

<b>Report of:</b>	<b>Head of Governance &amp; Corporate Services</b>
<b>Contact Officer:</b>	<b>Stephen Baddeley</b>
<b>Telephone No:</b>	<b>01543 464415</b>
<b>Portfolio Leader:</b>	<b>Corporate Improvement</b>
<b>Key Decision:</b>	<b>No</b>
<b>Report Track:</b>	<b>Cabinet: 16/11/17 Audit &amp; Governance C'ttee: 05/12/17</b>

**AUDIT & GOVERNANCE COMMITTEE  
5 DECEMBER 2017  
STRATEGIC RISK REGISTER**

**1 Purpose of Report**

- 1.1 To set out details of the Council's Strategic Risk Register as at 1<sup>st</sup> October 2017 and Risk Management arrangements for managing the Strategic Risks facing the Council.

**2 Recommendations**

- 2.1 That the Committee notes the progress made in the identification and management of the strategic risks.

**3 Key Issues and Reasons for Recommendation**

- 3.1 All strategic risks and associated action plans have been reviewed and the Council's risk profile is summarised in the table below:

<b>Risk Colour</b>	<b>Number of Risks at 1 April 2017</b>	<b>Number of Risks at 1 Oct 2017</b>
Red	<b>1</b>	<b>1</b>
Amber	<b>5</b>	<b>5</b>
Green	<b>0</b>	<b>0</b>
<b>TOTAL</b>	<b>6</b>	<b>6</b>

## 4 Relationship to Corporate Priorities

4.1 This report supports the Council's Corporate Priorities as follows:-

- (i) Risk management is a systematic process by which key business risks / opportunities are identified, prioritised and controlled so as to contribute towards the achievement of the Council's aims and objectives.
- (ii) The strategic risks set out in the Appendices have been categorised against the Council's priorities.

## 5 Report Detail

5.1 The Accounts & Audit Regulations 2015 state that:

"A relevant body must ensure that it has a sound system of internal control which:-

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- (b) ensures that the financial and operational management of the authority is effective; and
- (c) includes effective arrangements for the management of risk."

5.2 Risk can be defined as uncertainty of outcome (whether positive opportunity or negative threat). Risk is ever present and some amount of risk-taking is inevitable if the council is to achieve its objectives. The aim of risk management is to ensure that the council makes cost-effective use of a risk process that has a series of well-defined steps to support better decision making through good understanding of risks and their likely impact.

### **Management of Strategic Risks / Opportunities**

5.3 Central to the risk management process is the identification, prioritisation and management of strategic risks / opportunities. Strategic risks / opportunities have been identified and prioritised, action plans are in place for their effective management and delivery of the action plans is monitored. A summary of the Council's strategic risk register as at 1st October 2017 is attached at **Appendix 1**.

The risk summary illustrates the risks / opportunities using the "traffic light" method i.e.

RED	risk score 12 and above (action plan required to reduce risk and/or regular monitoring)
AMBER	risk score 5 to 10 (action plan required to reduce risk)
GREEN	risk score below 5 (risk tolerable, no action plan required)

- 5.4 The number of strategic risks has remained at 6 as follows:
- No new risks have been identified and no risks have been deleted
- 5.5 No risk scores have changed in the period – Risk 18 remains as Red due to the uncertainty caused by the lack of clarity over the future impact of the New Homes Bonus and Business Rates Retention. This uncertainty has been made worse by the exclusion of the Local Government Finance Bill from the current legislative programme. The Chancellor’s Budget Statement in November may provide some clarity.
- 5.6 A progress update for those actions due up to the end of September 2017 is included in the full strategic risk register attached at **Appendix 2**.
- 5.7 Additional information for red and amber risks can be found in the Strategic Risk Register (**Appendix 2**) in the form of an ‘Overall Progress Summary’ this is accompanied by a symbol to indicate whether progress is on target or otherwise.

