

## AUDIT COMMITTEE

25 JUNE 2015

### REPORT OF CORPORATE DIRECTOR (CORPORATE SERVICES)

#### A.3 **CORPORATE RISK UPDATE**

(Report prepared by Steve Blake)

#### PART 1 – KEY INFORMATION

##### **PURPOSE OF THE REPORT**

To present to the Audit Committee an updated Corporate Risk Register.

##### **EXECUTIVE SUMMARY**

The Corporate Risk Register is regularly updated and presented to the Audit Committee every 6 months.

Two risks have been amended in the period under review. No new risks have been added, and no risks have been removed from the register.

One risk score has been reviewed.

##### **RECOMMENDATION(S)**

**(a) That the Audit Committee notes the current Corporate Risk Register.**

#### PART 2 – IMPLICATIONS OF THE DECISION

##### **DELIVERING PRIORITIES**

Risk assessment, monitoring and control forms the central tool for managing the strategic risks that may prevent the Council from achieving the corporate priorities as identified in the Corporate Plan and associated corporate goals.

##### **FINANCE, OTHER RESOURCES AND RISK**

###### **Finance and other resources**

The risk management approach can be delivered within existing budgets.

###### **Risk**

The subject of risk and its management by the Council is set out in the main body of this report.

##### **LEGAL**

There are no specific legal implications.

##### **OTHER IMPLICATIONS**

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected /

#### Consultation/Public Engagement.

There are no other direct implications.

### PART 3 – SUPPORTING INFORMATION

#### BACKGROUND

At its meeting on 18<sup>th</sup> December 2014 the Committee noted an updated Risk Management Framework. The Committee also noted the Corporate Risk Register current at that time.

The Terms of Reference for the Audit Committee include a responsibility to provide assurance of the adequacy of the risk management framework and the associated control environment. The Corporate Risk Register is therefore brought to the Committee at six monthly intervals to enable the Committee to fulfil its role.

#### CURRENT POSITION

##### Corporate Risk Management Framework

The framework was updated during 2014 and presented to the Audit Committee in December 2014. The framework remains appropriate and does not require any update at this time. The framework is included at Appendix A for information.

The framework sets out the approach to risk management across the Council.

Risks are captured in two standard Risk Registers: -

- The Corporate Risk Register, which is included with this report, and is presented to the Committee twice a year.
- Departmental Risk Registers (embedded within departmental planning processes) which are managed within departments.

##### Corporate Risk Register

Since the Corporate Risk Register was reported to the Audit Committee on 18<sup>th</sup> December 2014, a number of changes have occurred regarding the Council's exposure to risk: -

##### New Risks Identified and Added to Register:

There have been no new risks added this period.

##### Risks Removed from Register:

There have been no risks removed from the register this period.

##### Risks Amended in Register:

**Risk 2e** previously referred to the refurbishment works at Dovercourt Pool (now Dovercourt Bay Lifestyles) which has been completed, and has been amended to refer to the subsequent project for Frinton Walton Pool.

**Risk 3a** has been subject to a practical amendment and now relates only to Member conduct, staff being subject to different control mechanisms.

### Inherent Risk Amendments

**Risk 2a Coastal Defence Scheme – Unforeseen expenditure / delivery** – Inherent risk has been reduced reflecting progress made on scheme, and completion of works to areas where risk of seawall failure was greatest.

	<b>Impact</b>	<b>Probability</b>	<b>Inherent Risk Rating</b>
<b>Previous</b>	5	4	20
<b>Revised</b>	5	2	10

### Residual Risk Amendments

No changes have been made to residual risks in the period.

### Other Changes

There have been minor detail, owner and target date changes made as appropriate to keep the register up to date as circumstances change.

Details regarding each identified risk are set out in the Corporate Risk Register (Appendix B) .

### BACKGROUND PAPERS FOR THE DECISION

None

### APPENDICES

**Appendix A** –Risk Management Framework

**Appendix B** – Corporate Risk Register

*Tendring*  
*District Council*



# **RISK MANAGEMENT FRAMEWORK**

**December 2014**

**CORPORATE SERVICES**



## **1. INTRODUCTION**

Risk management is an essential element of good governance. CIPFA / Solace in their “Delivering Good Governance in Local Government” guidance note (2012) identify as a core principle of good governance that authorities “**take informed and transparent decisions which are subject to effective scrutiny and managing risk**”.

