

AGENDA ITEM NO. 8

CORPORATE GOVERNANCE COMMITTEE

Date **25 SEPTEMBER 2012**

Title **RISK MANAGEMENT STRATEGY AND CORPORATE RISK REGISTER**

1. PURPOSE/SUMMARY

- To inform members of progress against the Risk Management Strategy
- To update members with the latest annual review of the Council's *Corporate Risk Register*.

2. KEY ISSUES

- The *Risk Management Strategy* is attached to this report. It continues to ensure maintenance of an effective risk management framework in the following key aspects: -
 - Embedding risk management across core management functions.
 - Provision of records anticipating and responding to internal and external risk.
 - Monthly maintenance and review of risk registers within services.

- The *Corporate Risk Register* is attached to this report. It has been reviewed to ensure that it reflects the current levels and sources of risk to the authority. It also takes into account risk registers held by each service in relation to corporate objectives.

3. RECOMMENDATION(S)

It is recommended that:

- (i) the review and development of the existing Risk Management Strategy be noted and agreed for a further year.
- (ii) the current Corporate Risk Register as at September 2012 be agreed.

Wards Affected	All
Forward Plan	N/A
Portfolio Holder(s)	Cllr Florence Newell – Chairman of Corporate Governance Committee Cllr Mike Cornwell - Vice Chairman of Corporate Governance Committee Cllr John Clark – Portfolio Holder for Quality Organisation
Report Originator	Jonathan Tully – Internal Audit Manager
Contact Officer(s)	Rob Bridge – Corporate Director & Chief Finance Officer Carol Pilson – Corporate Director Jonathan Tully – Internal Audit Manager
Background Paper(s)	Previous review of Risk Management Policy and Strategy by Corporate Governance Committee minute CGC13/11

Report

1 Introduction

1.1 The Council's *Corporate Risk Register* and the *Risk Strategy* are both attached for information and review. The Register was last formally updated at Corporate Governance Committee in February 2012. The Strategy is reviewed and reported upon annually to Corporate Governance Committee.

2 Risk Management process

2.1 Risk Management is designed to identify any obstacles that impact upon the achievement of corporate or service objectives, resulting in effective use of Council resources and protection of its assets.

2.2 The Council's approach to Risk Management aims to ensure that risks are identified for both strategic and operational activity. Risks are identified and considered for:-

- corporate and service priorities;
- project management;
- decision-making and policy setting; and
- financial and performance monitoring and planning.

2.3 A process of analysis and prioritisation leads to the categorisation of risks according to their impact and their likelihood. This activity also aims to assess the relative importance of the identified risks so as to allow managers, where necessary, to prioritise action to address them. This analysis is documented as a record of the disclosed risks to be managed in the ensuing financial year. The stated position is updated on an on-going basis through financial and service performance monitoring reports.

2.4 Risk 'owners' are assigned to each risk and they will monitor the risks as frequently as dictated by changing circumstances. The Corporate Management Team is provided with periodic updates on the status of significant risks as part of financial and performance monitoring reports. Managers are also assigned with responsibility for identifying emerging risks. The monitoring process challenges the effectiveness of actions taken and proposed.

2.5 The outcomes of this process are reported to the Corporate Governance Committee at least twice each year in the form of the *Corporate Risk Register* as attached.

2.6 The process that forms the *Risk Management Framework* and *Risk Management Strategy* is reported for review to the Corporate Governance Committee at least annually, reflecting best practice as outlined by CIPFA and the UK Corporate Governance Code.

3 Risk Management Strategy update

- 3.1 The Strategy is appended to this report. It continues to enable the Council to deliver and maintain best practice in its arrangements for managing risk. The current strategy still meets current best practice requirements and it is therefore suggested that no changes to its content are required.
- 3.2 The Council has ensured maintenance of the Strategy in the following respects:
- a. Embedding risk management across core management functions by delivering training workshops to managers and team leaders across the Council.
 - b. Maintaining tools for risk identification and analysis. Monitoring internal and external change and enabling emerging risk to be identified and existing risks to be monitored and demonstrating the activities in place to mitigate those risks.
 - c. Ensuring continuous monitoring and review of service risk registers via the performance monitoring framework.
- 3.3 The table below summarises, and provides information on, how the Council has delivered each aspect of the strategy for the previous year.

	Strategy Statement	Position update
1.	Ensure risk management remains an integral part of service, strategic and project planning and decision-making.	<p>Risk Management is intrinsic to the frameworks for: -</p> <ul style="list-style-type: none"> • - Performance Management, • - Strategic Management, • - Project Management, and • - Decision making. <p>Strategic Management specifically includes the Medium Term Financial Strategy, Asset Management Strategy, Fenland Strategic Partnership and Corporate Plan.</p> <p>Risk management is commonplace to core aspects of the Council's governance and management functions.</p>
2.	Manage risks to facilitate innovation.	<p>The Council has defined levels of risk appetite and risk tolerance. Risk Management tools enable a scoring of the inherent and residual risks. This demonstrates the level of risk before and after action is taken, subsequently informing decision-makers on the level of risk that they are taking. This allows the impact of innovative solutions to be measured and managed.</p>
3.	Anticipate and respond to changing social, environmental and legislative needs as well as changes in the internal environment to minimise injury, damage and losses and maximise opportunity.	<p>The Corporate Management team continues to maintain a heightened frequency of finance monitoring and impact assessment of directives emerging from Government.</p> <p>The Corporate Plan 2012-15 sets out the Council's priorities and objectives for the next three years taking into account national and regional policy, demographic information and consultation information.</p> <p>This provides forward looking data for inclusion in action setting, risk analysis and capacity building.</p>

