

STRATEGIC RISK REGISTER

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Summary:

This report presents the current Strategic Risk Register to the Audit Committee for consideration.

<p>Recommendation: That the Audit Committee considers the current Strategic Risk Register and comments on any matters arising as part of the Council's arrangements for managing risk.</p>

BACKGROUND

All organisations need to consider arrangements for assessing and managing the risks which might prevent them from achieving their objectives. Identification of risks does not mean that those risks will happen. However acknowledging possible risks, their probability and impact if they were to happen, gives organisations opportunity to plan and put appropriate controls in place to minimise the impact or likelihood of the risks arising.

Creation and maintenance of risk registers is part of the framework of corporate governance which organisations are expected to have in place. Listing risks identified with plans to control them means that organisations can revisit them periodically to assess progress. A risk which may have seemed significant when it was first identified may be downgraded or another risk may need more urgent attention after review, as it now seems more likely to cause an unwanted impact. Any new risks can be added and the achievement of business objectives made more secure.

ISSUES TO BE CONSIDERED

The Strategic Risk Register (attached at Appendix A) describes the Council's identified corporate and strategic risks and controls. It is in a new format following advice gained through work by the Council's Corporate Team with Zurich Municipal insurers to strengthen the Council's approach to risk management.

The Corporate Team jointly identified strategic risks to achievement of the Council's corporate plan objectives, and has reviewed them periodically in light of changing circumstances to update the understanding and management of risks.

Members of the Audit Committee, OSC Management and Executive also had the opportunity in 2009/10 to learn more about the management of risks, to assist them in their role of overseeing that proper corporate governance arrangements are in place. The Strategic Risk Register was presented to OSC Management and Audit Committee during 2009/10 for their consideration.

Besides the Strategic Risk Register, the Council has operational risk registers managed by Corporate Team and in the services. All the Council's Risk Registers are subject to regular review and updating. The CoValent system has a risk management module, in which information relating to the risk registers can be collated.

The risks described in the attached Strategic Risk Register are presented in themes with a priority score and the controls in place to mitigate the risks are described. As an example a priority score (eg B2*) uses the following scale:

Likelihood of Risk Occurring	Impact of Risk Occurring
A = Very high	1 = Catastrophic
B = High	2 = Critical
C = Significant	3 = Marginal
D = Low	4 = Negligible
E = Very low	
F = Almost impossible	

Using this scale to assign of priorities it has been possible to create a risk profile for the Council's corporate objectives. The numbers of the risks refer to items in the strategic risk register.

Copeland Borough Council Strategic Risk Profile February 2010

A	4	3	2	1
B			7, 10a, 17, 21	
C		15	2, 3, 18, 9, 10b, 11, 19, 20	
D		8, 4	1	
E				
F				

The Council's main strategic risks, which it is setting out to control and mitigate

16	The Council's budget will be under strain due to the possibility of 10% reduction in the Government grant funding for each of next 2 years, income from fees and charges received (currently £2.9M of overall budget), and potentially increased demands for other services..
20	Slippage, movement and rock falls on our coastal edges
10a	The nuclear industry, which is the major employer (14k jobs from 70k total), has an uncertain future with the possibility of a significant downsize or an upsize. The result will be known once the bidding process for a new plant and becoming a waste storage site is complete
10b	The nuclear industry, which is the major employer (14k jobs from 70k total), has an uncertain future with the possibility of a significant downsize or a upsize. The result will be known once the bidding process for a new plant and becoming a waste storage site is complete.
11	The nuclear industry is a major employer in the Borough which requires significant amounts of time spent on working with it by Council leaders, which may reduce resources for other issues.
15	The Council may not address climate change adequately
2	The Council's improvements in financial management may not be sustainable
18	The uncertainty over senior management arrangements may hamper rapid improvement
19	The Council's people are unable or unwilling to make the changes that are needed to reduce the Council's operating costs
3	It can be difficult to manage the overall programme of work: <ul style="list-style-type: none"> • Projects competing for resources • Projects developed in isolation Projects compete for limited resources
7	Partnership working is an important issue and their effective governance is essential. Currently a lack of a planned and consistent approach to the management of partnerships could threaten achievement of outcomes through partnership working
21	Responding appropriately to inaccurate or adverse media coverage may take significant resources from organisational leaders.
17	The Place Survey rating may not improve.

