

Taunton Deane Borough Council

Corporate Governance Committee – 10th March 2014

Risk Management

Report of the Performance Lead

(This matter is the responsibility of Executive Councillor Vivienne Stock-Williams)

1. Executive Summary

This report provides an update on progress with the Council's approach to Risk Management (Strategic, Projects, and Operational).

The new Joint Management Team (JMT) has recently undertaken a fundamental review and refresh of the Corporate Risk Register – this has been created as a new joint risk register for Taunton Deane and West Somerset, which will enable JMT to manage strategic risks for both councils by the new 'One Team' organisation.

A Risk Management Action Plan is included within this report – this outlines the key areas of focus to further improve and embed Risk Management during 2014.

2. Background

2.1 Introduction

Risk Management is an important element of management and in planning and providing the safe delivery of economic, efficient, and effective Council services. It is recognised as an integral part of good management practice. To be most effective, risk management should become part of the Council's culture. It should be part of the philosophy, practices and service planning rather than viewed as a separate initiative. When this is achieved, risk management becomes the business of everyone in the organisation and therefore is embedded

2.2 Roles and responsibilities

2.2.1 Corporate Governance committee

The Corporate Governance committee is responsible for monitoring the corporate governance of the authority. It will receive regular reports on way risk is being managed in the authority to monitor the effectiveness of the Council's risk management and internal control arrangements. It is also responsible for approving the Risk Management Strategy and implementation plan.

2.2.2 Individual Members (in particular Portfolio Holders / Shadow Portfolio Holders) have a responsibility to understand the strategic risks the council faces. They will be kept informed on the management of those risks through regular performance management reports and through updates from senior managers.

3. Risk Management progress update

3.1 Corporate Risk Register refresh for 2014

3.1.1 A copy of the refreshed **Corporate Risk Register for 2014 is found in Appendix B.**

3.1.2 The Corporate Risk Register is a 'live' document and is formally reviewed by JMT on a quarterly basis as part of the corporate performance review. There are clear links between the corporate risk register (ie strategic risks) and the monitoring and review of corporate priorities and performance indicators (as reported on the Corporate Performance Scorecard).

3.1.3 In line with the corporate **Risk Management Strategy (see appendix A)**, the Joint Management Team (JMT) have undertaken a thorough process of reviewing and refreshing the Corporate Risk Register. A summary of the process is as follows:

- Strategic risk identification workshop (JMT meeting 14 November 2013)
- Further analysis and understanding of risks, and refining of risk descriptions with individual JMT risk 'owners' during December 2013 / January 2014
- Assessment of risks (probability & impact levels – taking existing control measures into account) undertaken by JMT (meeting 29 January 2014)
- Risk response planning with individual JMT risk 'owners' during February 2014

3.1.4 Risk management should be applied continuously with information made available **when critical decisions are being made.** The timing of the review of the council's strategic risks was therefore appropriate considering recent significant changes to the council's context, ie:

- Decision on Joint management & shared services
- Decision of SW1 services return to TDBC
- Decisions re other corporate projects, ie Customer Access & Council Accommodation, DLO depot relocation, Asset Strategy
- Budget-setting decisions to be made re 2014/15 Theme savings business cases
- Penny James' new Joint CEO role
- The Growth & Regeneration programme's new vision & direction arising from the '*Town Centre Re-think*' and '*Taunton Growth Prospectus*' projects

3.1.5 Regular review and monitoring of the Corporate Risk Register is now included as an integral part of the quarterly JMT corporate performance review meetings. The next

review is scheduled for early June 2014 (Quarter 4 performance review). The key outcomes of the CMT risk review process are:

- To review and approve refreshed Corporate Risk Register (with recent updates from each risk owner), and to consider TDBC overall risk exposure (summary risk profile)
- To identify any new strategic risks for inclusion on the Corporate Risk Register
- To consider any risks that require escalating to the Corporate Risk Register from Theme / Service or Project risk registers

3.2 Operational, Programme and Project Risk Registers

3.2.1 Each 'Theme' / Service and corporate programme or project has a risk register in place. These are constantly under review and are updated as part of the annual service planning process. The highest areas of risk are considered by JMT for escalation to the Corporate Risk Register – this happens during JMT quarterly corporate performance review meetings.

3.4 Approach and actions for joint Risk Management – TDBC & WSC (March – June 2014)

3.4.1 The focus for the next few months (ie the 'interim' period until the restructure of 'tiers 4 & 5' is completed and in place for 1st July 2014) is to adopt a new approach to joint risk management for TDBC and West Somerset. This approach was endorsed by JMT in January 2014.

3.4.2 Key principles:

1. The aim is to fully align and combine the Risk Management Frameworks at TDBC & WSC into a single common and consistent framework for both councils, identifying and adopting best practice from both (the interim approach proposed below is the start of this process)
2. The approach will ensure robust but proportionate risk management which is fit for purpose
3. The approach will support JMT and Members and will inform decision-making, especially in the early stages of joint management and sharing services

3.4.3 Specific actions (Strategic, Programmes, Projects, Services & Partnerships) are outlined below:

Strategic actions

- a) Develop a new combined corporate risk register (capable of recording different risk scores for each council where required, and showing TD / WSC / both)
 - Talk to other shared service councils re a joint approach

- Create Risk Response Plans & post response (target) risk scores following assessment / evaluation process (DW & KB with each risk owner)
- b) Create a combined Risk Management Strategy:
 - common scales for impact & probability,
 - roles & responsibilities,
 - strategic risk appetite & tolerance levels for the different categories of risk / difference business areas etc)
- c) Complete a high-level risk management 'health-check' to help identify any significant 'missings'

Programmes, Projects, Services & Partnerships

- a. Collate all existing risk registers – identify any missings
- b. Partnership risk management - identify key strategic & service delivery partners and review risk management arrangements in place
- c. Assistant Directors to review and consider whether any high-level risks for escalation
- d. Upload corporate & all programme / project risk registers to one place that JMT can access (eg a sharepoint site?)