The table below outlines the overall progress made in reducing risks since 1st April 2017:

Progress Indicator	Current position
 No progress made in reducing the risk	0 Risks
 Some progress made in managing the risk	6 Risks
 Risk on target to be reduced	0 Risks

## 6 Implications

### 6.1 Financial

None

### 6.2 Legal

None

### 6.3 Human Resources

None

### 6.4 Section 17 (Crime Prevention)

None

**6.5 Human Rights Act**

None

**6.6 Data Protection**

None

**6.7 Risk Management**

The Risk Management implications are included within the body of the report and appendices.

**6.8 Equality & Diversity**

None

**6.9 Best Value**

None.

**7 Appendices to the Report**

Appendix 1: Summary of Strategic Risks 2017-18.

Appendix 2: Strategic Risk Register – detailed.

**Previous Consideration**

None.

**Background Papers**

File of papers kept in the Chief Internal Auditor & Risk Manager's office.

**Appendix 1****SUMMARY OF STRATEGIC RISKS AS AT 01/10/2017**

Risk No	Potential Risks	Risk Owner	Date Added to Register	Score at Oct 2016	Score at Apr 2017	Direction of Travel over period reported
<b>Red Risks</b>						
18	Vulnerability of Cannock Chase Council's financial stability as a result of public expenditure reductions and changes to the Government's funding regime	Head of Finance	April 2014	12	12	↔
<b>Amber Risks</b>						
16	Impact of Welfare Benefit Reform	Heads of Finance and Housing & Partnerships	April 2013	9	9	↔
19	The organisation does not have sufficient Management / Officer capacity to deliver its corporate priorities and statutory duties	Managing Director	April 2015	9	9	↔
20	Vulnerability of the Council's Housing Revenue Account due to the new government housing policies	Heads of Housing & Partnerships and Finance	April 2015	8	8	↔
23	Failure to repel or recover from Cyber-attack including targeted ransomware, malware and Distributed Denial of Service (DDoS) attacks	Head of Technology	April 2017	9	9	↔
24	Failure to have an attractive and safe environment to encourage businesses and resident into he District.	Head of Economic Development	April 2017	9	9	↔

**Key to Direction of Travel**

Risk has decreased



Risk level unchanged



Risk has increased

**ITEM NO. 5.**

Appendix 2

**Cannock Chase District Council – Strategic Risk Register**

Ref No: 16		Risk: <b>Impact of Welfare Benefit Reform (e.g. Introduction of Universal Credit, Single Fraud Investigation Service etc.)</b>		
Risk Owners: Head of Finance / Head of Housing & Partnerships		Portfolios: Corporate Improvement, Health & Wellbeing and Housing.		
<p>Consequences Of Risk:</p> <ul style="list-style-type: none"> <li>• Increased demand for services (additional workload, pressure on service delivery, additional resourcing etc);</li> <li>• Increase in arrears on Council Tax;</li> <li>• Increase in Rent Arrears;</li> <li>• Negative impact on ability to perform “Compliance” functions and adverse effect on income.</li> </ul>				
<p>Links To Priority Delivery Plan: Customers</p> <ul style="list-style-type: none"> <li>• Delivering Council services that are customer centred and accessible;</li> <li>• Making the best use of limited resources.</li> </ul>				
Gross Risk Score (ie without controls)		Likelihood: 4	Impact: 3	Total Score: <b>12 RED</b>
<p>Controls in Place</p> <ul style="list-style-type: none"> <li>• Manage the Council’s housing stock;</li> <li>• Monitoring impact of localisation of Council Tax Support;</li> <li>• Liaison with DWP on implementation timetable for Universal Credits;</li> <li>• Budget workshops for affected residents to better manage their budgets set up</li> </ul>				
Residual/Net Risk Score (ie with controls)		Likelihood: 3	Impact: 3	Total Score: <b>9 AMBER</b>
Provisional Assessment of Risk – does the residual risk score need to be reduced			YES	

Actions Planned	Timescale/Person Responsible	Progress/Comments
Monitor impact of Benefit Reform to identify areas of concern.	Quarterly Head of Finance	An on-going monitoring routine is in place.
Identifying number of additional people falling into arrears with Council Tax payments	Quarterly Head of Finance / Local Taxation & Benefits Manager	This forms part of the overall monitoring.
Introduction of Tenancy Sustainment Service	Completed	Tenancy Sustainment Officer (TSO) service embedded – completed