CORPORATE PLAN

The Strategic Risk Register contains risks that could impede delivery of objectives and targets in the Corporate Plan. Identifying those risks and delivering on plans to control them will help to achieve the Council's corporate objectives.

CONCLUSION

The Strategic Risk Register is a current picture of the risks to the Council achieving its corporate objectives, and the plans to mitigate the greatest risks. As such it will be monitored regularly and updated in the light of the risks appearing over time.

List of Appendices : Copeland Borough Council's Strategic Risk Register – September 2009

STRATEGIC RISK REGISTER –FEBRUARY 2010 REVIEW – FOR CIRCULATION

FINANCIAL RISKS

No.	Vulnerability	Trigger	Consequences	Risk score (* above tolerance line)	Date identified or last amended	Risk Owner	Action / controls already in place and adequacy	Required management action/control	Critical success factors & KPI's	Review frequency
16	The Council's budget will be under strain due to the possibility of 10% reduction in the Government grant funding for each of next 2 years, income from fees and charges received (currently £2.9M of overall budget), and potentially increased demands for other services..	Significant cut to grant funding occurs. Overspend the budget	<ul style="list-style-type: none"> Large financial savings have to be made Cuts in services Potential redundancies New ways of working become essential Staff worry and morale issues Public complaints and dissatisfaction Unable to manage downsizing effectively Have to use more reserves than planned Level of reserves fall so the Council is less able to cope in the future Council reputation damaged 	A2*	13th July 2009 15 February 2010	Chief Executive	<p>Close scrutiny of budget through MTFS.</p> <p>Shared Services Strategy in place.</p> <p>Plan to work through Changing to Change and review of Medium Term Financial Strategy in March 2010. Treasury management strategy in place.</p> <p>Review of income and charging taken place. Risk based reserve reviewed.</p> <p>Treasury management strategy in place.</p>	<p>New Corporate Plan Vision for the Council needed. Mechanism for review of future Council role, structure and activities.</p> <p>Communication with stakeholders, partners and staff.</p> <p>Update of MTFS. Use of Resources score maintained.</p>	<p>increased customer satisfaction.</p> <p>Consensus on policy and organisational change. Place Survey results.</p> <p>Use of Resources score. Monthly monitoring results.</p> <p>Comparison of income generated with budget target.</p> <p>Use of reserves less than budgeted</p>	Quarterly
1	The Council has a number of schemes that are grant funded (either wholly or in part). Grant funding, which is dependant on delivering outputs and complying with grant monitoring regimes, is clawed back.	Outputs not achieved and/or non compliance with monitoring	<ul style="list-style-type: none"> Claw back of funding occurs Less able to attract funding in the future Council reputation damaged Do not deliver key regeneration projects Not able to achieve key strategic objectives 	02	23rd February 2009 15 February 2010	Alison Clark with Julie Betteridge	<p>Individual project files shared with finance and lead delivery service.</p> <p>Better definition of accountable body status and member agreement needed. Capital control group in place. Monitoring arrangements included in cost of schemes.</p>	<p>Develop strategic framework to maintain potential grant availability. Adopt good practice in governance.</p> <p>Accountable Body framework with guidance in place, procedures and training set up.</p> <p>Stronger project management.</p>	<p>Full cost recovery for all accountable body actions.</p>	Half-yearly

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No.	Vulnerability	Trigger	Consequences	Risk score [* above tolerance line]	Date identified or last amended	Risk Owner	Action / controls already in place and adequacy	Required management action/control	Critical success factors & KPI's	Review frequency
20	Slippage, movement and rock falls on our coastal edges	Rock Falls, creation of potentially dangerous features	<ul style="list-style-type: none"> Public safety including loss of life and corporate liability Threat to business and homes in some areas Coastal access reduced 	G2	15 February 2010	Pat Graham	<p>Regular monitoring activity to be arranged in certain areas</p> <p>Rock netting already in place in some areas</p>	<p>Corporate Policy to be developed through LBES, Development Strategy and Operations</p> <p>Potential costs identified corporately</p> <p>South Shore Geological report re-commissioned, earlier recommendation implemented</p>	Public safety and corporate liability managed, and reduces as far as possible	Quarterly

