Corporate

Risk Register

July 2018

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 the 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 – JUNE 2016

Risk No	Risk Details	Inherent Risk			Controls	Warning Indicators	Action Owner	Target / Review Date	Residual Risk				Contribution to / Secondary Risk supported
		Impact 1-5	Probabili ty 1-5	Inherent Risk Rating	We Control the risk by:				Impact 1-5	Probability 1-5	Inherent Risk Rating		
1	**Failure to deliver key services**												
1a	**Failure to effectively manage assets**	3	3	9	Implementing and developing an Asset Strategy and associated delivery plan and ensuring an effective and flexible property dealing policy Adopted by full council in May 2017 new office practice completed NOTE - The transformation project has its own separate risk assessment which is being managed by the Transformation Project Team and therefore not need to form part of this document.	Loss of developments or transactions	Andy White	Ongoing	2	2	4	↓	2 & 3
1b	**Catastrophic IT network failure**	5	3	15	Cisco -based corporate network replacement works completed in 2014. Significant Transformation network investment being undertaken during 2018/19 including; re-design, renewed cabling, existing equipment re-use, significant shift to WiFi working/ flexibility, additional resilience, further removal of single points of failure. Investment in remote working capabilities and over 360 staff using laptops facilitates staff working from alternate locations(s) should a significant issue occur. Resilience built into other IT Investment Strategies including 'mirrored' data storage at Town Hall and Barnes House and enhanced data backup. The agreed Digital Transformation programme will see the Council migrate 80% of its IT applications onto the Microsoft Azure platform 2018-2020 resulting in significantly increased resilience and 'disaster recovery' capability. The new network support and maintenance contract with Intergence Systems Ltd from August 2018 alongside their greatly enhanced network monitoring/ reporting proposals will give greater network visibility and instils confidence moving forwards.	Greatly enhanced 24/7 Network visibility, monitoring, reporting and alarms	John Higgins	Ongoing	5	1	5	↓	2 & 3

3

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	Inherent Risk Rating		
1c	**Ineffective communication / management of information** 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	Tendring District Council has robust Information Governance policies and practices based upon shared Essex-wide 'best practice' Information Governance policies. We undertake quarterly information governance monitoring through our Information Governance Policy Unit (strategic) and the Information Security Management Group (operational). Our processes are annually audited to ensure they remain fit for purpose. The IDOX Electronic Document Records Management System (digital storage/ retrieval of paper records) has been rolled out to all services with the exception of Revenues and Benefits who have a specialist system (IDOC). Northgate Public Services have identified that IDOC will be discontinued so the Revenues and Benefits service will move onto the IDOX system during 2018/19. The Council achieved compliance with the European General Data Protection Regulation (GDPR) and the UK Data Protection Act 2018 on 25/05/18 after an intensive work programme of external audit, training and compliance work. Continued vigilance with regard to Information Governance resources and training and budget is required to minimise the risk of an information breach or failure to comply with legislation	Annual IT staff survey, Communications Group and Departmental IT Champions Monitoring/ investigation of each security breach report	John Higgins	Ongoing	5	2	10	↓	2 & 3
1d	**Ineffective Cyber Security Physical and Application (software) Based Protection Management** Failure to adopt, implement and deliver effective Cyber Security protective arrangements leading to a catastrophic or significant IT cyber security breach or loss of personal, sensitive or vulnerable persons' data or inability to/ adverse impact upon provide IT services and applications supporting Council services.	5	4	20	Tendring District Council has robust Cyber Security physical devices (Firewalls), network segregation and malware protective software applications operational 24/7 to protect the Council from the daily occurrences of external Cyber attack. External specialist contractors are used to manage/ maintain our external Firewall protections. In recognition of the need to raise staff awareness/ vigilance and cyber security knowledge the Council was the first in Essex to roll-out cyber security training to staff and to members in partnership with the Essex Police Cyber Crime Unit. Training videos are also available for staff and members to complete. Our Public services Network (PSN) connectivity to central government is independently security tested via an 'IT Health Check' as a key element of our annual PSN audit process providing details of Critical, High, Medium and Low risk cyber security weaknesses. Our final data defence is that of robust daily backup and physical storage of this backed up data for use in a significant or cyber breach situation	Best of 'breed' malware detection application(s) warnings. External monitoring 24/7 Annual PSN Cyber Security IT Health Check testing/ report by National Cyber security Centre (NCSC) registered independent contractor	John Higgins	Ongoing	5	3	15	↓	2 & 3