Risk management is not about being risk averse, it is about being risk aware. For the Council to make the most of its opportunities and to achieve its objectives, the Council will be exposed to risk. By being risk aware and understanding its risk appetite, the Council will be better able to take advantage of opportunities and mitigate threats.

To secure maximum benefit for Tendring District Council, the risk management framework must be integrated with departmental planning. Risk registers must be regularly reviewed and must be meaningful, consistent and current.

This framework is to ensure that the Council has a robust yet proportionate approach to risk management.

## **2. THE NEED FOR RISK MANAGEMENT**

Risks are uncertainties that matter and may impact on the delivery of the Council’s objectives and services. Risk exposure to the Council arises from the functions and activities it undertakes. Risk exposure will also arise as the Council increases its partnership and multiagency work – whilst control of risks in such instances may be outside of the Council’s direct control, the risk exposure needs to be taken into account within the risk management process.

Risk management is the systematic method of identifying, assessing, prioritising, controlling, monitoring, reviewing and communicating risks associated with any activity, function or process in a way that enables the Council to minimise the threats it is exposed to and to maximise the opportunities for achievement of its objectives.

The Council acknowledges that risk management plays a key role in better informed decision making and in assisting in the support and delivery of key objectives, projects and services. It aids in creating an environment that: -

- Maximises opportunities
- Minimises threats
- Adds value

## **3. THE MANAGEMENT OF RISK**

Risk exposure occurs at all levels within the Council. Therefore the Council’s approach to risk is that it must be addressed on an integrated basis with everyone having roles and responsibilities for its management.

Risks are managed by evaluating the inherent and residual risks applicable, scored to provide a risk rating, which are then assessed taking account of the Council’s risk tolerance / appetite.

Risks are captured, and managed at two levels: -

### **Corporate Risks**

Corporate risks are those risks that potentially impact on the delivery of the Council’s goals and objectives. They may include issues that have the potential to fundamentally affect service delivery or provision.

Corporate risks will be controlled in the Corporate Risk Register, owned by Management Team.

### Operational Risks

Operational risks are those that potentially impact on the routine service delivery of the Council.

Operational risks are recorded in registers maintained by each department of the Council, and embedded in the departmental planning process. Each register is owned by the relevant Corporate Director / Head of Department.

## 4. RISK MANAGEMENT ROLES AND RESPONSIBILITIES

<b>Audit Committee</b>	Provides independent assurance of the adequacy of the risk management framework and the associated control environment	Receives reports on risk management at least twice each year
<b>Management Team</b>	The maintenance and review of the Corporate Risk Register	Receives updated Corporate Risk Register on a regular basis
<b>Corporate Directors / Heads of Department / Senior Managers</b>	Provide updates on any Corporate Risk where identified as Action Owner	Provide update monthly to Corporate Services
	The maintenance and review of Departmental Risk Registers	Provide update monthly to Corporate Services
<b>Audit and Governance Manager (Governance Role)</b>	Maintenance of the Corporate Risk Register taking into account updates from Management Team, Corporate Directors / Head of Department / Senior Managers	Submit Corporate Risk Register to Management Team on a regular basis
	Support Departments in the continued development and maintenance of Departmental Risk Registers ensuring content is consistent with this framework	As required
	Review and update of Risk Management Framework	As required
<b>Audit and Governance Manager (Internal Audit Role)</b>	Maintenance of Internal Audit Universe and Audit Plans, and the undertaking of audits taking account of risks within Corporate and Departmental Risk Registers	Ongoing
	Audits of Risk Management process at Corporate and Departmental level	Annually
	Reporting on any significant risk exposures for consideration of inclusion in the appropriate Risk Register, identified from the work of Internal Audit.	As required
<b>All Employees</b>	Taking of reasonable steps to manage risk effectively in their roles	Ongoing

## 5. RISK REGISTERS

Risk registers are working documents that support senior management in the running of the Council.

Risk Registers will use a standard format, and record:

- A reference number for the risk
- Risk details
- Inherent risk scores and rating
- Identified controls in place to mitigate each risk
- Warning indicators
- Action owner
- Target / Review Date
- Residual risk scores and rating
- An indicator of direction of travel of each risk

The Corporate Risk Register will be structured to highlight high level corporate risk themes, with each containing detail of the identified corporate risks within that theme.