	Strategy Statement	Position update
4.	Ascertain and manage the likelihood and impact of risk, identify mitigating controls and assign responsibility for control and monitoring of specific risks.	<p>All risk management templates in the core management functions include the requirement to record: -</p> <ul style="list-style-type: none"> • the likelihood and impact of risk (inherent and residual), • existing controls • proposed action to further mitigate risk. • assignment of responsibility. <p>Records to this level are not too onerous for completion and demonstrate how the risk is being managed to an acceptable level.</p>
5.	Maintain effective partnership arrangements by ensuring that risk management is part of the Council's partnership governance arrangements.	The Council's teams, which work in partnership with other public sector bodies, will identify risks as part of their governance requirements. Where significant these can be recorded and maintained in service plans, as part of the performance management framework, and escalated to the Corporate Risk Register.
6.	Establishing clear roles, responsibilities and reporting lines for risk management.	The Risk Management Framework has enforced ownership of risks by completion of registers in relation to core management functions. Training has also been provided via the "Effective Managers Programme". Responsibilities for risk management are clearly stated in all guidance, tools and templates.
7.	Ensure that risk management is explicitly considered in all decision making.	The Corporate Management Team has developed a protocol for committee report authoring which considers relevant assessment of decision risk. This enables informed and transparent decision-making.
8.	Enable shared learning on risk management across the authority.	The Risk Management Group liaise to ensure that appropriate assessments are made and encourage cross service working where corporate solutions are required.
9.	Provide a framework for escalating management of risk and allocating resources to identified priority risk areas.	The monthly performance management framework enables effective and timely escalation of matters that need further consideration.
10.	Reinforcing the importance of effective risk management as part of the everyday work of employees by offering training.	<p>Training is delivered to staff via the "Effective Manager Programme" as well as in response to identified needs in the Council's Corporate Learning Plan.</p> <p>Guidance, tools, and presentations are available on the Intranet for reference.</p>
11.	Incorporating risk management considerations into efficiency reviews of systems.	Reviews by the Policy Team and Internal Audit incorporate analysis of risk, consequences and opportunities, derived from system reviews.
12.	Review the strategy and processes for Risk Management at least annually	The Risk Management Strategy is reviewed and presented to Corporate Governance Committee annually. The review provides a driver for continued development of risk management practices and for the Corporate Governance Committee to adopt the strategy.

4 Risk Register Update

- 4.1 Revisions have been made to the Corporate Risk Register (attached) to ensure that it reflects matters of emerging importance, both corporately within the Council and externally, that might have an effect on the Council's objectives. The impact of emerging issues that have occurred, and the effect on the register, are shown in the table below:

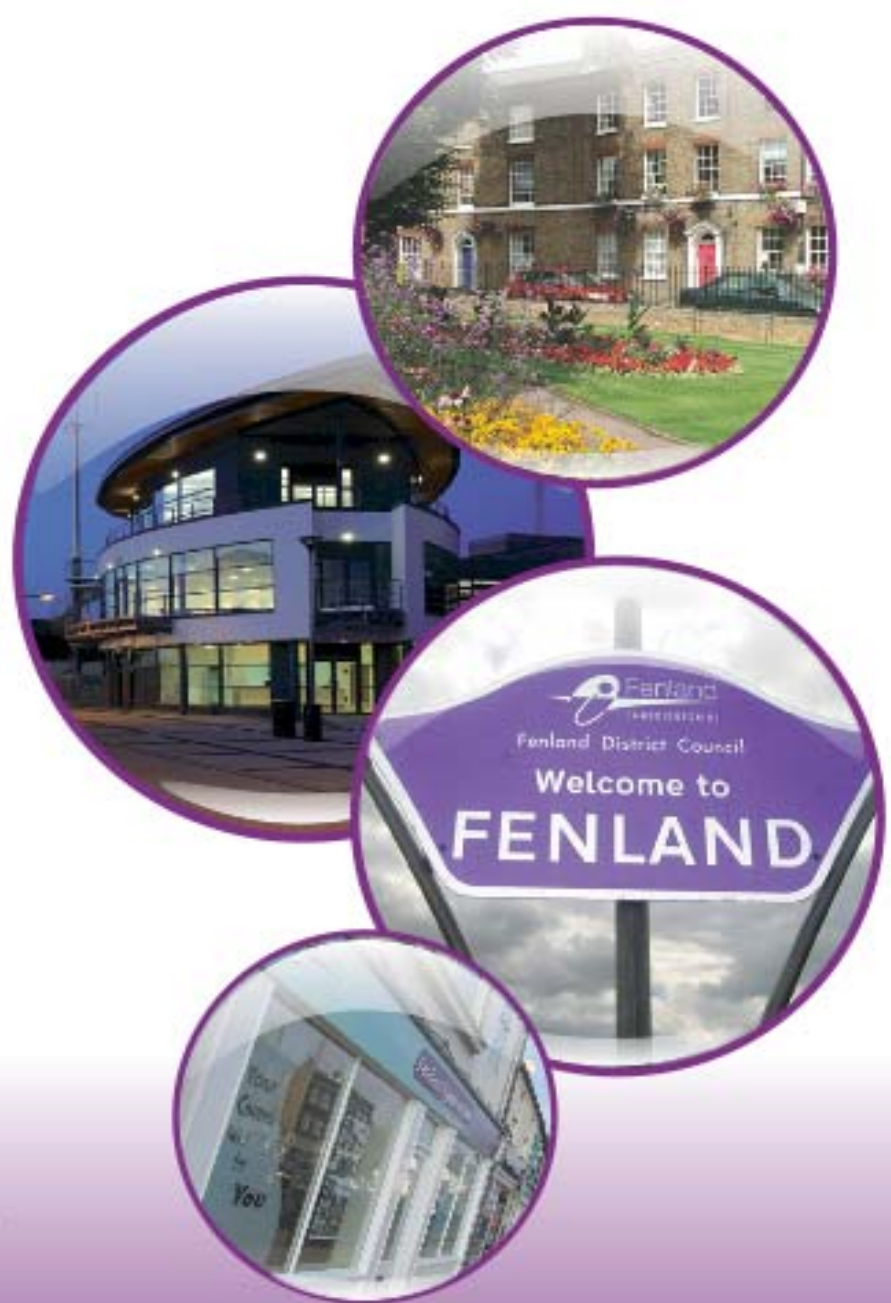
Theme	Comment
Political change	<p>The Localism Act contains a number of proposals to give local authorities new freedoms and flexibility. Different parts of the Act will come into effect at different times.</p> <p>The profile of risks has not changed at this point in time, and there have not been any changes to the residual risk scores. The Risk Management Group will continue to monitor the impact of any risks arising in the short term as updates are issued from Government.</p>
Economic change	<p>An additional aspect to economic risk is the Local Government Resource Review which will change the financial dependency of the Council on Central Government, such as localisation of Council Tax benefits and the Business Rates retention scheme from April 2013, and implementation of Tax Increment Financing.</p> <p>The Chief Executive in his role on the Cambridgeshire Public Services Board, with support from the Chief Finance Officer, is leading a resources project to proactively manage the impact. Contributions have been made to reserve funds to manage any in year financial fluctuations.</p> <p>The Council has an excellent track record of sound financial management, implementing an efficiency programme to respond to budget reductions, and achieving a balanced budget.</p> <p>The Council's Budget and Medium Term Financial Strategy reflect financial challenges and both the Cabinet and Corporate Management Team are taking financial forecasts into account in their determination of the Corporate Plan.</p>
Fraud risk	<p>The profile of effective fraud response and prevention has been raised nationally by Central Government as part of the 'Local Government Fighting Fraud Locally' initiative. The Council continues to maintain, through training and the annually reviewed Anti-fraud & Corruption policy, fraud risk effectiveness and participates in data matching initiatives.</p>