ECONOMIC DEVELOPMENT RISKS

No.	Vulnerability	Trigger	Consequences	Risk score [* above tolerance line]	Date identified or last amended	Risk Owner	Action / controls already in place and adequacy	Required management action/control	Critical success factors & KPI's	Review frequency
10a	The nuclear industry, which is the major employer (44k jobs from 70k total), has an uncertain future with the possibility of a significant downsize or an upsize. The result will be known once the bidding process for a new plant and becoming a waste storage site is complete	Downsize in nuclear industry	<p>Loss of sustainable community with:</p> <ul style="list-style-type: none"> Massive loss of jobs Impact on housing market Increase in disadvantaged areas The population declines and gets older Increased demand on services without the additional funding No way to replicate the lost jobs 	B2*	23rd February 2009 10 September 2009	Fergus McMorrow with Julie Betteridge	Working with Central Government through the WODF to link with nuclear sector to deliver improvements through Energy Coast Masterplan.	Maintain profile and communication to achieve continuing buy-in and resource through central Government. Seek diversification of economic opportunities.	Residents in employment. Adult skills improved. Alternative businesses secured and local business growth. Increased tourism spend.	Quarterly

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No.	Vulnerability	Trigger	Consequences	Risk score (* above tolerance line)	Date identified or last amended	Risk Owner	Action / controls already in place and adequacy	Required management action/control	Critical success factors & KPI's	Review frequency
10b	The nuclear industry, which is the major employer (44k jobs from 70k total), has an uncertain future with the possibility of a significant downsize or a upsize. The result will be known once the bidding process for a new plant and becoming a waste storage site is complete	Grid connection IPC application and pre application work. Nuclear New Build pre application and IPC application for one or more sites	<ul style="list-style-type: none"> New jobs created Housing and schooling issues Council could lose its good staff Travel issues Increased demand in services which may not be reflected in RSG Financial drain as no benefit to our grants Current population may not have the required skills - so creating a wider gap between advantaged and disadvantaged Major financial burden places on Cope land to perform our statutory role, if we can't or don't play this part then the risk of the IPC not being able to make a favourable decision is severely compromised. Communities not engaged in the process 	G2*	23rd February 2009 15 February 2010	Pat Graham with Julie Betteridge and Fergus Mc Morrow	<p>Vision and direction arising from Energy Coast Masterplan.</p> <p>Early work commenced to identify CEC skills and technical expertise required to accommodate growth area.</p> <p>Impact study of new build to be commissioned in Autumn 2009.</p> <p>Skills work on going</p> <p>Spatial Planning Group established and Nuclear Infrastructure Group</p> <p>Response to NPS submitted</p> <p>Active engagement with Whitehall</p> <p>£200k revenue support in place</p>	<p>Get LDF in place to plan and allow for growth across all spatial sectors.</p> <p>Working with partners and industry to aid our understanding of the implications of new build, engage with communities and work on the Grid infrastructure.</p> <p>Lobbying Government and the industry to financially support this project.</p> <p>Influencing the IPC to support early consideration of a Cumbrian site.</p> <p>Development of a joint LA Board led by Somerset authorities to joint lobby and adopt a consistent stance when negotiating with utilities</p> <p>Play an active role on advising the utility on community engagement</p>	<p>Submission of Local Impact Report</p> <p>Secured a Planning Performance Agreement</p> <p>Agreed Statement of Community Consultation</p> <p>IPC make timely decision</p> <p>Infrastructure improvements are delivered</p>	Quarterly

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No.	Vulnerability	Trigger	Consequences	Risk score [* above tolerance line]	Date identified or last amended	Risk Owner	Action / controls already in place and adequacy	Required management action/control	Critical success factors & KPI's	Review Frequency
11	The nuclear industry is a major employer in the Borough which requires significant amounts of time spent on working with it by Council leaders, which may reduce resources for other issues.	Disproportionate time and effort spent on nuclear issues by Council leadership	<ul style="list-style-type: none"> The focus of the Council does not widen – narrow focus Distortion in priorities and funding Deploying limited resources on activity not recognised in RSG Not doing other activities that are important to the community Residents not recognising Council's role Council not credited for this work Not seen as important by inspectors 	12*	23rd February 2009 15 February 2010	Fergus McMorrow with Martin Jepson and Keith Parker	Corporate Plans commit the Council to a range of objectives and outcomes beyond the nuclear agenda. Additional support for major projects in place to boost resources, for example offer of financial support from DECC. Increasing work with partners to gain support. West Cumbria Vision in place.	Government continuing to be lobbied regarding special workload and resource requirements. Developing further partnership working.	Additional net nuclear investment	Quarterly
No.	Vulnerability	Trigger	Consequences	Risk score [* above tolerance line]	Date identified or last amended	Risk Owner	Action / controls already in place and adequacy	Required management action/control	Critical success factors & KPI's	Review Frequency

