Ukraine and the cost of living crisis including adapting community support (such as a Ukrainian sponsor support network) and monitoring of any council requirements (such as administration of Household Support grants or rebates.) |

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
R7- Reduction in satisfaction with the council	Reduction in satisfaction with the Council	6	6	➔	The latest resident survey from 2021 shows increased resident satisfaction with the Council, however there is still a need to proactively manage the risk to ensure that resident satisfaction remains high. Current control measures include methods of measuring customer satisfaction including the resident 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.	Further actions to be delivered include implementing and embedding the Customer Access Charter to ensure high levels of customer service standards across the organisation, and duty officers to ensure that customers can easily access specialist services. The implementation of full omnichannel contact centre functionality (examples) will also help to improve the customer experience by introducing a wider range of contact channels (including web chat) and enabling the implementation of a customer satisfaction survey.
R8- Reduction in performance	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 bring challenges to the Council	A new action has been identified to reflect the current restructure of the Performance and Partnerships team which will provide a greater emphasis on business partnering and providing advice and support to service areas

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
					that may impact on performance. Current control measures in place to ensure that performance is monitored and sustained include the performance 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.	on performance management.
R9- Failure to respond to external legislative change	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 for staff on new legislation, professional subscriptions in relevant service areas, SMT to monitor any policy and legislative changes in	Actions to continue to mitigate risk include to continue to engage in plans aligned to wider policy changes including Levelling Up and UKSPF funding.

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
					their areas, and the BREXIT risk register.	
N/A	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. **RISK ALIGNED TO R4**	**16**	**9**		This risk has been aligned to R4 Failure to optimise opportunities for new ways of working. This is to reflect the similarities between the risks including existing control measures and mitigating actions, to help streamline the Strategic Risk Register.	

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
R10- Low staff satisfaction and morale	Reduction in staff satisfaction and morale with the Council including increase in sickness absence	12	6	→	This risk level has been maintained to reflect that, overall, staff satisfaction and morale is stable across the organisation. Actions in place to mitigate this risk include regular pulse surveys and continued staff engagement which have helped to identify specific areas for development with action plans in place.	Further actions to be delivered include an interactive staff experience to support the development of shared values and behaviours, the review and relaunch of staff rewards and recognition, a team talk initiative to encourage cross team learning and collaboration, and the implementation of the new, better terms and conditions across the organisation.
R11- Incidents affecting service delivery	Incidents affecting service delivery/business continuity or even widespread damage, injury or risk to the public	12	9	↑	This risk has been increased from 8 (inherent risk) to 12, and 4 (residual risk) to 9. This reflects the increased risk of incidents that will impact on service delivery and business continuity in light of the increased risk of industrial action. Current measures in place to control the risk of incidents affecting service delivery include business continuity plans, emergency planning,	A new action has been identified for all business continuity plans to be embedded on the dedicated system, and for a desktop testing exercise to be undertaken to ensure that plans are robust.

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
					command and control structure and national, regional and local security plans. Regular SJCC meetings also take place to ensure continued dialogue with the union.	
R12- Damage to the council's reputation	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, the corporate strategy to include tangible improvement projects, and communications and engagement with stakeholders. 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 is also included as a control measure to reflect arrangements for assessing risk to service delivery through strategic partners including the Leisure Company	Planned actions include the delivery of audit management actions that have been identified through internal audits review, alongside the delivery of actions on the Annual Governance Statement. These will help to ensure that the council continues to improve the strong governance and control measures that are in place.

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
					and Waste Contract.	
R13- Poor relationships between officers and political parties	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	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 engagement with political parties and member development.	Planned actions to further mitigate risk include the continued delivery of the member development programme, including a World Café Event to allow members to meet the Senior Leadership Team.
R14- Shared Services arrangements	Failure of Shared Service arrangements	8	4	↓	Risk level reduced from 12 (high) to 8 (medium) to reflect that the phase 1 and 2 shared services have become further embedded and established over the last 12 months. The new phase 3 shared service has also been implemented more smoothly than in previous shared services.	A new action has been identified to identify the future of shared services following the implementation of the phase 3 service, with options to be presented to the Shared Services Joint Committee for consideration. This will help to set out a clear plan for the future approach to shared services.

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
					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 new shared services.	
N/A	Failure to manage the recovery from COVID-19 effectively	9	6		This risk has been removed from the register to reflect that there is no longer a key risk of failure to recover effectively from the Covid-19 pandemic. The longer-term economic impacts of	

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
	RISK REMOVED				the pandemic and cost of living crisis are reflected within other risks.	
R15 – Failure to act to address to impact of climate change	Failure to act successfully to meet commitments made by the Council to address climate change, alongside the risk of negative impacts on our communities as a result of the Climate Emergency.	12	9		This is a new risk that has been identified to reflect both the reputational risk and negative impact on our communities as a result of the Climate Emergency. Control measures in place include climate change strategies and actions plans, dedicated Climate Change officers and Planning Policy which considers the environmental impact of new developments.	A new action has been identified to refresh the current climate change action plan to ensure that it is tailored against potential external funding.
R16- Failure of ICT security	~~Incidents affecting ICT service delivery/ business~~	16	12	➜	This is a new risk to align the risks for 'incidents affecting ICT service delivery' and 'risk of cyber-attacks that impact business continuity.' The risk level has	Further actions to mitigate risk include the delivery of further cyber security training to officers to highlight the risks faced by the council, and the continued delivery of the

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
	~~continuity or even widespread damage, injury or risk to the public~~ Failure of ICT Security to prevent cyber attacks, uphold data protection and maintain ICT service delivery.				remained the same as the two previous risks. Current measures in place to mitigate risk include information security policies and procedures, national, regional and local security plans, and staff awareness of ICT risks/ threats.	ICT plan to ensure that improvements continue to be made to ensure that our infrastructure and technology is secure. A further action has also been identified to refresh the Information Security Council terms of reference to ensure clear lines of responsibility for information security across the council.
N/A	Cyber-attacks that impact business continuity and delivery **Risk aligned to**	16	12		This risk has been removed and aligned to R16 to reflect the similarities between the risks and to help streamline the risk register.	

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
	R16					
R17- Failure to optimise new options for income generation	Failure to optimise new options for income generation	12	8	➔	Risk level maintained. Current control measures in place include the corporate strategy which provides opportunities to identify projects for income generation.	The delivery of the Medium-Term Financial Strategy and Transformation Strategy and Programme will also help to mitigate this risk by ensuring that frameworks are in place to identify, monitor and deliver options for income generation.

Climate change and air quality

23.   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

24.   This report has no equality or diversity implications.

Risk

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

Comments of the Statutory Finance Officer

26.   There are no direct financial implications of this report. Risk implications that have a direct impact upon finance are recorded and reported in the quarterly financial reports

Comments of the Monitoring Officer

27.   The report is for noting and information. There are no direct legal implications arising. Obviously it is important that the Council is fully sighted on the major risks that it is confronted with. There are no concerns from a Monitoring Officer perspective with 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	20 July 2023