Whilst using the standard format, Departments can order risks to suit their own needs. Departments must though consider in preparing Departmental Risk Registers the exposure to risk across all of their functions, and the requirements of this framework. Registers must include all risks that would materially affect the operation of each department's activities.

The Council's Risk Registers take account of two forms of risk: -

**Inherent Risk** This is the level of risk that is **present before the application of any controls**. Measured by evaluating the impact and probability of the risk to calculate an Inherent Risk Rating.

**Residual Risk** This is the level of risk **remaining after application of controls**. The Residual Risk Rating is calculated on the same basis as for inherent risk, but factoring in any changes in impact and probability arising from the controls in place to mitigate the inherent risk.

Risks must be scored taking into account the scoring elements detailed in this framework, to provide a consistent approach across the Council.

Having identified each risk, and taking account of the extent of exposure to the Council, consideration should be given as appropriate to the level of exposure whether that risk should be:

**Treated** Procedures and controls in place or added that enable that risk to be mitigated to an acceptable level.

**Tolerated** It is not cost effective, or feasible, to address the risk, therefore the risk is accepted. This may not be acceptable where the risk is scored as High.

**Transferred** The risk is transferred to another body, eg by obtaining insurance cover. It will not be possible to transfer all types of risk.

**Terminated** Cease doing the activity that creates the risk exposure. Often this will not be possible.

Within the Council's Risk Registers it is expected that most risks identified will either be Treated or Tolerated.

## 6. RISK RATING ELEMENTS - IMPACT

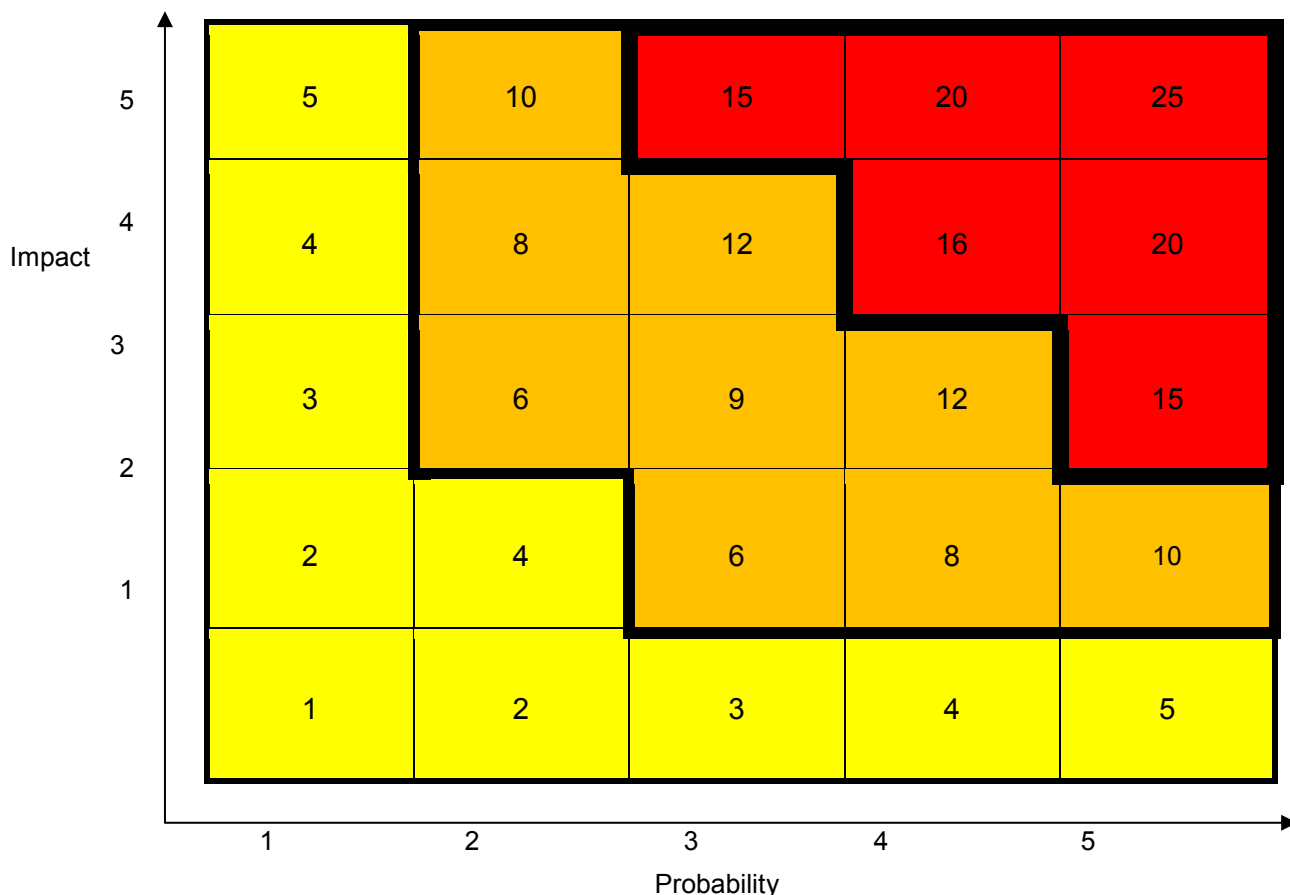
Risk level	Impact				
	Level	Financial	Service Delivery	Safety	Reputation
5	<b>Critical</b>	Loss of more than £1m	Effective service delivery is unachievable.	Fatality (Single or Multiple)	Reputation damage is severe and widespread i.e. Regulatory body intervention
4	<b>Major</b>	Loss above 250K but below £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	<b>Sizeable</b>	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	<b>Moderate</b>	Loss above £5K below £25K	Delays in effective service delivery	Minor injury - no professional medical treatment	Slight reputation damage
1	<b>Minor</b>	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