4

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		Impact 1-5	Probability 1-5	Inherent Risk Rating	We Control the risk by:				Impact 1-5	Probability 1-5	Inherent Risk Rating		
2	**Failure to deliver key projects**												
2a	**Coastal Defence** The Council has a coastline of 60km and maintains the sea defence structures along 18.5km of this frontage. These defences protect the towns of Harwich, Dovercourt, Walton on the Naze, Frinton on Sea, Holland on Sea, Clacton and Brightlingsea. 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. The East Coast of the UK is vulnerable to a phenomenon called a North Sea Tidal Surge.	5	1	5	Carrying out annual inspections of coast protection structures and responding swiftly to public reporting of faults. An annual maintenance programme for the coastal frontage is set each year with an appropriate budget to cover the works. Each year sections of the sea defences are improved as part of a rolling programme of special maintenance schemes funded from the Council's Revenue Budgets. Works undertaken range from day to day maintenance of promenades and seawalls to schemes costing millions of pounds. Larger capital schemes attracting grant in aid are produced to comply with Defra guidelines and their High Level Targets for coast protection.	Under Review	Damian Williams	Annually	1	1	1	↓	3
2c	**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 partners & TDC. Action plans agreed as appropriate for each project and reviewed on a regular basis.	Action plan not delivered (regular monitoring and feedback to CL&P Committee. Portfolio Holder and external boards)	Karen Neath / Anastasia Simpson / John Fox	Annually	4	2	8	↓	3
2d	**Building Council Homes** Continuing uncertainty over Business plan capacity due government lack of clarity	4	2	8	Council has been identified as one of the Councils which can bid for an increase in borrowing headroom but still uncertainty over sale of high value assets. Business Plan is being updated, using known assumptions to test viability models around different build rates.	Under Review	Paul Price	Annually	2	2	4	↓	-
2f	**Ineffective delivery of Transforming Tendring project** 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
2h	**Essex Family / Family Solutions** 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. Funding has now been secured to move the post onto the Council establishment.	Family complaints / non disengagement from statutory providers.	Anastasia Simpson	Ongoing	5	1	5	↓	3 & 6

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2i	**Garden Communities** The project fails to come to fruition due to land control / Local Plan issues	3	4	12	Breakpoints exist which enable termination of the project if a scenario develops which provides unacceptable commercial viability	Landowner agreements not reached by time of Local Plan Pre Submission Draft Scheme not included in Local Plan Pre Submission Draft	Martyn Knappett	Ongoing	1	1	1	↓	7
3	**Reputational damage**												
3a	**Member Conduct**	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	**Failure to comply with legislative requirements** 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. Head of Governance and 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	Ongoing	2	1	2	↓	-
3c	**Health and Safety** Failure to have effective health and safety processes in place exposing public and staff to increased risk of injury or illness	5	4	20	Identifying an officer with overall responsibility for ensuring that effective health and safety processes in place	Incident reports Inspection results	Richard Barrett	Ongoing	5	2	10	↓	-
3d	**Fraud and Corruption** Failure to deliver effective counter fraud activities	3	5	15	Established Fraud and Compliance Team undertaking counter fraud role Internal Audit Team providing advice / recommendations to improve control environment and mitigate exposure to fraud risks Rules and procedures as laid down in the Constitution	Frauds identified Procedures not being followed	Richard Barrett	Ongoing	2	5	10	↓	5, 8
4	**Ineffective workforce management and planning**												
4a	**Loss of Key Staff** Loss of key staff either through service changes or natural turnover impacting on delivery and /or reputational risk e.g. managing elections	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. "Grow your own staff"	Staff turnover rates / inability to recruit	Management Team (Anastasia Simpson)	Monthly	4	3	12	↔	1,2,6,7 & 8
4b	**Lack of capacity to deliver core services**	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	3	12	↔	3 & 5