<p><b>Overall Progress Summary:</b> The full impact of benefit reform cannot be determined until the phased introduction of Universal Credits. The impact of existing reforms continues to be monitored.</p> <p>The emphasis has been shifted to look more holistically at pursuing rent recovery in line with the roll out of Universal Credit and impact of welfare reforms.</p> <p>The Tenancy sustainment service is now embedded in housing.</p>	<p><b>AMBER</b></p> 
---	---

Ref No: 18	<b>Risk: Vulnerability of Cannock Chase Council’s financial stability as a result of public expenditure reductions and changes to the Government’s funding regime</b>		
Risk Owner: Head of Finance		Portfolio: This risk cuts across all Portfolio’s	
Consequences Of Risk: <ul style="list-style-type: none"> <li>Council size becomes too small to sustain a viable organisation;</li> <li>Unable to provide desired levels of service</li> </ul>			
Links To Priority Delivery Plan: Customers <ul style="list-style-type: none"> <li>Delivering Council services that are customer centred and accessible;</li> <li>Making the best use of limited resources</li> </ul>			
Gross Risk Score (ie without controls)	Likelihood: 4	Impact: 5	Total Score: <b>20 – RED</b>
Controls in Place <ul style="list-style-type: none"> <li>Medium term financial plan in place</li> <li>Annual Financial Plan and Medium Term Financial Strategy in place</li> <li>The Revenue Budget is balanced but requires support from balances</li> <li>Corporate Budget Monitoring</li> <li>Evaluation of consultation on changes to government funding regimes</li> </ul>			
Residual/Net Risk Score (ie with controls)	Likelihood: 4	Impact: 3	Total Score: <b>12 - RED</b>
Provisional Assessment of Risk – does the residual risk score need to be reduced		YES*	

Actions Planned	Timescale/ Person Responsible	Progress/Comments
Responding to Government proposed legislation in relation to key funding regimes	On-going	Work streams of DCLG/LGA and CIPFA in relation to 100% Business Rates Schemes and pilot areas to be monitored Response in relation to Further Consultation on Design of 100% Business Rates system submitted.

Actions Planned	Timescale/ Person Responsible	Progress/Comments
		Detailed responses to be submitted in relation to self -sufficient local government, 100% business rates retention and fair funding review as more technical detail becomes available Response to New Homes Bonus consultation made.
Determine impact of Government proposals for key funding regime	On-going	In Progress
Production and refresh of medium term financial plan	On-going	In Progress
Mill Green DOV Development Project Board Established	On-going	In Progress
Refresh Budget Strategy to ensure external funding sources maximised and efficient and effective use of all resources	On-going	In Progress
Council looking to maximise all funding opportunities for economic growth, transport, infrastructure, additional jobs and better skills for residents	Head of Economic Development	

**Overall Progress Summary:** The Approved Budget and Plan currently reflects an ongoing shortfall of £0.180 million however an action plan exists to address this. The Financial Plan is based upon the opening of Mill Green DOV in 2019 and forms part of the Risk assessment for the Financial Plan. The financial position of the Council is being updated on a regular basis however the key risks and uncertainty relate to the potential changes to Business Rates (and New Homes Bonus ). The exclusion of the Local Government Finance Bill from the Governments legislative programme means that detail of such changes and timescales for implementation are currently on hold. However clarification may be provided as part of the Chancellor’s Budget statement in November 2017.



Ref No: 19	Risk: <b>The organisation does not have sufficient Management / Officer capacity to deliver its corporate priorities (e.g. Corporate Plan &amp; PDPs) and statutory duties.</b>		
Risk Owner: Managing Director	Portfolio: This risk cuts across all portfolio's		
Consequences Of Risk: <ul style="list-style-type: none"> <li>The Council's priorities are not fully delivered with impact on residents / the public.</li> </ul>			
Links To Priority Delivery Plan: This Risk Links To All Priority Delivery Plans			
Gross Risk Score (ie without controls)	Likelihood: 4	Impact: 3	Total Score: <b>12 RED</b>
Controls in Place <ul style="list-style-type: none"> <li>Scoping of management capacity for delivery of PDP's by Heads of Service (Assessments of Management Capacity)</li> <li>Management capacity issues are monitored by Leadership Team;</li> <li>Adherence to Sickness Management Policy</li> </ul>			
Residual Risk/Net Score (ie with controls)	Likelihood: 3	Impact: 3	Total Score: <b>9 AMBER</b>
Provisional Assessment of Risk – does the residual risk score need to be reduced	YES*		

