

CHESHIRE EAST COUNCIL

REPORT TO: AUDIT & GOVERNANCE COMMITTEE

Date of meeting: 30 January 2014
Report of: Performance and Risk Manager
Title: Risk Management Update Report
Portfolio Holder: Councillor David Brown

1.0 Report Summary

1.1 This is a summary of risk management work undertaken since the previous meeting of the Audit and Governance Committee. The Audit and Governance Committee has a key role in providing an oversight of the effectiveness and 'embedding' of risk management processes, and in testing and seeking assurance about the effectiveness of control and governance arrangements. In order to form an opinion on these arrangements, it needs to establish how key risks are identified, evaluated and managed, and the rigour and comprehensiveness of the review process. The purpose of this report is to provide the Audit and Governance Committee with a summary of recent risk management work so that it may undertake this oversight.

2.0 Decision Requested

2.1 The Audit and Governance Committee is requested to note and comment on the update report on risk management, which is for Members' information and assurance.

3.0 Reasons for Recommendations

3.1 Risk Management provides a structured, consistent and continuous process across the whole of Cheshire East Council for identifying, assessing, deciding on responses to, and reporting on opportunities and threats that affect the achievement of the Council's 3 Year Plan objectives and outcomes. Risk management is central to good governance and effective strategic management. Cheshire East Council is publicly accountable and must be able to demonstrate effective management of the kinds of risks which threaten the achievement of its strategic objectives, the effectiveness of its operations, the reliability of its financial reporting, and the security and value of its assets.

3.2 The benefit of a strong risk management framework from a governance viewpoint is that it gives a greater level of confidence that management have properly and adequately fulfilled their responsibility in operating an effective system of internal control. This in turn gives confidence to both Members and staff to support a higher appetite for risk, at a time when major change is necessary and desirable.

4.0 Cheshire East Council 3 Year Plan – Corporate Risk Update

4.1 Working towards the Council's vision, medium term priorities and community outcomes as part of the delivery of the 3 Year Council Plan brings both risk challenges and opportunities. Cabinet and management have a significant challenge in ensuring that the vision, culture and organisational structure are fully aligned, as the Council works as one to increase efficiency and undertakes major change programmes to innovate as effectively and cost efficiently as possible. At a time of considerable and constant change, when managers are dealing with many competing demands, it is possible to miss the risks that arise suddenly or

unexpectedly. Risk identification, assessment and management are therefore an integral part of the delivery of our 3 Year Council Plan. Consideration and response to existing and new threats, and the ability to recognise and seize new opportunities, is fundamental to achieving desired outcomes.

- 4.2 It is considered good practice to include an update to Audit and Governance Committee on progress against key risks. Attached at **Appendix A** is a summary of the Council's Corporate Risk descriptions and the net risk rating for the risks scored to date. The summary provides a tracking of the direction of travel of risks, with a commentary for any risks that change. This can then be utilised as a tool to ensure that any risks not being managed to an acceptable level are monitored, reported on and escalated as required.
- 4.3 At its meeting on 11 December 2013, the Corporate Risk Management Group discussed and considered the risk ratings for the following key risks:-
- Corporate Risk 1 – Political and Economic Environment (Threat)
 - Corporate Risk 7 – Reputation (Threat)
 - Corporate Risk 9 – Workforce (Threat)
 - Corporate Risk 10 – Project and Programme Management Skills (Threat)
 - Corporate Risk 12 - Local Plan Examination (Threat)
 - Corporate Risk 18 – Legal Challenge (Threat)
 - Corporate Risk 19 – Fraud (Threat)
 - Corporate Risk 21 - Information Assurance (Threat)
- 4.4 The Corporate Risk Management Group also considered the most significant risks identified by the Alternative Service Delivery Steering Group and agreed that two of these should be escalated to corporate level. As a result, the wording of the description for corporate risk 20 – Contract and Relationship Management has been updated to incorporate specific concerns around contract specifications, and a new risk has been added, corporate risk 22 – Alternative Service Deliver Vehicle Business Plans.
- 4.5 As detailed on **Appendix A** and shown on the heat map attached at **Appendix B**, six of the key corporate risks, CR3 Leadership and Management, CR9 Workforce, CR11 Commissioning and Service Delivery Chains, CR15 Protection of Children and Young People, CR18 Legal and CR20 Contract and Relationship Management, have been assessed as having a 'High' net risk rating.
- 4.6 Work is ongoing to update risk descriptions, review and score the remaining opportunities and threats as identified.
- 4.7 The Audit & Governance Committee requested that it receive a short briefing at each meeting from the Risk Owners / Managers of the highest key corporate risks. (For this purpose, short briefing means attending the meeting and being able to talk through the risk stewardship template to explain the risk and controls.) The most up to date version of the risk stewardship template for corporate risk 9, Workforce Risk is attached at **Appendix C** to this report for discussion with the Risk Owner/Risk Manager during the Audit and Governance Committee meeting.
- 4.8 The assessment methodology used to score the risks is attached at **Appendix D** to this report for information.

