**Audit Committee
23 January 2017**

**CORPORATE RISK REGISTER**

**1      Purpose**

1.1     To brief the committee on the updated Corporate Risk Register.

**2      Recommendations/for decision**

2.1     To review the Corporate Risk Register Appendix 2 and identify any issues for further consideration

**3      Corporate Risk Register - Supporting information**

3.1     The Audit Committee has a role to monitor the effectiveness of risk management and internal control across the Council. As part of discharging this role the committee is asked to review the Corporate Risk Register.

3.2     The Corporate Risk Register provides evidence of a risk aware and risk managed organisation. It reflects the risks that are on the current radar for Transition Board. Some of them are not dissimilar to those faced across other local authorities.

3.3     The risk register is reviewed on a two monthly basis by Transition Board and reported to the Audit Committee.

**4      Reasons for Recommendation**

4.1     To allow members of the Audit Committee to review the Corporate Risk Register.

**5      Resource implications**

5.1     None


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Background Documents            None

# Corporate Risk Register Update

The Corporate Risk Register (CRR) shows the key risks to the Council and the actions that are being taken to respond to these risks. The CRR is reviewed on a regular basis by Transition Board following detailed review and updating by the risk owners.

Responsibility for updating the CRR and ensuring actions are taken to mitigate risks is a corporate responsibility but operational responsibility rests with the Directors and the Business Assurance Manager.

The CRR was last reviewed and updated by Transition Board as a whole at their meeting on 23 November 2016. Individual risks and actions have been further reviewed with risk owners in January 2017. Since the previous Audit Committee meeting in November 2016 two new risks have been added:

| Risk Ref | Change | Comment |
|---|---|---|
| 18) Modernising Local Government agenda | New - Extreme | i) Plans may fail to achieve an outcome that addresses community needs<br>ii) Disruption to service delivery due to resource detraction from day-job and ongoing uncertainty |
| 19) Failure to effectively engage with members and community around the Council's vision and strategy | New - High | |

**Impact of Brexit**

We have considered the risks arising following the Brexit decision. At this stage there is too much uncertainty about the specific implications on the strategic objectives and day to day operations of the Council to put anything meaningful on the CRR. Management will review as information becomes available and update the CRR accordingly.

There are 19 risks on the corporate risk register. The Residual risk rating is summarised as follows:

| Residual Risk Rating | | | |
|---|---|---|---|
| **Low risk** | **Moderate risk** | **High Risk** | **Extreme risk** |
| **3** | **4** | **9** | **1** |
| 11) Safeguarding arrangements, internal policies and processes are not adequate to address concerns about /protect vulnerable adults & children.<br><br>14) Fraud, corruption, malpractice by internal or external threats.<br><br>15) Equalities is not considered in decisions resulting in Judicial Review and other litigation | 6) Fail to manage and deliver major capital projects - Waterside North<br><br>9) Business Continuity - Major or large scale incident causes business interruption affecting the Council's resources and its ability to deliver critical services.<br><br>13) Failure to manage a major partnership or a significant council contractor.<br><br>16) Failure to manage and deliver the requirements of the SLA for HS2. | 1) Commercial AVDC programme does not deliver the required savings and efficiency gains<br><br>2) The Council's approach to commercialisation does not produce the income needed.<br><br>3) Organisational culture fails to support the strategy.<br><br>5) Depot & workshop development project fails to address H&S and Environmental concerns and achieve commercial objectives.<br><br>7) Fail to Deliver the new Vale of Aylesbury Local Plan<br><br>8) Health & Safety - Non-compliance with Fire and Health and Safety legislation (excl. depot /waste services).<br><br>10) Information Governance - A significant data breach, Inappropriate access, corruption or loss of data<br><br>12) Business Intelligence (Customer insight & performance data) is not sufficiently robust to support effective decisions.<br><br>17) Unmanaged loss of key staff during time of change<br><br>19) Failure to effectively engage with members and the community around the Council's vision and strategy. | 4) Partnership with AVE fails to deliver or hinders the achievement of the Council's objectives<br><br>18) Modernising Local Government agenda:<br>i) fails to achieve an outcome that addresses community needs<br>ii) disruption to service delivery due to resource detraction from day-job and ongoing uncertainty |

