

CANNOCK CHASE COUNCIL
AUDIT & GOVERNANCE COMMITTEE
24 NOVEMBER 2011
REPORT OF THE CHIEF EXECUTIVE
STRATEGIC RISK REGISTER

1. Purpose of Report

- 1.1 To provide an update on the strategic risks facing the Council in delivering its objectives.

2. Recommendations

- 2.1 That the Strategic Risk Register be noted.

3. Key Issues

- 3.1 Leadership Team has undertaken an assessment of the strategic risks that the Council faces in delivering its objectives. These are summarised in Appendix 1 attached. Full details of the potential risks, consequences and actions are given in Appendix 2.
- 3.2 A major review of the Strategic Risk Register was carried out by Leadership Team to ensure that it accurately reflects the risks that the council faces in 2011-12. The risk register was then revised to align it more closely with the Council's priorities, as outlined in the Corporate Plan and the Priority Delivery Plans.
- 3.3 The number of strategic risks remains at 16, no risks have been deleted and no new risks added. All existing risk scores have been reviewed and remain as they were when last reported to the Audit & Governance Committee.
- 3.4 The risks have been scored in two ways:
- (i) current assessment with existing controls in place (ie residual risk score); and
 - (ii) the acceptable/desired level of risk (ie target risk score).
- 3.5 Taking the residual risk scores, the strategic risks can be analysed as follows:

No of risks	Risk Colour	Risk Priority
4	Red	High
12	Orange	Medium
0	Green	Low

- 3.6 Actions have been identified to contain or reduce the risk for all 16 risks. It is accepted that by their very nature some risks will always be present and it may not be possible to reduce them. They will however continue to be monitored for any changes in the risk score.

- 3.7 For the 4 high (red) risks it is anticipated that:
- (i) 2 will reduce to medium (orange); and
 - (ii) 2 will reduce to green (low);
- 3.8 With regard to the 12 medium (orange) risks it is anticipated that:
- (i) 2 will remain as medium (orange) risks; and
 - (ii) 10 will reduce to low (green risks)
- 3.9 A progress update for those actions due within the first two quarters of 2011 is included in the full strategic risk register attached at Appendix 2, some actions are not due for completion until the third and fourth quarters of 2011 and will be updated when appropriate. Those actions that have been completed are shaded grey and will be removed when the risk register is next reported to the Audit & Governance Committee.
- 3.10 Each risk has been assigned an owner and this person is responsible for monitoring the delivery of the planned actions and reporting on any problems. In addition to the monitoring by the designated risk owners, the Leadership Team monitors and reviews the strategic risk register regularly.

4. Background to Risk Management

- 4.1 The Accounts & Audit Regulations 2011 state that-

"The relevant body is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk."

- 4.2 Risk Management is defined as:

"Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management implies adopting a planned and systematic approach to the identification, evaluation and economic control of those risks which can threaten the assets or financial and organisational well-being of the Council."

- 4.3 Risk management is not about being 'risk averse' – it is about being 'risk aware'. Risk is ever present and some amount of risk-taking is inevitable if the Council is to achieve its objectives. Risk management is about making the most of opportunities and about achieving objectives once those decisions are made. By being 'risk aware' the Council is in a better position to avoid threats and take advantage of opportunities.

- 4.4 In order to address the Council's requirement to have adequate arrangements in place to manage risk, a risk management policy and strategy was introduced in January 2005. Both the policy and strategy are currently being reviewed. The Policy states that:

"Cannock Chase District Council recognises that it has a responsibility to manage risks effectively in order to control its assets and liabilities, protect its employees and community against potential losses, minimise uncertainty in achieving its goals and objectives and maximise the opportunities to achieve its vision."

The Council is aware that some risks can never be eliminated fully and it has in place a strategy that provides a structured, systematic and focused approach to managing risk."

Risk management is an integral part of the Council's corporate governance arrangements and has been built into the management processes as part of the Authority's overall framework to deliver continuous improvement.

5. Legal Implications

- 5.1 The aim of risk management is to identify, evaluate and control those risks which can expose the Council to potential liability.
- 5.2 The Council is accountable for its actions and the resources expended in the provision of services. Inevitably, there are risks associated with the undertaking of such action and the use of resources, It is therefore, appropriate and prudent that the risks that exist in the organisation are identified and managed effectively so as to limit (if not eliminate) those risks that expose the Council to challenge and undermine the delivery, discharge and performance of the Council's duties and obligations.
- 5.3 The failure to manage risks effectively could expose the Council to legal challenge through litigation whether that be through civil actions or criminal prosecutions, should appropriate and necessary steps not be undertaken.