5.0 Wards Affected

- 5.1 All

6.0 Local Ward Members

6.1 All

7.0 Policy Implications

7.1 Risk management is integral to the overall management of the authority and, therefore, key policy implications and their effective implementation are considered within service risk registers and as part of the risk management framework.

8.0 Financial Implications

8.1 There are no financial implications in relation to this report. However, a risk around financial control is included as a corporate risk.

9.0 Legal Implications

9.1 As well as the need to protect the Council's ability to achieve its strategic aims and to operate its business, general principles of good governance require that it should also identify risks which threaten its ability to be legally compliant and operate within the confines of the legislative framework, and this report is aimed at addressing that requirement.

10.0 Risk Management

10.1 This report relates to overall risk management; the Audit and Governance Committee should know about the most significant risks facing the Council and be assured that the risk management framework is operating effectively. The content of this report aims to mitigate the following risks:-

Key Risks
That Cheshire East Council fails to properly develop, implement and demonstrate an effective risk management framework
That Cheshire East Council fails to apply its risk management policy consistently across the Council
That Cheshire East Council fails to recognise risk or make correct decisions to tolerate, treat, transfer or terminate threats or to exploit, share, enhance or ignore opportunities due to poor risk management

11.0 Background and Other Risk Work

11.1 Specialist Risk Areas – Insurance

At a previous meeting, the Audit and Governance Committee requested information on insurance arrangements for elected members be included in the risk update report. The Council's corporate insurance arrangements include the following insurance covers. Please note that the definition of employees extends to include members.

Employers Liability – covers the Council as employer against claims for bodily injury, illness or disease suffered by employees in the course of their employment where the Council is held to be legally liable for such losses.

Public Liability – covers the Council for claims from members of the public, pupils and clients for accidental damage to property, bodily injury, illness or disease arising from the negligence of the Council or its employees.

Officials Indemnity – covers the Council for financial loss claims from third parties resulting from a negligent act or error or omission committed by an employee.

Libel and Slander – covers the Council for claims made relating to defamatory statements made by employees

Personal Accident – covers employees for specified benefits in the event of death and specified disablement injuries.

11.2 Risk Management Section for Reports

The Corporate Risk Management Group considered the most appropriate way of including the allocation of a measure/score of risk on written reports. Whilst the allocation of scoring for individual risks identified within the risk section of written reports was not considered practical, it is exploring further the use of a measure around risk appetite, which would be useful in the risk section for reports on a decision for a new venture or significant project. Draft templates for articulating a risk appetite statement, which incorporate a numbering scale of Zero to Five, are presently being circulated for comment. If approved, this could then be utilised within the risk section for certain written reports.

11.3 Risk Management Networking

The Performance and Risk Manager regularly shares and discusses risk information with colleagues in Cheshire West and Chester Council and recently met with risk consultant colleagues from Zurich to discuss risks facing the public sector. The Performance and Risk Manager also attended a CIPFA Risk Management Hot Topics forum with North West colleagues at the end of November. This included discussion and updates on risk aspects of governance & financial challenges, and the difficulties of identifying and managing risks for shared services and extended enterprises.

12.0 Access to Information

12.1 Risk Management Policy

The updated Risk Management Policy was approved by Cabinet at its meeting on 22 July 2013. The background papers relating to this report can be inspected by contacting the report writer:

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Risk Ref	Type	Risk Description	Agreed Risk Owner	Cabinet Member Strategic Lead	Net Risk Rating	Direction of Travel	Comments
CR1	Threat	Political and Economic Environment: That development and changes as a result of government policy and reviews and in the economic climate compromise the Council's ability to deliver, due to financial consequences or market changes, preventing the achievement of all or some of our objectives and outcomes.	Chief Executive	Leader of the Council	8 Medium	↔	Review due now. The likelihood of this risk occurring is always going to be high, 4 because the Council operates in a political and changing environment, however taking account of the mitigation and contingency arrangements the impact of this risk is significant,2 giving a net risk score of 8 Medium risk.
CR2	Opportunity	Managing Expectations: Opportunity to ensure that there is a mutual understanding and recognition of responsibilities between the people of Cheshire East and the Council, preventing an expectations gap between expected and actual Council service delivery; such that we influence our Voluntary and Faith Groups and Communities, to become more self-reliant, reduce unnecessary demand, and improve public perception of the Council's effectiveness in its aim to best serve the people of Cheshire East and be a leading, commissioning and responsible Council.	Exec Director of Strategic Commissioning	Deputy Leader & Strategic Communities Portfolio Holder	TBD		Further work required on documenting actions taken and planned to exploit this opportunity before scoring. (This includes engagement / consultation, citizens panel work, engagement workshops with health partners and the appointment of the Head of Resilient Communities.)
CR3	Threat	Strategic Leadership and Management: Risk that a number of interlinked change factors result in ineffective strategic leadership and management arrangements in place meaning there is no clear	Chief Executive	Leader of the Council	12 High	↓	Although there are significant existing controls some of these processes are perhaps not fully embedded yet. The likelihood of

