

LGA Strategic Risk Register – Summary Updated 28 April 2014

Ref	Type	Description of risk	2012/13	2013/14			Move- ment	Review Date	
			Q4 score	Q1 score	Q2 score	Q3 score			Q4 score
EXTERNAL									
S1	Impact/delivery	The LGA is not effective in achieving its vision for local government	12	4	4	4	4	↔	June 2014
S2	Membership	LGA membership reduces to the point where the LGA loses legitimacy as the voice for the sector	12	12	12	12	12	↔	Sept 2014
INTERNAL									
S3	Financial Sustainability	The LGA is not financially viable	25	25	25	15	12	↓	Sept 2014
S4	Shared Services contract	The Liberata services are not delivered to an acceptable standard or cost	12	12	12	12	20	↑	June 2014
S5	People Management	We do not maintain employee capacity and capability as our core funding reduces	9	9	3	3	3	↔	Sept 2014

Symbols ↔ ↑ ↓

Ref	Risk	Cause and effect	Inherent risk I L 5 → 1 5 = high	Controls/Sources of assurance	Residual risk I L 5 → 1 5 = high	Further Actions to improve mitigation	Owner/ Date
S1	<p>Impact/delivery</p> <p>The LGA is not effective in achieving its vision for local government:</p> <ul style="list-style-type: none"> - Funding for local government - Economic growth, jobs and prosperity - Public service reform - Support for sector-led improvement 	<p>Cause</p> <ul style="list-style-type: none"> - Lack of focus and prioritisation - Not active on the big issues - Failure to deliver lobbying objectives - Support to councils is not valued <p>Effect</p> <ul style="list-style-type: none"> - Loss of membership – see below - Lack of credibility with government - RSG and other funding not renewed 	<p>4 5</p>	<ul style="list-style-type: none"> - Clear priorities agreed with members through the business planning process - Comprehensive governance arrangements in place to ensure clear cross-party support for the LGA's lobbying objectives - Public Affairs function to monitor political change - Boards to drive the delivery of the LGA's top priorities - Rewiring Local Government work used as basis for LGA priorities and campaigns launched July 2013 <p>Sources of assurance – quarterly performance reporting; regular reports to Executive, Leadership Board and LGA Boards</p> <p>KPI – Customer survey data</p>	<p>4 1</p>	<ul style="list-style-type: none"> - First 100 Days campaign being developed 	Head of Finance and Policy – June 2014

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S2	Membership LGA membership reduces to the point where the LGA loses legitimacy as the voice for the sector	Causes <ul style="list-style-type: none"> - General financial pressures on councils - LGA not see to provide value for money Effect <ul style="list-style-type: none"> - LGA loses legitimacy as the voice for the sector - Local government becomes more fragmented in its engagement with government 	5 3	<ul style="list-style-type: none"> - Member benefits communicated to all councillors - Active engagement with councils on notice to withdraw membership - LGA achievements communicated regularly through the Chairman's bulletin, First etc - Regular meetings with regional bodies - Transparency with publication of key data - Annual Customer Survey Senior members, SMT and Principal Advisers maintain relationships with councils - Governance arrangements kept under review to ensure focus is maintained on key issues for our membership <p>Source of assurance – ongoing monitoring and publishing of membership changes</p> <p>KPI – Total membership and members on notice to withdraw</p>	4 3	<ul style="list-style-type: none"> - New LGA boards supported to ensure focus on key issues for membership - Improve the LGA's collection of customer contact information –as part of ICT strategy 	Head of Finance and Policy – June 2014 Head of Corporate Governance – Sept 2014

