STRATEGIC RISK REGISTER

Director/Head of Department: Head of Policy and Performance

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Recommendation: That the Overview and Scrutiny Committee considers and comments on the attached Strategic Risk Register as part of the Council's arrangements for managing risks.

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1.   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.

2.   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 again recently in light of current circumstances. Members of the Audit Committee, OSC Management and Executive have also had the opportunity to learn more about

the management of risks, to assist them in their role of overseeing that proper corporate governance arrangements are in place.

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 in priority order, and those at the end of the register are considered of a lower priority in terms of having controls in place to mitigate the risks. As an example a prioritisation 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 September 2009

	1	2	3	4
A	4	3	16 2	1
B			3, 10a, 17,	
C		15	7, 2, 18, 9, 10b, 11,	
D		8, 4	1	
E				
F				

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

16	The possibility of 20% to 30% cuts in the Government grant funding from 2001/11 to the Council has been raised.
3	Difficulty in managing the whole programme of work
10a	The nuclear industry which is the major employer has an uncertain future and may decline
17	The Council may be unable to respond adequately to community needs
7	Currently a lack of a planned and consistent approach to the management of partnerships could threaten achievement of outcomes through partnership working.
2	Financial management has been poor in the past and the Council is looking to improve these processes
18	Uncertainty over senior management arrangements
9	Local government landscape is changing fast. The Council may not commit to change to tackle its priority issues
10b	The nuclear industry has an uncertain future with the possibility of a significant upsize putting pressure on Council resources to respond.
11	The nuclear industry is a major focus for the council with huge amounts of time spent on working with it by Council leaders, which may reduce resources for other issues.

3.   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.

4.   BENCHMARKING

As part of good corporate governance all local authorities are expected to review their risks, identify actions to mitigate the highest priority risks, record this in risk registers and check and revise them regularly. This is considered as part of external scrutiny of the Council's corporate governance arrangements.

5.   PUBLIC CONSULTATION AND PUBLICITY

Not applicable.

6.   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 frequently and updated in the light of the risks appearing over time.

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

List of Background Documents: Copeland Borough Council Risk Management Strategy 2007.

List of Consultees: Audit Committee, Leader, Portfolio holder, Corporate Team,

CHECKLIST FOR DEALING WITH KEY ISSUES

Please confirm against the issue if the key issues below have been addressed. This can be by either a short narrative or quoting the paragraph number in the report in which it has been covered.

Impact on Crime and Disorder	The risks identified and prioritised in the Strategic Risk Register cover the full range of key issues.
Impact on Sustainability	As above
Impact on Rural Proofing	As above
Health and Safety Implications	As above
Impact on Equality and Diversity Issues	As above
Children and Young Persons Implications	As above
Human Rights Act Implications	As above

DRAFT STRATEGIC RISK REGISTER

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 possibility of 20% to 30% cuts in the Government grant funding from 2001/11 to the Council has been raised	Significant cut to grant funding occurs	• 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	A2*`	13th July 2009 10 September 2009	Chief Executive	Close scrutiny of budget through MTFS. Shared Services Strategy in place. Searching for Best Value work has commenced.	Review of future Council role, structure and activities. Corporate Improvement Programme to be developed. Communication with stakeholders, partners and staff.	Balanced budget. High customer satisfaction. Consensus on policy and organisational change. Place Survey results.	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
3	It can be difficult to manage the overall programme of work: • Projects competing for resources • Projects developed in isolation • Projects compete for limited resources	Lack of effective prioritisation	• 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	B2*	23rd February 2009 10 September 2009	**Keith Parker** with Hilary Mitchell	The 2009/10 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 2010-15 Corporate Plan will be developed this year (and associated 2010/2011 CIP) with the aim of sharpening our focus on key priorities. Project and Programme management training needs to be made available to a wider group of managers, including post-project evaluation. Develop skills to finetune prioritisation of actions against resources.	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

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 (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	Downsize in nuclear industry	Loss of sustainable community with: • 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 Septmber 2009	Fergus McMorrow with Julie Betteridge	Working with Central Government through the WCDF 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

13

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
17	The Council may be unable to respond adequately to community needs.	Lack of action to address known areas for improvement	• 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	B2*	10 September 2009	Director of Quality of Life	OSC Task and Finish review. Participation in Cumbria Joint Scrutiny activities on Place Survey findings. Customer First Group action planning	Develop agreed improvement plan and resource in priority areas.	Improvement in Place Survey results	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
7	Partnership working is an important issue and their effective governance is essential. Currently there is a lack of a planned and consistent approach to the management of partnerships which could threaten achievement of outcomes through partnership working	Lack of an effective approach to working in partnerships, leading to unsatisfactory outcomes	• 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	C2*	23rd February 2009 10 September 2009 15	e 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. Management and Co-ordination is allocated to officers and members for all partnerships. Partnership protocol in place – to be reviewed during 09/10.	A co-ordinated 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.	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