- 4.2 The register reflects all known significant risks to the Council and where applicable includes reference to detailed analysis of more complex risks in other documents that presented to appropriate committees, e.g. the Medium Term Financial Strategy.

5 Recommendations

- 5.1 It is recommended that:-
- The review of the Risk Strategy is noted.
 - The revisions to the Corporate Risk Register are noted.

Risk management policy statement and strategy



1 Policy statement.

- 1.1 It is the Council's policy to proactively identify, understand and manage the risks involved in service delivery and associated with our plans and strategies, so as to encourage responsible and informed risk-taking.
- 1.2 Risk management refers to the culture, processes and structures that are directed towards the effective management of potential opportunities and threats. Effective risk management optimises the balance between risk and control. In this way the authority will better achieve its corporate objectives and enhance the value of services it provides to the community.

2 Policy and strategy aims.

- 2.1 The authority's risk management strategy aims are to:
 - a. ensure risk management remains an integral part of service, strategic and project planning and decision-making;
 - b. manage risks to facilitate innovation;
 - c. anticipate and respond to changing social, environmental and legislative needs as well as changes in the internal environment to minimise injury, damage and losses and maximise opportunity;
 - d. ascertain and manage the likelihood and impact of risk, identify mitigating controls and assign responsibility for control and monitoring of specific risks;
 - e. maintain effective partnership arrangements by ensuring that risk management is part of the Council's partnership governance arrangements;
 - f. establishing clear roles, responsibilities and reporting lines for risk management;
 - g. ensure that risk management is explicitly considered in all decision making;
 - h. enable shared learning on risk management across the authority;
 - i. provide a framework for escalating management of risk and allocating resources to identified priority risk areas;
 - j. reinforcing the importance of effective risk management as part of the everyday work of employees by offering training;
 - k. incorporating risk management considerations into reviews of services;
 - l. review the strategy and processes for Risk management at least annually;

3 Strategy outcomes

- 3.1 The overarching theme for risk management is to ensure that actions, outputs and outcomes are more often right first time. It is acknowledged that some risks will never be eliminated or reduced to an acceptable level. The direct outcomes of effective risk management will be: -
 - a. Effective use of resources,
 - b. Informed decision making,
 - c. Successful and efficient delivery of projects.
 - d. Effective response to changes demands and needs ,
 - e. Responsive performance management and identification of priorities,
 - f. Sound systems of control,
 - g. Accountability and responsibility for risk and control.
 - h. Sound workforce planning.
 - i. Integrated responses to risk and opportunities.

4 Risk identification

- 4.1 The framework of Risk Management will ensure that risks are identified during both strategic and operational activity in respect of corporate and service priorities, project management, decision-making and policy setting, financial and performance monitoring and planning.

5 Risk analysis and prioritisation

- 5.1 The outcome of analysis and prioritisation is the categorisation of risks according to their impact and their likelihood. This activity also aims to assess the relative importance of the identified risks so as to allow managers, where necessary, to prioritise action to address them. This analysis will be appended to the Service Plans as a record of the disclosed risks to be managed in the ensuing financial year. The stated position will need to be updated on an on-going basis through financial and service performance monitoring reports. Both qualitative and quantitative factors inform this judgement. The judgement itself must be based on a sufficient understanding of the factors contributing towards the risks and nature of the risks themselves.

6 Risk control action

- 6.1 Action to address significant and material risks must be disclosed in Service Plans and agreed by the Corporate Management Team, and relevant Committee where appropriate. Updates on risks will be detailed in monitoring reports. These updates must have:
- a. given consideration to the full range of options available to address particular risks, including: accepting, transferring, mitigating, avoiding, sharing or eliminating the risk; and
 - b. balanced cost: The cost or efficiency of proposed mitigating actions must be proportionate to the risk itself
- 6.2 An assessment of the residual risk remaining, assuming successful application of the designated measures should also be made.