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Risk Ref	Type	Risk Description	Agreed Risk Owner	Cabinet Member Strategic Lead	Net Risk Rating	Direction of Travel	Comments
		<p>and consistent understanding of our business for staff, members and partners. This reduces our ability to achieve all of our priorities, objectives and outcomes.</p> <p>These factors include:</p> <ul style="list-style-type: none"> new strategic commissioning operating model management restructure new and incoming senior appointments scale of delivery on substantial change programmes 					this risk occurring at present is 3 likely but is reducing as the restructure is being completed and new appointments settle roles. The impact of this risk is critical to the achievement of the Council's objectives. Overall the current score is 12 high risk.
CR4	Threat	<p>Financial Control: Risk that the Council fails to manage expenditure within budget, due to inaccurate financial planning in both the short term and longer term and/or ineffective financial control leading to a failure to maintain an adequate level of reserves, thereby threatening financial stability and service continuity and preventing the achievement of Cheshire East's objectives and outcomes.</p>	Chief Operating Officer	Finance Portfolio Holder	9 Medium	↓	The net risk rating has reduced to 9 medium risk. The likelihood of this risk has reduced within the likely category of 3. This positive direction of travel is evidenced within the Pre-Budget Report (published Jan 2014). It is clear that strong financial management is now embedded within the organisation. Estimated levels of reserves also remain adequate to support medium term investment and protect the Council against a range of potential risks which reduces the impact should this risk materialise and so this has been reduced to 3 major risk.

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Risk Ref	Type	Risk Description	Agreed Risk Owner	Cabinet Member Strategic Lead	Net Risk Rating	Direction of Travel	Comments
CR5	Opportunity	External Funding: Opportunity that the Council identifies, bids for, or captures new alternative sources of external funding or income, or aligns other public sector local expenditure (such as by the NHS) to create added public value and increases its ability to achieve its objectives and outcomes.	Chief Operating Officer	Finance Portfolio Holder	TBD		Further work required on documenting actions taken and planned to exploit this opportunity before scoring.
CR6	Opportunity	Evidenced Decision Making: Opportunity to more effectively utilise information and business intelligence to properly and adequately take into account supplementary evidence and public need, resulting in a better ability to apply evidence based decision making, and strengthening our ability to effectively and efficiently reshape our commissioning approach to deliver services more innovatively to best serve the people of Cheshire East and achieve our intended outcomes.	Chief Operating Officer	Business Intelligence and JSNA Portfolio Holder	TBD		Further work required on documenting actions taken and planned to exploit this opportunity before scoring.
CR7	Threat	Reputation: Risk that consideration is not given and management action is not taken, to effectively maintain the reputation of the Council, leading to a loss of public confidence, threatening the stability of the Council and our ability to meet the corporate priorities.	Chief Executive	Leader of the Council	9 Medium	↔	Overall rating remains at 9 medium risk. Likelihood is always prevalent and impact is dependent upon subject matter but the scoring uses worst case scenario for impact.

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Risk Ref	Type	Risk Description	Agreed Risk Owner	Cabinet Member Strategic Lead	Net Risk Rating	Direction of Travel	Comments
CR8	Opportunity	Public Sector Effort: Opportunity to ensure that a consensus approach and joint strategic planning by several Council partners reduces duplication of effort and ensures best use of resources in varying geographic areas, such that efforts are not contradictory and/or do not leave gaps and we maximise public resources such that the Council and its partners are better able to achieve intended objectives and outcomes.	Chief Executive	Leader of the Council	TBD		Further work required on documenting actions taken and planned to exploit this opportunity before scoring. (This includes sub-regional work, work with other public sector commissioners i.e. health / police)
CR9	Threat	Workforce: Risk that the fast pace and scale of change in the Council results in a de-motivated, disengaged and poor performing workforce which prevents the Council from achieving all its outcomes and priorities and fails to be a leading Council. The fast pace and scale of change gives rise to:- <ul style="list-style-type: none"> disconnect as roles and responsibilities change and settle increased pressure on staff to improve their skills and knowledge overstretched staff capacity increase in staff stress and sickness levels loss of productivity loss of key staff, skills and knowledge 	Chief Executive	Performance Portfolio Holder	12 High	↔	The likelihood of this risk occurring is a 3 likely, capacity as Officers move into the new management structure but continue to undertake their previous roles remains a concern, as is clarity over accountability during this time. Taking account of the existing mitigation the impact should this risk occur would be a 4 as the workforce has a major impact on the achievement of the corporate outcomes and performance (reduction in likelihood may result in less disengaged staff and would result in a less negative impact on performance and capacity). The overall rating for this risk is 12 high risk