**Risk Matrix**

| Impact | 5 | Catastrophic | 5 | 10 | 15 | 20 | 25 |
|---|---|---|---|---|---|---|---|
| | 4 | Major | 4 | 8 | 12 | 16 | 20 |
| | 3 | Moderate | 3 | 6 | 9 | 12 | 15 |
| | 2 | Minor | 2 | 4 | 6 | 8 | 10 |
| | 1 | Negligible | 1 | 2 | 3 | 4 | 5 |
| | | | Rare | Unlikely | Possible | Likely | Very Likely |
| Score | | | 1 | 2 | 3 | 4 | 5 |
| | | | Likelihood | | | | |

| | | | |
|---|---|---|---|
| | 1-3 | Low Risk | Acceptable risk; No further action or additional controls are required; Risk at this level should be monitored and reassessed at appropriate intervals |
| | 4 - 6 | Moderate Risk | A risk at this level may be acceptable; If not acceptable, existing controls should be monitored or adjusted; No further action or additional controls are required. |
| | 8 – 12 | High Risk | Not normally acceptable; Efforts should be made to reduce the risk, provided this is not disproportionate; Determine the need for improved control measures. |
| | 15 - 25 | Extreme Risk | Unacceptable; Immediate action must be taken to manage the risk; A number of control measures may be required. |

**Risk Ratings - Impact**

| Score | Descriptor | Compliance | Finance | Health and safety | Internal Control | Political | Reputational | Staffing & Culture |
|---|---|---|---|---|---|---|---|---|
| 1 | Negligible | No or minimal impact or breach of guidance/ statutory duty | Small loss risk of claim remote | Minor injury; Cuts, bruises, etc.; Unlikely to result in sick leave | Control is in place with strong evidence to support | Parties work positively together with occasional differences; Members & executive work co-operatively | Rumours; Potential for public concern | Short-term low staffing level that temporarily reduces service quality (<1 day) |
| 2 | Minor | Breach of statutory legislation; Reduced performance rating from external/internal inspector | Loss of 0.1-0.25 per cent of budget; Claim less than £20k | Moderate injuries; Likely to result in 1-7 days sick leave | Control in place with tentative evidence | Parties have minor differences of opinion on key policies; Members and executive have minor issues | Local media coverage short term reduction in public confidence; Elements of public expectation not met | Low staffing level that reduces the service quality |
| 3 | Moderate | Single breach in statutory duty; Challenging external or internal recommendations or improvement notice | Loss of 0.25-0.5 per cent of budget; Claims between £20k - £150k. | Major injuries; More than 7 days sick leave – notifiable to HSE | Control in place with no evidence to support | Members begin to be ineffective in role; Members and Executive at times do not work positively together | Local media coverage – long term reduction in public confidence | Late delivery of key objective/service due to the lack of staff; Low staff morale; Poor staff attendance for mandatory/key training |
| 4 | Major | Enforcement action; Multiple breaches of statutory duty; Improvement notices; Low performance ratings | Uncertain delivery of key objectives/loss of 0.5 – 1.0 percent of budget; Claims between £150k to £1m | Death; Single fatality | Partial control in place with no evidence | Members raise questions to officers over and above that amount tolerable; Strained relationships between Executive and Members | National media coverage with key directorates performing well below reasonable public expectation | Uncertain delivery of key objective/service due to lack of staff; Unsafe staffing level or competence; Loss of key staff; Very low staff morale; No staff attending training |
| 5 | Catastrophic | Multiple breaches in statutory duty; Prosecution; Complete system changes required; Zero performance against key priorities and targets | Non delivery of key objective/loss of >1 percent of budget; Failure to meet specification/slippage; Loss of major income contract | Multiple deaths; More than one Fatality | No control in place | Internal issues within parties which prevent collaborative working; Que from members shift resources away from corporate priorities | National media coverage, public confidence eroded; Member intervention/action | Non-delivery of key objective/service due to lack of staff; Ongoing unsafe staffing levels or competence; Loss of several key staff; Staff not attending training on ongoing basis |

**Risk Rating – Likelihood**

|   | Likelihood | Likelihood Descriptors | Numerical likelihood |
|---|---|---|---|
| 1 | Rare | May occur only in exceptional circumstances | Less than 10% |
| 2 | Unlikely | Do not expect it to happen/recur but it is possible it may do so | Less than 25% |
| 3 | Possible | Might happen or recur occasionally | Less than 50% |
| 4 | Likely | Will probably happen/recur but it is not a persisting issue | 50% or more |
| 5 | Very Likely | Will undoubtedly happen/recur, possibly frequently | 75% or more |

**Capacity to Manage**

| Capacity to Manage | Alert | Description |
|---|---|---|
| Full | | Full – all reasonable steps have been taken to mitigate the risk and are operating effectively. The cost / benefit considerations on implementing additional controls have been considered and no additional actions are proposed. |
| Substantial | | Substantial – there are sound arrangements to manage the risk with some scope for improvement. Arrangements have had a demonstrable impact in reducing either the likelihood or consequence of the risk. |
| Moderate | | Moderate – there are a number of areas for improvement in arrangements that would help to demonstrate effective and consistent management of the risk. |
| Limited | | Limited – there are significant areas for improvement in arrangements that would help to demonstrate effective and consistent management of the risk. |
| None | | None – there are a lack of clear arrangements in mitigation of the risk. |