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2	Financial management (including contract management) has been poor in the past and the Council is looking to improve these processes	Processes do not improve within 12 months	• Statutory interventions • Council reputation damaged • Political risks • Inefficient use of resources • Impairs the overall improvement of the Council • Poor decisions made with poor information	C2*	23rd February 2009 10 September 2009	Julie Crellin and Pat Graham	Budget monitoring cycle. CSOs and financial regs Appropriately qualified staff Regular training Development of succession plans Establishment of Capital Control Group	Regular review of CSOs and Fin Regs Introduction finance procedures manual. Restructure of Accountancy Restructure of code base Development of TASK Better communication with budget holders	Production of Annual Accounts and Annual Budget to statutory deadline Compliance with OJEC requirements Savings from new contracts	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
18.	Uncertainty over senior management arrangements	Forward progress becomes difficult	• 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	C2*	10 September 2009	Leader	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

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
9	Local government landscape is changing fast. The Council may not commit to change to tackle its priority issues.	There is resistance to proposals for change coming from inside or outside the Council	• Change is imposed externally • Not able to advantage of opportunities for change (eg a proposed shared service) • Unable to improve services • Unable to make efficiencies • Unable to deliver what is required by modern local government • Unrealistic member and staff expectations • No able to	C2*	23rd February 2009 10 September 2009 18	Chief Executive with Corporate Team	1. Work with external advisors to help modernise the way we work 2. Increased investment in employee learning and development 3. Standards Committee to do a gap analysis of the culture of the Council and where we want it to go 4. Structured member training 5. Investment in technology has been made. 6. A shared services strategy has been agreed by Council (June 09) 7. The Cumbria Improvement and Efficiency Partnership has	New vision for Council direction and objectives. Workforce Strategy to be developed covering leadership, management, communication and competency. Corporate Improvement Programme to be delivered. Engagement and communication with workforce, members and partners. Continued involvement needed at relevant forums to ensure Council able to engage.	1. Staff proud to work for the Council 2. clear staff expectations on behaviours and consequences 3. clear development of a brand 4. Improving service user satisfaction	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
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	Upsize in nuclear industry	• 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	C2*	23rd February 2009 10 September 2009	**Pat Graham** with Julie Betteridge and Fergus McMorrow	Early work commenced to identify CBC skills and technical expertise required to accommodate growth area. Impact study of new build to be commissioned in Autumn 2009. Skills work on going	LDF will plan and allow for growth across all spatial sectors. Working with partners and industry to aid our understanding of the implications of new build. Lobbying Government and the industry to financially support this project. Influencing the IPC to support early consideration of a Cumbrian site.		Quarterly

19

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11	The nuclear industry is a major focus for the council with huge 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	• 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	C2*	23rd February 2009 10 September 2009 20	**Fergus McMorrow** with Martin Jepson and Keith Parker	Corporate Plan 2007-12 commits the Council to a range of objectives and outcomes. Additional support for major projects in place to boost resources. Increasing work with partners to gain support.	Government to be lobbied regarding special workload and resource requirements.	Additional net nuclear investment	Quarterly

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15	The Council needs to address climate change.	Loss of significant parts of our coastline.	• Impact on specific communities • Coastal erosion • Increased costs • Economic impact on regeneration	C3	23rd February 2009 10 September 2009	**Cath Coombs** with Pat Graham & Julie Betteridge	Strategic direction agreed. Nottingham Declarations igned. Working with Cumbrian partners. Capital and revenue schemes arising as required, and delivered to protect property and ensure safety Post recruited.	LDF will incorporate shoreline issues and impact on settlements, developments and physical access.	National Indicators. Reduction in events such as landslips and flooding.	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
1	The Council has a number of schemes that are grant funded (either wholly or in part). Grant funding is dependant on delivering outputs and complying with grant monitoring regimes.	Outputs not achieved and/or non compliance with monitoring	• 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	D2	23rd February 2009 10 September 2009	Julie Crellin with Julie Betteridge	Individual project files shared with finance and lead delivery service.	Develop strategic framework to maintain potential grant availability. Adopt good practice in governance Accountable Body framework with guidance, procedures and training. Stronger project management.	Full cost recovery for all accountable body actions.	

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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	• 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	D3	23rd February 2009 10 September 2009	**Hilary Mitchell** with Pat Graham, Julie Crellin 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

23

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
4	There is financial uncertainty created by the current economic situation. This may impact on the level of fees and charges received (currently £2.9M of overall budget), and potentially increase demands for other services. Services have considered this and there is a risk based reserve.	Overspend the budget	• Have to use more reserves than planned • Assumptions for 09/10 and 10/11 change • Level of reserves fall so the Council is less able to cope in the future • Council reputation damaged • Not meeting public expectations	D3	23rd February 2009 10 September 2009	Julie Crellin with Fergus McMorrow	Treasury management strategy in place. Review of income and charging to take place.	Budget monitoring and reporting against profile. Cautious income budget setting in 2010/11. Consider findings of income review.	Monthly monitoring results. Comparison of income generated with budget target. Use of reserves less than budgeted.	Quarterly

24