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15	The Council may not address climate change adequately.	Resources diverted to other work: policy decisions which do not take climate change impacts into account.	<ul style="list-style-type: none"> Impact on specific communities Coastal erosion Low Use of Resource scores Increased costs Economic impact on regeneration 	G3	23rd February 2009 15 February 2010	Julie Betteridge with Pat Graham	Strategic direction agreed. Nottingham Declaration signed. Working with Gumbrian partners. Capital and revenue schemes arising as required, and delivered to protect property and ensure safety Sustainability Office in post. Energy Coast Masterplan includes energy efficiency.	LDF will incorporate shoreline issues and impact on settlements, developments and physical access. Development and delivery of climate change action plan	National Indicators. Managing events such as landslips and flooding.	Quarterly
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CAPACITY RISKS

No.	Vulnerability	Trigger	Consequences	Risk score [* Above tolerance line]	Date identified or last amended	Risk Owner	Action / controls already in place and adequacy	Required management action/control	Critical success factors & KPI's	Review frequency
2	The Council's improvements in financial management may not be sustainable.	Loss of key staff. Failure to maintain knowledge of technical requirements for financial management.	<ul style="list-style-type: none"> Statutory interventions Council reputation damaged Political risks Inefficient use of resources Impairs the overall improvement of the Council Poor decisions made with poor information 	G2*	23rd February 2009 15 February 2010	Chief Executive	Budget monitoring cycle. CSOs and financial regs Appropriately qualified staff. Regular training of managers. Development of succession plans Restructure of Accountancy Services. Effective operation of Capital Monitoring Group. Use of Task and Totalview	Arrange for replacement of S 151 officer. Regular review of CSOs and Financial Regs. Introduction finance procedures manual. Restructure of code base Further development of Task. Better communication with budget holders	Production of Annual Accounts and Annual Budget to statutory deadline Compliance with DJEC requirements Savings from new contracts. Use of Resources scores and Annual Audit Letter comments.	Quarterly

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No.	Vulnerability	Trigger	Consequences	Risk score [* above tolerance line]	Date identified or last amended	Risk Owner	Action / controls already in place and adequacy	Required management action/control	Critical success factors & KPI's	Review frequency
18	The uncertainty over senior management arrangements may hamper rapid improvement	Forward progress becomes difficult	<ul style="list-style-type: none"> Capacity problems at senior level; Lack of confidence among external scrutiny and partners Further management changes cannot be implemented Council improvement is slow or does not happen 	P2*	10 September 2009 15 February 2010	Chief Executive	Temporary senior management is in place and is functioning. Sector support is available to offer advice and good practice.	Permanent solution implemented.	Corporate Governance reports; other Council service measures.	Quarterly
19	The Council's people are unable or unwilling to make the changes that are needed to reduce the Council's operating costs.	Employees or members do not support part of the changes that are required for the future of the Council	<ul style="list-style-type: none"> Absence and sickness increases Industrial disputes Employment tribunal claims increase Political unrest Able employees leave Council cannot enter new partnerships or agreements Council cannot reduce its operating costs Damage to Council reputation 	P2*	15 February 2010	Chief Executive with Hilary Mitchell	Choosing to Change programme allows for external support in organisational development. Existing HR policies and constitutional arrangements cover some aspects of this area. Communication plans experience from previous programmes	Secure support under Choosing to Change programme in change management. Review HR policies to support change.	Council can meet requirements to work in different ways and reduce its budget in 2011-13.	At least half-yearly