Other considerations

- a. Agree a standard risk register template
- b. Develop a combined Corporate Risk Management Action Plan
- c. Review how risks are reported in Member committee reports, and how these risk are then collated and managed as part of the on-going RM process

4. Finance Comments

- 4.1 Financial risk is explained in the Risk Management Strategy and considered within the Corporate Risk Register.

5. Legal Comments

- 5.1 Legal risk is explained in the Risk Management Strategy and considered within the Corporate Risk Register.

6. Links to Corporate Aims

- 6.1 As this report covers the Council-wide approach to managing risk, all Corporate Priorities are affected

7. Environmental and Community Safety Implications

- 7.1 These areas are considered within the Corporate Risk Register.

8. Equalities Impact

8.1 An Equalities Impact Assessment is not required. Equalities issues are considered within the Risk management process.

9. Risk Management

9.1 This report outlines all aspects of corporate Risk Management.

10. Partnership Implications

10.1 Partnership risk management is referred to in the Risk Management Strategy, Action Plan, and Corporate Risk Register.

11. Recommendations

11.1 It is recommended that the Corporate Governance Committee note progress with Corporate Risk Management, the Corporate Risk Register, and the approach and actions to achieve joint Risk Management for TDBC and West Somerset.

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APPENDIX A

TDBC Corporate Risk Management Strategy and Process Guide

1. Introduction

This Risk Management Strategy refers specifically to risk management at the corporate / strategic perspective for TDBC.

The purpose of this strategy is to act as a communications tool to ensure that the Joint Management Team (JMT) has a shared understanding of the responsibilities and process for Risk Management, as well as the measures of *probability* and *impact*.

This Risk Management Strategy has been created for application at a strategic level, where the primary concern is the long-term strategic goals and decision-making which sets the context for decisions at all other levels of the organisation. This should be achieved through the Corporate Strategy and Corporate Transformation / Change Programmes, where Risk Management should be the basis for effective management, objective-setting, and decision-making at all times.

As a guide, the criteria for risks to be included on the Corporate Risk Register is:

- Risks associated with strategic goals and decisions, ie overall long-term 'business' success, vitality and viability
- Risks with organisation-wide and/or significant community impact
- Risks with high priority and/or urgency that require managing at CMT level (for example risks that have been escalated from operational or project risk registers)

Corporate Governance & Internal Control – the UK Corporate Governance Code (2010) states: *“The Board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The Board should maintain sound risk management and internal control systems”*.

Some key definitions / Glossary of Terms

RISK – an uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives.

THREAT – an uncertain event (risk) that would have a negative impact on objectives if it occurred

OPPORTUNITY - an uncertain event (risk) that would have a positive impact on objectives if it occurred

ISSUE – a relevant event that has happened, was not planned and requires management action. Issues can be problems, benefits, or just situations that have occurred (eg a query or change request).

RISK MANAGEMENT - is the systematic application of principles, an approach and a process to the tasks of identifying and assessing risks, and then planning and implementing risk responses.

RISK CAPACITY – is the maximum amount of risk that an organisation can bear, linked to such factors as its reputation, capital, assets, external regulators/Government.

RISK APPETITE – is the amount of risk the organisation is willing to accept, ie the propensity to take risk versus the propensity to exercise control.

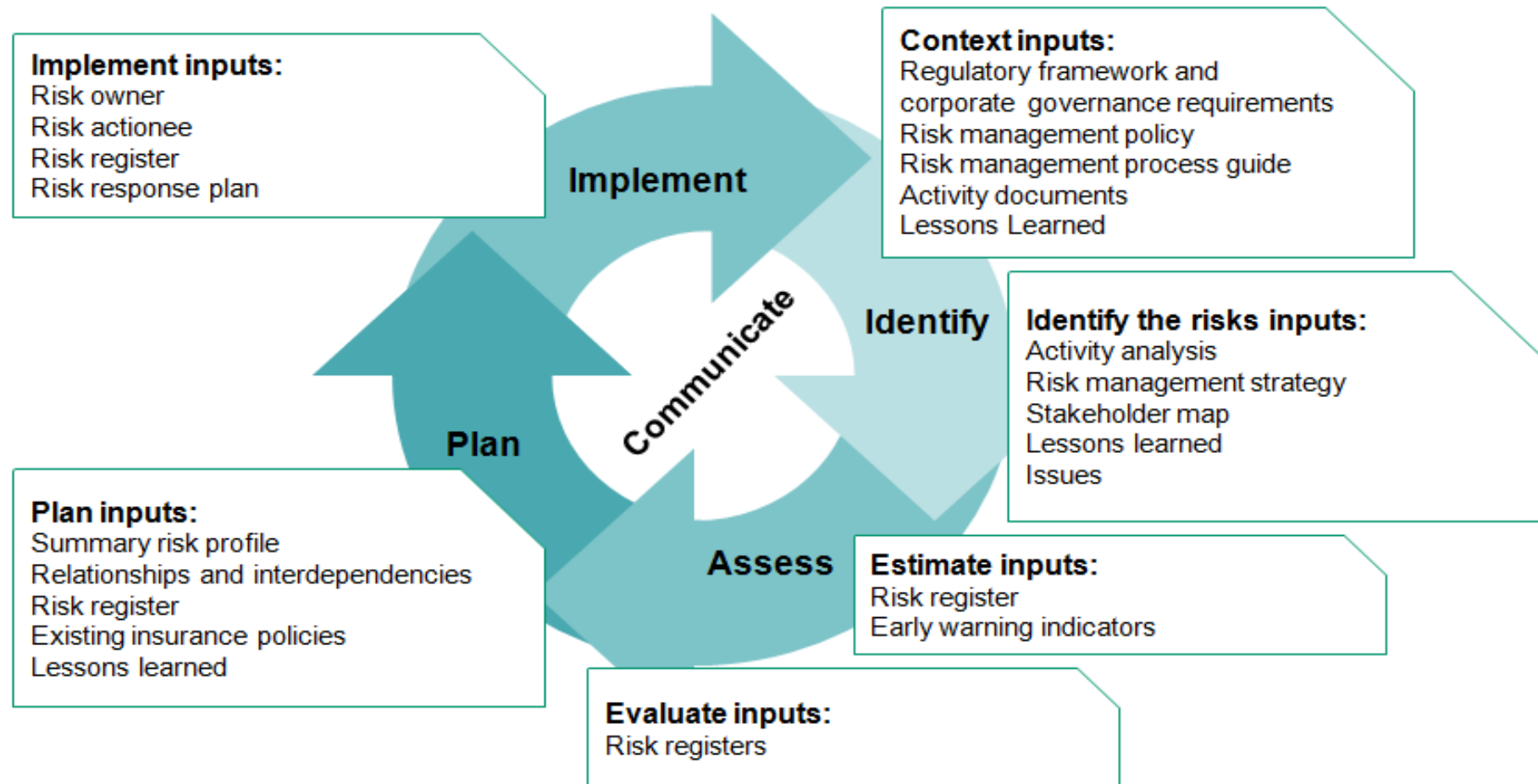
Risk appetite must be integrated with the control culture of the organisation. The strategic level is proportionately more about risk taking than exercising control.

