

CORPORATE RISK REGISTER (NOVEMBER 2017)

1 Purpose

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

2 Recommendations/for decision

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| 2.1 | To review the Corporate Risk Register at Appendix 2 (confidential part of the agenda) and identify any issues for further consideration. |
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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 Strategic Board. Some of them are not dissimilar to those faced across other local authorities.
- 3.3 The risk register is reviewed regularly by Strategic 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 Strategic Board following detailed review and updating by the risk owners.

Since the previous Audit Committee meeting in September 2017 the following risks have changed:

Risk Ref	Change	Comment
Sectors do not deliver the required savings and efficiencies identified in the Commercial AVDC programme.	Closed	The Commercial AVDC programme closed at the end of September 2017. Subsequently a sector by sector review of planned savings, achieved to date and forecast for future years has been undertaken. Structures are in place to exceed the £6m target set for the programme by 2020 – achieving £2.2m in 2017/18 and delivery of £3.8m by 2021. This includes headcount reduction from 471 to 426 (around 10%). Future savings targets will form the basis of the MTFP and annual budget setting and therefore captured in MTFP (risk #1).
The Council's approach to commercialisation and income generation does not produce the income needed.	Closed	The structure is now in place to support commercial/income generating activity and income / cost recovery targets are factored into the MTFP and annual budget process, therefore included in MTFP (risk #1)
Loss of key staff / failure to recruit / reliance on agency staff has negative impact on service delivery during time of change	Closed	To date, 88 people have left the Council during the course of the Commercial AVDC Programme, comprising 25 settlements, 38 voluntary redundancies, 23 compulsory redundancies and 2 resignations. This left 110 roles to fill externally (around a third of all posts in the new structure, excluding drivers and loaders). The majority of these posts have now been recruited; however at the time of writing there are still 14 Technical Specialist vacancies, of which 8 are in Planning, which are proving challenging to fill. This has been captured in a new specific risk (#8).
Business Intelligence (customer insight & performance data) is not sufficiently robust to support effective decisions.	Closed	The Business Intelligence team is in place and progress being made on reporting Connected Vision, Financial, Sector and operational dashboards. Focus is currently on management information with a “roadmap” in place to deliver more strategic business insight overtime. No longer considered a corporate level risk, progress is being monitored at an operational level.

1) Fail to achieve the Medium Term Financial Plan. Annual sector budgets are not delivered.	New (High)	Savings, efficiencies and income identified through the Commercial AVDC programme have been factored into sector budgets and will form the basis of the MTFP. Monitoring is through established processes with oversight at Strategic Board and Cabinet level. Risk remains high due to ongoing austerity measures and budget pressures.
8) Fail to recruit Technical Professional Specialists (Planning, IT, Property). Reliance on use of consultants/agency and not effectively managed.	New (High)	In key specialist areas there is risk of negative impact on service delivery. Ongoing financial cost of agency staff. This replaces the general risk of loss of staff throughout the restructure programme, with mitigating actions specific to the business areas affected.
4) Fail to deliver the Property Investment Strategy	New (TBA)	Work has started to develop processes to deliver the strategy. Recruitment of Commercial Property Manager is ongoing. Risk added as a placeholder. Assessment will be updated as the team and processes develop.
6) Waste Transformation Project fails to deliver commercial, customer, H&S, Environmental objectives	New (High)	This is a significant, high profile piece of work to support efficient delivery of services and income generation into the future. Financial and reputation risks if project fails to deliver key objectives, whilst day to day operational activities need to ensure H&S and Environmental compliance.
10) Health & Safety - Non-compliance with Fire and Health and Safety legislation	High → Moderate	Revised H&S Policy & Strategy was approved Sept 2017, corporate oversight board in place and staff H&S consultative committee established post restructure.
20) Failure to effectively engage with members and the community around the Council's vision and strategy	High → Moderate	Project started around Member engagement. Connected Vision will support this. Communications strategy in development.

Note on impact of Brexit – Management continue to 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.

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

Residual Risk Rating			
Low risk 2	Moderate risk 8	High Risk 9	Extreme risk 0
<p>15) Fraud, corruption, malpractice by internal or external threats.</p> <p>16) Equalities is not considered in decisions resulting in Judicial Review and other litigation.</p>	<p>7) Fail to manage and deliver major capital projects - Waterside North, Pembroke Road.</p> <p>9) Fail to deliver a sound Vale of Aylesbury Local Plan.</p> <p>10) Health & Safety - Non-compliance with Fire and Health and Safety legislation.</p> <p>13) Safeguarding arrangements, internal policies and processes are not adequate to address concerns about /protect vulnerable adults & children.</p> <p>14) Failure to manage a major partnership or a significant council contractor.</p> <p>17) Failure to manage and deliver the requirements of the SLA for HS2.</p> <p>19) Failure to effectively engage with members and the community around the Council's vision and strategy.</p> <p>20) Failure to identify and respond to current and potential changes in legislative/regulatory environment.</p>	<p>1) Fail to achieve the Medium Term Financial Plan. Annual sector budgets are not delivered. Approach to commercialisation and income/profit generation does not produce the income needed.</p> <p>2) Organisational culture does not enable the strategy.</p> <p>3) Failure to deliver the Connected Knowledge Strategy and achieve the Council's Digital objectives.</p> <p>5) Council owned or partly owned companies (VC, AVE & AVB) fail to achieve the Council's objectives. Inadequate governance arrangements.</p> <p>6) Waste Transformation Project fails to deliver commercial, customer, H&S, Environmental objectives.</p> <p>8) Fail to recruit Technical Professional Specialists (Planning, IT, Property). Reliance on use of consultants / agency and not effectively managed.</p> <p>11) Fail to plan for a major or large scale incident. Risk to safety of public & staff. Business interruption affecting the Council's resources and its ability to deliver critical services.</p> <p>12) Information Governance - A significant data breach, Inappropriate access, corruption or loss of data</p> <p>18) Modernising Local Government agenda: i) fails to achieve an outcome that addresses community needs ii) disruption to service delivery due to resource detracting from day-job and ongoing uncertainty</p>	

Note: Risk "4) Fail to deliver the Property Investment Strategy and achieve planned return on investment" has not yet been fully assessed and rated.

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
Score			Rare	Unlikely	Possible	Likely	Very Likely
			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.