ENCLOSURE 4.1

CANNOCK CHASE COUNCIL

AUDIT & GOVERNANCE COMMITTEE

23RD FEBRUARY 2009

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.

2.2 That the progress made in addressing those risks with a score of 15 or more be noted.

3. Key Issues

3.1 Directors Management Team has undertaken an assessment of the strategic risks that the Council faces in delivering its objectives. These are summarised in the strategic risk register attached at Appendix 1.

3.2 One risk has been removed from the strategic risk register, giving a total of 20 strategic risks. The risk removed relates to the delay in sale and/or failure to sell the stadium for the anticipated value. This risk has been removed as it has become a reality and the effect of this has been addressed as part of the budget setting process.

3.3 The risks have been scored in three different ways:

(i) as a worst case scenario with no controls in place (ie gross risk score);
(ii) current assessment with existing controls in place (ie residual risk score); and
(iii) the acceptable/desired level of risk (ie target risk score).

3.4 Taking the residual risk scores, the strategic risks can be analysed as follows:

No of risks	Risk Colour	Risk Priority	Risk Score
6	Red	High	15+
14	Orange	Medium	9 – 12
0	Yellow	Low	5 – 6
0	Green	Tolerable	1 - 4

3.5 For the 6 high (red) risks and those medium (orange) risks that have a residual risk score greater than the target score, actions have been identified to reduce the risk. The actions planned are identified in the strategic risk register shown in Appendix 2.

3.6 At the last meeting of the Committee, Members expressed concern at the number of risks that scored 15 or more and asked for a progress report on what action is being taken to address these risks. There are 6 (red) risks that currently have a residual risk score of 15 or more and these are detailed below together with a summary of the action being taken to address them:

Risk 16 - Failure to achieve the national standards for equality and diversity (Deputy Chief Executive)

The Council has a Project Action Team (PAT) in place, chaired by the Deputy Chief Executive, to lead and co-ordinate all activities relating to Equality & Diversity. To date the PAT has been successful in preparing a policy, issuing guidance and organising training on initial and full impact assessments. The key actions still to be done include undertaking full impact assessments and preparing for the implementation of the Equality Framework for Local Government. Capacity is an issue in driving forward the changes needed with regard to equality and diversity. There is not currently an officer who has equality and diversity as a key responsibility as part of their role and as a consequence other officers on the PAT have to try to accommodate the development work alongside their existing duties. This issue is to be addressed as part of the Senior Management Restructure.

Risk 17 - Misalignment between customers' perception and reputation of the Council as a whole compared to customer satisfaction with specific services (Director of Service Improvement)

The Director of Service Improvement has established and chairs the Customer Satisfaction PAT which is preparing a delivery action plan to understand the issues and from this, strategies will be developed. Further information on this issue is awaited from the results of the Place Survey, due out in March 2009.

Risk 4 - Inadequate physical assets available to deliver Council objectives (Deputy Chief Executive)

A project plan is being prepared to deliver an asset management strategy. At present roles and responsibilities for asset management are split across a number of posts but this is being addressed as part of the senior management restructure and will be brought together under one post. Work on delivery of the project plan will commence in April, once the new management structure is in place.

Risk 18 – Fragmented approach to the protection of vulnerable people (ie children and adults) in receipt of council services (Deputy Chief Executive)

A policy for the protection of the vulnerable has been drafted and consulted upon. Final amendments need to be made and it is anticipated that the policy will be finalised by May 2009.

Risk 2 - Inability of the Council to respond to a major incident and/or to operate in full or in part in the event of an unforeseen disaster/emergency (Director of Governance)

A major incident plan is in place. Training has been provided to the Gold and Silver teams and a desk-top exercise was undertaken in November 2008. A project plan is in place for the delivery of business continuity plans and work is well underway on this. It is anticipated that service business continuity plans will be in place by April 2009 and a corporate business continuity plan by June 2009.

Risk 21 - Economic downturn may have an impact on the Council's ability to deliver services to residents (Chief Executive)

All Local Area Agreement delivery plans are being reviewed to take account of the economic downturn and Priority Delivery Plans will be reviewed accordingly.

3.7 It is anticipated that the actions planned for the 6 high (red) risks will reduce the risk to medium (orange) for 5 of them and to low (yellow) for 1.

3.8 Of the 14 orange risks, with the actions planned, these should reduce as follows:

(i) 4 should reduce to low (yellow);
(ii) 4 will not change ie target score has been reached and is considered acceptable; and
(iii) 6 will reduce their score but will remain medium risk (orange).

3.9 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 to ensure that the situation does not get out of control.

3.10 A number of actions were planned to be completed by 31 December 2008 and the progress made is identified on the risk register attached at Appendix 2 – the items are shaded in pale blue. Those actions completed in the previous quarter have been shaded in grey and will be removed from the strategic risk register when it is next reported to the Committee.

3.11 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.

3.12 In addition to the monitoring by the designated risk owners, the Directors Management Team monitor and review the strategic risk register regularly. Any new strategic risks identified are added to the risk register as and when they are identified to ensure that the risk register is kept up-to-date.

4. Background to Risk Management

4.1 The Accounts & Audit Regulations 2003, as amended 2006, state that-

"The relevant body shall be 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 risk 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 – Strategic Risk Register – Summary
Appendix 2 – Strategic Risk Register (including details of actions planned)

9. Report Author Details

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