6. Financial Implications

- 6.1 There are no direct financial implications arising from this report.
- 6.2 It is anticipated that the cost of implementing the actions outlined in the strategic risk register can be accommodated within existing budgets. If any additional funding is required this will be the subject of a separate report.
- 6.3 The management of risks in respect to claims and litigation and reviewing how risks are controlled could result in reduced financial costs to the Council. Good risk management contributes to the efficient use of resources.
- 6.4 A risk analysis is undertaken as part of the annual budget making process and determines the level of working balances to be maintained by the council.

7. List of Background Papers

None

8. Annexes to the Report

Appendix 1 – Summary of Strategic Risks 2011-12

Appendix 2 – Strategic Risk Register – Detailed

9. Report Author Details

June Hall, Risk & Resilience Manager, Extension 4546

SUMMARY OF STRATEGIC RISKS - 2011-12

Date Added to Risk Register	Risk No	Potential Risks	Residual Risk Score	Target Score
Jun-11	16	Lack of political consensus on priorities for the District	HIGH	MEDIUM
Jun-11	15	Core Strategy for the District	HIGH	MEDIUM
Sep-09	9	Sustainable strategy for the future of the Council's housing stock	HIGH	LOW
Jun-11	12	Adaptations (DFGs)	HIGH	LOW
Feb-08	1	Insufficient Capacity	MEDIUM	MEDIUM
Mar-11	8	Budget Assumptions do not deliver required savings	MEDIUM	MEDIUM
Jun-11	2	Lack of Staff Wellbeing/Poor Morale	MEDIUM	LOW
Jun-11	3	District's needs not recognised by external stakeholders	MEDIUM	LOW
Jun-11	4	Commissioning and management of services	MEDIUM	LOW

Date Added to Risk Register	Risk No	Potential Risks	Residual Risk Score	Target Score
Jun-11	5	Decision making is not evidence based	MEDIUM	LOW
Jun-11	6	Engagement with the Community	MEDIUM	LOW
Jun-11	7	Shared Services with Stafford Borough Council	MEDIUM	LOW
Jun-11	10	Regeneration strategy for Moss Estate, Chadsmoor	MEDIUM	LOW
Jun-11	11	Additional burial space	MEDIUM	LOW
Jun-11	13	Refurbishment of Chase Leisure Centre	MEDIUM	LOW
Jun-11	14	Leisure Outsourcing	MEDIUM	LOW

Appendix 1

Risk Owner
Chief Executive
Head of Planning & Regeneration
Head of Housing
Head of Environmental Health
Chief Executive
Head of Finance
Chief Executive
Chief Executive
Corporate Director

Risk Owner
Head of Policy
Head of Policy
Head of Governance
Head of Housing
Head of Environmental Services
Head of Leisure, Culture & Major Projects
Head of Leisure, Culture & Major Projects

Appendix 2

Objective No	Risk Number	RISK Threat to achievement of business objectives and	CONSEQUENCES of this happening & scope of the problem	CONTROLS in Place	CURRENT RISK CATEGORY	ACTIONS PLANNED	TIMESCALE	RISK OWNER	TARGET RISK CATEGORY	Progress/Comments
	1	Insufficient Capacity: Strategic Management Capacity Operational Capacity (ie service needs over and above the day job) - Capacity to undertake new projects			Medium			Chief Executive	Medium	
			Not keeping an eye on emerging issues	Sharing management with Stafford		Expanding DMT to Leadership Team	Done	Chief Executive		Leadership team continues to meet on a fortnightly basis.
			Lack of horizon scanning	Attendance at Staffs CEO Events, Seminars & Conferences		Further review of senior management structure	2011-12	Chief Executive		Review will be undertaken as part of Delivering Change/Budget setting process.
			Operational failure	Partnerships with other organisations		Leadership Team Workshop	Jul-11	Chief Executive		This is now planned for November
			Potential to take advantage of synergies with other organisations lost to District.	Senior management structure		Quarterly review of capacity at Leadership Team	Quarterly	Chief Executive		Capacity is continually reviewed and will be considered at Leadership Team as part of the Delivering Change/Budget setting process.
			Lack of contingency to deal with the unexpected	Service Business Plans		HOS will report to Leadership where there is insufficient capacity for decision whether to stop doing specific activities or refer to Cabinet for request for additional resources	As appropriate	HOS		
			New legislation not implemented	PDPs & Monitoring						
			Opportunities to save money or improve services are missed	Managers prioritising service requirements						
			Customer dissatisfaction	For some major projects plan for extra resources						
			Priority outcomes not achieved	PDP Monitoring						
			Missed opportunities							
			Reputation							
	2	Lack of Staff Wellbeing, poor morale and motivation, which impacts on service delivery			Medium			Chief Executive	Low	
			Operational difficulties - effects on productivity, inefficiency, lack of focus, waste of resources	Employee/Skills Development		Monitor indicators for absence and turnover	Ongoing	Head of HR (SBC)		Monthly monitoring of sickness ongoing and a report was submitted to Leadership Team in October 11
			Operational difficulties - high levels of staff turnover, absenteeism	Management Development & Competency Framework		Working Group to be established to look at ways to measure and manage staff wellbeing	TBA	Head of HR (SBC)		This has not progressed to date.
			Operational difficulties - Loss of key personnel, skills and knowledge	Workforce Development Strategy						
			Operational difficulties - failure to recruit and retain qualified staff	Attendance Management & Monitoring						
			Industrial Action	Other HR Policies						
				PDRs						
	Communications Strategy 2009-12									

