



Corporate Risk Register 2013-2014

Tendring
District Council



INTRODUCTION

The management of Risk is a key element to any organisation in order to protect its resources (human & physical), finances and reputation. By undertaking regular, stringent and structured analysis of the risks faced by the organisation senior managers are able to take strategic decisions to mitigate against such risks whilst still being able to take the necessary decisions for a progressive council.

This document explains the methodology used to analyse and identify the risks which are considered to be of a sufficient level to be monitored corporately. The process of identifying risks is a linear examination at service, departmental and subsequently corporate level. It is only by undertaking a thorough and detailed risk assessment that this can be achieved.

Each risk is assessed for the likelihood of the risk occurring, as well as the potential impact of such an occurrence. The combination of these two factors gives an initial risk rating. Each risk is then 'managed' by the implementation of control measures. It is then re-assessed to give a residual risk rating.

Only risks which would have a significant corporate-level impact upon the ability of the Council to undertake its normal service delivery, finances, safety, or reputation are reported at this level.

DEFINITIONS

Risk: A risk is an event or action which may adversely affect the Council. It can arise from the possibility of not realising opportunities as well as from a threat materialising. Risk management is embedded across the organisation and forms part of each directorate's everyday function. They follow the format '[x...] leading to [y...] resulting in [z]'. Please note that as we increase our partnership and multi-agency work, risks become increasingly complex as controls may become out of our direct control.

Inherent risk: This is the level of risk that is present before controls have been applied. These are measured on a numerical scale from 1-5.

Residual risk: Once controls have been put in place to mitigate risks and/or their impact, this is the remaining level of risk. They are measured on the same basis as inherent risk to allow comparison and to demonstrate the effectiveness of controls.

Control: Controls are a key mechanism for managing risk and are put in place to provide reasonable assurance. Controls can include policies or implementation of recommendations resulting from internal audits.

Actions: Actions are things undertaken to bring the residual risk rating within the Council's risk appetite. These should always be SMART.

Warning indicators: These are current or future areas of concern which may show an increased risk to the Council. These can be internal or external to the organisation.

RISK RATING CATEGORIES

High Risks (Rating of 15-25)

- These risks require immediate attention and, as a high priority, a plan needs to be put together for their mitigation because they are likely to impact on ability to effectively deliver the corporate strategy. Strategic risks, and those operational risks with potential impact across the council, will be owned by the Management Team and an appropriate Director will be allocated the management of each risk.
- The risk details will be presented to the Audit Committee along with a plan of action to reduce the risk. The risk registers will clearly indicate who is responsible for taking the action and timescales will be put on each action point.
- The Audit Committee will also receive notification of the trend of each risk. Those with increasing risk levels will therefore be treated more urgently than those being currently managed down through an action plan.

Medium Risks (Rating of 6-12)

- Medium Risks should be recorded in the Departmental Risk Register. These risks will be owned and managed within the directorate because the level of risk is generally in the range that the council is prepared to tolerate. This means that we are satisfied that current controls are at an adequate level compared to the level of risk.
- However, these risks are close to the tolerance threshold so they should be monitored on at least a quarterly basis to ensure that controls continue to be effective and/or that the inherent risk is not increasing.
- The trends of risks should be included in directorate risk monitoring because:
 - If the risk is increasing, we need to find out whether it could become a high risk, and be proactive in trying to avoid this happening.
 - If the risk is decreasing it may indicate that we are focussing our efforts in the wrong areas.

Low Risks (Rating of 1-5)

- These risks should be included in the risk registers and monitored on a quarterly basis. No action needs to be identified to reduce these risks further.