RISK TOLERANCE – the threshold levels of risk exposure which, when exceeded, will trigger an escalation. Risk tolerances are defined by considering the risk appetite (eg at a strategic level, or for a specific project or service) in the context of the overall organisational risk capacity.

2. Summary of risk management process, tools & techniques

The management of risk process steps

The output of each process step provides most of the inputs to the next process step. The output of the implement step is a Risk progress report.



The primary processes and associated tools & techniques are shown below

| Process | Tools & techniques | Goals and Outputs |
|--|---|--|
| Identify <ul style="list-style-type: none"> • Context • Risks & • Issues | <ul style="list-style-type: none"> • Stakeholder analysis (including RACI diagram) • SWOT analysis / PESTLE analysis • Horizon scanning • Brainstorming • Prompt list • Risk descriptions (ie risk 'event' and 'effect') • Define the Probability Impact grid & scales | <ul style="list-style-type: none"> • Identify Context - to obtain information about the organisation and how it fits into the wider organisation & community • Identify Risks & Issues – to identify risks to & issues affecting the achievement of strategic/corporate objectives with the aim of minimising threats and maximising opportunities • The 1st stage in the preparation of a Risk & Issues Register |
| Assess Estimate & evaluate | <ul style="list-style-type: none"> • Probability assessment • Impact assessment (Cost; People; Operational requirements) • Proximity assessment • Risk evaluation – the overall risk exposure by evaluating the net effect identified threats and opportunities (Summary Risk Profiles) | <ul style="list-style-type: none"> • To prioritise each risk and issue so that it is clear which are most important and urgent • To understand the overall Risk Exposure faced by the organisation • The 2nd stage in the completion of the Risk & Issues Register |
| Plan | Risk & Issue response action planning | <ul style="list-style-type: none"> • The preparation of specific management responses to the risks (threats & opportunities) and issues identified – ideally to remove or reduce threats & to maximise opportunities • Important to identify individuals responsible for the response action and ownership of each risk / issue • The final stage in the completion of the Risk & Issues Register • NB – an additional Risk / Issue Response action plan may be necessary where a more robust & detailed action plan is needed |
| Implement | Ensure that planned risk & issue management actions are implemented and monitored and regularly reviewed | <ul style="list-style-type: none"> • To ensure that the planned management actions are implemented and monitored as to their effectiveness, and corrective action is taken where responses do not match expectations • Update the Risk & Issues Register as necessary with new risks, closed risks, revised risk scores, changes/additions to the response actions |

3. RECORDS & TEMPLATES

3.1 Risk & Issues Register

To help keep things simple, we have produced a template that combines both Risks and Issues onto a single register. The template allows for clear distinction between Risks and Issues.

The Risk & Issues Register template is attached here.



Risk & Issue Register template (Jan 12).xls

This template includes guidance on its completion plus an example of a risk and an issue.

3.2 Summary risk profile

Once the Risk Registers have been completed they will be supplemented with a Summary Risk Profile. This is a simple graphical representation of the total risk to the project, showing all the key risks on one picture. The Summary Risk Profile includes the 'Risk Tolerance Line' and will clearly show all risks that sit above this line indicating the highest priority, therefore requiring the closest management attention.