7 Monitoring and reporting

- 7.1 Risk 'owners' will monitor their assessments of risks as frequently as dictated by changing circumstances. The Corporate Management Team will be provided with periodic updates on the status of significant risks as part of financial and performance monitoring reports. Likely risk impacts will be quantified at the earliest opportunity. Emerging risks will also be identified as a means of providing early warning of potential risks. The monitoring process will seek to challenge the effectiveness of actions taken and to reconfirm the assessed risk mitigation.

8 Annual review and assurance statement

- 8.1 As part of the annual reporting process, the Corporate Management Team will perform an annual review of the effectiveness of the Council's corporate governance arrangements, including its risk management and internal controls processes over the prevailing financial year. The outcome of this review will be reported to the Corporate Governance Committee and will form the basis of an assurance statement to be published annually. The assurance statement will be in accordance with best practice.

9 Roles and responsibilities for managing risks.

Group	Role
Elected Members	<ul style="list-style-type: none"> • Ensure that risks are taken into consideration for Committee and Council decisions. • Hold Corporate Management Team accountable for the effective management of risk to the authority.
Corporate Governance Committee	<ul style="list-style-type: none"> • Receive risk management reports at least annually and take appropriate action to ensure that corporate business risks are being actively managed including reporting to full council at least annually on its assurance work. • The Chairman of Corporate Governance Committee will receive reports of exceptional risks throughout the year as appropriate.
CMT	<ul style="list-style-type: none"> • Maintain a formal framework for the management of risks in terms of operational and strategic risks and opportunities.
Corporate Director & Chief Finance Officer	<ul style="list-style-type: none"> • Monitor and promote effective application of strategic risk management across the authority and direct the Risk Management Group as required. • Provide awareness and training on Risk Management to Members and Staff as appropriate.
Risk Management Group (RMG)	<ul style="list-style-type: none"> • Provide support for the delivery of the risk management strategy across the Council. • Promote and advise upon Risk Management practices across all services of the Council • Ensure that a consistent and effective approach to Risk Management is adopted within relevant Council management functions
Internal Audit Manager	<ul style="list-style-type: none"> • Monitor and promote effective application of operational risk management across the authority and support the Risk Management Group as required. • Provide awareness and training on Risk Management to Members and Staff as appropriate identified via inductions and development programs. • Receive interim reports of risks arising and consider the need for escalation. • Inform Corporate Management Team and the Chairman of Corporate Governance of risks requiring attention. • Recommend to CMT and Corporate Governance Committee changes to the Risk Management Framework to maintain its effectiveness.
All Managers	<ul style="list-style-type: none"> • Ensure that risk is managed effectively in each service area in accordance with the corporate framework and to act as a conduit to ensure that the specialist advisers and the Risk Management Group are made aware, as appropriate, of the significant risks faced and the actions proposed. • Manage risk effectively in their particular service areas and to report on how major hazards and risks have been/are being managed
All staff	<ul style="list-style-type: none"> • Manage risk effectively in their job and report material hazards/risks to their service managers. • Undertake their job with the highest regard for safety, regulatory and policy guidelines, practices and procedures.

Corporate Risk Register



1 Introduction

The Council has developed both a Policy and a Strategy within the risk management framework, which has been approved and is annually reviewed by the Corporate Governance Committee.

The risks are identified throughout the processes of corporate, service and financial planning; performance monitoring, health and safety assessment and budgetary monitoring.

This has resulted in the enclosed register of corporate risks to the organisation's corporate objectives being identified.

The key individual champions for Risk Management in the Authority are as follows: -

- Cllr Florence Newell – Chairman of Corporate Governance Committee.
- Cllr Mike Cornwell – Vice-Chairman of Corporate Governance Committee
- Mr Rob Bridge – Corporate Director and Chief Finance Officer.
- Mr Jonathan Tully – Internal Audit Manager.

The council has also identified a Risk Management Group which includes the following members of staff:-

- David Vincent – Health Safety and Emergency Planning Co-ordinator
- Stephen Beacher – ICT Manager
- Trevor Watson – Head of Assets and Projects
- Alvin Harrison – Insurance and Procurement Manager
- Ian Hunt – Chief Solicitor
- Sam Anthony – Head of Human Resources and Organisational Development