CORPORATE RISKS

Corporate Risk Register												
Risk No	Risk Details	Inherent Risk			Controls We control the risk by:	Warning Indicators	Action Owner	Target / Review Date	Residual Risk			  
		Impact 1-5	Probability 1-5	Inherent Risk Rating					Impact 1-5	Probability 1-5	Residual Risk Rating	
Corporate Risks												
1	Lack of resources to deliver services Continuing financial constraints including from government cuts / uncertain financial settlements resulting in serious impact to deliver services.	5	4	20	Limited controls available to deliver balanced budget (see Corporate Services Financial Strategy risk). Continue to find new ways to secure efficiency savings and income generation.	TBC	Management Team	Monthly	5	3	15	↓
2	Failure to deliver IER Significant Council project to roll out new electoral registration system	5	2	10	Effective Project Management arrangement in place.	TBC	Management Team	Monthly	5	1	5	↓
3	Reputational Damage Issues relating to Staff / Members conduct / failure to deliver key services / initiatives / loss of data	4	3	12	Conduct arrangements currently being developed , Financial Strategy regularly monitored. Data Protection training / arrangement in place.	TBC	Management Team	Monthly	4	1	4	↓
4	Loss of Key Staff Loss of key staff either through service changes or natural turnover impacting on delivery.	4	3	12	Effective HR Processes in place (being developed) to identify early signs of workforce issues (including age profile) and processes in place for recruitment of right skills. Skills focus and flexible approach across Council.	TBC	Management Team	Monthly	4	1	4	↓
Corporate Services												
5	Community Leadership Projects Potential for impact to the reputation of the Council and impact on Communities, through failure to deliver key projects with partners.	4	3	12	Clearly defined ToR agreed between ECC & TDC. Action plans agreed as appropriate for each project and reviewed on a regular basis.	Action plan not delivered (regular monitoring and feedback to Locality Board)	Jon Barber	Jun-15	4	2	8	↓

6	Financial Strategy The impact of achieving a balanced budget in an ever-tightening financial environment on service delivery objectives.	5	3	15	<ul style="list-style-type: none"> • 5 Year Financial Planning. • Financial Strategy Preparation including identifying and capturing significant risks such as changes to government funding. • Robust and Timely Budget Monitoring Processes. • Engagement with key stakeholders, members and senior management as early as possible. 	Adverse Financial Forecasts / Medium Term Financial Planning. Adverse issues identified via the Corporate Budget Monitoring Process.	Richard Barrett	No outstanding actions	5	2	10	↓
7	Loss of sensitive and/or personal data through malicious actions loss theft and/or hacking	4	2	8	Security contract to manage/ maintain firewalls outsourced to reputable UK contractor. Annual 3rd party IT Healthchecks and resolution/ mitigation regime and quarterly PCI healthchecks. New network segregation works to enhance security for key sensitive data scheduled for completion 27/09/13. Staff training/ vigilance plus ALL laptops are encrypted prior to release so data could only be hacked by a 'highly gifted individual' or professional hacker or foreign govt.	Security Incident report	John Higgins	Sep-13	4	2	8	↔
Life Opportunities												
8	Careline - Potential loss of ECC contract. Currently considering tender for delivery of ECC contract. The loss and subsequent competition from an aggressive new provider in the marketplace would have a significant impact upon the unit.	4	3	12	Operating high quality service focusing on reducing costs. Working to establish a high quality, locally focused bid (that can also be offered outside the district) to deliver a level of service (including response), not offered by national providers.	Bid failure	Mark Westall	Dec-13	4	3	12	↔
9	Failure to collect levels of income required from Council Tax in order to fund the Council's financial requirements.	5	3	15	Regular budget monitoring including reports to ICab by tracking payments against budgetary profile. Monitored monthly in the TDC Performance Report.	TBC	Harry Bates	Mar-14	5	2	10	↓
10	Failure to collect income required from Non Domestic Rates in order to meet the shares between the Government, Essex County Council, Essex Fire Authority and Tendring District Council	5	3	15	Regular budget monitoring including reports to ICab by tracking payments against budgetary profile. Monitored monthly in the TDC Performance Report.	TBC	Harry Bates	Mar-14	5	2	10	↓
11	Building Council Homes No lifting of borrowing cap impacts on ability to deliver.	4	2	8	Limited control available as risk is external.	TBC	Paul Price	Annually	4	2	8	↔
12	Leisure Services Development Programme Risks associated with major works programme - unforeseen additional financial pressures / scheme overrun resulting in prolonged facility closure.	3	2	6	Project Plan in place - regular monitoring undertaken.	TBC	Mike Carran	Monthly	3	1	3	↓

