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| Report of: | Head of Governance |
| Contact Officer: | June Hall |
| Telephone No: | 01543 464546 |
| Portfolio Leader: | Corporate Improvement |
| Key Decision: | No |
| Report Track: | Cabinet: 16/06/16 Audit & Governance Committee: 28/06/16 |

CABINET

16 JUNE 2016

STRATEGIC RISK REGISTER**1 Purpose of Report**

- 1.1 To set out details of the Council's Risk Management arrangements for managing the Strategic Risks facing the Council in delivering its objectives.

2 Recommendations

- 2.1 That Cabinet approves the Strategic Risk Register and considers 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:

| Risk Colour | Number of Risks at 1 Oct 2015 | Number of Risks at 1 Apr 2016 |
|--------------------|------------------------------------------|------------------------------------------|
| Red | 2 | 2 |
| Amber | 4 | 3 |
| Green | 1 | 2 |
| TOTAL | 7 | 7 |

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 The Council's approach to risk management (including its risk appetite) has been reviewed and the revised policy and strategy was reported to the Audit Committee for endorsement at the March 2016 meeting and to Cabinet for approval at the April meeting.
- 5.4 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 April 2016 is attached at **Appendix 1**.
- 5.5 It is important to note that the summary of strategic risks at **Appendix 1** shows the risk scores at 1st October 2015 in accordance with the previous Policy & Strategy whilst the risk scores at 1st April 2016 are based on the new risk matrix. This has resulted in some risks having changed score and/or risk category. (e.g. a risk with a score of 12 was categorised as amber (medium)

previously but is now red (High) In view of this, the direction of travel shown has been determined by risk category and not risk score as is usually the case.

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)




5.6 The number of strategic risks remains at 7 however;

- 4 risks remain unchanged;
- Risk No 3 (The District does not maximise all funding opportunities for economic growth, transport infrastructure, additional jobs and better skills for residents) has reduced from Amber (Medium) to Green (Low)
- Risk No 18 (Viability/funding of Cannock Chase Council as a result of public expenditure reductions and changes to Government’s funding regime) has been amended from Amber (Medium) to Red (High) in light of external factors. The Council is pro-actively trying to manage this risk.
- Risk No 19 (The organisations does not have sufficient Management / Officer capacity to deliver its corporate priorities) has reduced from Red (High) to Amber (Medium)
- No risks have been deleted and no new risks have been added which a

5.7 A progress update for those actions due up to the end of March 2016 is included in the full strategic risk register attached at **Appendix 2**.

5.8 Additional information can be found in the Strategic Risk Register (**Appendix 2**) in the form of an ‘Overall Progress Summary’ for each risk, 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 2015:

| Progress Indicator | | Current position |
|-------------------------------------------------------------------------------------|-----------------------------------------|-------------------------|
|  | No progress made in reducing the risk | 1 Risks |
|  | Some progress made in managing the risk | 4 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 2015-16.
Appendix 2 – Strategic Risk Register – Detailed.

Previous Consideration

None

Background Papers

File of papers kept in the Risk & Resilience Manager's office.

Appendix 1SUMMARY OF STRATEGIC RISKS AS AT 01.04.16

| Risk No | Potential Risks | Risk Owner | Date Added to Register | Score at Oct 2015 | Score at Apr 2016 | Direction of Travel over period reported |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------|-------------------|-------------------|------------------------------------------|
| 18 | Viability/Funding of Cannock Chase Council as a result of public expenditure reductions and changes to Government's funding regime | Head of Finance | April 2014 | 12 | 12 | ↑ |
| 20 | Impact on viability/funding of the Council's HRA due to the new government housing policies | Head of Housing & Waste Management | April 2015 | 15 | 12 | ↔ |
| 16 | Impact of Welfare Benefit Reform | Heads of Finance and Housing & Waste Mgmt | April 2013 | 12 | 9 | ↔ |
| 19 | The organisation does not have sufficient Management / Officer capacity to deliver its corporate priorities | Managing Director | April 2015 | 16 | 9 | ↓ |
| 21 | Lack of coordinated and consistent approach for dealing with the Council's customers | Head of Commissioning | April 2015 | 12 | 9 | ↔ |
| 3 | The District does not maximise all funding opportunities for economic growth, transport infrastructure, additional jobs and better skills for residents. | Head of Economic Development | June 2011 (Reworded Qtr 3 2014/15) | 8 | 3 | ↓ |
| 22 | Failure to engage with partners to reduce the health inequalities within the district | Heads of Commissioning and Env Health | April 2015 | 6 | 2 | ↔ |

Key to Direction of Travel

↓ Risk has decreased ↔ Risk level unchanged ↑ Risk has increased

Cannock Chase District Council – Strategic Risk Register


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

*If the risk score needs to be reduced, please complete the action plan below

As at 1st April 2016

Cannock Chase District Council – Strategic Risk Register

| Actions Planned | Timescale/Person Responsible | Progress/Comments |
|----------------------------------------------------------------------------------------|--------------------------------------------------------------|-------------------------------------------------------|
| Monitor impact of Benefit Reform to identify areas of concern. | Ongoing Head of Finance | An on-going monitoring routine is in place. |
| Identifying number of additional people falling into arrears with Council Tax payments | QRT 3 Head of Finance / Local Taxation & Benefits Manager | This forms part of the overall monitoring. |
| Introduction of Tenancy Sustainment Service | QRT 2 Head of Housing & Waste Management | Appointed to post – new member starting May/June 2016 |

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| <p>Overall Progress Summary: 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>AMBER</p> |
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Cannock Chase District Council – Strategic Risk Register