Actions Planned	Timescale/ Person Responsible	Progress/Comments
Ensuring that all priorities in the PDP's are resourced appropriately	Ongoing  All Heads of Service	The majority of PDP priorities are on target but there are a small number of Yellow 'not on target' areas in part due to management capacity.
Where necessary, considering whether resources from other parts of the Council can be transferred for a period.	Ongoing  Managing Director / Leadership Team	PDP Priorities not on target are being reviewed by Leadership Team and resource implications are being re-considered.

Actions Planned	Timescale/ Person Responsible	Progress/Comments
Leadership Team maintaining an overview of performance through “managing the business” performance indicators	Ongoing Managing Director / Leadership Team	Quarterly Performance Indicator reports agreed for 2017/18
Requests for additional projects may be refused or deferred until subsequent year(s)	Ongoing  Managing Director	A number of requests for new projects in year have had to be refused in order to protect delivery of the Council’s agreed Corporate Priorities.

<p><b>Overall Progress Summary:</b> A Senior Management Restructure was approved in February 2017 reflecting the Council’s Financial Recovery Plan. This proposal reduced senior management capacity in the organisation in order to create financial savings and was implemented with effect from April 2017. There is therefore an increased risk that there is not sufficient management capacity to address unforeseen events and that the delivery of Council priorities will be slower with less management capacity overall. The effectiveness of the structure is therefore dependant upon changes to the number of Scrutiny committees and changes to Cabinet Portfolios to ensure each Head of service supports a maximum of one Scrutiny committee and two Cabinet Members.</p> <p>The Councils management capacity will be monitored closely and action has already been taken by not accepting new project requests in year in order to protect capacity to deliver the agreed PDP priorities.</p> <p>Leadership Team have recently started to review delivery of the Council's General Fund and S106 Capital Programme and will be considering in further detail the need for additional project and programme management capacity</p>	<p style="text-align: center;"><b>AMBER</b></p> <div style="text-align: center;">  </div>
--	--

Ref No: 20	Risk: : <b>Vulnerability of the Council's Housing Revenue Account due to the new government housing policies</b>		
Risk Owner: Head of Housing & Partnerships & Head of Finance		Portfolio: Housing	
Consequences Of Risk: <ul style="list-style-type: none"> <li>• Loss of Rent</li> <li>• Loss of stock leading to increased waiting times</li> <li>• Impact on 30 year housing plan</li> <li>• Impact on ability to build / provide new housing</li> <li>• Potential reduction in level of maintenance and improvement to Council stock</li> </ul>			
Links To Priority Delivery Plan for More & Better Housing. <ul style="list-style-type: none"> <li>• Planning for the housing needs of the district;</li> <li>• Increasing the supply of affordable housing</li> </ul>			
Gross Risk Score (i.e. without controls)	Likelihood: 4	Impact: 5	Total Score: <b>20 RED</b>
Controls in Place <ul style="list-style-type: none"> <li>• 30 Year business plan;</li> <li>• Medium Term Budget &amp; Capital Programme.</li> </ul>			
Residual/Net Risk Score (i.e. with controls)	Likelihood: 4	Impact: 2	Total Score: <b>8 Amber</b>
Provisional Assessment of Risk – does the residual risk score need to be reduced		YES*	

Actions Planned	Timescale/ Person Responsible	Progress/Comments
Analysis of impact of the implementation of Vacant High Value Housing Payments as contained in the Housing and Planning Act 2016 to be assessed	Head of Housing & Partnerships	Awaiting Government Regulations
A revised HRA Business Plan and revised 5 year projection to be produced during 2017-18 following determination of High Value Properties for Cannock Chase	Head of Finance/ Head of Housing & Partnerships	Awaiting Government Regulations. HRA plan to be refreshed, rather than revised, in 2017-18 due to this.