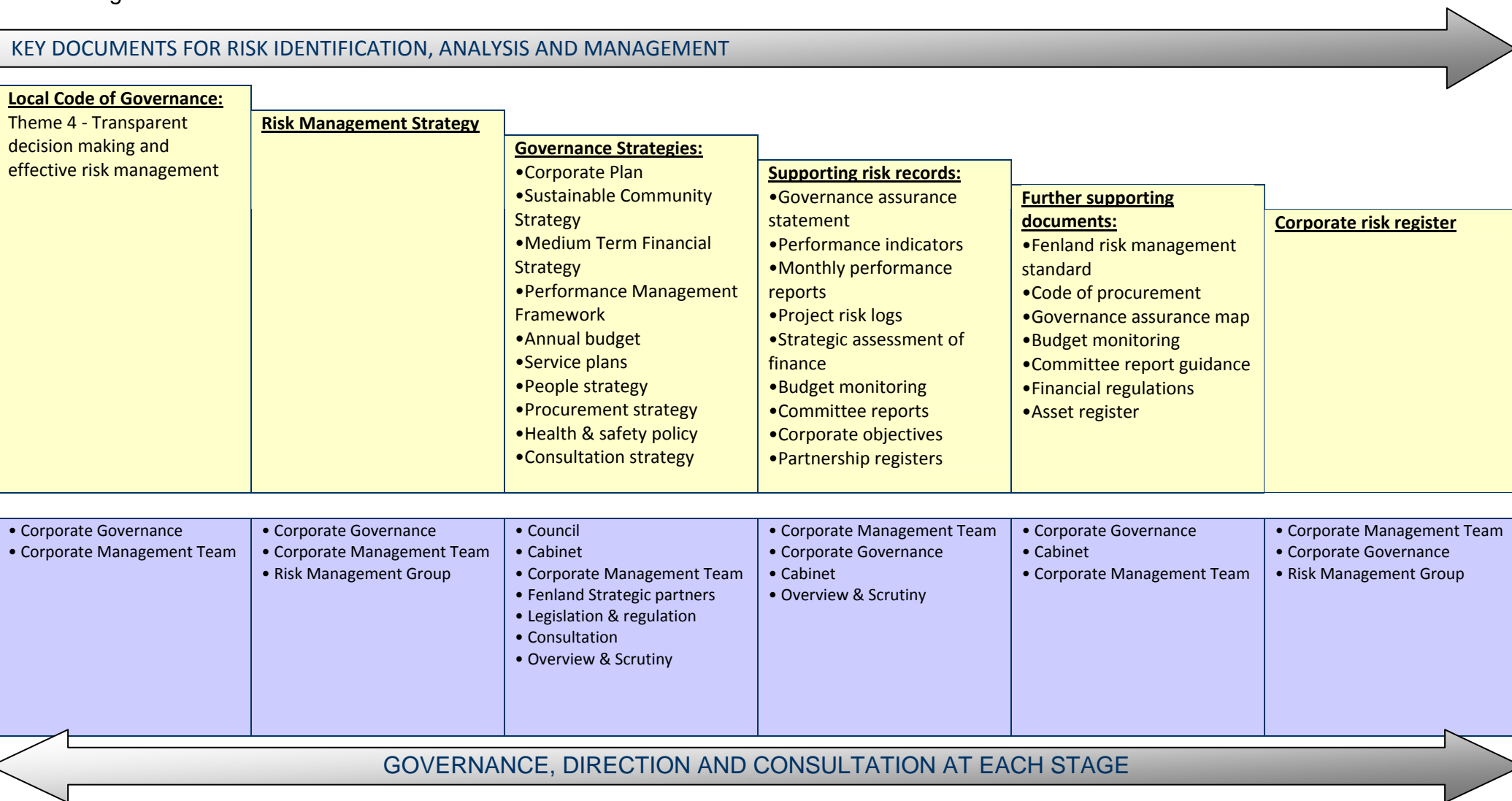
If you have any queries regarding this document then please feel free to contact any of these officers directly.

The following document contains:

- a Governance Map showing the sources of information for the Corporate Risk Register,
- the Risk Register itself, in order of highest residual risk first.
- the scoring framework
- supporting diagrams to explain key aspects of collation and monitoring.

2 Governance Map – Corporate Risk Register

The following diagram illustrates the key documents for identifying and managing risk, and the governance arrangements, demonstrating how risk management is embedded.



3 Corporate Risk Register

Reference	Category of risk	Corporate objective	The Risks:	Inherent			Mitigation	Residual			Strategic Owner (Member / Officer)	Contingency / Action Plan ref
				Impact	Likelihood	Score		Impact	Likelihood	Score		
CR1	Legislative	Quality Organisation	Changes arising from Central Government Legislation/ EU requiring significant alteration to organisational capacity.	5	5	25	<ul style="list-style-type: none"> ▪ Monitoring Officer ▪ Horizon scanning by Legal Services ▪ Service Manager responsibilities ▪ Financial & workforce planning ▪ Membership of professional and Local Govt bodies aids horizon scanning ▪ management of change to mitigate significant change 	4	5	20	Alan Pain	
CR3	Financial	Quality Organisation	Economic changes, imposed savings requirements, or financial management leads to changes in levels of income or expenditure and unsustainable costs to the Council.	5	5	25	<ul style="list-style-type: none"> ▪ Financial Regulations & Contract Standing Orders ▪ Appropriately Trained Staff ▪ Medium term Financial Strategy ▪ Consultation with community on service priorities ▪ Debt Management Policy ▪ Advanced Financial management system ▪ Budget monitoring regime ▪ Asset Management Strategy ▪ Internal Audit review of fundamental systems 	4	4	16	Rob Bridge	CMT take control and remedy situation involving S151 or deputy.
CR4	Physical	All	Natural Disaster; malicious or accidental incident affects support required by civilians or disrupts existing Council services.	5	4	20	<ul style="list-style-type: none"> ▪ Emergency plan ▪ Emergency Planning Exercises beyond the district ▪ Business Continuity Plans 	4	4	16	Rob Bridge	Regular exercise and joint public sector workshops for Emergency Planning.

Reference	Category of risk	Corporate objective	The Risks:	Inherent			Mitigation	Residual			Strategic Owner (Member / Officer)	Contingency / Action Plan ref
				Impact	Likelihood	Score		Impact	Likelihood	Score		
CR5	Political	All	Changes in National political priorities may result in immediate changes that require additional resource to achieve and fail to reflect priorities determined by consultation.	5	4	20	<ul style="list-style-type: none"> ▪ Financial & workforce planning ▪ Monitoring by CMT and resultant Cabinet Reports ▪ Monitoring Officer ▪ Clear corporate planning and regular performance monitoring ▪ Effective service & financial planning 	3	5	15	Paul Medd	
CR6	Financial	Open for Business	Nene Waterfront Regeneration Project Financial risks of funding shortfalls leading to increased burden to the Council.	5	4	20	<ul style="list-style-type: none"> ▪ Expenditure and income profiles incorporated in to project monitoring. ▪ Project team and consultants monitor site valuations linked to economic timing of housing development proposals. ▪ Additional funding opportunities are identified and pursued ▪ Project team monitor and manage risk. ▪ Consultation with economic partners 	3	4	12	Gary Garford	Nene Waterfront Regeneration Project reports to Cabinet
CR2	People	Quality Organisation	Service provision and performance affected by organisational change, industrial action and/or staff sickness resulting in complaints, poor performance and possible further costs.	4	5	20	<ul style="list-style-type: none"> ▪ Working environment ▪ Staff Committee ▪ Consultation with Staff Side ▪ Flexible working ▪ Established suite of people policies & procedures ▪ Business continuity plans ▪ Management Training ▪ SPRINGBOARD staff development appraisals ▪ CMT monitor and lead on human resource management. ▪ Regular performance monitoring and management 	3	4	12	CMT	