5	Failure to deliver a balanced and sustainable budget											
5a	**Financial Strategy** The impact of achieving a balanced budget in an ever-tightening financial environment on service delivery objectives.	5	4	20	• Long Term Financial Plan updated on an ongoing basis. • Financial Strategy / Forecast Preparation including identifying and capturing significant risks such as changes to government funding, and the identification of savings which will require some challenging decisions. • Robust and timely Budget Monitoring Processes. • Engagement with key stakeholders, members and senior management as early as possible. • Responding to and implementing recommendations and advice issued by the Council's External Auditor. • Material savings options to be individually risk assessed *If the event that the long term approach does not deliver the intended outcomes then the Council can revert to the more traditional / short term approach to setting the budget.*	Adverse financial forecasts within the long term financial sustainability plan Timing of decisions relating to savings not in line with the long term forecast. Adverse issues identified via the Corporate Budget Monitoring Process. Lack of actions / monitoring in response to recommendations and advice issued by the External Auditor.	Richard Barrett	Ongoing	5	3	15	↓	1, 2, 3, 4 & 8

6	**Ineffective management of information**												
6a	**Loss of sensitive and/or personal data through malicious actions loss theft and/or hacking**	4	5	20	IT Health check (simulated vulnerability attacks) and resolution/ mitigation regime achieving compliance with central government National Security Cyber Centre (NCSC) security guidelines audited annually. Multi-firewall network segregation implemented with role-based access to systems necessary for work. Security is further strengthened through Citrix access control and segregation of Citrix managed access to different areas. Governance procedures/ policies/ responsibilities comments including quarterly review of all reported security breaches. All officer mobile devices (laptops, tablet and phones) are encrypted with complex passwords and are managed using Microsoft Mobile device Management (MDM) to further protect data. A corporate IT Service re-structure is estimated to be completed August 2017 with increased focus and training on cyber security. Recent purchase of enhancement module for corporate anti-malware software focussing on early detection/ isolation of Ransomware infection. Ongoing campaign to educate staff and members as to malware attacks e.g. phishing risks.	Security Incident report & ongoing staff awareness.	John Higgins	Ongoing	5	2	10	↓	3
6c	**Disconnection from PSN Network** Failure to achieve PSN recertification resulting in disconnection from PSN services, e.g. DWP, IER etc. and urgent alternative arrangements to continue providing statutory service	5	4	20	This risk constitutes an annual cycle of IT security Health Check using a registered consultant, remediation/ resolution of any security issues identified then completion and submission of compliance documentation to central government national Cyber Security Centre (NCSC) for PSN recertification. Note: The Council remains at risk from any new CESG rules and ongoing further Whitehall hardening of security regulations on an ongoing basis. This can only be remediated through monitoring latest available guidance and/ or responding to NCSC challenges during the annual PSN process itself. Annual process currently awaiting further response from NCSC following their challenge/ acceptance of our latest IT Health Check submission.	PSN/ CESG communications, outcome of IT Health checks, monitoring/ discussion with IT Support partner(s).	John Higgins	On-going on an annual cycle and currently under review	5	1	5c	↓	1, 2 & 3
6d	**Virus / Malware** 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. Standard users are further protected as admin rights are required to run executable and standard users do not have this level of access. All internet traffic is routed through our firewall and proxy server, both providing a further level of agreed security. All emails are routed through our email filtering system providing extra agreed security. User education - Staff are aware of what to do if they notice any suspicious activity which could be related to viruses/malware. Regular agreed backups are taken so that restores can take place if required.	Virus / malware production alerts. Users reporting unusual / suspicious activity. Monitoring programs alerting of suspicious activity	John Higgins	Ongoing	5	1	5d	↓	1, 2 & 3
7	**Failure to adopt a sound Local Plan**												
7a	**Local Plan** Failure to achieve a positive result from the Examination in Public into the Local Plan submitted in October 2017. .	4	4	12	Officers worked closely with the other North Essex Authorities, other partners and have taken advice as necessary to submit a robust Local Plan to prepare for the examination in public.	Negative advice from external advisors or lack of agreement with partner authorities. .	Catherine Bicknell, Gary Guiver	Various	4	3	12	↓	3, 5 & 8