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	3	Districts needs not recognised by external stakeholders locally and nationally.			Medium			Chief Executive	Low	
			Lack of access to external resources both locally and nationally.	Participation and network within District LSP and County LSP		Regular programme of liaison meetings between Chief Executive and MP	Quarterly	Chief Executive		Dates for 2012 to be agreed by Nov 2011.
			Reduced potential to address County need.	Membership & involvement of regional bodies i.e. Birmingham LEP, HCA		Increased engagement within Stoke and Staffordshires LEP	Monthly	Head of Planning & Regeneration		Head of Planning & Regeneration and the Leader of the Council (or substitute) attend Stoke-on-Trent Staffordshire LEP meetings in accordance with schedule of meetings.
			Reduced potential to narrow disadvantage and inequality within the District and also between District and County regions.			Identify strategic gaps in funding opportunities externally.	As appropriate	Head of Planning & Regeneration		As LEP's develop more funding, opportunities will become available.
						Maximise opportunities presented by memberships and involvement in District Council's Network (i.e. collective consultation responses nationally).	Monthly	Chief Executive		The Chief Executive attends regular meetings of the DCN and a number of collective consultation responses have been submitted (i.e. Business Rates Retention and Resource Review)
						Maximise opportunities presented by involvement in Staffordshires Chief Executive and Leaders network.	As appropriate	Chief Executive		Attends regular meetings of Staffordshire Leaders' and Chief Executives' Group and seizes opportunities to network with Chief Executives and Senior Officers at neighbouring Local Authorities.
	4	Failure to ensure services are effectively commissioned, managed and deliver value for money			Medium			Corporate Director	Low	
			Poor service	Experienced Client officers		Contract Management Handbook and training	TBA	Head of Housing		
			Complaints	Contract Monitoring Meetings		Scope requirements for Leisure Services client management, once contract(s) awarded	Oct-11	Corporate Director		Requirements for the management of the Leisure Services client side have been scoped and discussed with CEO and will be confirmed in parallel with the contract aware process
			Negative Press	Contract Terms & Conditions		Review of existing contracts and client resources	Oct-11	Corporate Director		Due to the need to prioritise the leisure management client side a wider review of all client resources has not taken place to date. However, this will be considered and completed by the end of the financial year
			Lack of understanding of costs and/or performance	Specification/outcomes		Commissioning Strategy	Dec-11	Head of Governance		
			Expensive services	Benchmarking (for some services)		Workshop on basic VFM data at WMT	Nov-11	Head of Governance		Work in progress to simplify VFM methodology
			Poor Performing services	Performance Information (for some services)		Pilot scheme to be set up to test VFM methodology	Dec 11 to Mar 12	Head of Governance		
						LT to monitor VFM data	Mar 12	HOS		
						Benchmarking strategy	2012-13			

