AUDIT COMMITTEE

26 JANUARY 2017

REPORT OF CORPORATE DIRECTOR (CORPORATE SERVICES)

A.2 CORPORATE RISK UPDATE
(Report prepared by Steve Blake)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT
To present to the Audit Committee an updated Risk Management Framework and Corporate Risk Register.

EXECUTIVE SUMMARY
- The Risk Management Framework has been updated to reflect updated guidance on corporate governance.   - The Corporate Risk Register is regularly updated and presented to the Audit Committee every 6 months.   3 new risks have been added to the register in the period under review, no risks have been removed and no risks have been amended.   1 risk score has been amended.

RECOMMENDATION(S)
That the Audit Committee notes the updated framework and 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 18th December 2014 the Committee noted an updated Risk Management Framework. No changes were considered necessary when the framework was last reviewed in December 2015. The Corporate Risk Register was last presented to the Committee in June 2016. The Terms of Reference for the Audit Committee include a responsibility to provide independent 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 In April 2016 CIPFA Solace published a new framework for "**Delivering Good Governance in Local Government"**. The 2014 Risk Management Framework made reference to the previous CIPFA Solace governance framework in use at that time, and has therefore been updated to reflect the new framework. No other changes have been identified as being required 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 30th June 2016, a number of changes have been identified regarding the Council's exposure to risk: - **New Risks Identified and Added to Register**: **Risk 2i Garden Communities** This has been added to reflect the risks identified as applicable at this stage in the project, as reported to Cabinet on 25th November 2016 and Council on 29th November 2016. **Risk 3c Health and Safety** Following the recent issue regarding the finding of Legionella present at Walton-on –the – Naze Lifestyles health and safety has now been included as a corporate risk.

Risk 3d Fraud and Corruption

Earlier this year, CIPFA published "**Fighting Fraud and Corruption Locally**". The checklist supplied with the publication for use to demonstrate an effective counter fraud and corruption culture includes a requirement that "**the risks of fraud and corruption are specifically considered in the local authority's overall risk management process**". The risk has therefore been added to the Corporate Risk Register so that the risk is regularly drawn to the attention of senior management and this Committee as part of the corporate risk management processes.

Risks Removed from Register:

No risks have been removed at this time.

Risks Amended in Register:

No risks have been amended at this time.

Risk Score Amendments
Risk 5a Financial Strategy

Both the inherent and residual risk scores have been increased, reflecting the challenges that the Council is currently exposed to in setting budgets for forthcoming years given the planned reductions in the Government's minimum Revenue Support Grant.

	Inherent Risk			Residual Risk		
	Impact	**Probability**	**Inherent Risk Rating**	**Impact**	**Probability**	**Residual Risk Rating**
Previous	5	3	15	5	2	10
Revised	5	4	20	5	3	15

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

RISK MANAGEMENT FRAMEWORK

December 2016

1. INTRODUCTION

Risk management is an essential element of good governance. CIPFA / Solace in their "Delivering Good Governance in Local Government" guidance note (2016) identify as a core principle of good governance that authorities "**manage risks and performance through robust internal control and strong public financial management**".

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

Audit Committee	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
Management Team	The maintenance and review of the Corporate Risk Register	Receives updated Corporate Risk Register on a regular basis
Corporate Directors / Heads of Department / Senior Managers	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
Audit and Governance Manager (Governance Role)	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
Audit and Governance Manager (Internal Audit Role)	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
All Employees	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	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

