Audit Committee
22 January 2018

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 and associated actions (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 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

Contact Officer Kate Mulhearn – Corporate Governance Manager
Tel: 01296 585724

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 November 2017, two risks have reduced from High to Moderate. The changes are summarised below:

Risk Ref	Change	Comment
20) Failure to respond to new legislation on Homelessness Duty, enforceable from 1 April 2018. Inability to recruit and train staff in complex new legislation.	New (Moderate)	New legislation which increases the duty of Local Authorities to act to prevent homelessness comes into force from 1 April 2018. Key challenges are around recruiting staff in a competitive environment and providing adequate training on complex legislation.
Failure to identify and respond to current and potential changes in the legislative/regulatory environment. Inadequate horizon scanning.	Closed	No longer considered to be a corporate level risk. Risks in response to specific legislation changes have been captured elsewhere e.g. #20 - Homelessness and #12 - GDPR)
2) Organisational culture does not enable the strategy (Connected Vision, Connected Knowledge & commercial targets). Behaviour framework and Values are not embedded.	Reduced High → Moderate	New staff and ways of working are becoming BAU post restructure. Work still needed to define P&C strategy and embed behaviour framework but not now considered a "high" risk to achievement of strategy.
5) Council owned or partly owned companies (VC, AVE & AVB) fail to achieve the Council's objectives. Inadequate governance arrangements over Companies.	Reduced High → Moderate	Sale or AVB assets and wind up of VC reduce the overall risks associated with whole/partly owned companies. AVB review will identify lessons learned for future consideration with existing commercial interests (AVE) and any future ventures.

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

Residual Risk Rating			
Low risk **2**	**Moderate risk** **10**	**High Risk** **7**	**Extreme risk** **0**
15) Fraud, corruption, malpractice by internal or external threats. 16) Equalities is not considered in decisions resulting in Judicial Review and other litigation.	2) Organisational culture does not enable the strategy. 5) Council owned or partly owned companies (VC, AVE & AVB) fail to achieve the Council's objectives. Inadequate governance arrangements. 7) Fail to manage and deliver major capital projects - Waterside North, Pembroke Road. 9) Fail to deliver a sound Vale of Aylesbury Local Plan. 10) Health & Safety - Non-compliance with Fire and Health and Safety legislation. 13) Safeguarding arrangements, internal policies and processes are not adequate to address concerns about /protect vulnerable adults & children. 14) Failure to manage a major partnership (e.g. LEAP, Enterprise Zones) or a significant council contractor. 17) Failure to manage and deliver the requirements of the SLA for HS2. 19) Failure to effectively engage with members and the community around the Council's vision and strategy. 20) Failure to respond to new legislation on Homelessness Duty, enforceable from 1 April 2018. Inability to recruit and train staff in complex new legislation.	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. 3) Failure to deliver the Connected Knowledge Strategy and achieve the Council's Digital objectives. 6) Waste Transformation Project fails to deliver commercial, customer, H&S, Environmental objectives. 8) Fail to recruit Technical Professional Specialists (Planning, IT, Property). Reliance on use of consultants / agency and not effectively managed. 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. 12) Information Governance - A significant data breach, Inappropriate access, corruption or loss of data 18) Modernising Local Government agenda: i) fails to achieve an outcome that addresses community needs ii) disruption to service delivery due to resource detraction from day-job and ongoing uncertainty	

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.