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Risk Ref	Type	Risk Description	Agreed Risk Owner	Cabinet Member Strategic Lead	Net Risk Rating	Direction of Travel	Comments
CR10	Threat	Project and Programme Management Skills: Risk that the Council does not have a sufficient number of skilled and knowledgeable staff managing projects and programmes, such that they fail to deliver expected outcomes and/or within budgeted costs and/or within expected timescales. This will affect the Council's ability to achieve all of its priorities and outcomes, realise agreed savings to ensure better value for money, and may have a detrimental effect on the Council's reputation for failing to deliver on our promises.	Chief Operating Officer	Performance Portfolio Holder	8 Medium	↓	Likelihood is reduced to less than 40% chance of this risk occurring given the increase in project management staff and up skilling of existing staff. The impact of this risk is clearly critical if it were to materialise due to the high level and significant number of change programmes and contracting. The score is 8 medium risk.
CR11	Threat	Commissioning and Service Delivery Chains: Risk that as the Council moves into a more active "market making" role, it will progressively form complex and more fragmented supply chains for both back office and front line services (i.e. outsourcing, contracted suppliers and providers, shared service delivery, joint ventures, private finance initiatives and partnership working) increasing the materialisation of commissioning and service delivery chain risks which would prevent the Council from achieving its planned objectives, priorities and outcomes. Examples of these risks include:- inappropriate, ineffective and inefficient provider commissioning failure to meet/deliver service expectations/standards	Chief Executive	Corporate Policy Portfolio Holder	12 High	↔	The likelihood of this risk at present is a 3 'likely' and has a number of interdependencies with other corporate risks. We are working on strengthening our corporate infrastructure in order to become more strategic and commissioning and the staffing review plays an important role in this. The impact of this risk if it were to fully materialise would have a critical impact on the achievement of our corporate objectives and so is presently a 4, giving an overall risk rating of 12 'High Risk'.

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Risk Ref	Type	Risk Description	Agreed Risk Owner	Cabinet Member Strategic Lead	Net Risk Rating	Direction of Travel	Comments
		<p>supplier/partner financial failure</p> <p>increase in supplier incidents, non-compliance with contracts or agreements</p> <p>tension between profit motives and public sector ethos</p> <p>budget overruns</p> <p>increase in systematic risks in increasingly shared services</p> <p>disaffected voluntary sector</p> <p>inadequate supplier and contract management/relationship</p>					
CR12	Threat	<p>Cheshire East Local Plan Examination – Risk that the Cheshire East Core Strategy is found to be unsound and does not pass examination by the Planning Inspectorate. This may result in delays to the planning framework, leaving Cheshire East vulnerable to unwanted development, budget pressures, loss of public and government confidence, and impacting upon our ability to provide the right type of housing and development sites in the right places and stimulate growth in the local economy.</p>	Director of Economic Growth and Prosperity	Prosperity and Economic Regeneration Portfolio Holder	8 Medium	↓	The risk has been reviewed and whilst there are some subtleties within all of this, the core issue remains as described, although some of the mitigation measures are now paying dividends, we cannot substantially alter or remove the remaining risk, so the scores remain the same at 8 Medium Risk.
CR13	Opportunity	<p>New Responsibilities for Public Health and Wellbeing: There is an opportunity to embed and promote a better understanding of the Council's statutory and other new responsibilities for Public Health services, activities and its wider responsibilities for local health improvement and</p>	Director of Public Health	Health and Adult Social Care Portfolio Holder	6 Medium	New	The net score is 6 which is medium at present, although a number of actions have been put into place. This reflects the immaturity of the public health responsibilities for the Council. It is expected that as

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Risk Ref	Type	Risk Description	Agreed Risk Owner	Cabinet Member Strategic Lead	Net Risk Rating	Direction of Travel	Comments
		protection. This will result in the Council successfully placing public health at the centre of all its planning and commissioning activities, leading to more effective and collaborative services which improve and protect the public's health and enabling the Council to achieve its intended outcome that local people live well and for longer.					the Council becomes familiar with its new responsibilities and the public health team continues to put the relevant processes in place, then the likelihood of the risk will increase (target score = 3) and hopefully increase the impact on the corporate objectives to significant (score of 3).
CR14	Threat	Business Planning –Resource: Risk that we have not planned the resource required to deliver both business as usual and our significant projects, to be delivered over a relatively short period of time, causing overreliance on internal support services (e.g. Assets, Insurance, Legal, Procurement, ICT) and insufficient resource and capacity to deliver, resulting in increased costs, failure to deliver priority projects, business operational issues and an inability to achieve the Council's intended objectives and outcomes.	Chief Operating Officer	Performance Portfolio Holder	TBD		Further work required on documenting actions taken and planned to mitigate this threat before scoring.
CR15	Threat	Protection of Children and Young People: The risk that a combination staff retention and an inability to recruit sufficient qualified and competent social workers and supervisors to meet statutory children Social Care statutory duties, results in children and young people being unprotected and at potential risk of harm thus impacting upon our ability to deliver the outcome of local people living well and for longer.	Executive Director of Strategic Commissioning	Children and Family Services Portfolio Holder	12 High	New	<i>Risk description amended to be considered by CRMG</i> The overall net risk rating is 12, high risk. The existing mitigation will take a sustained period of time to be reduced, so at present is 3, very likely. The impact of not retaining and recruiting sufficient experienced and competent social