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	5	Decision making is not evidence based			Medium			Head of Policy	Low	
			Unable to achieve Council priority outcomes. Community need will not be met	Needs analysis informs the policy/budget setting process and corporate plan & community strategy		Report template to include details of needs/evidence to support the recommendation	Nov-11	Head of Governance		Nothing to report
			Inequality between Cannock Chase and Staffordshire would increase	Horizon scanning		Management development on business planning to ensure that it is outcome focussed	Ongoing	TBA		
			External funding opportunities would be missed	Strategic needs assessment		Customer insight procurement and implementation	TBA	Head of Policy		
			State dependency within Cannock Chase would increase	Sustainable community strategy – shared vision between LSP and District Council		Consultation to seek perception/public to feed into decision making	TBA	Head of Policy / HOS		
			Customer satisfaction will decline and the Council's reputation would be damaged	LSP delivery plans		Consultation on effectiveness of external communications channels	Sep-11	Communications Manager		Consultation was undertaken during July and August 2011.
				PDPs have evidenced based outcomes		Refreshed communications strategy and external comms delivery plan	Dec-11	Communications Manager		A refreshed communications strategy was considered by Cabinet on 20 October and subject to approval on 2 November. The Improvement Plan underpinning the strategy will be considered by Cabinet on 17 November.
				Performance management quarterly						
	District Council representation at County wide decision making forums (i.e safe strong strategy group)									
	6	Insufficient or inappropriate engagement with the Community (Big Society)			Medium			Head of Policy	Low	
			Deliver services / projects that do not meet the community needs	Public consultation on Council Budgets		Consultation & Engagement Officer in post	Aug-11	Head of Policy		the Consultation & Engagement Officer comenced in post in July 2011
			Residents do not feel engaged with Council as a public body	Public consultation on major service changes & projects		Public consultation on communications methods	July 11 onwards	Head of Policy		Pulic Consultation on external communication channels was undertaken and completed in July / August 2011. The results of the consultation have informed the revised Strategy and Improvement Plan
			Community groups are not empowered to develop local approaches to local issues	Statutory consultation requirements e.g. Planning		Public consultation on service aims and budget process	July 11 onwards			Consaiaon was completed in July/August 2011. Results and policy recommendations on service aims for 2012/13 onwards were provided to Cabinet Members on 1 September
				Community Engagement / Communications Strategy		Production and implementation of Communications Plan	Ongoing	Head of Policy		
				Dealing with Member constituency issues						

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				Community Forums						

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	7	Shared Services with Stafford Borough Council: - savings not delivered - service standards are not maintained			Medium			Head of Governance	Low	
			Negative PR/impact on reputation	Strategic Board		Transformation Plans	Oct-11	Lead Heads of Service		Draft Transformation plans have been completed and are to be reality checked and refined prior to approval
			Employee dissatisfaction	Programme Board		Monitoring via Transformation PDP	Quarterly	Head of Governance		Progress on the 2nd quarter is to be reported to the Scrutiny Committee
			Customer dissatisfaction	Service Level Agreements						
				Client Meetings						
				Trade Union Meetings						
	8	Budget Assumptions do not deliver required savings			Medium			Head of Finance	Medium	
			Compensatory savings to be identified e.g. reductions/cuts in service	Clear Accountability		Half yearly update on progress in implementing savings	Sep-11	Head of Finance		Report considered by Cabinet as appropriate. Six monthly review overall within budget.
				Performance Management						
				Project Management						
				Working balances						
				PDR/PDP's						
				Reality assessments for delivery						
	9	Failure to formulate a sustainable 30 year HRA Business Plan in accordance with the Governments HRA debt settlement proposals			Medium			Head of Housing	Low	
			Failure to maintain the Council's housing stock and provide a housing service to tenants	Timetable to formulate Business Plan 2009 Stock condition survey information		Initial HRA Business Plan	Jul-11	Head of Housing		Agreed by Cabinet 21 July, 2011
						Revised strategy for the regeneration of the Moss Estate	Jul-11	Head of Housing		Agreed by Cabinet 21 July, 2011
			Government Interventions	"Expression of Interest" submitted to DCLG to reduce the Council's proposed settlement figure as a result of proposed demolitions on the Moss Estate, Chadsmoor		Application to DCLG to reduce Council's proposed settlement as a result of proposed demolitions	Jul-11	Head of Housing		Application submitted in accordance with revised 10 October deadline prescribed by DCLG
						Consultation with DCLG on Council's self financing determination	Nov-11	Head of Housing		
						Draft HRA Business Plan	Dec-11	Head of Housing		
						Final HRA Business Plan	Feb-12	Head of Housing		