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S3	Financial sustainability The LGA is not financially viable.	Causes - Membership withdrawal - RSG funding reduction - Loss of government grants and contracts - Pension liabilities not fully funded - Overheads do not reduce in line with reductions in income – see below - Pension liabilities crystallise as employee numbers reduce in the individual companies Effects - Significant reduction in size – not able to provide core services - Significantly increased pension costs in future years - Going concern issues	5 5	<ul style="list-style-type: none"> - Effective budget planning and management - Financial strategy regularly reviewed by Resources Panel and Leadership Board - Strategy for reducing the Pensions deficit agreed - Regular dialogue with CLG to secure RSG topslice funding Source of assurance – monthly management accounts KPI – Total headcount KPI – Debtors	4 3	<ul style="list-style-type: none"> - Refurbishment of Layden House – project now underway - Review of options for Local Government House agreed and being commissioned - Commercial strategy agreed and due to be implemented in 2014/15 	Chief Exec/ Head of Finance – Mar 2016 Chief Exec/Head of Finance – June 2014 Executive Director/Head of Finance – Mar 2015

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S4	<p>Shared services contract</p> <p>The LGA's outsourced shared services are not delivered to an acceptable standard; overhead costs do not reduce in line with the overall size of the organisation</p>	<p>Causes</p> <ul style="list-style-type: none"> - Unforeseen event triggers contract failure. - Contract not fit-for-purpose. - Ineffective client side - Lack of service availability - Quality and performance of service delivery fails to meet client's standards - Contract re-negotiation does not achieve required reduction in overheads <p>Effects</p> <ul style="list-style-type: none"> - Business support requirements not met – we are not able to deliver our services effectively - Inability to make cost reductions. - Negative impact on reputation, particularly with membership - Inability to make changes - Customer dissatisfaction - The LGA does not keep pace with external developments, particularly with ICT 	4 5	<ul style="list-style-type: none"> - Governance arrangements in place – Programme Board, Contract Management Board, Contract manager - Liberata performance against KPIs monitored - Client-side team review day-to-day performance on the contract - Annual customer surveys - Exit management plan in place should the contract terminate - Contract renegotiated from April 2013 - ICT client-side strengthened and ICT strategy developed <p>Source of assurance – monthly reporting and review of Liberata KPIs at Contract Management Board</p> <p>KPI – Liberata customer satisfaction survey</p>	4 5	<ul style="list-style-type: none"> - Further work on demand reduction measures - Further review of contract requirements in particular ICT 	<p>Head of Finance – Sept 2014</p> <p>Head of Finance – June 2014</p>

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S5	People Management We do not maintain employee capacity and capability as our core funding reduces	Causes <ul style="list-style-type: none"> - Low employee morale - Lack of clarity and focus - Reductions in employee numbers to achieve a balanced budget Effects <ul style="list-style-type: none"> - We do not retain key employees 	4 3	<ul style="list-style-type: none"> - Clear focus and prioritisation through the business planning process - Line management support - Strong focus on internal communications through the Portal, monthly employee briefings; annual employee conference; Knowledge bites - Appraisal scheme - Actions taken in the light of Employee Surveys and other feedback <p>Source of assurance – annual employee survey</p> <p>KPI – Employee engagement KPI – BME employees % of total workforce KPI – average sick days</p>	3 1	<ul style="list-style-type: none"> - Employee development programmes continue 	Head of HR - ongoing

Risk Matrix - the following chart shows where, and what colour the risk will fall in to dependent on the scores. Red being the most severe and green being the least. The scores within the chart are multiples of the likelihood and impact,

For example (Likelihood of) **3** x (Impact of) **4** = (Risk score of) **12**

		Projected likelihood		
		Low (1)	Medium (3)	High (5)
Potential impact	Very high (5)	manage and monitor - 5	urgent focus and action - 15	immediate focus and action - 25
	High (4)	management effort worthwhile - 4	manage and monitor - 12	significant focus and action - 20
	Medium (3)	accept but monitor - 3	management effort worthwhile - 9	manage and monitor - 15
	Low (1)	accept but monitor - 1	accept but periodically review - 3	accept but monitor - 5

What the colours mean (as a guide):

- Red - Urgent actions required to reduce ratings **15 – 25 points**
- Amber - Actions required to manage and monitor ratings **12 points**
- Yellow - Actions required to monitor ratings **4 – 9 points**
- Green - Actions required to maintain ratings **1 – 3 points**