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
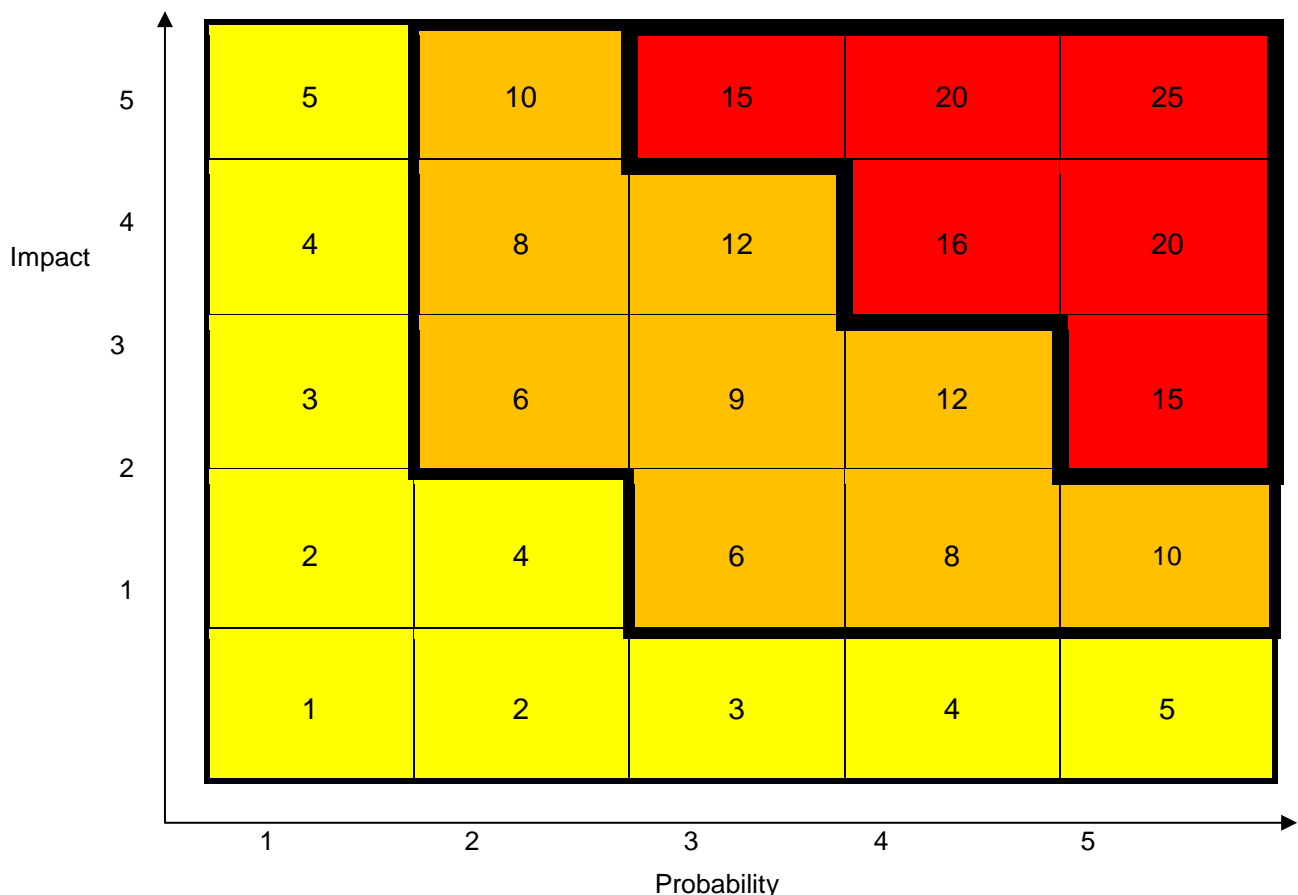
Impact   x   Probability =   Overall Risk Rating

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.

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.

Low Risk (Rating of 1 – 5)

No action required to mitigate these risks.