|													
8	Failure of income streams to meet Council's financial requirements and obligations to other bodies												
8a	Failure to collect levels of income required from Council Tax in order to fund the Council's financial requirements.	5	4	20	Regular budget monitoring including reports to Cabinet by tracking payments against budgetary profile. Monitored monthly in the TDC Performance Report.	Income below profile	Richard Barrett	Monthly	5	2	10	↓	5
8b	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	4	20	Regular budget monitoring including reports to Cabinet by tracking payments against budgetary profile. Monitored monthly in the TDC Performance Report.	Income below profile	Richard Barrett	Monthly	5	2	10	↓	5
9	Failure in emergency and Business Continuity Planning												
9a	Ineffective Emergency Planning 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. Emergency Planning now falls under the responsibility of The Head of IT and Resilience and following a Corporate IT Service re-structure, resources have increased by 0.5fte in Emergency Planning adding additional resilience and commencing succession planning.	Extreme weather / disaster	John Higgins	Ongoing	3	2	6	↓	3
9b	Ineffective Business Continuity Planning 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	John Higgins	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	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 -------------- 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
Under 30%	1	1	1	1	1

RISK CALCULATION MATRIX
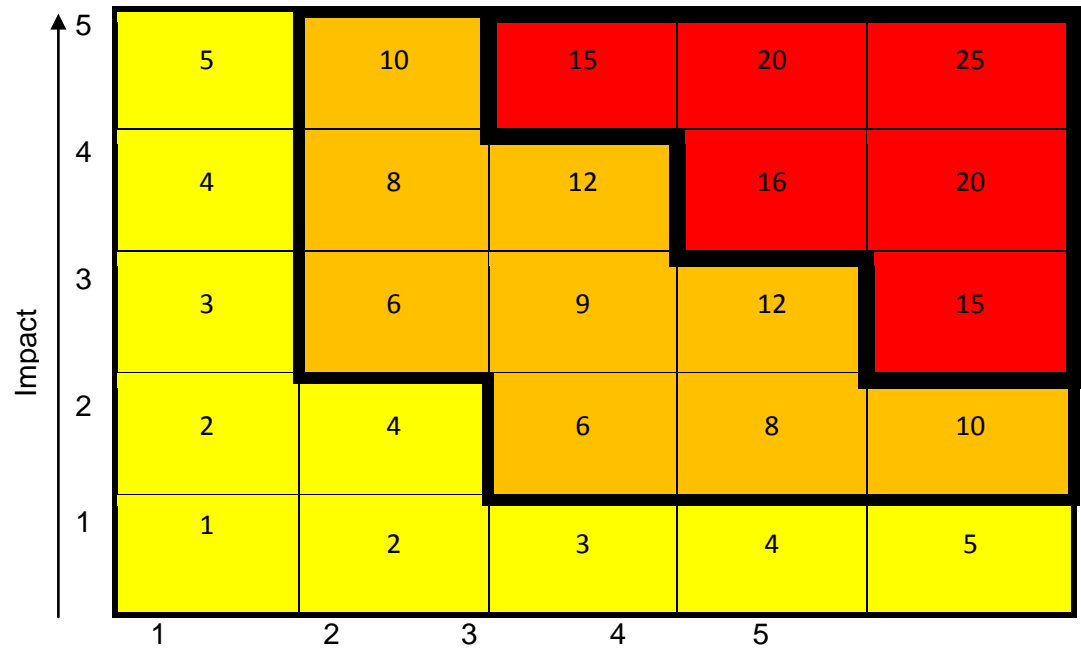
Probability

Impact   x   Probability =   Overall Risk Rating