Reference	Category of risk	Corporate objective	The Risks:	Inherent			Mitigation	Residual			Strategic Owner (Member / Officer)	Contingency / Action Plan ref
				Impact	Likelihood	Score		Impact	Likelihood	Score		
CR7	Physical	Quality Organisation	Major Health & Safety Incident at Council leads to costs for inquiry, disruption to service and possible prosecution	4	4	16	<ul style="list-style-type: none"> ▪ Health & Safety Panel ▪ H&S Procedures – addressed at every service area ▪ H&S audits in all services ▪ Specialist H&S Advisor ▪ Corporate wide H&S training ▪ Insurance 	4	3	12	CMT	
CR8	Reputation	Quality Organisation	Potential for fraud, corruption or malpractice by Member/ Officer harms reputation and leads to costs for inquiry or losses.	5	4	20	<ul style="list-style-type: none"> ▪ Financial Regulations & Contract Standing Orders ▪ Appropriately trained staff ▪ Segregation of duties ▪ Advanced Financial management system ▪ Budget monitoring regime ▪ Internal Audit review of fundamental systems ▪ Indemnity insurance ▪ Whistle-blowing procedure ▪ Codes of Conduct ▪ Annual Governance Statement ▪ Anti-fraud & Corruption Strategy 	3	3	9	Alan Pain / Rob Bridge	
CR9	Financial	Quality Organisation	Failure of external investment institutions affecting availability of funds or return on investment reducing cash flow and resource availability	5	4	20	<ul style="list-style-type: none"> ▪ Policy re maximum investment/ borrowing levels – limits liability ▪ Credit ratings ▪ Financial management ▪ Reserves ▪ Insurance ▪ Medium Term Financial Strategy ▪ Treasury Management Strategy 	3	3	9	Rob Bridge	
CR10	Partnership	All	Failure of contractor or partners to deliver services or meet agreed performance objectives leads to additional costs or failed objectives.	4	5	20	<ul style="list-style-type: none"> ▪ Procurement processes – including financial aspects/ contract standing orders/ equality standards ▪ Contract process – creation of robust contracts ▪ SLAs ▪ Contract monitoring ▪ Trained/skilled staff 	3	3	9	Alan Pain / Rob Bridge	

Reference	Category of risk	Corporate objective	The Risks:	Inherent			Mitigation	Residual			Strategic Owner (Member / Officer)	Contingency / Action Plan ref
				Impact	Likelihood	Score		Impact	Likelihood	Score		
CR11	Partnership	Neighbourhood planning	Partnership governance under the Sustainable Community Strategy not adopted or followed by partner agencies leading to unachieved objectives	4	5	20	<ul style="list-style-type: none"> ▪ Fenland Strategic Partnership (FSP) ▪ FSP timetable ▪ FSP able to take corrective action 	3	3	9	CMT	
CR12	Performance	Quality Organisation	Failure to achieve efficiency saving or performance targets resulting in greater than budgeted costs.	4	5	20	<ul style="list-style-type: none"> ▪ Heightened analysis of budgets and services by CMT ▪ Implement Efficiency Framework ▪ Implement Procurement Strategy ▪ Organisational plan ▪ Seek shared services initiatives ▪ Effective efficiency planning ▪ Performance Management Framework 	3	3	9	CMT	
CR13	Reputation	Quality Organisation	Failure to secure and manage data leads to loss of/ corruption of / inaccuracy of data, resulting in disruption to services and breaches of security.	5	4	20	<ul style="list-style-type: none"> ▪ Data protection Policy and Procedure. ▪ Freedom of Information publication scheme. ▪ ICT system security. ▪ Data retention policy and procedure for archive and disposal. ▪ Business Continuity plans. ▪ Government connect. 	4	2	8	Alan Pain	
CR18	Technological	Quality Organisation	Major IT physical hardware failure or electronic attack, such as viruses, hacking or spyware, causes disruption to Council services.	5	5	25	<ul style="list-style-type: none"> ▪ Anti virus software ▪ Geographically distributed servers ▪ Tested disaster recovery plan ▪ Back ups stored off site ▪ Secondary power supply ▪ Revised security Policies ▪ Critical services' continuity plans include manual operation 	2	3	6	Rob Bridge	

Reference	Category of risk	Corporate objective	The Risks:	Inherent			Mitigation	Residual			Strategic Owner (Member / Officer)	Contingency / Action Plan ref
				Impact	Likelihood	Score		Impact	Likelihood	Score		
CR14	Physical	Open for Business	Loss of physical Infrastructure /building or site access disrupts Council service provision	5	5	25	<ul style="list-style-type: none"> ▪ Alarm and security systems ▪ Business continuity plans ▪ Emergency Planning network ▪ ICT Disaster recovery ▪ Relocation procedures - critical and support services ▪ Geographically distributed sites 	2	3	6	Gary Garford	
CR15	Customer	Localism	Poor communication with stakeholders and staff leads to poorly informed direction of resources and lack of support for change	4	5	20	<ul style="list-style-type: none"> ▪ Communication Strategy on priorities ▪ Internal & External regular publications ▪ Staff and management meetings ▪ Regular staff communication from the Chief Executive ▪ Key stakeholders networks for consultation ▪ Forums for perceived hard to reach groups ▪ Co-ordinated press releases ▪ Comments, compliments and Complaints monitoring and reporting procedure. 	2	3	6	Carol Pilson	
CR16	People	Quality Organisation	Ineffective workforce planning leads to poor standards service or disruption to service	4	5	20	<ul style="list-style-type: none"> ▪ Learning & Development framework / Training programmes ▪ IIP / CSE ▪ Working environment ▪ Staff Committee ▪ Staff Side ▪ Flexible working ▪ Established suite of people policies & Procedures ▪ Business Continuity Plans ▪ Management Training ▪ SPRINGBOARD staff development appraisals 	2	3	6	CMT	