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9. RISK REGISTER FORMAT

Corporate Risk Register (Example of format)

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		
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	Andy White	Summer 15	3	2	6	↓	2 & 3

Departmental Risk Register (Example of format)

Risk No	Risk Details	Inherent Risk			Controls	Warning Indicators	Action Owner	Target Date	Residual Risk			↕
		Impact 1-5	Probability 1-5	Inherent Risk Rating	We control the risk by:				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 December 2016

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 Impact 1-5	Inherent Risk Probability 1-5	Inherent Risk Rating	Controls We Control the risk by:	Warning Indicators	Action Owner	Target / Review Date	Residual Risk Impact 1-5	Residual Risk Probability 1-5	Inherent Risk Rating		Contribution to / Secondary Risk supported
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	Loss of developments or transactions	Andy White	Jan-17	2	2	4	↓	2 & 3
1b	**Catastrophic IT network failure**	5	3	15	Cisco -based corporate network replacement works completed Nov'14 (excluding Weeley Offices). Additional resilience included in design to remove single points of network failure and dynamic routing implemented. New wireless network available at all main locations with individual survey solutions for remote sites (e.g. Leisure Centres etc.) ongoing. The wireless network itself offers additional if significant 'cabled' network faults or damage occurs. NOTE: Weeley Offices remain on old Cisco switches. Although the decision to close Weeley is progressing, this in itself creates additional risk but the majority of staff now have new laptops (Jan'16) so could work from alternate location(s) should a significant issue occur. Resilience built into IT Investment Strategies **NOTE:** The IT Team is currently reviewing the council's data backup and 'disaster recovery' (DA) arrangements with a view to: 1.Increasing the resilience of our data backup arrangements utilising the Microsoft Azure 'cloud' platform. 2. Recommending a more risk-based managed approach to our DR arrangements to reduce operating costs. Proposals will be brought forward in early 2017.	Network monitoring alarms	John Higgins	Feb-17	5	1	5	↓	2 & 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	Implement and develop key communication 'routes' such as consultations and petitioning schemes. Senior Information Risk Owner (SIRO) trained 2015. Essex-wide 'best practice' Information Governance policies adopted and regular information governance monitoring through our Information Governance Policy Unit (strategic) and the Information Security Management Group (operational). Ongoing development of 'electronic' approaches to communication such as the Council's website (focussing on ease of access for mobile devices) and improving transparency such as through improvements to the systems used to access reports and decisions (Modern.gov) . The Council has access to 'Survey Monkey' and the Intranet 'PING' is updated regularly focussing on self-service, ease of use and a dedicated Members area. 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.	Annual IT staff survey, Communications Group and Departmental IT Champions	John Higgins	Ongoing	5	2	10		2 & 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		
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 Locality Board)	Karen Neath / Anastasia Simpson / John Fox	Annually	4	2	8	↓	3
2d	**Building Council Homes** No lifting of borrowing cap impacts on ability to deliver.	4	2	8	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	↔	-
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

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		
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.	Family complaints / non disengagement from statutory providers	Anastasia Simpson	Ongoing	5	2	10	↓	3 & 6
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 o 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	John Fox	Ongoing	5	2	10	↓	-

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		
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.	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

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		
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	• 5 Year Financial Planning. • Financial Strategy 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	Adverse Financial Forecasts / Medium Term Financial Planning. Timing of decisions relating to savings not in line with the requirement to set a balanced budget each year over the next 3 years. 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

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		
6	**Ineffective management of information**												
6a	**Loss of sensitive and/or personal data through malicious actions loss theft and/or hacking**	4	5	20	Security contract to manage/ maintain firewalls outsourced to reputable UK contractor. Annual 3rd party IT Healthchecks and resolution/ mitigation regime achieving compliance with central government CESG Public Services Network (PSN) security guidelines audited annually. Network segregation works enhancing security to key sensitive data (PSN Services and IL3 [Revenues and Benefits]) completed. Security is further strengthened through Citrix access control and segregation of Citrix managed access to different areas. Information Governance procedures/ policies/ responsibilities/ ownership and training significantly strengthened through continued monitoring and review via newly empowered Information Policy Unit and Information Security Management Group. New 'one time use' PIN code additional security for Councillor remote access implemented following CESG audit. All new officer mobile devices (laptops and phones) are encrypted with complex passwords and are managed using Microsoft Mobile device Management (MDM) to further protect data.	Security Incident report & ongoing staff awareness.	John Higgins	Ongoing	5	2	10	↓	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		
6c	**Disconnection from PSN Network** 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	Senior Information Risk Owner (SIRO) training completed by the Council's Head of IT and Corporate Resilience (John Higgins). This risk constitutes an annual cycle of IT security Health Check using a registered consultant, remediation/ resolution of any security issues identified then completion / submission of compliance documentation to central government for PSN recertification. Note: The Council remains at risk from any new CESG rules and further Whitehall hardening of security regulations on an ongoing basis. This can only be remediated through monitoring latest available guidance.	PSN/ CESG communications, outcome of IT Healthchecks, monitoring/ discussion with IT Support partner(s).	John Higgins	Ongoing on an annual cycle - next submission due in March 2017.	5	1	5	⬇	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	5	⬇	1, 2 & 3