**Overall Progress Summary:** The HRA Revenue Budget and Capital Programme to 2019/20 were approved by Council in February 2017. However an outstanding risk exists in relation to the impact of the sale of higher value voids as contained in the Housing and Planning Act 2016. Details are still awaited as legislation has not yet been put forward for this. The guidance is still awaited from government so timescales have slipped

AMBER



Ref No: 23	<b>Risk: Failure to Repel or Recover from Cyber-attack including targeted ransomware, malware and Distributed Denial of Service (DDoS) attacks</b>		
Risk Owner: Head of Technology		Portfolio:	
<p>Consequences Of Risk:</p> <ul style="list-style-type: none"> <li>• Data, Systems and Applications inaccessible</li> <li>• Inability to deliver Council services</li> <li>• Cybercrime/ Fraud/ Ransom demands/ Financial harm</li> <li>• Reputational damage locally and nationally</li> <li>• Data Loss &amp; breach of Data Protection Act (DPA)</li> <li>• Financial Loss</li> </ul>			
<p>Links to PDP</p> <ul style="list-style-type: none"> <li>• <b>Customers</b></li> </ul>			
Gross Risk Score (ie without controls)	Likelihood: 4	Impact: 5	Total Score: <b>20 - RED</b>
<p>Key Controls in Place:</p> <ul style="list-style-type: none"> <li>• Information Risk Management Regime – Assess the risks to our information assets, effective governance structure, LT engagement with cyber risk, produce supporting information management policies.</li> <li>• Secure configuration – Corporate policies and processes to develop secure baseline builds</li> <li>• Network Security – Protection and secured perimeter of external security threats and untrusted networks</li> <li>• Managing user privileges – All users of ICT systems provided with privileges suitable for their role</li> <li>• User education and awareness – Security policies that describe acceptable and secure use of ICT assets</li> <li>• Incident management – Incident response and disaster recovery capabilities that address the full range of incidents that can occur</li> <li>• Malware prevention – Produce policies that directly address the business processes (such as email, web browsing, removable media and personally owned devices)</li> <li>• Monitoring – Established monitoring taking into account previous security incidents and attacks. Annual IT Health Check and penetration testing conducted by a Council of Registered Ethical Security Tester (CREST)/ Communications-Electronics Security Group (CESEG) Listed Advisor Scheme (CLAS) - accredited Government Communication Headquarters (GCHQ) approved consultants.</li> <li>• Removable media controls – Produce removable media policies that control the use of removable media for the import and export of information</li> </ul>			

<ul style="list-style-type: none"> <li>Home and mobile working – Assess the risks to all types of mobile working including remote working and develop appropriate security policies</li> </ul>			
Residual/Net Risk Score (ie with controls in place)	Likelihood: 3	Impact: 3	Total Score <b>9 -AMBER</b>
Provisional Assessment of Risk - does the residual risk score need to be reduced			<b>YES*</b>

Actions Planned	Timescale/ Person Responsible	Progress/Comments
Information Risk Management- Continuous review and work on our information risk management regime	31 <sup>st</sup> March 2018, Head of Technology	Policies under review. Some elements will be dealt these will be reviewed
Monitoring – External and Internal checks. Threat and vulnerability assessment and remediation including Annual IT Health Check by CLAS approved consultant with remedial work carried out	31 <sup>st</sup> January 2017 Head of Technology	Procurement in progress for the Annual Healthcheck
Application Security Assessment and Remediation action taken	28 <sup>th</sup> February 2017 Head of Technology	The healthcheck will produce an action plan to feed into this. Other work will also be carried out to address
Security Compliance Assessment included in the survey	28thFebruary Head of Technology	As above
Threat intelligence, Vulnerability management, Operational management, via internal and external monitoring.	December 2018 Head of Technology	Will review the webfilter and internet filter to replace the current
Exploring options to improve security for sharing information with external partners	Dec 2017 Head of Technology	New action

<p><b>Overall Progress Summary:</b> Work has been completed and actions are in progress. However, the environment means that new risks and challenges are always developing and attacks are becoming more sophisticated.</p>	<p><b>Amber</b></p> 
--	---