Example of a Summary Risk Profile

| | | | | | | |
|------------------------|------------------------|------------------------|----------------|----------------------|----------------|-------------------|
| PROBABILITY (A) | Very Likely 5 | | | Risk 2 | | |
| | Likely 4 | | | Risk 1 | Risk 4 | |
| | Feasible 3 | | Risk 3 | | | |
| | Slight 2 | | | | | |
| | Very Unlikely 1 | | | | | |
| | | Insignificant 1 | Minor 2 | Significant 3 | Major 4 | Critical 5 |
| IMPACT (B) | | | | | | |

4. SCALES FOR ESTIMATING PROBABILITY AND IMPACT

| Probability scale | | | |
|--------------------------|---------------|----------|--|
| Score | Probability | Criteria | Likelihood |
| 5 | Very likely | >75% | Almost certainly will occur |
| 4 | Likely | 51-75% | More likely to occur than not |
| 3 | Feasible | 26-50% | Fairly likely to occur |
| 2 | Slight | 6-25% | Unlikely to occur |
| 1 | Very unlikely | 0-5% | Extremely unlikely or virtually impossible |

| Financial loss Impact scale | | |
|------------------------------------|---------------|------------------------------|
| Score | Impact | |
| 5 | Critical | £250k+ financial loss |
| 4 | Major | £100k - £250k financial loss |
| 3 | Significant | £30k - £100k financial loss |
| 2 | Minor | £10k - £50k financial loss |
| 1 | Insignificant | <£10k financial loss |

| HR / staff Impact scale | | |
|--------------------------------|---------------|--|
| Score | Impact | |
| 5 | Critical | Widespread, long-term staff morale problem, breakdown in industrial relations, multiple redundancies |
| 4 | Major | Widespread, medium-term staff morale problem, threat to industrial relations, several redundancies |
| 3 | Significant | Widespread short-medium term staff morale issues, small number of redundancies |
| 2 | Minor | General, short-term staff morale issues |
| 1 | Insignificant | Isolated, short-term staff dissatisfaction |

| Legal & compliance / internal control Impact scale | | |
|---|---------------|--|
| Score | Impact | |
| 5 | Critical | Major legal implications (high cost & complex / lengthy to resolve) / Criminal prosecution. Gross failure to comply with statutory duties / failure of key internal controls. Central Government intervention (removal of delegated powers). |
| 4 | Major | Significant legal implications. Major compliance issues that need to be addressed urgently by senior management / Corporate Governance committee. |
| 3 | Significant | Some difficult legal implications, but resolvable at a 'medium' cost. Significant and urgent non-compliance issues. |
| 2 | Minor | Some minor legal issues, resolvable at a fairly low cost. Minor but urgent non-compliance issues. |
| 1 | Insignificant | Easy to resolve legal issues, no/low cost Minor, non-urgent non-compliance issues |

Strategic / corporate priorities Impact scale (Quality & sustainable growth & development / a vibrant economic environment / a vibrant social, cultural & leisure environment / plus key business principles & core values)

| Score | Impact | |
|-------|---------------|--|
| 5 | Critical | Corporate priorities & outcomes are undeliverable. Major long-term detrimental impact on the community & 'quality of life' (eg crime, deprivation, economy, health, housing, the environment etc) |
| 4 | Major | Corporate priorities & outcomes very difficult to deliver - major changes required in objectives and/or timescale. Some detrimental medium-term impact on community & quality of life. |
| 3 | Significant | Significant changes needed to objectives &/or timescales to deliver corporate priorities. Some short-medium term detrimental impact on community & quality of life. |
| 2 | Minor | Some changes needed to objectives &/or timescales - minimal short-term impact on community. |
| 1 | Insignificant | Some minor changes needed - negligible impact on community |

Operational Impact scale (service & project delivery)

| Score | Impact | |
|-------|---------------|--|
| 5 | Critical | Major change in any of the critical & statutory requirements of the services / key projects. Not possible to deliver the changes / complete the project (various reasons eg: IT / technology, buildings, equipment, processes). Major, long-term decline in operational performance. |
| 4 | Major | Change in any of the critical & statutory requirements of the service / key projects. Very difficult to deliver the changes / complete the project Significant medium - long term decline in operational performance. |
| 3 | Significant | Change in multiple requirements of the service / key projects. Difficult to deliver the changes / complete the project. Noticable medium-term decline in operational performance |
| 2 | Minor | Changes in ancillary service / project requirements. Some difficulty delivering changes / aspects of the project Some short - medium term decline in operational performance. |
| 1 | Insignificant | Minor changes in ancillary service / project requirements. Some minor, short-term disruption whilst changes delivered. Isolated short-term decline in performance. |

Public relations & reputation Impact scale
(General Public, Partners & other key stakeholders)

| Score | Impact | |
|-------|---------------|---|
| 5 | Critical | Major, irreparable long-term (ie 3+ months) reputational damage. Concerted attacks on standing & reputation by stakeholders & Press. Multiple serious complaints and significant Ombudsman involvement. |
| 4 | Major | Major, short-term (ie 1-3 months) damage. Media interest. Significant number of serious complaints. |
| 3 | Significant | Significant, short to medium-term damage / loss of trust. Significant increase in minor level complaints. |
| 2 | Minor | Minor, medium-term damage. Noticable increase in minor level complaints. |
| 1 | Insignificant | Minor, short-term (less than a month) damage |

Health & Safety, wellbeing & welfare Impact scale

| Score | Impact | |
|-------|---------------|---|
| 5 | Critical | Significant injuries or fatalities to employees or third parties / the public |
| 4 | Major | Noticable increase in major injuries. |
| 3 | Significant | Noticable increase in minor injuries. |
| 2 | Minor | Slight increase in minor injuries |
| 1 | Insignificant | Negligible or no minor injuries. |

5. ROLES & RESPONSIBILITIES

All members of JMT are required to follow the Corporate Risk Management Policy, and this Risk Management Strategy.

Senior Leadership Team (SLT - Chief Executive & Directors)

Will demonstrate commitment to risk management through:

- Being actively involved in the identification and assessment of strategic risks, and helping Theme Managers & Leads understand and appreciate the significance of these throughout the organisation
- Monitor and act on escalated risks
- Encouraging staff to be open and honest in identifying risks, near misses and salvaged situations, and missed opportunities.
- Ensuring that the risk management process is part of all major projects partnerships and change management initiatives.
- Monitoring and reviewing regularly relevant PI's to reduce or control the significant risks.