## 7. RISK RATING ELEMENTS - PROBABILITY

Timescale → ↓ Probability	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
Less than 30%	1	1	1	1	1



## 8. RISK MATRIX



**Impact x Probability = Overall Risk Rating**

20

**High Risk (Rating of 15 -25)**

Risks at this level will be considered to be above the Council's risk tolerance level. These risks require immediate attention and, as a high priority, a plan should be put together to provide sufficient mitigation resulting in a lower rating for the residual risk, wherever possible.

Management Team should regularly review any risks in the Corporate Risk Register where the mitigated level remains above the risk tolerance level.

Where a risk in a Departmental Risk Register scores at this level, consideration will be given to any corporate impact, and whether there is a need for the risk to be considered within the Corporate Risk Register.

12

**Medium Risk (Rating of 6 – 12)**

Controls should be put in place to mitigate the risk, wherever possible, especially where the risk is close to the risk tolerance level, or is increasing over time. However where the options for mitigation would not provide value for money, the risk may be tolerated.

4

**Low Risk (Rating of 1 – 5)**

No action required to mitigate these risks.

## 9. RISK REGISTER FORMAT

### Corporate Risk Register (Example of format)

Risk No	Risk Details	Inherent Risk			Controls We control the risk by:	Warning Indicators	Action Owner	Target / Review Date	Residual Risk			Contribution to / Secondary Risk Supported	
		Impact 1-5	Probability 1-5	Inherent Risk Rating					Impact 1-5	Probability 1-5	Residual Risk Rating		
1	Failure to deliver key services												
1a	Failure to effectively manage assets	5	3	15	Bringing the management of assets together within a dedicated team rather than devolved across the organisation. Implementing and developing an Asset Strategy and associated delivery plan and ensuring an effective and flexible property dealing policy	Loss of developments or transactions	AndyWhite	Summer 15	3	2	6		2 & 3

### Departmental Risk Register (Example of format)

Risk No	Risk Details	Inherent Risk			Controls We control the risk by:	Warning Indicators	Action Owner	Target Date	Residual Risk			Contribution to / Secondary Risk Supported	
		Impact 1-5	Probability 1-5	Inherent Risk Rating					Impact 1-5	Probability 1-5	Residual Risk Rating		
FP1	Accountancy - Accounts not approved by statutory deadline	5	2	10	Detailed timetable drawn up, regular/weekly meetings of Accountancy staff to monitor progress. liaison with External Auditor Controls adequate with normal staffing levels.	Significant adverse issues emerging from work of external audit	Richard Bull	No outstanding actions	2	2	4		



# Corporate Risk Register June 2015

## 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. Measured by evaluating the impact and probability of the risk to calculate an Inherent Risk Rating.