Ref No: 24	Risk: <b>Failure to have an attractive and safe environment to encourage businesses and resident into the District.</b>		
Risk Owner: Head of Economic Development		Portfolio: All	
<p>Consequences Of Risk:</p> <ul style="list-style-type: none"> <li>• Lower, and decreasing, levels of economic activity in the district leading to less investment, fewer jobs, decrease in economically active population, decreasing incomes / greater income deprivation</li> <li>• Impacts from lower levels of economic activity leading to increase in out-commuting for work and leisure, less attractive and poorer functioning town and district centres; attract lower skilled, lower paid work; inability of local residents to compete in local housing markets; more anti-social behaviour and crime</li> </ul>			
<p>Links To Priority Delivery Plan:</p> <p>There are primary links to Better Jobs and Skills and consequential links to Better Health Outcomes, Cleaner and Safer Environments and More and Better Housing</p>			
Gross Risk Score (i.e. without controls)		Likelihood: 3	Impact: 5
		Total Score: <b>15</b>	
<p>Controls in Place</p> <ul style="list-style-type: none"> <li>• Engagement in economic development partnerships and with business and the development and delivery of the Stoke and Staffordshire and Greater Birmingham and Solihull Strategic Economic Plans and other relevant strategies, Engagement with the West Midlands Combined Authority</li> <li>• Development of Mill Green Designer Outlet Village</li> <li>• Development of the Local Plan and delivery plans for development of Cannock and Rugeley Town centres</li> <li>• Efficient and effective Development Management process to ensure the planning process is seen positively</li> <li>• Work in partnership to ensure the attractiveness of Cannock Chase, protect its future and to address criminal activity and anti-social behaviour</li> <li>• Support the work of the South Staffordshire Employment and Skills Board</li> <li>• Participation in the Greater Birmingham Housing Market Area review</li> <li>• Lead role in delivery of EU funding through the ESIF Sub Committees for GBS and S&amp;S LEPs</li> <li>• Secure improvements to the Chase Line railway stations and associated infrastructure</li> <li>• Continuation of “The Good Life” loyalty scheme to encourage people to shop local</li> </ul>			

Residual Risk/Net Score (i.e. with controls)	Likelihood: 3	Impact: 3	Total Score: <b>9</b>
Provisional Assessment of Risk – does the residual risk score need to be reduced		YES	

Actions Planned	Timescale/Person Responsible	Progress/Comments
Development of an economic development strategy for Cannock Chase that identifies local needs and actions in the context of the strategic direction of the two LEP Strategic Economic Plans and emerging WMCA plans	In conjunction with development of the Corporate Plan Head of Economic Development	This will developed following approval of the 2018 Corporate Plan
Understand post 16/Further Education needs in Cannock Chase and develop a collaborative plan to ensure provision meets the needs of the District	2 <sup>nd</sup> Quarter 2017 Head of Economic Development	No progress due to the closure of Cannock College which has taken place since this action was planned. There is a need to consult with Further Education provides in the wider area.
Work with Gestamp/SCC/Skills Funding Agency to develop an Engineering Skills Academy on the site of the current Gestamp works on Wolverhampton Road, Cannock	2019 Head of Economic Development	The principal has been discussed with Gestamp and the Council has identified funding contribution to help facilitate this
Pursue the development of the Rugeley Power Station in collaboration with Lichfield District Council and the site owners	2017-18 Head of Economic Development	Consultation on a draft SPD have been completed and it is anticipated it will be approved early 2018

<p><b>Overall Progress Summary:</b> Progress is mixed as can be seen by the comments but where possible progress has been made</p>	
--	---

In accordance with the Risk Management Strategy, the green risks below are deemed to be tolerable (with existing controls in place) and will be monitored but require no further action at this time.

GREEN RISKS			
<i>Risk No:</i>	<i>Risk Owner</i>	<i>Risk:</i>	<i>Score:</i>
	NONE		

**KEY TO PROGRESS SYMBOLS**

Progress Indicator	
	No progress made in reducing the risk
	Some progress made in managing the risk
	Risk on target to be reduced