Public Experience												
13	<p>Coastal defence scheme - Unforeseen expenditure / delivery Unforeseen expenditure may be required on sea defences; which if left to deteriorate could cause catastrophic cliff failure and impact safety of residents/visitors nearby. There is a strong possibility of further structural failure before the long-term strategic work can be implemented.</p>	5	3	15	<p>Propping up the existing sea wall with rock armour but this will not guarantee the stability of the wall in the medium term. Further schemes are being promoted to try to avert failure in the short to medium term. Continue to monitor structures on a regular basis and implement work as necessary. On completion, coastline will be safely maintained for 100 years. Contingency budget in place (circa £6 Million). Robust Risk Plan in place for project.</p>		Mike Badger	Summer 2014	1	2	2	↓
Planning												
14	<p>Local Plan Failure to identify no of sites for the assessed level of homes Failure to deliver the revised Local Plan within statutory deadlines and the subsequent damage to the reputation of TDC and impact upon planning decisions in the future.</p>	4	3	12	<p>Risk of no Local Plan in place and implication of 'Planning by appeal' On-going dialogue with members, public (via consultations) and Planning Inspectorate to ensure progress is timely and content reflects the needs and wishes of the residents, businesses and members within Tendring.</p>	Not meeting statutory, or locally imposed deadlines for progression.	Catherine Bicknell; Gary Guiver	Mar-14	4	2	8	↓

APPENDIX – METHODOLOGY FOR CALCULATING RISK

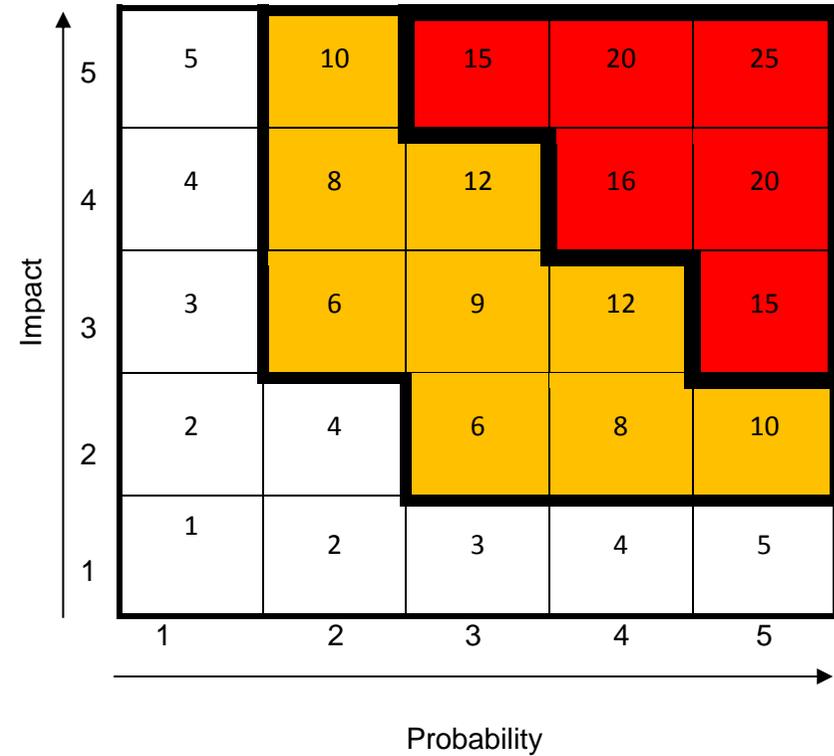
RISK RATING ELEMENTS - IMPACT

Risk level	Impact				
	Level	Financial	Service Delivery	Safety	Reputation
5	Critical	Loss of more than £1m	Effective service delivery is unachievable.	Fatality (Single or Multiple)	Reputation damage is severe and widespread i.e. Regulatory body intervention
4	Major	Loss above 250K but below £1m	Effective service delivery is severely disrupted in one or more areas	Multiple serious injuries requiring professional medical treatment	Reputation damage occurs with key partners.
3	Sizeable	Loss above £25K below £250K	Effective service delivery is disrupted in specific areas of the Council.	Injury to an individual(s) requiring professional medical treatment	Reputation damage is localised and/or relatively minor for the Council as a whole
2	Moderate	Loss above £5K below £25K	Delays in effective service delivery	Minor injury - no professional medical treatment	Slight reputation damage
1	Minor	Loss of up to £5K	Minor disruption to effective service delivery i.e. Staff in unplanned absence for up to one week	No treatment required	Reputation damage only on personal level

RISK RATING ELEMENTS - PROBABILITY

Timescale ----- Likelihood	Up to 6 months	To 12 months	To 24 months	To 60 months	60+ months
Over 80%	5	4	3	2	1
65%-80%	4	4	3	2	1
50 – 64%	3	3	3	2	1
30 – 49%	2	2	2	2	1
Under 30%	1	1	1	1	1

RISK CALCULATION MATRIX



Impact x Probability = Overall Risk Rating