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	10	Failure to implement a regeneration strategy for the Moss Estate, Chadsmoor			Medium			Head of Housing	Low	
			Reema houses on the estate will deteriorate further and require more extensive structural reinstatement works	Agreed Regeneration Strategy		Structural Reinstatement of Reema Houses:				
			Lettings difficulties for the Reema Flats will increase	Initial Regeneration timetable in place		Approve Reinstatement Scheme	Apr-12	Head of Housing		
			Estate and Environment will deteriorate	Funding for reinstatement of Reema houses and rehousing of households from the Reema flats including in the "initial" HRA Business Plan		Start on Site	Nov-12	Housing Property Services Manager		
						Re-Development of Reema Flats:				
						Agree re-housing and compensation (homeless & disturbance) policies	Sep-11	Strategic Housing Manager		Agreed by Cabinet 15 September, 2011
						Agree Development Brief	Jul-12	Strategic Housing Manager		Due to go to Cabinet in June/July 2012
	11	Lack of suitable land to create additional burial space within the District			Medium			Head of Environmental Services	Low	
			Negative PR/criticism	Identified 1 suitable site within district		Meeting with site's landowners	Mar-12	Parks & Open Spaces Manager		At least 1 site has been identified and meetings set up with two landowners.
				Members have given approval to look for alternative sites outside of the district		If current discussions fail, commence search for alternative sites outside of the district	Mar-12	Parks & Open Spaces Manager		
	12	Failure to meet the needs of vulnerable people who require adaptations to remain in their own homes			High			Head of Environmental Health	Low	
			Unable to meet demand for DFGs			To be considered as part of Delivering Change process for 2012-13	Jan-12	Head of Environmental Health		This is being dealt with as part of the current Delivering Change process.
			Legal challenge for failure to deliver statutory duty			Working with the PCT	Mar-12	Head of Environmental Health		A meeting has been set for 2nd November, when progress and possibilities will be discussed.
			Reduction in Government funding for 2013-14 due to reduced spend in 2012-13			Looking at alternative funding	Ongoing	Head of Environmental Health		Alternative funding mechanisms are currently being explored.
			Criticism /Poor PR							
			Customer dissatisfaction							

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	13	Chase Leisure Centre Refurbishment Project: - completion date delayed - budget overspent contractor goes into administration			Medium			Head of Leisure, Culture & Major Projects	Low	
			Loss of income	Contract in place which includes clauses for non/delayed completion		Weekly cost reports being prepared and considered by Project Board	Ongoing	Head of Leisure, Culture & Major Projects		Cost reports continue to be monitored regularly by Project Team including Finance representative
			Customer dissatisfaction	Leisure Project Board		Frequent meetings with Contractor and Technical Advisors	Ongoing	Head of Leisure, Culture & Major Projects		Fortnightly Technical Meetings and Monthly site meetings are held with Contractors and the Council's professional advisors
			Negative PR	Independent Technical Advisors to monitor and support project delivery						
			Impact on leisure outsourcing	Contingencies & reserves provide for cover of key risks						
				Client and Contractor have active risk management processes in place						
				Financial Check undertaken on contractor						
				Performance Bond for Contractor						
	14	Leisure Outsourcing doesn't identify suitable provider(s) - process is delayed - process is aborted due to lack of competition/ interest			Medium			Head of Leisure, Culture & Major Projects	Low	
			Budget savings not achieved	Tendering via voluntary OJEU notice		Weekly project board meetings to monitor progress	Ongoing	Head of Leisure, Culture & Major Projects		5 Tender submissions that met the Council's core requirements have been received and are currently being evaluated (October 2011) - Recommendations to November Cabinet
			Negative PR	Use of competitive dialogue process		Clarifications register being maintained to respond to and monitor tenderers enquiries	Ongoing	Head of Leisure, Culture & Major Projects		All clarifications have been responded to and 5 tender submissions have been received by the closing date.
				Clear specification						
				Leisure Project Board						
				Use of e-tendering system						
				Tender structured to minimise key risk issues						

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	15	Failure to agree a Core Strategy for the District			High			Head of Planning & Regeneration	Medium	
			Planning by Appeal	Process for consultation with the public, developers, stakeholders and partners		Build political consensus through a review of development options	Dec-11	Head of Planning & Regeneration		Meetings with political groups have been held.
			Inability to deliver a planned spatial strategy for development of the District	Process for engagement with members through PDC						
			Additional costs incurred from evidence base becoming obsolete	Process to secure Cabinet endorsement of Core Strategy drafts						
	16	Lack of political consensus on priorities for the District			High			Chief Executive	Medium	
			Unable to deliver against current Council priority outcomes	Corporate Plan/PDPs/Priority Outcomes		Facilitated Group Leader quarterly sessions		Chief Executive		
			Unable to plan & resource future priority outcomes	Delivering change Process		Increased engagement with Politicians through a regular programme		Chief Executive		There has been engagement with Politicians with regard to the Core Strategy.
			Unable to deliver Council's contribution to LSP priority outcomes.	Policy Committees						
			Increased potential for 'lurching' between both in year and annually changing 'adgendas'	Forward Plan						