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

*If the risk score needs to be reduced, please complete the action plan below

Cannock Chase District Council – Strategic Risk Register

| Actions Planned | Timescale/Person Responsible | Progress/Comments |
|-----------------------------------------------------------------------------------------------------------------------|------------------------------|-----------------------------------------------------|
| Responding to Government proposed legislation in relation to key funding regimes | On-going | 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 |
| Refresh Budget Strategy to ensure external funding sources maximised and efficient and effective use of all resources | On-going | Report to Cabinet/Council anticipated Quarter 3. |
| Lobbying to Central Government on any proposed changes to Local Government Funding | On-going | |
| Lobbying to Central Government as a result of closure of Rugeley Power Station | On-going | |
| Financial Recovery Plan | QTR 2 | Initial work underway and budget strategy refreshed |

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| <p>Overall Progress Summary: The financial position of the Council is being updated on a regular basis and lobbying of the government undertaken where necessary. Consultation responses submitted – now awaiting government response.</p> | RED |
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Cannock Chase District Council – Strategic Risk Register

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

*If the risk score needs to be reduced, please complete the action plan below

Cannock Chase District Council – Strategic Risk Register

| 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. |
| Leadership Team maintaining an overview of performance through "managing the business" performance indicators | Ongoing Managing Director / Leadership Team | A set of 'Managing the Business' performance indicators being trialled for year end 2015/16 and will review its effectiveness. |
| 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. |

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| <p>Overall Progress Summary: : Overall the Councils management capacity is being 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> | AMBER |
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Cannock Chase District Council – Strategic Risk Register

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| Ref No: 20 | Risk: : Impact on viability/funding of the Council’s HRA due to the new government housing policies (e.g. 1% rent reduction & sale of higher value properties) | | |
| Risk Owner: Head of Housing & Waste Management | | Portfolio: Housing | |
| <p>Consequences Of Risk:</p> <ul style="list-style-type: none"> • Loss of Rent • Loss of stock leading to increased waiting times • Impact on 30 year housing plan • Impact on ability to build / provide new housing • Potential reduction in level of maintenance and improvement to Council stock | | | |
| <p>Links To Priority Delivery Plan for More & Better Housing.</p> <ul style="list-style-type: none"> • Planning for the housing needs of the district; • Increasing the supply of affordable housing | | | |
| Gross Risk Score (ie without controls) | Likelihood: 4 | Impact: 5 | Total Score: 20 RED |
| <p>Controls in Place</p> <ul style="list-style-type: none"> • 30 Year business plan; • Medium Term Budget & Capital Programme. | | | |
| Gross Risk Score (ie without controls) | Likelihood: 4 | Impact: 3 | Total Score: 12 RED |
| Provisional Assessment of Risk – does the residual risk score need to be reduced | | YES* | |

*If the risk score needs to be reduced, please complete the action plan below

Cannock Chase District Council – Strategic Risk Register

| Actions Planned | Timescale/Person Responsible | Progress/Comments |
|--------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------|
| Review of 30 year business plan and report to Cabinet | Quarter 3 Head of Finance | In Progress |
| Lobbying of Central Government by District Council's network. (LGA, MP's etc.) | Ongoing Head of Finance | Information provided to the network |
| Review of allocations policy | Quarter 4 Head of Housing & Waste Management | Not yet started |

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|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| <p>Overall Progress Summary: The 30 year review of the HRA Business Plan is completed, report to Cabinet in December 2015. Budget currently being finalised for 16/17.</p> | <p>AMBER</p> |
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Cannock Chase District Council – Strategic Risk Register

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|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|----------------------------------|-----------------------------|
| Ref No: 21 | Risk: Lack of coordinated and consistent approach for dealing with the Council’s customers | | |
| Risk Owner: Head of Commissioning | | Portfolio: Corporate Improvement | |
| Consequences Of Risk: <ul style="list-style-type: none"> • Complaints; • Customer’s needs and expectations not met; • Negative PR. | | | |
| Links To Priority Delivery Plan: Customers <ul style="list-style-type: none"> • Delivering Council services that are customer centred and accessible; • Making the best use of limited resources. | | | |
| Gross Risk Score (ie without controls) | Likelihood: 5 | Impact: 3 | Total Score: 15 RED |
| Controls in Place <ul style="list-style-type: none"> • Corporate complaints procedure; • Appeals and Complaints panel. | | | |
| Gross Risk Score (ie without controls) | Likelihood: 3 | Impact: 3 | Total Score: 9 AMBER |
| Provisional Assessment of Risk – does the residual risk score need to be reduced | | YES* | |

*If the risk score needs to be reduced, please complete the action plan below

Cannock Chase District Council – Strategic Risk Register

| Actions Planned | Timescale/Person Responsible | Progress/Comments |
|-------------------------------------------------------------------|------------------------------|----------------------------------------------------------------------------------------------------------|
| Development of Customer Services Strategy & seek Cabinet Approval | QTR. 3 16/17 | Customer Services Standards to be incorporated within the strategy have been drafted. |
| Implement electronic web-based forms | QTR. 3 | Completed |
| Development of mobile app. | QTR 1 16/17 | Mobile app is being developed with regard to Waste Services with expected phased launch from QTR 2 16/17 |




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| <p>Overall Progress Summary: : The focus has been on delivering improvements to on-line forms to be launched in line with the Council's new website and development of the mobile app..</p> | <p>AMBER</p> |
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Cannock Chase District Council – Strategic Risk Register

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> |
| 3 | Head of Economic Development | The District does not maximise all funding opportunities for economic growth, transport infrastructure, additional jobs and better skills for residents | 3 |
| 22 | Head of Environmental Health | Failure to engage with partners to reduce the health inequalities within the district | 2 |

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 |