Report of:	Head of Governance
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Key Decision:	No
Report Track:	Audit & Governance Committee Cabinet 13th June 19

AUDIT & GOVERNANCE COMMITTEE

25TH JUNE 2019

STRATEGIC RISK REGISTER

1 Purpose of Report

1.1 To set out details of the Council's Strategic Risk Register as at 1st April 2019 and Risk Management arrangements for managing the Strategic Risks facing the Council.

2 Recommendations

2.1 That the Committee note 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 2018	Number of Risks at 1 April 2019
Red	1	1
Amber	4	4
Green	0	0
TOTAL	5	5

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 April 2018 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 5.

5.9   A progress update for those actions due up to the end of March 2019 is included in the full strategic risk register attached at **Appendix 2**.

5.10   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 October 2017:

	Progress Indicator	Current position
❌	No progress made in reducing the risk	0 Risks
🔺	Some progress made in managing the risk	3 Risks
✔️	Risk on target to be reduced	2 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 2019
Appendix 2 – Strategic Risk Register 2019

Previous Consideration

None

Background Papers

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

SUMMARY OF STRATEGIC RISKS AS AT 01/04/2019

Risk No	Potential Risks	Risk Owner	Date Added to Register	Score at Sept 18	Score at April 19 2018	Direction of Travel over period reported
Red Risks						
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	⟷
Amber Risks						
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	⟷
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	⟷
25	There is a reduction in investor confidence in the District	Head of Economic Prosperity	April 2018	9	9	⟷

Key to Direction of Travel

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

Deleted Risks

Risk No	Potential Risks	Risk Owner	Date Added to Register	Score at April 2018	Score at Sept 2018	Direction of Travel over period reported
	Nil					

Cannock Chase District Council – Strategic Risk Register

Ref No: 16	Risk: **Impact of Welfare Benefit Reform (e.g. Introduction of Universal Credit)**		
Risk Owner: Head of Finance / Head of Housing & Partnerships		Portfolio: Health & Wellbeing	
Consequences Of Risk: • 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.			
Links To Priority Delivery Plan: Community Wellbeing			
Gross Risk Score (ie without controls)	Likelihood: 4	Impact: 3	Total Score: **12 RED**
Controls in Place • Manage the Council's housing stock; • Monitoring impact of localisation of Council Tax Support; • Liaison with DWP on implementation timetable for Universal Credits; • Budget support available for affected residents to better manage their budgets set up. • Discretionary Housing Payment policy			
Residual/Net Risk Score (ie with controls)	Likelihood: 3	Impact: 3	Total Score: **9 AMBER**
Provisional Assessment of Risk – does the residual risk score need to be reduced		YES	

April 2019

Actions Planned	Timescale/Person Responsible	Progress/Comments
Monitor impact of Benefit Reform to identify areas of concern	Quarterly, Local Taxation & Benefits Manager	An on-going monitoring routine is in place.
Identifying number of additional people falling into arrears with Council Tax payments and/or not claiming Council Tax Reduction.	Quarterly, Local Taxation & Benefits Manager	This forms part of the overall monitoring and any considerable difference would generate a review of the local scheme.
Review LCTR Scheme in partnership with Staffordshire authorities with a view to streamlining the application, assessment and award processes	Completion of review by 31 March 2020	Agreement in principle amongst Staffs authorities, to undertake review
A corporate Universal Credit Response Group has been established which includes relevant departments and the DWP	Monthly Meetings Head of Housing & Partnerships/ Head of Finance	Monthly meetings are in progress but it is too early to determine the impact yet. Full Service introduced 23 November 2018.
Introduction of Tenancy Sustainment Service	Completed	Tenancy Sustainment Officer (TSO) service embedded – completed
Discretionary Housing Payment Policy was refresh November 2018.	Completed	Reviewed and on-line application form implemented

Overall Progress Summary: The full impact of benefit reform cannot be determined until the phased introduction of Universal Credits has been completed – at present only a small number of claimants in the District have been moved over to Universal Credit. Full Service was introduced from 23 November 2018 and the effect of this will be closely monitored. The emphasis on housing arrears 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. The Tenancy sustainment service is now embedded in housing.	**Green** ✔

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Ref No: 18	Risk: **Vulnerability of Cannock Chase Council's financial stability as a result of public expenditure reductions and changes to the Government's funding regime**		
Risk Owner: Head of Finance	Portfolio: The Leader		
Consequences Of Risk: • Council size becomes too small to sustain a viable organisation; • Unable to provide desired levels of service			
Links To Priority Delivery Plan: N/A			
Gross Risk Score (ie without controls)	Likelihood: 4	Impact: 5	Total Score: **20 – RED**
Controls in Place • Medium term financial plan in place • Annual Financial Plan and Medium Term Financial Strategy in place • The Revenue Budget is balanced for 2019-20 but requires support from balances • Reliance on New Homes Bonus is reduced on an annual basis. • Corporate Budget Monitoring • Evaluation of consultation on changes to government funding regimes			
Residual/Net Risk Score (ie with controls)	Likelihood: 4	Impact: 3	Total Score: **12 - RED**
Provisional Assessment of Risk – does the residual risk score need to be reduced	YES*		

