**CORPORATE RISK REGISTER – JUNE 2017**

**1      Purpose**

1.1     To report to Cabinet on the updated Corporate Risk Register.

**2      Recommendations/for decision**

2.1     To consider and note the Corporate Risk Register and identify any issues for further consideration.

**3      Corporate Risk Register – Supporting information**

3.1     The Corporate Risk Register provides evidence of a risk aware and risk managed organisation, and records and considers the significant risks it is believed exist that might hinder, or indeed prevent, the Council from delivering its statutory duties or core objectives.

3.2     The Register 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 Audit Committee has a role to monitor the effectiveness of risk management and internal control across the Council and as part of discharging this role it regularly reviews the Corporate Risk Register.

3.4     The risk register is reviewed regularly by Commercial Board and reported to the Audit Committee.  Additionally, it is now reported twice yearly to Cabinet for review to help inform the budget setting and monitoring process.

**4      Reasons for Recommendation**

4.1     To allow members of the Cabinet 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 Commercial Board and was last updated on 15 June 2017.

The CRR is reported to Audit Committee and at their meeting on 14 November 2016 it was resolved that "*Cabinet be recommended to review the Corporate Risk Register, a minimum of twice yearly and, as a part of setting and monitoring the Council's budget, and to report back to the Audit Committee on risks with an overall rating of high or extreme*". The CRR was last presented to Cabinet on 30 November 2016.

There are **21 risks** on the corporate risk register. The residual risk rating is summarised as follows:

| Residual Risk Rating | | | |
|---|---|---|---|
| **Low risk** <br> **2** | **Moderate risk** <br> **6** | **High Risk** <br> **12** | **Extreme risk** <br> **1** |
| 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> 7) Fail to deliver a sound Vale of Aylesbury Local Plan <br><br> 11) Safeguarding arrangements, internal policies and processes are not adequate to address concerns about /protect vulnerable adults & children. <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. <br><br> 20) Failure to identify and respond to current and potential changes in legislative/regulatory environment. | 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> 4) Council owned or partly owned companies (VC, AVE & AVB) fail to achieve the Council's objectives. <br><br> 5) Depot & workshop development project fails to address H&S and Environmental concerns and achieve commercial objectives. <br><br> 8) Health & Safety - Non-compliance with Fire and Health and Safety legislation (excl. depot /waste services). <br><br> 9) Fail to plan for a major or large scale incident (accident, natural hazard, riot or act of terrorism). Business interruption affecting the Council's resources and its ability to deliver critical services. Loss of IT due to failure of cyber attack. <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> 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 <br><br> 19) Failure to effectively engage with members and the community around the Council's vision and strategy. <br><br> 21) Failure to deliver the Connected Knowledge Strategy and achieve the Council's Digital objectives. | 17) Loss of key staff / failure to recruit has negative impact on service delivery during time of change |

**Impact of Brexit -** We continue to assess the potential 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.

**Risk Matrix**

| Impact | | | Rare | Unlikely | Possible | Likely | Very Likely |
|---|---|---|---|---|---|---|---|
| | 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 | 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. |