Reference	Category of risk	Corporate objective	The Risks:	Inherent			Mitigation	Residual			Strategic Owner (Member / Officer)	Contingency / Action Plan ref
				Impact	Likelihood	Score		Impact	Likelihood	Score		
CR17	Change	Quality Organisation	Failure to manage projects effectively leads to overruns on time or cost and failure to achieve project aims.	4	5	20	<ul style="list-style-type: none"> ▪ Project Management methodology ▪ Contract Standing Orders & Financial Regulations ▪ Service Plans ▪ Budgetary Control 	3	2	6	CMT	

4 Scoring risks

The guidance below relates to the compilation of all Risk Registers of the Authority. The probability - “likelihood”, and effect - “impact”, of each risk must be identified in order to help assess the significance of the risk and the subsequent effort put into managing it.

Impact.

Score	Guide
1	Insignificant impact
	<ul style="list-style-type: none"> • Objectives still achieved with minimum extra cost or inconvenience • Insignificant disruption on internal business – no loss of customer service. • No injury/claims. • No reputational damage. • Insignificant environmental damage. • Low financial loss (< £200,000).
2	Minor impact
	<ul style="list-style-type: none"> • Partial achievement of objectives with compensating action taken or reallocation of resources. • Some disruption on internal business only – no loss of customer service. • Minor injury/claims (first aid treatment). • Minimal coverage in local media. • Minor damage to local environmental. • Medium financial loss (>£200,000 <£600,000).
3	Moderate Impact
	<ul style="list-style-type: none"> • Additional costs required and or time delays to achieve objectives – adverse impact on PIs and targets. • Noticeable disruption to FDC – would affect customers (loss of service no more than 48 hours). • Violence or threat or serious injury/claims (medical treatment required). • Sustained coverage in local media. • Moderate local environmental damage. • High financial loss (>£600,000 <£1,000,000)
4	Major Impact
	<ul style="list-style-type: none"> • Unable to achieve corporate objectives or statutory obligations resulting in significant visible impact on service provision such as closure of facilities. • Major disruption to FDC – serious damage to organisation’s ability to service customers (loss of service for more than 48 hours but less than seven days). • Extensive multiple injuries/claims. • Coverage in national media. • Major damage to local environment. • Major financial loss (>£1,000,000 <£4,000,000).
5	Catastrophic Impact
	<ul style="list-style-type: none"> • Unable to achieve corporate objectives and/or corporate obligations. • Loss of service delivery for more than seven days. • Loss of life. • Extensive coverage in National Media. • Significant environmental damage attracting national and or international concern. • Huge financial loss (>£4,000,000)

Probability

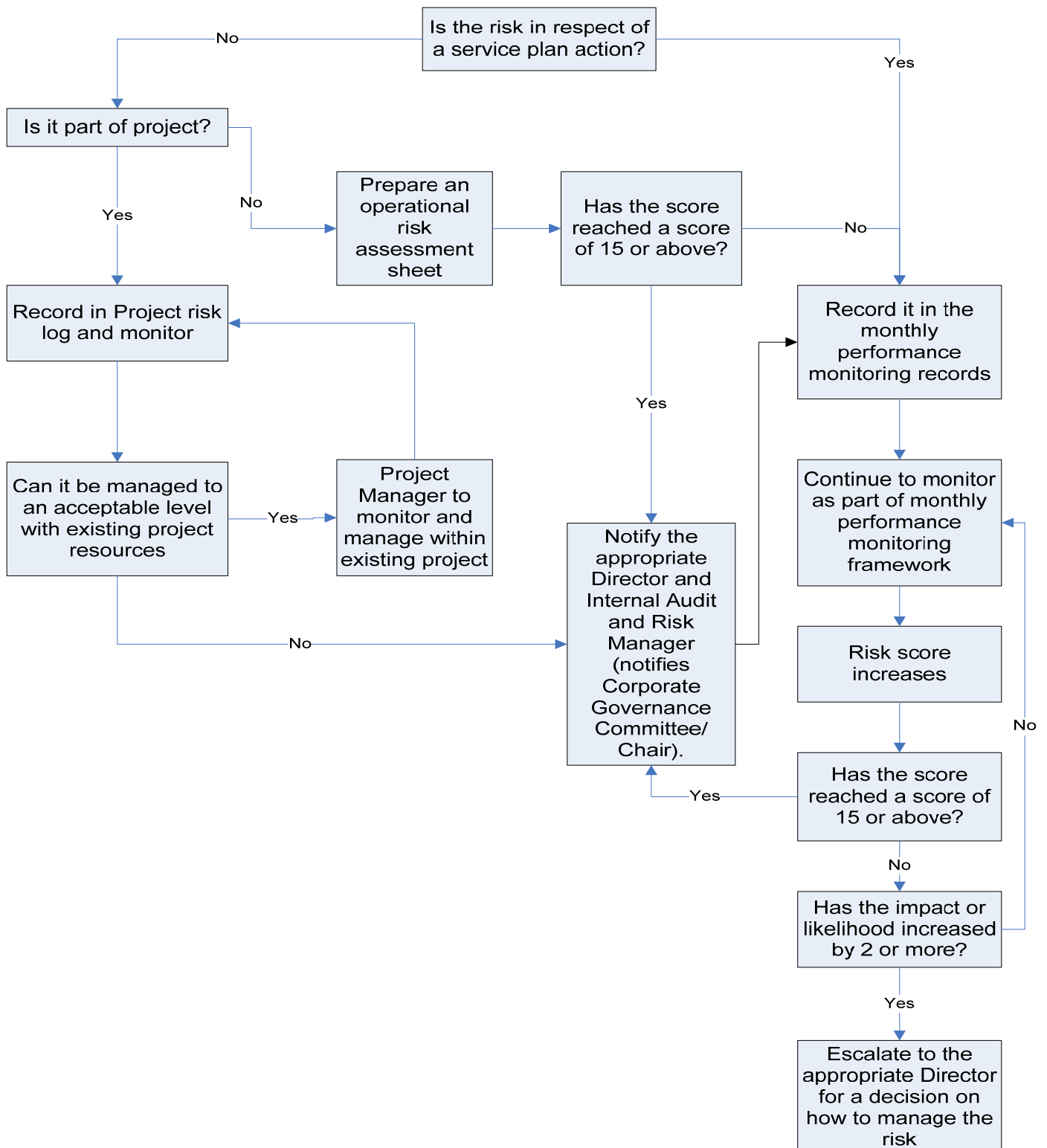
Score	Guide
1	Highly unlikely
	The “event/ incident” may only occur in exceptional circumstances.
2	Unlikely
	The “event/ incident” is unlikely to, but could occur at sometime.
3	Possible
	There is a risk that the “event incident” is fairly likely to occur.
4	Probable
	There is a risk that the “event incident” will occur at some time.
5	Very Likely
	There is a risk that the “event/incident” could occur in most circumstances.