Portfolio Holder (...insert name...):

To consult with relevant Officers before taking a decision within his or her delegated authority. In doing so, the individual Member must take account of legal and financial liabilities and financial and other Risk Management issues that may arise from the decision.

Joint Management Team:

- Ensure Risk Management Strategies exists for their areas
- Ensure that the Corporate Risk Management Policy is implemented throughout their Theme and ensures participation in the delivery of risk management
- Own and manage escalated risks as appropriate
- Escalate risks (ie to JMT / Director and/or Portfolio Holder) or delegate risks (eg to Lead Officers)
- Assist their teams in embedding the necessary risk management practices
- Contribute to the identification of key risk areas and ensures that risk registers are in place, with a regular risk review and escalation process
- Establish how risk management will be integrated with performance management and change control within their area

Service Manager / Lead Officers:

- Participates in the identification, assessment, planning and management of risks
- Implements the Risk Management Policy within their area of responsibility
- Escalates risks as necessary (eg to Theme Manager)
- Understands the Risk Management Policy & Strategy and how it affects them and their teams

Reporting and escalation

The JMT Structure Chart illustrates the appropriate reporting lines and routes for escalation of Risks and Issues. This is found on the intranet: ([link](#))

6. Early Warning Indicators (EWI)

An EWI is a measure (like a KPI), but should be seen as a leading indicator for an objective. For example, the Theme / Service may have an objective and associated KPI about the level of customer service excellence delivered. An EWI for this objective may be the retention rate of staff within key customer-facing roles.

The following are examples of KPIs and EWIs that should be monitored on a regular basis (minimum quarterly), providing a trend analysis and guidance on the 'health' of the Theme and its services:

- New risks that materialise
- Finance (budget monitoring) – variance to budget
- Staff sickness levels
- Staff turnover
- Accidents and incidents (staff and public)
- Customer satisfaction
- Internal audit results (ie 'Partial' or 'No' opinion, and Priority 4 & 5 recommendations)
- Achievement of 'delivery on time' targets ('inputs')
- Complaints / Feedback data (eg % resolved within 10 days, % upheld, trends/repeated complaints)
- Performance 'outputs' vs. Target (actuals year-to-date, or projected year-end outturn)

The current set of corporate Early Warning Indicators is found in the Corporate Performance Scorecard.

7. Timing of Risk Management activities

Risk Management should be applied continuously with information made available when critical decisions are being made. At the strategic level, the emphasis is on long-term goals; these set the context for decisions at other levels of the organisation. The risks associated with strategic decisions may not become apparent until well into the future. It is, therefore, essential to review these decisions and associated risks regularly.

Risk Management should be the basis for effective management of the organisation at all times, including in support of decision-making when planning the introduction of change to any organisational perspective: Strategic; Programmes & Projects; Operational

Trigger points should be used to monitor and review risks, for example:

- Changes in organisational structure and/or personnel changes
- Change Management activities
- Introduction of new or changed standards or processes
- Whenever something unexpected occurs or fails within the organisation
- Review / refresh of Corporate Strategy

- Initiation of new partnerships
- Annual Service Planning
- Quarterly monitoring and review of performance & risk
- Programme or Project initiation (and on-going project management & review)
- Inclusion in Council Reports (especially where key decisions are required)