**Residual risk:** This is the level of risk remaining after application of controls. The Residual Risk Rating is calculated on the same basis as for inherent risk, but factoring in any changes in impact and probability arising from the controls in place to mitigate the inherent risk.

**Control:** Controls are a key mechanism for managing risk and are put in place to provide reasonable assurance. Examples of controls can include policies and procedures adopted, progression of ongoing actions, or implementation of recommendations resulting from internal audits.

**Warning indicators:** These are the mechanisms or issues that will highlight that the risk is not being mitigated by the controls identified, or to the extent expected. These can be internal or external to the organisation.

**RISK RATING CATEGORIES**

20

**High Risks (Rating of 15-25)**

- Risks at this level will be considered to be above the Council's risk tolerance level. These risks require immediate attention and, as a high priority, a plan needs to be put together to provide sufficient mitigation resulting in a lower rating for the residual risk, wherever possible.
- Management Team should regularly review any risks in the Corporate Risk Register where the mitigated level remains above the risk tolerance level.
- Where a risk in a Departmental Risk Register scores at this level, consideration will be given to any corporate impact, and whether there is a need for the risk to be considered in the Corporate Risk Register.

12

**Medium Risks (Rating of 6-12)**


- Controls should be put in place to mitigate the risk, wherever possible, especially where the risk is close to the risk tolerance level, or is increasing over time. However where the options for mitigation would not provide value for money, the risk may be tolerated.

4

**Low Risks (Rating of 1-5)**








- No action required to mitigate these risks.

## CORPORATE RISK REGISTER



Risk No	Risk Details	Inherent Risk			Controls	Warning Indicators	Action Owner	Target / Review Date	Residual Risk				Contribution to / Secondary Risk Supported
		Impact 1-5	Probability 1-5	Inherent Risk Rating					Impact 1-5	Probability 1-5	Residual Risk Rating		
1	<b>Failure to deliver key services</b>												
1a	<b>Failure to effectively manage assets</b>	5	3	15	<p>Bringing the management of assets together within a dedicated team rather than devolved across the organisation.</p> <p>Implementing and developing an Asset Strategy and associated delivery plan and ensuring an effective and flexible property dealing policy</p>	Loss of developments or transactions	Andy White	Summer 15	3	2	6	↓	2 & 3
1b	<b>Catastrophic IT network failure</b>	5	3	15	<p>Cisco -based corporate network replacement works completed Nov14 (excluding Weeley Offices). Additional resilience included in design to remove single points of network failure and dynamic routing implemented. New wireless network will provide additional resilience if significant 'cabled' network faults or damage occurs. NOTE: If Weeley Offices are to remain post election then the cabled network switches must be replaced.</p> <p>Resilience built into IT Investment Strategies</p>	Network monitoring alarms	John Higgins	Jul-15	5	1	5	↓	2 & 3
1c	<b>Ineffective communication / management of information</b> Failure to adopt, implement and foster effective communication and information systems with an adverse impact on the ability to deliver services or relationship with key stakeholders.	5	3	15	<p>Implement and develop key communication 'routes' such as consultations and petitioning schemes. Senior Information Risk Owner (SIRO) training undertaken 20/01/15. Essex-wide Information Governance policies adopted and regular information governance monitoring through our Information Governance Policy Unit and the Information Security Management Group .</p> <p>Ongoing development of 'electronic' approaches to communication such as the Council's website and improving transparency such as through improvements to the systems used to access reports and decisions . The Council has access to 'Survey Monkey' and the Intranet 'PING' has been completely renewed focussing on self-service, ease of use and a dedicated Members area.</p> <p>Ongoing development of information systems and databases such as IDOX to ensure information is captured centrally and accessible by services in a timely and effective way. The IDOX Electronic Document Records System is being implemented across the Council during 2015/16.</p>	Annual IT staff survey, Communications Group and departmental IT Champions	John Higgins	Apr-16	5	2	10	↓	2 & 3