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Risk Ref	Type	Risk Description	Agreed Risk Owner	Cabinet Member Strategic Lead	Net Risk Rating	Direction of Travel	Comments
							workers will result in children not being adequately safeguarded and therefore will have a major impact on the council's outcomes of; local people living well and for longer and our communities being strong and supportive.
CR16	Opportunity	Intervention: Opportunity to take co-ordinated intervention between internal and external partners resulting in fewer young people and families being escalated up the levels of need, fewer children and young people ending up in the criminal justice system and care, resulting in a decrease in exponential spend. This will have a positive impact on financial resources, public safety, health & wellbeing, positive contributions to society and successful transition to adulthood such that it will aid the achievement of the corporate outcomes for 2013-16.	Executive Director of Strategic Commissioning	Children and Family Services Portfolio Holder	TBD		Further work required on documenting actions taken and planned to exploit this opportunity before scoring. (Including the Improvement Plan)
CR17	Threat	Adult Social Care: The risk that a combination of causes such as staff turnover, sickness and an inability to recruit, mean that there is insufficient qualified and capable staff to meet statutory adult social care duties (e.g. reassessments). This may result in some individuals assessed needs and risks not being met, individuals not being effectively safeguarded, consequential legal	Executive Director of Strategic Commissioning	Health and Adult Social Care Portfolio Holder	9 Medium	New	Draft for consideration by CRMG: Presently the likelihood of this risk is assessed as a 3 which is likely; a number of the actions taken may take a while to reduce the likelihood and the impact of the risk. The impact of the risk should it materialise is mitigated by the

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Risk Ref	Type	Risk Description	Agreed Risk Owner	Cabinet Member Strategic Lead	Net Risk Rating	Direction of Travel	Comments
		challenges and credibility issues (e.g. with CQC) and could have a detrimental impact upon our ability to deliver the outcomes of local people living well and for longer, and of our communities being strong and supportive.					action taken but would still have a major impact, score of 3, on the Council's outcomes of local people living well and for longer, and of our communities being strong and supportive. The overall net risk rating is therefore 9 medium risk.
CR18	Threat	<p>Legal: The rate of change and different delivery models may mean doing things quickly without recognising and/or acting accordingly to prevent a significant challenge to a decision, or a compensation trend emerges diverting significant financial and non financial resources into possibly lengthy legal disputes and impacting upon the Council's ability to achieve its key outcomes.</p> <p>Examples include:</p> <ul style="list-style-type: none"> inappropriate procurement of goods and services no proper consultation undertaken or findings acted upon no equality impact assessment undertaken or findings acted upon 	Chief Operating Officer	Leader of the Council	12 High	↔	Review due. There are a number of causes and interdependencies with other corporate risks that make this risk more likely at present, including legal capacity and resource to meet the change agenda, the impact is dependent upon the type or extent of legal challenge but to be prudent could cause a critical impact on corporate objectives, performance, reputation and financial consequences so is also a score of 4. The overall net risk rating is a 12 High Risk.
CR19	Threat	Fraud Risk: Risk that the Council fails to have proper, adequate, effective and efficient management arrangements, policies and	Chief Operating Officer	Finance Portfolio Holder	9 Medium	New	As the Council commissions and lengthens its supply chain and the uncertainty of the level of controls

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Risk Ref	Type	Risk Description	Agreed Risk Owner	Cabinet Member Strategic Lead	Net Risk Rating	Direction of Travel	Comments
		procedures in place to mitigate the risk of fraud, particularly at a time of financial hardship, such that public money is misappropriated. This would result in a loss of funds to the Council, have a detrimental effect on services users, a negative impact on the Council's ability to achieve all of its priorities, value for money, and may have a negative impact on the Council's reputation.					and assurance arrangements the likelihood of this risk is increased. Alongside this, change of key personnel due to the staffing review may also increase the risk of unexplained or suspicious expenditure. The impact of this risk should it occur is a 3 'major' as the amount of funds at risk could be significant and jeopardise financial resources to achieve the outcomes. The overall risk rating is 9 medium risk.
CR20	Threat	Contract and Relationship Management: Risk that the Council does not have a sufficient number of skilled, experienced and knowledgeable staff to manage contracts and ongoing relationships with the Council's new alternative service delivery vehicles (ASDVs), such that contractual arrangements may not be robustly specified (including exit strategies), or that they fail to deliver expected outcomes and/or within contracted costs and/or within expected timescales and/or fail to comply with contract agreements. This will affect the Council's ability to achieve all of its priorities and outcomes, realise agreed savings to ensure better value for money, and may have a detrimental effect on the Council's reputation for	Chief Operating Officer/ Executive Director of Strategic Commissioning	Corporate Policy Portfolio Holder	12 High	New	Likelihood of this risk occurring at present has been recognised as very likely and work on an intelligent client function is underway along with the retention of staff that understand the outsourced services. The impact of this risk is clearly major if it were to materialise due to the nature of contracting and the significance of the service delivery areas being outsourced. Further work is planned to mitigate this risk and the net score of 12 high risk is expected to reduce.