| Risk No. | Date raised | Risk group heading | Risk / Issue description | TDBC, WSC, or BOTH | Risk Owner | Existing Control Measures | Current Assessment | | Score | Proximity | Risk response option | Risk / Issue Response Action | Target score (post response) | | Score |
|----------|-------------|--------------------|---|--------------------|------------|--|--------------------|-------------|-------|-----------|----------------------|---|------------------------------|----------------|-------|
| | | | | | | | Probability | Impact | | | | | Probability | Impact | |
| 1 | Dec-13 | Transformation | Joint-management & shared services ('JMASS') TDBC & WSC have entered into a new joint-management & shared services arrangement from 2014 - if the management resource & capacity to run the new structure effectively is insufficient: RISK - failure to deliver the ambitions and financial savings as stated in the 'JMASS' business case. Effects: Member's expectations not met / loss of political support, breakdown in relationships between Leaders & CEO, savings projections / timeline not delivered, existing projects & priorities negatively impacted | BOTH | Shirlene | ~ Effective governance arrangements in place ~ Consultation with Joint Unison Board ~ Information briefings ~ Programme plan in place | Slight(2) | Critical(5) | 10 | Feb-15 | Accept | ~ Fortnightly JMASS project meetings to review progress ~ responsibility for financial monitoring allocated ~ regular SLT discussions | Slight(2) | Critical(5) | 10 |
| 2 | Dec-13 | Transformation | The wider transformation programme The Corporate Business Plan includes objectives to transform services and 'the way we work' - some projects have already been or are to be initiated (ie Customer Access & Council Accommodation). If a robust and effective approach to Programme and Change management is not implemented, or the existing contractual relationships in place for the supply of ICT services restricts the ability to deliver the new capability requirements - Risk of failure to deliver an effective programme of change to achieve the desired outcomes and benefits for the council(s). Key effects: programme benefits not realised, financial loss, loss of political appetite for change, services do not embrace & adopt new ways of working, decline in staff morale & performance, detrimental impact on the quality of service & project delivery, failure to maximise service efficiency | BOTH | Richard | ~ existing individual projects being managed robustly | Feasible(3) | Critical(5) | 15 | 14/15 | Reduce | ~ Recruitment of new Programme Manager part of re-structure process Spring 2014 ~ Working with the ICT service to understand & minimise the costing for transformation ICT work & to identify possible alternative delivery options | Slight(2) | Critical(5) | 10 |
| 3 | Dec-13 | Transformation | Shared Services across Somerset and wider Public Sector Government policy is pushing wider transformation of public sector. No clear ambition has emerged for Somerset. RISK - wider transformation opportunities may be missed - or - if identified could slow down the pace of the TDBC / WSC transformation programme. Effects: (as per Risk no. 1 above) | BOTH | Penny | ~ Somerset Public Sector CEO meetings ~ contact with DCLG re central govt expected outcomes ~ Somerset Task & Finish review ~ LGA Shared CEO Special Interest Group ~ Support from LGA to Somerset to facilitate wider discussions | Slight(2) | Critical(5) | 10 | NOW | Share | Continued leadership engagement with wider public sector partners at political and officer level | Slight(2) | Critical(5) | 10 |
| 4 | Jan-14 | Political | National changes to Law/Policy drivers Changes advocated or made maybe missed or not evaluated in a timely manner. The risk is the Councils are non-compliant and/or changes undermine the delivery of key priorities. Key effects: financial impact, failure to achieve the desired outcomes and benefits of the HRA Business Plan for the community and councils | BOTH | Penny | ~ JMT professional networks ~ Political Group networks ~ Director and AD responsibility to 'scan the policy horizon' and act as key policy advisors ~ TDBC Hub Reports ~ E-alerts from LGA/SOLACE/Government Departments | Feasible(3) | Critical(5) | 15 | NOW | Reduce | JMT to review on quarterly basis the national picture | Slight(2) | Critical(5) | 10 |
| 5 | Jan-14 | Financial | Asset Management A new TDBC Corporate Asset Management Strategy has been approved, however there is a need to refresh the strategy for West Somerset Council. There is a need to ensure adequate capacity, resource/funding, and expertise for effective asset management, as well as the appetite to take decisions to maximise opportunities. Poor data management may also lead to poor decisions. RISK - failure to deliver Asset Management strategies and failure to manage existing assets appropriately. Key effects: ~ financial (asset base that is unaffordable to maintain, inability to maximise income opportunities) ~ failure to comply with community requests relating to assets ~ increased risk & liabilities in relation to disrepair & compliance matters | BOTH | James | ~ TDBC approved Asset Strategy & 2 year funding secured to deliver the new plan ~ direct control of former SW1 Estates team to prioritise workload (following decision to bring the service back to TD from SW1) | Likely(4) | Critical(5) | 20 | NOW | Reduce | ~ Asset strategy & plan to be refreshed for WSC ~ Implement the approach & key activities (phase 1 & 2) as outlined in the report to TDBC council Dec 2013 ~ Recruitment of new Property & Development Assistant Director post ~ team restructure arising from JMASS project | Slight(2) | Critical(5) | 10 |
| 6 | Dec-13 | Financial | Medium Term Financial Planning (MTFP) The key financial risk factors are: continuing budgetary pressures & adverse economic conditions, an environment of major financial risk & uncertainty (such as: Business Rates retention, Revenue Support Grant, Council Tax & Council Tax Support, Income from Fees & Charges, Capital investment), uncertainty as to the long-term sustainability / affordability of the existing contract with Somerset Waste Partnership, the shrinking of the General Fund (impact on the HRA). Risk of failure to agree and deliver a sustainable MTFP for the next 5 years Key effects may include: ~ short-term or 'knee jerk' decisions with detrimental long-term implications ~ Government intervention ~ Adverse impact on the council's limited reserves & financial standing ~ Potential service closure / reduced service quality & therefore inability to deliver customer expectations ~ Insufficient capital resources to fund Corporate Strategy objectives ~ Inability to continue funding partnerships (eg Tone Leisure, SWP) ~ Unable to maximise investment returns | BOTH | Shirlene | ~ on-going raising of profile and awareness of financial challenges with Members ~ regular reviews, updates (latest forecasts) & reporting of MTFP position ~ budget-setting / approval process | Likely(4) | Critical(5) | 20 | end 2015 | Reduce | ~ fundamental review of WSC finances (including revenues, capital, treasury management) ~ new Treasury Management contract in place for WSC ~ Executive/Cabinet discussions on budget position linkage of Asset Management plans, Health & Safety plans with Financial plans (TDBC & WSC) | Feasible(3) | Critical(5) | 15 |
| 7 | Dec-13 | Partnerships | Southwest One The Southwest One contract is due to end in 2017 - there is uncertainty regarding future plans for the partnership beyond 2017. If there is no clear plan and timetable to reach a decision on the future of the SW1 partnership - Risk of failure to properly implement a succession plan for Southwest One services Key effects: deterioration of services (pre 2017), financial impact, reputational damage | TDBC | Richard | ~ succession planning process has commenced | Slight(2) | Critical(5) | 10 | 14/15 | Reduce | ~ Completion of a /Succession Options review & the implementation of any agreed actions. | Slight(2) | Significant(3) | 6 |