Risk No	Risk Details	Inherent Risk			Controls We control the risk by:	Warning Indicators	Action Owner	Target / Review Date	Residual Risk				Contribution to / Secondary Risk Supported
		Impact 1-5	Probability 1-5	Inherent Risk Rating					Impact 1-5	Probability 1-5	Residual Risk Rating		
<b>1</b>	<b>Failure to deliver key services</b>												
1d	<b>Careline - Potential loss of ECC contract.</b> 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	Working as a partner with ECC to implement the new structure of telecare provision (My TECH)	Bid failure	Mark Westall	Mar-17	4	1	4	↓	3 & 8
<b>2</b>	<b>Failure to deliver key projects</b>												
2a	<b>Coastal defence scheme - Unforeseen expenditure / delivery</b> 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.	5	2	10	Scheme is progressing well with Phase 1 completed January 2015 and phase 2 due for completion November 2015. On completion, coastline will be safely maintained for 100 years. Contingency budget in place (circa £6 Million). Robust Risk Plan in place for project. Project Board reviewing progress, looking at risk issues specifically and monitoring compensation events.	Under review	Mike Badger	Nov-15	1	1	1	↓	3
2b	<b>Failure to deliver IER</b> Significant Council project to roll out new electoral registration system	5	2	10	Effective Project Management arrangement in place.	Failure to meet Electoral Commission "readiness tests"	Management Team (Martyn Knappett)	Monthly	5	1	5	↓	3
2c	<b>Community Leadership Projects</b> 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)	Keri Lawrence	Jun-15	4	2	8	↓	3
2d	<b>Building Council Homes</b> No lifting of borrowing cap impacts on ability to deliver.	4	2		Limited control available as risk is external. Whilst Lobbying will continue via ARCH/NFA little prospect of change at present time	Under Review	Paul Price	Annually	4	2	8	↔	-
2e	<b>Leisure Development Programme - Frinton Walton Pool Refurbishment</b> 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.	Under Review	Mike Carran	Monthly	3	2	6	↔	5 & 8







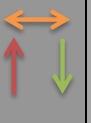
Risk No	Risk Details	Inherent Risk			Controls	Warning Indicators	Action Owner	Target / Review Date	Residual Risk			 	Contribution to / Secondary Risk Supported
		Impact 1-5	Probability 1-5	Inherent Risk Rating					Impact 1-5	Probability 1-5	Residual Risk Rating		
2	<b>Failure to deliver key projects</b>												
2f	<b>Ineffective delivery of Transforming Tendring project</b> Failure to provide effective change management and the coordination of corporate resources with an adverse impact on organisational focus and delivery	5	3	15	Through the provision of effective organisational leadership through culture, change management, vision, values, communication and encouraging innovation and empowering staff.	To be reviewed once project proposal agreed by members	Management Team (Martyn Knappett)	Monthly once project live	3	1	3		3
2g	<b>Replacement of cremators at Weeley Crematorium</b> Current cremator reaching the end of its operational life so tenders have been sought for its replacement. Risk of current cremator failing before a new replacement comes is possible; leading to no available cremators and impacting upon service levels.	2	2	4	Contract let for new cremators with the project commencing in November 2014. However we will continue to have interim arrangements in place with other local crematoria for assistance during any periods of cremator failure.	Cremator failure	David Hall	Oct-15	1	1	1		5 & 8
2h	<b>Essex Family / Family Solutions</b> A TDC appointed Family Support Worker working within Tendring Family Solutions Team. Risks of the project include potential breaches of data protection, Council reputation and professional liability (working with vulnerable families)	5	3	15	Matrix management arrangements in place between TDC and ECC with clear workload management. The TDC FSW will be subject to the same control environment as other team members within Family Solutions. TDC has increased management capacity to oversee the FSW position.	Family complaints / non disengagement from statutory providers	Anastasia Simpson	Ongoing and at end of project Oct-15	5	2	10		3 & 6
3	<b>Reputational damage</b>												
3a	<b>Member conduct</b>	4	3	12	Regular reports to Standards Committee and discussions with Group Leaders	Number of Complaints increasing	Management Team (Lisa Hastings)	Monthly	4	1	4		-
3b	<b>Failure to comply with legislative requirements</b> Risk of judicial reviews or injunctions being sought against the Council, causing delay in service delivery and financial loss to defend actions.	4	4	16	Ensuring that communication between the Directors and Service Managers with the Legal Team is kept up to date with regards to priorities and project planning. Regular discussions to be held between Services. Manager of Legal Services to be kept informed of new developments through management team and Cabinet agendas.	Pre-action protocol letters being received for potential judicial review claims	Lisa Hastings	On-going	2	1	2		-