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		failing to deliver on our promises.					
CR21	Threat	Assurance of Information : Risk that poor stewardship of information results in information being lost, inappropriately disclosed, unavailable, inaccessible or inaccurate, leading to issues with information access, quality, security, retention and disposal. This will affect the Council's ability to provide the right information to the right people at the right time. The consequences of this are poor or inappropriate service delivery, failure to comply with legislation and government standards resulting in possible financial or reputational damage, all of which will have a detrimental impact on the achievement of the Council' outcomes and may expose the Council and Cheshire East residents to other serious risks.	Chief Operating Officer	Deputy Leader & Strategic Communities Portfolio Holder	9 Medium	↔	Once the Information Assurance Framework has been fully developed, it will take a significant period of time to fully implement through all levels of the organisation. Given the current environment of becoming a commissioning Council and setting up of ASDVs the likelihood of this risk occurring remains likely and the net risk score remains at 9 medium risk.
CR22	Threat	ASDV Business Plans: Risk that there is inadequate information available to allow the development of rigorous and fully costed business cases and plans for the alternative delivery vehicles. This may result in the vehicles not being viable and in the worst case scenario eventually failing. This may affect the Council's ability to meet its statutory duties in the short-term, give rise to legal, financial and credibility issues and have a detrimental impact on	Chief Operating Officer	Leader of the Council	9 Medium	New	The likelihood of this risk is mitigated in the short-term because of the existing knowledge and intelligence held by the Council in the longer-term the business plans are to be presented to the shareholder annually. The risk is scored as 3 likely at present as some of the detail is still to be determined and

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Risk Ref	Type	Risk Description	Agreed Risk Owner	Cabinet Member Strategic Lead	Net Risk Rating	Direction of Travel	Comments
		achieving some of the Council's outcomes (dependent upon area at risk).					the business plans produced. The impact of this risk should it materialise and an ASDV fail (worst case scenario) is that the consequences would have a major impact on the Council's ability to achieve some of its planned outcomes. The net risk rating is therefore 9 medium risk.
CR23	Threat	Health Integration Programme: The risk that programme timescales do not pay attention to available resources such that there is a lack of capacity to maintain the pace required to meet the multiple partner health integration programme, this could have a detrimental impact upon our ability to deliver target budget savings (adult social care), meet the conditions of funding arrangements, and to deliver the outcomes of local people living well and for longer, and of our communities being strong and supportive.	Executive Director of Strategic Commissioning	Health and Adult Social Care Portfolio Holder	TBD	New	Newly articulated risk. Further work required on documenting actions taken and planned before scoring.