| Risk No. | Date raised | Risk group heading | Risk / Issue description | TDBC, WSC, or BOTH | Risk Owner | Existing Control Measures | Current Assessment | | Score | Proximity | Risk response option | Risk / Issue Response Action | Target score (post response) | | Score |
|----------|-------------|----------------------|---|--------------------|---|--|--------------------|-------------|-------|--------------|---|------------------------------|------------------------------|--------|-------|
| | | | | | | | Probability | Impact | | | | | Probability | Impact | |
| 8 | Dec-13 | Leadership & People | Political leadership and decision-making TDBC remains in a 'no overall control' position, therefore the political balance of the council can present difficulties with decision-making. If there is a lack of clear political leadership, then - There is a risk of failure to reach decisions on key strategic issues. Key effects may include: - difficulties with long-term strategic & operational planning; - lack of cross-party buy-in to the corporate strategy | TDBC | Penny | - Corporate Business Plan approved in 2013 - Leader / Director meetings - Shadow Executive engagement - Joint Portfolio / Shadow PFH briefings - Cross-party steering groups on key issues - Group Leaders meetings | Feasible(3) | Critical(5) | 15 | NOW | Reduce - Increase frequency of Group Leaders meetings - Improve engagement between JMT and Shadow Executive and Leader of Opposition | Slight(2) | Major(4) | 10 | |
| 9 | Dec-13 | Corporate Aim (TDBC) | Growth & Development - Taunton town centre regeneration In January 2014, the Executive approved a re-think of the Taunton town centre including a range of proposals for sites throughout the town. This also included a mandate to establish a new programme management arrangement to progress the delivery. There is a high dependence of other partners / agencies to support and deliver the programme. Risk of failure to achieve the council's ambitions for the regeneration of Taunton town centre. Key effects may include: - the 'Firepool' site may fail to attract private sector investment & stagnates - detrimental impact on the local economy - damaged reputation for Taunton, and TDBC - negative effect on inward investment decisions | TDBC | Brendan | - mandate approved to establish a Programme Management approach in 2014 - Taunton Economic Advisory Board - Programme SRO in place (Brendan Cleere) | Feasible(3) | Major(4) | 12 | 5 - 10 years | <i>The Growth & Development Director is currently 're-framing / refreshing' the growth programme outcomes and ambitions and will develop the headline risks & risk response from that position.</i> | | | | |
| 10 | Dec-13 | Corporate Aim (TDBC) | Growth & Development - Infrastructure delivery A new Growth Prospectus for Taunton was approved in January 2014. There are however significant factors to address such as: inadequate management resource, a lack of funding, prioritisation of funding for any one particular project ('all the eggs in one basket'), and any failure to engage with funding providers. These are causes of the following risk: Risk of failure to deliver the key components of the Infrastructure Delivery Plan (IDP) and the approved Growth Prospectus for Taunton. Key effects may include: - lack of new / improved infrastructure needed to support & deliver the vision outlined in the Growth Prospectus for Taunton - M5 & A358 do not improve (traffic problems worsen); - Unable to attract inward business investment to Taunton Deane - Detrimental impact on the local economy | TDBC | Tim | - implementation of Community Infrastructure Levy (CIL) from April 2014 - New Home Bonus funds ringfenced for growth initiatives - Growth prospectus has prioritised the schemes | Feasible(3) | Major(4) | 12 | from 2016 | Reduce - ensure adequate resources focussing on delivering Growth Prospectus - ensure Taunton schemes are high profile with key funding providers (eg LEP) - prioritisation of CIL receipts | Slight(2) | Major(4) | 8 | |
| 11 | Dec-13 | Corporate Aim (TDBC) | Growth & Development - Housing & employment land delivery Factors such as: the uncertain economic climate (national & local) and a lack of market appetite for growth, the extent of our ability to influence other agencies to address key issues, the Planning process, and identification of deliverable sites - are all causes of the following risk: Risk of failure to deliver proposals in the Development Plan relating to housing and employment land. Effects: in addition to those described above in risk no. 7, the council would be open to unplanned development | BOTH | Tim | - TDBC Approved Core Strategy & Site Allocations work - Monkton Heathfield - Capacity Funding award - emerging WSC Local Plan | Feasible(3) | Major(4) | 12 | from 2015 | Reduce - meet the timetable for preparation of Planning Policy documents - working with developers to bring forward Monkton Heathfield, other Urban Extensions, and other development sites across the 2 districts - dependency / links with Infrastructure risk & actions (risk 10) | Slight(2) | Major(4) | 8 | |
| 12 | Dec-13 | Corporate Aim (WSC) | Hinkley Point The development of a the new Hinkley C power station (a 10 year construction period) may cause a variety of threats and opportunities to the achievement of our strategic objectives. There is a risk that the development will have an adverse impact on local accommodation, skills & employment and highways, and/or Economic & Social opportunities may not be realised (eg benefits to local businesses & the local economy of permanent inward migration, receipt of significant Community Fund grant monies). Key effects may include: - homelessness increases and the council is unable to discharge its homelessness obligations; - increase in housing demand & lack of affordable housing; - increased congestion (impacting on Growth & Regeneration goals / inward investment) | BOTH | Brendan / new Nuclear Programme Manager | <i>Risk to be further described and assessed once new Programme manager appointed.</i> | | | | | <i>The Growth & Development Director is currently 're-framing / refreshing' the growth programme outcomes and ambitions and will develop the headline risks & risk response from that position.</i> | | | | |
| 13 | Dec-13 | Communities | Welfare Reforms There is an on-going requirement to reduce benefit payments (CTRS, Business Rates, Universal Credit) - the Welfare Reforms will mean that people in the welfare system will receive less Council Tax support. Risk of the Council failing to adequately support our community and services for the impact of the Government's Welfare Reform Agenda Key effects include: - taxes and rents harder to collect - more vulnerable people - individuals & families may be unable to manage - increased pressure and demand on services | BOTH | Paul F / Simon | - Halcon One Team approach | Feasible(3) | Critical(5) | 15 | | - Initiation of a new project <i>Please note - the Assistant Director (Resources) - Paul Fitzgerald has only recently been appointed and will therefore develop a risk response action plan as part of his business planning for 2014/14</i> | | | | |