Risk No	Risk Details	Inherent Risk			Controls	Warning Indicators	Action Owner	Target / Review Date	Residual Risk			 	Contribution to / Secondary Risk Supported
		Impact 1-5	Probability 1-5	Inherent Risk Rating	We control the risk by:				Impact 1-5	Probability 1-5	Residual Risk Rating		
4	<b>Ineffective workforce management and planning</b>												
4a	<b>Loss of Key Staff</b> 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.	Staff turnover rates / inability to recruit	Management Team (Anastasia Simpson)	Monthly	4	1	4	↓	1, 2, 6, 7 & 8
4b	<b>Lack of capacity to deliver core services</b>	4	3	12	Identification of areas of key person dependency, skills and competency matching and corporate approach to the delivery of key services and projects through secondments / cross service working.	Staff turnover rates / inability to recruit	Management Team (Anastasia Simpson)	Monthly	4	1	4	↓	3 & 5

5	<b>Failure to deliver a balanced and sustainable budget</b>												
5a	<b>Financial Strategy</b> 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"> <li>5 Year Financial Planning.</li> <li>Financial Strategy Preparation including identifying and capturing significant risks such as changes to government funding.</li> <li>Robust and Timely Budget Monitoring Processes.</li> <li>Engagement with key stakeholders, members and senior management as early as possible.</li> </ul>	Adverse Financial Forecasts / Medium Term Financial Planning.  Adverse issues identified via the Corporate Budget Monitoring Process.	Richard Barrett	No outstanding actions	5	2	10	↓	1, 2, 3, 4 & 8

Risk No	Risk Details	Inherent Risk			Controls	Warning Indicators	Action Owner	Target / Review Date	Residual Risk				Contribution to / Secondary Risk Supported
		Impact 1-5	Probability 1-5	Inherent Risk Rating					Impact 1-5	Probability 1-5	Residual Risk Rating		
6	<b>Ineffective management of information</b>												
6a	<b>Loss of sensitive and/or personal data through malicious actions loss theft and/or hacking</b>	4	5	20	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 completed. 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/foreign govt. Staff awareness and training undertaken but this cannot stop malicious data theft.	Security Incident report & ongoing staff awareness.	John Higgins	Ongoing	4	2	8		3
6c	<b>Disconnection from PSN Network</b> Failure to achieve PSN recertification resulting in disconnection from PSN services, eg DWP, IER etc and urgent alternative arrangements to continue providing statutory service	5	4	20	Actions required to remediate / resolve issues identified from November 2014 IT healthcheck completed and PSN re-certification achieved 22/01/14. Note: Council remains at risk from any new CESG rules and further hardening of security regulations going. SIRO training undertaken.	PSN/ CESG communications/ outcome of next IT Healthcheck scheduled for Aug'14/ regular monitoring with IT Support partner(s)	John Higgins	Sep-15	5	1	5		1 & 3
6d	<b>Virus / Malware</b> Malicious code entering the TDC network and performing actions without consent	5	4	20	All TDC servers, desktops and laptops include Anti-Virus and Malware protection and are updated / patched with latest software revisions. That said, the Council has just purchased new replacement market leading Sophos anti-virus product to be rolled out across all IT equipment. Standard users are further protected as administrator rights are required to run executable files and standard users do not have this level of access. All internet traffic is routed through firewall and proxy server. All emails routed through email filtering system. User education	Virus / malware production alerts. Users reporting unusual / suspicious activity. Monitoring programs alerting of suspicious activity	John Higgins	Ongoing	5	1	5		1, 2 & 3