Risk Ref: Corporate Risk 9 (13-14)		Date template updated: 20/12/13 (JD)	
<p><i>Cross reference the risk to the Corporate and Service Delivery Plan Objective to which it relates, only key risks that require monitoring will be recorded in the Corporate / Significant Risk Register.</i></p>			
<p>Corporate Priorities / Service Delivery Objective / Project Objective :</p>		<p>Risk to all Council Plan Outcomes –</p> <ol style="list-style-type: none"> 1. OUR LOCAL COMMUNITIES ARE STRONG AND SUPPORTIVE 2. CHESHIRE EAST HAS A GROWING AND RESILIENT ECONOMY 3. PEOPLE HAVE THE LIFE SKILLS AND EDUCATION THEY NEED TO THRIVE 4. CHESHIRE EAST IS A GREEN AND SUSTAINABLE PLACE 5. LOCAL PEOPLE LIVE WELL AND FOR LONGER ∇ BE A LEADING, COMMISSIONING & RESPONSIBLE COUNCIL 	
<p><i>Risk description should include the cause of the impact and the consequence to the objective which might arise.</i></p>			
<p>Identified Risk Description:</p> <p>Workforce: Risk that the fast pace and scale of change in the Council results in a de-motivated, disengaged and poor performing workforce which prevents the Council from achieving all its outcomes and priorities and fails to be a leading Council.</p> <p>The fast pace and scale of change gives rise to:-</p> <ul style="list-style-type: none"> disconnect as roles and responsibilities change and settle increased pressure on staff to improve their skills and knowledge overstretched staff capacity increase in staff stress and sickness levels loss of productivity loss of key staff, skills and knowledge 			
<p>Risk Comments:</p> <p>Capacity as Officers move into the new management structure but continue to undertake their previous roles is a concern, as is clarity over accountability during this time. Managing change in culture and attitude is key to managing this risk.</p>			
<p><i>Who owns and is accountable for the risk?</i></p> <p>Risk Owner: Chief Executive</p> <p>Strategic Lead: Performance Portfolio Holder</p>		<p><i>Who is responsible for taking forward the actions?</i></p> <p>Risk Managed by: Head of People & Organisational Development</p>	<p><i>Is the risk new, enduring, dying or re-emerging?</i></p> <p>Risk Status: New</p>
<p><i>Assess the combined risk of the likelihood and impact of the risk being realised before taking account of any controls in place to manage the risk. This is the gross risk score.</i></p>		<p>Likelihood 4</p>	<p>x Impact 4</p>
		<p>= Gross Risk Score 16</p>	
<p><i>What controls are already in place to mitigate the risk? Controls could consist of authorisation and approval processes, governance arrangements and monitoring processes, physical controls, segregation of duties, organisational, personnel, management and supervisory controls or arithmetic and accounting controls. Where is the evidence for these controls kept?</i></p> <p>Existing Controls and Evidence:</p> <ul style="list-style-type: none"> • Major change project 8.2 – building capacity and engagement • Delivery of the Senior Manager Review (due for completion by 31 March) • Engagement with the Chief Executive as lead and engagement with key leaders in this project • The People Panel, Team Talk and Team Talk Back • Staff Roadshows continuing (new round in January) • Aspire recognition – the best of the best event in December • PDR process and competency framework • Improved consultation over change – new consultation framework agreed with the Unions – Change 			

<p>Protocol for Improved Consultation.</p> <ul style="list-style-type: none"> • Training – comprehensive corporate training programme and service specific workforce development • Change programme processes – Programme Management Office, Technical Enablers Group and Executive Monitoring Board and strengthening of key business cases to provide clarity on direction for staff. • Project Management Training for Senior Responsible Officers and Project Managers • Positive relations with Trade Unions – ongoing. Evident at Corporate TU meetings and Staffing Committee. • Development of a Stress Management Toolkit jointly with HR, H&S and OHU to further support employees. A Stress Management’ site on the intranet has now been developed and a number of Stress Awareness / Wellbeing Events were held during the year. A specific Stress Management guide for Staff has been developed in partnership with the Trade Unions and this is now available to all staff. • Learning & Development – comprehensive Corporate Training Programme in place for all staff and a collaborative leadership programme. The Council has also recently developed an online learning tool to broaden the scope of learning and development and open up cost effective opportunities for a more diverse range of staff. • Oracle Learning Management – this online tool has now been rolled out across the council and will better enable the Council to manage development resources and identify skills gaps in key areas. • Individual and tailored development plans are in place following management review – these will provide support to improve performance in the new management roles. • Dedicated Senior HR resource to support the new delivery vehicles. • Introduction of new pay and grading structure and increment freeze ended. • Leadership conference in November has identified skills gaps across the top 120 managers and this will shape the OD workforce development plan and offering. 			
<p>Assess the combined risk of the likelihood and impact of the risk being realised after taking account of the existing controls in place to manage the risk. This is the net risk score – as it is now.</p>	<p>Likelihood</p> <p>3</p>	<p>x Impact</p> <p>4</p>	<p>= Net Risk Score</p> <p>12</p>
<p>Is the net risk now acceptable or not? Are there further reasonable controls or planned actions you can take to manage the risk down to an acceptable level? If not, consider the need for a contingency plan for what will happen if the risk is realised. Members of the Corporate Risk Management Group are responsible for ensuring that actions proposed to mitigate corporate and significant operational risks are sufficient and proportional to the risk identified.</p>			
<p>Future Planned Actions / Contingency:</p> <ul style="list-style-type: none"> • Performance related pay – to provide clarity on pay and performance measures • Pay and Reward Strategy to go to Cabinet • Staff survey imminent – results of this will be analysed and appropriate action followed up • Employee assistance programme imminent • Succession planning framework to be designed and implemented with job families • Agile working commitment / modern office / next generation desktop • Development of the Strategic Commissioning Strategy and intelligent client function 			
<p>Next Review Date:</p> <p>End of February 2014</p>		<p>Some risks require weekly or monthly monitoring, others will only need to be revisited following the proposed date for the completion of the planned action.</p>	
<p>The reason for monitoring key risks is to create an early warning system; risk registers should be regularly reviewed and amended. Questions asked during monitoring are: Is the risk still relevant? Is there any movement in the net risk score? Are the controls still in place and operating effectively? Has anything occurred which may change its impact and/or likelihood? Have any significant control failures or weaknesses occurred since the risk was last monitored? Is the risk increasing - do I need to devise more controls? Is the risk decreasing – can I relax existing controls?</p>			