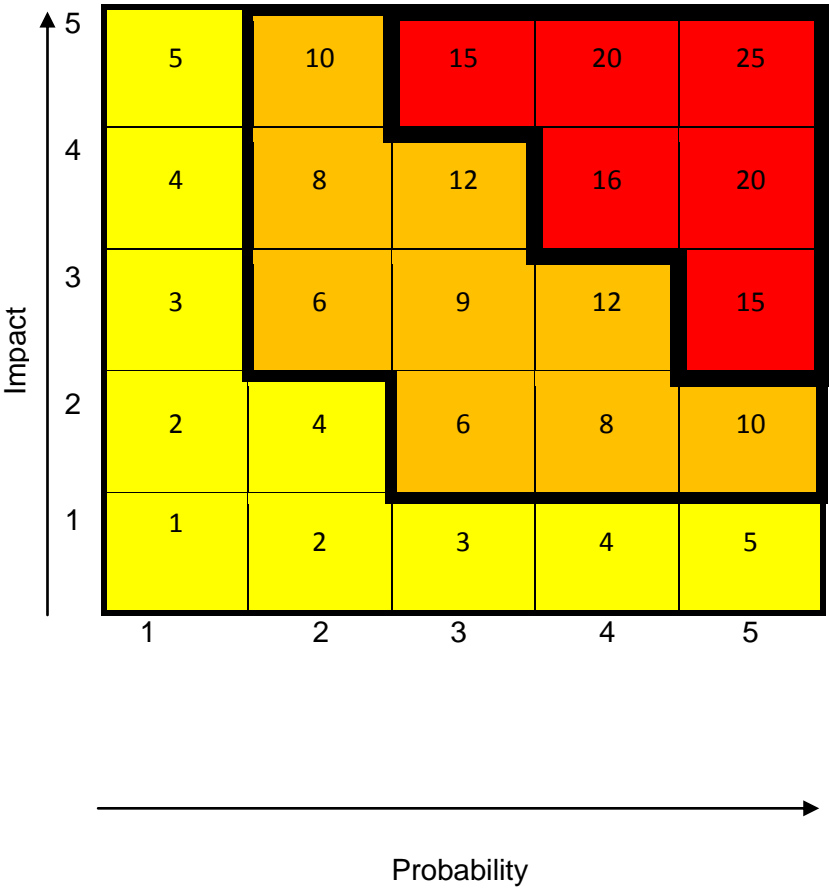| Risk No	Risk Details	Inherent Risk			Controls	Warning Indicators	Action Owner	Target / Review Date	Residual Risk				Contribution to / Secondary Risk supported
		Impact 1-5	Probability 1-5	Inherent Risk Rating	We Control the risk by:				Impact 1-5	Probability 1-5	Inherent Risk Rating		
7	**Failure to adopt a sound Local Plan**												
7a	**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.	4	4	16	The 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	**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.	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

Impact \ Probability	1	2	3	4	5
5	5	10	15	20	25
4	4	8	12	16	20
3	3	6	9	12	15
2	2	4	6	8	10
1	1	2	3	4	5

Probability

Impact   x   Probability =   Overall Risk Rating