Risk No	Risk Details	Inherent Risk			Controls We control the risk by:	Warning Indicators	Action Owner	Target / Review Date	Residual Risk				Contribution to / Secondary Risk Supported
		Impact 1-5	Probability 1-5	Inherent Risk Rating					Impact 1-5	Probability 1-5	Residual Risk Rating		
7	<b>Failure to adopt a sound Local Plan</b>												
7a	<b>Local Plan</b> 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.	4	4	16	The newly formed Local Plan Committee reviews the Local Plan in a timely fashion and continues to consult with the local community, consultees and the Planning Inspectorate	Not meeting statutory, or locally imposed deadlines for progression.	Catherine Bicknell; Gary Guiver	Various	4	3	12	↓	3, 5 & 8
8	<b>Failure of income streams to meet Council's financial requirements and obligations to other bodies</b>												
8a	<b>Failure to collect levels of income required from Council Tax in order to fund the Council's financial requirements.</b>	5	4	20	Regular budget monitoring including reports to ICab by tracking payments against budgetary profile. Monitored monthly in the TDC Performance Report.	Income below profile	Harry Bates	Monthly	5	2	10	↓	5
8b	<b>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</b>	5	4	20	Regular budget monitoring including reports to ICab by tracking payments against budgetary profile. Monitored monthly in the TDC Performance Report.	Income below profile	Harry Bates	Monthly	5	2	10	↓	5
9	<b>Failures in Emergency and Business Continuity Planning</b>												
9a	<b>Ineffective Emergency Planning</b> The Council fails to effectively respond to an emergency and the community is adversely effected.	4	3	12	Continue to develop and regularly test the Council's Emergency Plan including working with necessary partner organisation.	Extreme weather / disaster	Damian Williams	Ongoing	3	2	6	↓	3
9b	<b>Ineffective Business Continuity planning</b> The Council fails to effectively respond to an emergency / adverse event with an adverse impact on the delivery of services.	5	3	15	Development and testing of Business Continuity plans	Loss of infrastructure / staff	Management Team, John Higgins, Damian Williams	Ongoing	3	2	6	↓	1, 2 & 3

## APPENDIX – METHODOLOGY FOR CALCULATING RISK

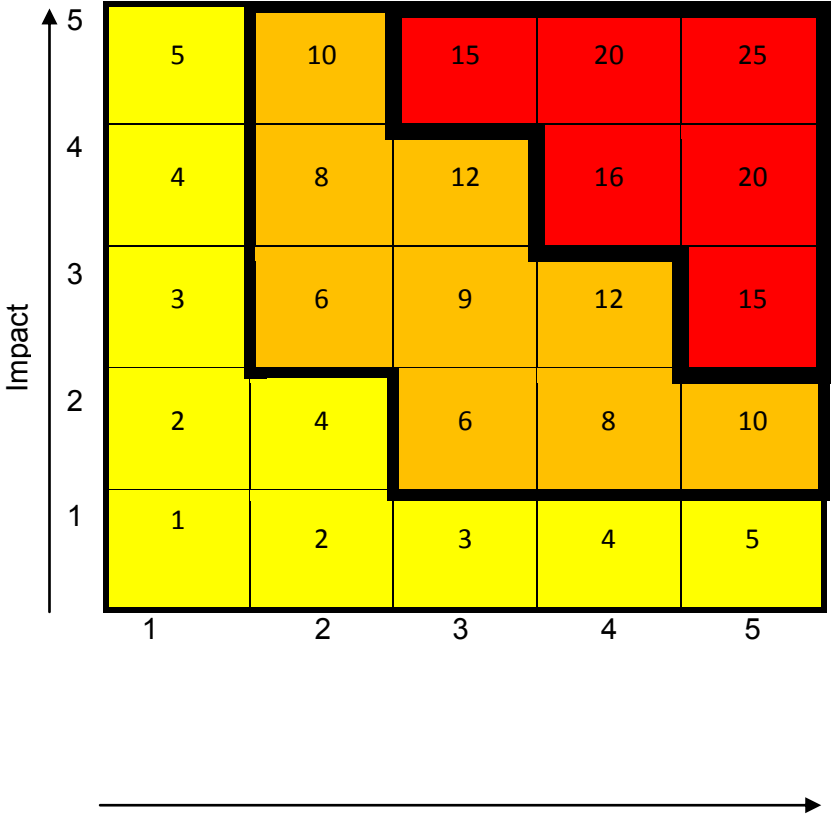
### RISK RATING ELEMENTS - IMPACT

Risk level	Impact				
	Level	Financial	Service Delivery	Safety	Reputation
5	<b>Critical</b>	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	<b>Major</b>	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	<b>Sizeable</b>	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	<b>Moderate</b>	Loss above £5K below £25K	Delays in effective service delivery	Minor injury - no professional medical treatment	Slight reputation damage
1	<b>Minor</b>	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	Up to 6 months	To 12 months	To 24 months	To 60 months	60+ months
Probability					
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**