<p>Monitoring Arrangements:</p> <p>Key Risk Indicators:-</p> <ul style="list-style-type: none"> • Absence (long term/ short term) • Referrals to OHU • Employee Engagement (following next staff survey) 			
<p><i>Predict the combined risk of the likelihood and impact of the risk being realised after taking account of the existing and planned controls in place to manage the risk. This is the target risk score.</i></p>	<p>Likelihood</p> <p>3</p>	<p>x Impact</p> <p>3</p>	<p>= Expected Score</p> <p>9</p>
<p>Comments</p> <p>20 Dec 13: The likelihood of this risk occurring is a 3 likely, capacity as Officers move into the new management structure but continue to undertake their previous roles remains a concern, as is clarity over accountability during this time. Taking account of the existing mitigation the impact should this risk occur would be a 4 as the workforce has a major impact on the achievement of the corporate outcomes and performance (reduction in likelihood may result in less disengaged staff and would result in a less negative impact on performance and capacity). The overall rating for this risk is 12 high risk.</p>			

Scoring chart for IMPACT

	Factor	Score	Effect on Corporate Objectives	Effect on Service/Project	Embarrassment/ Reputation	Personal Safety	Financial Implications
THREATS	Critical	4	Critical impact on corporate objectives and performance and could seriously affect reputation. Long term damage that may be difficult to restore with high costs.	Service - Major loss of several important areas. Disruption 5+ Days Project - Complete failure or extreme delay (3 months or more)	Adverse and persistent national media coverage Adverse central government response	Death	> £1m Or >£5m for corporate risks
	Major	3	Major impact on corporate objectives and performance, could be expensive to recover from and would adversely affect reputation in the medium to long term.	Service - Complete loss of an important area. Major effect to services in one or more areas for a period of weeks Disruption 3-5 Days Project - Significant impact on project or expected benefits fail/ major delay (2-3 months)	Adverse local publicity of a major and persistent nature Adverse publicity in professional/municipal press arena	Major injury	Between £1m and £500,000
	Significant	2	Significant impact on corporate objectives, performance and quality, could have medium term effect and be potentially expensive to recover from.	Service - Major effect on an important area or adverse effect on one or more areas for a period of weeks Disruption 2-3 Days Project - Adverse effect on project/ significant slippage (3 weeks–2 months)	Adverse local publicity /local public opinion aware	Severe injury	Between £500,000 and £100,000
	Minor	1	Minor impact on the corporate objectives and performance, could cause slight delays in achievement. However if action is not taken, then such risks may have a more significant cumulative effect.	Service - Brief disruption of important area Significant effect to non-crucial service area Disruption 1Day Project - Minimal impact to project/ slight delay less than 2 weeks	Complaint from individual/small group	Minor injury or discomfort	Less than £100,000
OPPORTUNITIES	Exceptional	4	Result in major increase in ability to achieve one or more strategic objectives	Major improvement to service, generally or across a broad range	Positive national press National award or recognition by national government	Major improvement in health, welfare & safety	Producing more than £50,000
	Significant	3	Impact on some aspects of the achievement of one or more strategic objectives	Major improvement to service or significant improvement to critical service area	Recognition of successful initiative Sustained recognition and support from local press	Significant improvement in health, welfare & safety	Producing up to £50,000

Scoring Chart for LIKELIHOOD

Factor	Score	THREATS - Description	Indicators	OPPORTUNITIES (Favourable Outcome) - Description	Indicators
Very likely	4	>75% chance of occurrence	Regular occurrence Frequently encountered - daily/weekly/monthly	>75% chance of occurrence or achieved in one year.	Clear opportunity, can be relied on with reasonable certainty to be achieved in the short term.
Likely	3	40% - 75% chance of occurrence	Within next 1-2 yrs Occasionally encountered (few times a year)	40% to 75% chance of occurrence. Reasonable prospects of favourable results in one year.	May be achievable but requires careful management. Opportunities that arise over and above the plan.
Unlikely	2	10% - 40% chance of occurrence	Only likely to happen 3 or more years	<40% chance of occurrence or some chance of favourable outcome in the medium term.	Possible opportunity which has yet to be fully investigated by management.
Very unlikely	1	<10% chance of occurrence	Rarely/never before	<10% chance of occurrence	Has happened rarely/never before

Risk Matrix – Likelihood and Impact

Likelihood		THE RISK MATRIX (With Scores)							
Very Likely	4	LOW	MEDIUM	HIGH	HIGH	4	8	12	16
Likely	3	LOW	MEDIUM	MEDIUM	HIGH	3	6	9	12
Unlikely	2	LOW	LOW	MEDIUM	MEDIUM	2	4	6	8
Very Unlikely	1	LOW	LOW	LOW	LOW	1	2	3	4
Impact		Minor 1	Significant 2	Serious 3	Major 4				