April 2019

Actions Planned	Timescale/ Person Responsible	Progress/Comments
Responding to Government proposed legislation in relation to key funding regimes	On-going Head of Financial Management	Work streams of MHCLG/LGA and CIPFA in relation to 75% Business Rates Schemes and pilot areas to be monitored Detailed responses submitted in relation to self -sufficient local government, 75% business rates retention and fair funding review as more technical detail becomes available Responses submitted in relation to : Business rates - dealing with the financial risks of appeals (June 2018) Local Government Finance Settlement 2019/20 : Technical Consultation (September 2018) Relative Needs and Resources (February 2019) Business Rates Reform(February 2019)
Review criteria for 2019/20 Business Rates Pilot and subject to approval of partners submit application	Complete	Application to pilot 75% Business Rates Retention in 2019/20 on behalf of the Staffordshire and Stoke on Trent proposed Business Rates Pool/Pilot was successful.
Determine impact of Government proposals for key funding regime	On-going as information becomes available, Head of Financial Management	In Progress
Production and refresh of medium term financial plan	On-going	Completed for 2019-20 MTFP but will future years will need updating as more clarity on the

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Actions Planned	Timescale/ Person Responsible	Progress/Comments
		funding regime emerges
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	Report to Cabinet/Council anticipated November 2018
Council looking to maximise all funding opportunities for economic growth, transport, infrastructure, additional jobs and better skills for residents	Head of Economic Prosperity	Meet the Buyer event attended by 160 local employers/construction firms to source trades for the Mill Green Development. MOU in place between the Council and South Staffordshire College. Partnership working well and training provision gradually being re-established. Working on Engineering Academy establishment and secured funding to aide delivery. Long term sustainability will be important.
Implement a rolling programme of service reviews to ensure that resources are aligned to corporate priorities and are operating as efficiently as they can be	Head of Governance / Q3	A model for service reviews will be developed in Q1 and rolled out across Q2 & 3.
Refresh Budget Strategy to identify alternative scenarios in relation to external funding sources	Head of Financial Management / Q3	Refreshed Financial Plan reported to Cabinet/Council Feb 2019

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Overall Progress Summary: The Council continues to progress the areas within its direct control with balanced budgets set for 2019/20 and 2020/21. A potentially balanced budget, based upon the current Local Government Finance Regime exists for 2021/22, however the key risks and uncertainty relate to the fundamental changes to Government Funding that take place in 2020/21 (implementation of 75% Business Rates Retention; Fair Funding and Business Rates Reset) whereas ongoing uncertainty exists in relation to the longevity of the New Homes Bonus grant scheme. There is a forecast balanced budget for 2021-22 , assuming that NHB is replaced and at this stage no grant is received from any new scheme, whereas the deficit could also be increase/reduce based upon the methodology for resetting existing business rates growth Details are unlikely to become clear before the Autumn of 2019 and hence Budget strategies need to be developed reflecting the various scenarios and efficiency savings implemented as soon as practically possible.	**AMBER** ▲

Ref No: 19	Risk: **The organisation does not have sufficient Management / Officer capacity to deliver its corporate priorities (e.g. Corporate Plan & PDP's) and statutory duties.**		
Risk Owner: Managing Director	Portfolio: The Leader		
Consequences Of Risk: • The Council's priorities are not fully delivered with impact on residents / the public.			
Links To Priority Delivery Plan: N/A			
Gross Risk Score (ie without controls)	Likelihood: 4	Impact: 3	Total Score: **12 RED**
Controls in Place • 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			
Residual Risk/Net Score (ie with controls)	Likelihood: 3	Impact: 3	Total Score: **9 AMBER**
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 number of Amber '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.

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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 2018-19
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.
The Property Services Manager post will be re-established	Managing Director / December 2018	The Corporate Asset Manager post has been recruited to.

	AMBER
Overall Progress Summary: 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. A number of decisions have been taken in 2018/19 to strengthen officer capacity in priority areas: • Corporate Asset Manager post (see above) • Making Economic Development Manager post full time • Strengthen support in Development Control • A new CIL Officer post in Planning Policy • Restructure of Community Safety Team to strengthen arrangements for CCTV (24 hour service). • Additional officer capacity to take forward the recommendations of the Environmental Services review and to support a programme of service reviews. 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	

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Ref No: 23	Risk: Failure to Repel or Recover from Cyber-attack including targeted ransomware, malware and Distributed Denial of Service (DDoS) attacks
Risk Owner: Head of Technology	Portfolio: Corporate Improvement

Consequences Of Risk:
- Data, Systems and Applications inaccessible
- Inability to deliver Council services
- Cybercrime/ Fraud/ Ransom demands/ Financial harm
- Reputational damage locally and nationally
- Data Loss & breach of Data Protection Act (DPA)
- Financial Loss