| Risk No. | Date raised | Risk group heading | Risk / Issue description | TDBC, WSC, or BOTH | Risk Owner | Existing Control Measures | Current Assessment | | Score | Proximity | Risk response option | Risk / Issue Response Action | Target score (post response) | | Score |
|----------|-------------|----------------------|--|--------------------|-----------------------------------|---|--------------------|----------------|-------|-----------|----------------------|--|------------------------------|----------------|-------|
| | | | | | | | Probability | Impact | | | | | Probability | Impact | |
| 14 | Dec-13 | Communities | <p>Addressing deprivation Deprivation is worsening and deepening in North Taunton and Taunton East, with other key community issues being rural isolation and an ageing population, and in West Somerset, the key issues are rural deprivation, fuel poverty & 'access to services'.</p> <p>Initiatives such as Taunton Deane Partnership's 'Priority Areas Strategy' (PAS) programme and the Health & Wellbeing Strategy are being developed & delivered to address the issue, however, if the work is not supported, or not adequately resourced:</p> <p>There is a risk that the programmes & activities may be unsuccessful and we fail to reduce levels of deprivation in our most deprived communities.</p> <p>Key effects may include:</p> <ul style="list-style-type: none"> - areas of deprivation remain or worsen; - other areas slip into deprivation; - community expectations are not managed or delivered - further burden on TDBC resources (eg increase in 'Troubled Families' interventions, Housing demand etc) - lost opportunities for additional funding, reduced service costs, reduced work duplication, improved experience for the customer - negative impacts on individuals, families & communities, plus the financial cost to public sector agencies increases | BOTH | Simon | <ul style="list-style-type: none"> - Housing & Community Development structure proposal to place greater emphasis on priority areas - PAS actively monitored and reviewed by TDP - Family Focus project supporting complex troubled families - TDBC engaging in 'early help' discussions and work with SCC to bring additional resources and focus into areas - Halcon One Team being supported in halcon and delivering tangible improvements and projects (eg Link Power) - Community Development projects - Voluntary & Community Sector grants allocated to provide support (eg CAB debt advice) - Somerset West Private Sector Housing Partnership continues to work on fuel poverty issues - communities in West Somerset supported to access grants and support | Feasible(3) | Major(4) | 12 | NOW | Reduce | <ul style="list-style-type: none"> - A greater focus on collaborative partnership working in other parts of TD - Implement Programme of activities resulting from the H & W audit to address deprivation | Slight(2) | Major(4) | 8 |
| 15 | Dec-13 | Communities | <p>Gypsies & Travellers Local Authorities have a (planning) duty to allocate suitable provision for Gypsies & Travellers. TDBC has had previous experience of illegal Gypsy & Traveller encampments.</p> <p>There is a risk that TDBC is unable to identify suitable provision if required and cannot defend against future illegal encampments.</p> <p>Key effects may include:</p> <ul style="list-style-type: none"> - unable to respond to community or political pressure; - financial impact (eg high legal fees); - reputational damage | BOTH | Tim (+ Property & Development AD) | <ul style="list-style-type: none"> - purchase of Otterford Green site (for temporary provision) - Gypsy & Traveller Accommodation Assessment - contacted potential site owners | Slight(2) | Significant(3) | 6 | on-going | Reduce | <ul style="list-style-type: none"> - allocate sites - council needs to potentially purchase sites or work with other providers to develop sites | Very Unlikely(1) | Significant(3) | 3 |
| 16 | Dec-13 | Corporate Governance | <p>Corporate Governance arrangements on running the business There is a need for robust arrangements, and on-going monitoring and focus on embedding effective corporate governance arrangements (ie budget monitoring, risk management, debt management, performance management, Treasury management, compliance with audit recommendations, asset management, Equalities duties, Business Continuity Planning, Information Governance & Security, Health & Safety management).</p> <p>Risk of failure to comply with key internal controls & corporate governance arrangements.</p> <p>Key effects include:</p> <ul style="list-style-type: none"> - inaccurate budget forecasting & financial loss - failure to adhere to HRA ringfence - project or service failure or under-performance - reputational damage - Government intervention - Failure to comply with statutory duties & regulations (eg Health & Safety, Equalities, Data Security / Data Protection) causing harm or injury - lack of resilience to unexpected events / failure of IT systems / data loss | BOTH | Shirlene | <ul style="list-style-type: none"> - Audit programme - Corporate Governance Action Plan / monitoring of progress & status of audit recommendations - Quarterly JMT review on Corporate Performance & Finances, Risk Management and other key management issues - Corporate Equalities Action Plan - New H & S strategy, KPIs & operational plan for 2014 - Member reports on all of the above to relevant committees - redefined roles and responsibilities re Joint Management structure from Jan 2014 | Feasible(3) | Significant(3) | 9 | on-going | Reduce | <ul style="list-style-type: none"> - harmonisation of governance frameworks and arrangements across both councils for officers to operate within - communicate and embed in ways of working (eg through learning & development plans) - JMT to conduct regular reviews (eg Financial Regs, Health & Safety performance etc) - on-going 'policing' - CEO providing clarity on 'non negotiables' and risk appetite & tolerance levels | Slight(2) | Significant(3) | 6 |
| 17 | Dec-13 | Communities | <p>Civil Contingency arrangements There is a need for adequate planning and effective Civil Contingency arrangements to be in place and tested. The new joint management & shared services arrangements between TDBC & WSC have also extended the geography & facilities and widened the scope of our responsibilities.</p> <p>There is a risk that the council may be unprepared for and unable to provide an adequate response to a major emergency incident.</p> <p>Key effects may include:</p> <ul style="list-style-type: none"> - loss of life; - major disruption to services; - unplanned costs; - Reputational damage; | BOTH | Chris | <ul style="list-style-type: none"> - County-wide Civil Contingencies Plan - JMT rota and out-of-hours arrangements in place (also in JMT job descriptions) - 24 hours DLO operation - both councils have service level out-of-hours arrangements - experience in Civil Contingencies incidents and operation of Rest Centres | Very Unlikely(1) | Critical(5) | 5 | on-going | Accept | <ul style="list-style-type: none"> - amalgamation of service level arrangements as part of JMASS project during 2014/15 | Very Unlikely(1) | Critical(5) | 5 |