Risk Score

The risk score is calculated by multiplying the impact score by the probability score.

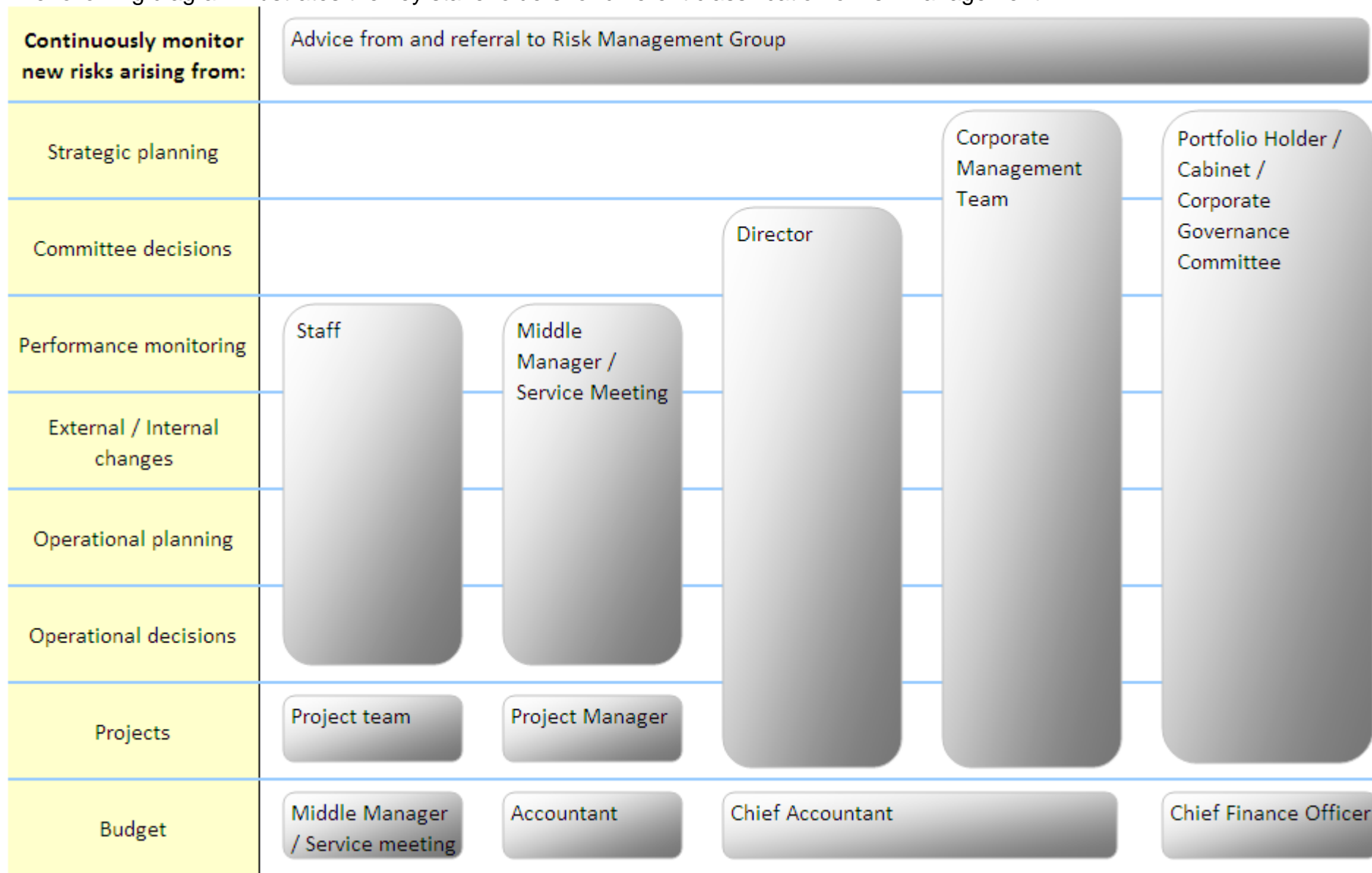
5 Operational and Service Risk Management Decision Tree

The following diagram illustrates the process for managing risk, once it has been identified.



6 Monitoring & escalation framework

The following diagram illustrates the key stakeholders for different classification of risk management:



7 Overall tolerance levels.

There are three levels of tolerance as below high, medium and low. The tolerance level is determined by CMT to indicate what risks warrant further action to reduce them to an acceptable level or require closer monitoring. For this year the level adopted is “medium”. Any risk at 15 or over is to be treated within the Corporate Risk Register.