Links To Priority Delivery Plan - Corporate

Gross Risk Score (ie without controls)	Likelihood: 4	Impact: 5	Total Score: **20 - RED**

Key Controls in Place:
- Information Risk Management Regime – Assess the risks to our information assets, effective governance structure, LT engagement with cyber risk, produce supporting information management policies.
- Secure configuration – Corporate policies and processes to develop secure baseline builds
- Network Security – Protection and secured perimeter of external security threats and untrusted networks
- Managing user privileges – All users of ICT systems provided with privileges suitable for their role
- User education and awareness – Security policies that describe acceptable and secure use of ICT assets
- Incident management – Incident response and disaster recovery capabilities that address the full range of incidents that can occur
- Malware prevention – Produce policies that directly address the business processes (such as email, web browsing, removable media and personally owned devices)
- 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.
- Removable media controls – Produce removable media policies that control the use of removable media for the import and export of information

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• Home and mobile working – Assess the risks to all types of mobile working including remote working and develop appropriate security policies	

Residual/Net Risk Score (ie with controls in place)	Likelihood: 3	Impact: 3	Total Score **9 -AMBER**

Provisional Assessment of Risk - does the residual risk score need to be reduced	**YES***	

Actions Planned	Timescale/Person Responsible	Progress/Comments
Information Risk Management- Continuous review and work on our information risk management regime	Ongoing/ Head of Technology	Policies under review to improve information risk management
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	Ongoing/ Head of Technology	Annual Healthcheck completed in March 2019.
Application Security Assessment and Remediation action taken	Annually Head of Technology	The healthcheck will produce an action plan to feed into this.
Threat intelligence, Vulnerability management, Operational management, via internal and external monitoring.	December 2018 Head of Technology	Webfilter system is now part of the new firewalls.
Exploring options to improve security for sharing information with external partners	Ongoing Head of Technology	System procured to share data files.
Overall Progress Summary: 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.	**Green** ✓	

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Ref No: 25	Risk: **There is a reduction in investor confidence in the District**		
Risk Owner: Head of Economic Prosperity		Portfolio: Economic Development & Planning	
Consequences Of Risk: - Business Growth in the District reduces - Employment Opportunities decline - NNDR / Council Tax Income does not grow - Schemes in the District get abandoned			
Links To Priority Delivery Plan: Promoting Prosperity			
Gross Risk Score (i.e. without controls)	Likelihood: 4	Impact:5	Total Score: **20**
Controls in Place - The Local Plan Framework to identify development opportunities - Proactive work with GBSLEP/West Midlands Combined Authority - Business Relationships work/promoting the District via Economic Development function			
Residual Risk/Net Score (i.e. with controls)	Likelihood: 3	Impact: 3	Total Score: **9**
Provisional Assessment of Risk – does the residual risk score need to be reduced	YES		

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Actions Planned	Timescale/Person Responsible	Progress/Comments
Economic Prosperity Strategy to be developed	Head of Economic Prosperity / Q3	Work has now commenced on the development/preparation of the Strategy. Consultants have been appointed to undertake 3 'visioning' workshops to present economic analysis and to start scoping economic vision and ambitions for the District over the next 10 years. The workshops will be delivered during May / June 2019.
Continue to dedicate resources to the GBSLEP/Combined Authority	Head of Economic Prosperity/ Ongoing	The Council continues to actively participate in the GBSLEP and Combined Authority. The Government has instigated a LEP review and is proposing the removal of overlapping geographies which could have potential implications for the Council. The outcome of the LEP review is not yet known.
Revised Local Plan to be produced and delivered	Head of Economic Prosperity / Plan to be adopted by September 2021	Local Plan Review underway; outcome of the Issues and Scope consultation to be presented to Cabinet in November. The 2nd stage of the Review The Issues and Options consultation commenced on 13th May and will run for a 8 week period.

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Actions Planned	Timescale/Person Responsible	Progress/Comments
Reestablishment of a Further Education offer in the District (Retail Skills Academy/Engineering Academy)	Head of Economic Prosperity/ March 2019	FE re-established in Cannock for the 2018/19 academic year with Construction / Electrical / Health and Social Care & range of evening and part time courses. £1m grant funding from CCDC and SSLEP secured and invested in new equipment to establish the Cannock Chase Engineering Academy with a further bid for £500k from GBSLEP in progress. Over 700 people have used the new Cannock Chase Skills and Innovation Hub in 2018/19 to date. Delivery of courses from the Retail Skills Academy has now commenced with Walsall College the provider.

Overall Progress Summary: The Council continues to work pro-actively with a variety of partners to deliver its economic prosperity agenda. The development of a new Economic Prosperity Strategy will further set out how the Council is working to support the local economy, this will complement the Council's new Corporate Plan and the creation of a District Investment Fund. These priorities and investments will support the attraction of new investment to the District and ensure that the economy can grow and remain resilient. Maximising benefits from new investment made especially linked to the McArthurGlen designer outlet Cannock is of growing importance.	**Amber** ▲

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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			
Risk No:	*Risk Owner*	*Risk:*	*Score:*
	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

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