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3	It can be difficult to manage the overall programme of work: <ul style="list-style-type: none"> Projects competing for resources Projects developed in isolation Projects compete for limited resources 	Lack of effective prioritisation	<ul style="list-style-type: none"> Do not deliver the corporate plan Not delivering other projects Do not make improvements Increased pressure on staff Public and members disappointed by progress Management by crisis becomes the norm 	C2*	23rd February 2009 15 February 2010	Keith Parker with Hilary Mitchell	The 2010/11 Corporate Implementation Plan sets out an agreed set of priorities for the year which will take precedence for available resources. Council Executive report now focuses solely on the CIP and thus Council is made aware of progress on a monthly basis	A new 2011-14 Corporate Plan will be developed this year (and associated 2011/2012 CIP) with the aim of sharpening our focus on key priorities. Develop skills to finetune prioritisation of actions against resources. Project and Programme management skills needs to be made available to a wider group of managers, including post-project evaluation.	Projects do not slip financially or in time; quarterly monitoring reports to Executive show completion as predicted. Achieve outcomes and targets for all projects.	Quarterly
8	The Council needs to recruit, retain and develop effective staff. The rural location, reputation of the Council, and presence of the nuclear industry can all be issues	Unable to recruit and retain adequate staff	<ul style="list-style-type: none"> Vacancies and gaps in structure Increased workloads on other staff Absence and sickness increases Staff leave – vicious cycle Do not gain the flexibility and new skills required – e.g. the ability to work in partnership Do not improve Do not refresh the Council's culture Do not achieve the corporate plan 	B3	23rd February 2009 15 February 2010	Hilary Mitchell with Pat Graham, Alison Clark and Cath Coombs	Additional recruitment channels being used, eg Cumbrian jobs website, as well as conventional advertising. Internet is becoming most important source of recruitment.	Need to ensure that Council reputation is maintained. Develop workforce strategy. Work to reskill existing employees to take account of reducing resources and help to fill shortage professions.	Turnover rate at 10%	Quarterly

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PARTNERSHIPS RISKS

No.	Vulnerability	Trigger	Consequences	Risk score (* above tolerance line)	Date identified or last amended	Risk Owner	Action / controls already in place and adequacy	Required management action/control	Critical success factors & KPI's	Review frequency
7	Partnership working is an important issue and their effective governance is essential. Currently a lack of a planned and consistent approach to the management of partnerships could threaten achievement of outcomes through partnership working	Lack of an effective approach to working in partnerships, leading to unsatisfactory outcomes	<ul style="list-style-type: none"> Potential legal liabilities (accountable body) Resources wasted Not delivering the Council's agenda Unable to deliver corporate objectives Not an effective partner Time wasted in some partnerships Poor relationships with partners Miss out on future partnership opportunities Negative impact on CAA score Council takes the blame but not the praise 	B2*	23rd February 2009 15 February 2010	Julie Betteridge, with Martin Jepson, Hilary Mitchell and Cath Coombs	New West Cumbria Vision Board in place. External support sought to tackle governance issues. Review of LSP and community partnerships under way. A corporate working group is reviewing and assessing our partnership profile using CIPFA code of practice. Partnership protocol in place – to be reviewed during 10/11.	A coordinated framework needs to developed and piloted by the corporate working group. To roll out the framework and an annual cycle of partnership review against performance management cycle and review with annual impact assessment. Revised protocol and programme management system. Support Cumbria-wide partnership improvements.	Prioritise annually our partnership engagement. Quarterly project management framework will be used to identify and report on impact and PI progress. Partnership working scored positively in CAA terms..	Annually

STRATEGIC RISK REGISTER –FEBRUARY 2010 REVIEW – FOR CIRCULATION

REPUTATION RISKS

No.	Vulnerability	Trigger	Consequences	Risk score (* above tolerance line)	Date identified or last amended	Risk Owner	Action / controls already in place and adequacy	Required management action/control	Critical success factors & KPI's	Review frequency
21	Responding appropriately to inaccurate or adverse media coverage may take significant resources from organisational leaders.	Repeated coverage in local or national media.	<ul style="list-style-type: none"> Short time to respond, so planned events or activities are disrupted; Damage to Council's reputation Limited resources are stretched; Strategic communication is less likely to be possible due to constant firefighting 	87*	21 September 2009 15 February 2010	Hilary Mitchell Chief Executive with	Communication Strategy under review. Leaders have been able to respond to date, but this is likely to become more difficult as more time is lost from business critical activities.	External advice sought; review how to develop capacity in-house.	Reduced incidence of adverse or inaccurate media	At least quarterly
17	The Place Survey rating may not improve.	Lack of action to address known areas for improvement. The Council is unable to explain its role in improving residents' quality of life.	<ul style="list-style-type: none"> Continuing evidence of customer dissatisfaction External criticism Leadership uncertainty Employee dissatisfaction and difficulties with recruitment Low level of engagement with Council by community and partners 	87*	10 September 2009 15 February 2010	Director of Quality of Life	QSC Task and Finish review. Participation in Cumbria Joint Scrutiny activities on Place Survey findings. Customer First Group action planning. Tracker surveys	Deliver actions in agreed improvement plan and direct resources to priority areas.	Improvement in Place Survey results	Quarterly