

RISK REGISTER – Establishment of Local Authority Trading Company

	Risk	Likeli- hood	Impact	Rating	Controls
1.	Failure to set up company in strict compliance with legislation	2	2	4	Appropriate internal and external advice on governance arrangements
2.	Possibility of trading ultra vires	2	3	6	Every new trading activity via the company to consider statutory obligations
3.	Possible challenge re state aid	1	3	3	Obtain full cost recovery and any loan to the company to be at commercial rates
4.	Possible conflicts of interests arising for Members or officers as board members	2	3	6	Careful consideration of make up of board of directors to minimise possible conflicts. Ensure compliance with relevant codes of conduct and procedure rules.
5.	Failure to comply with VAT and corporation tax liabilities.	2	3	6	Obtain and follow expert advice.
6.	Lack of in-house capacity to manage additional workload	3	2	6	Careful allocation of staff resources and regular reviews.
7.	Potential TUPE implications	1	1	1	Keep under review.
8.	Lack of expertise to run company effectively	2	3	6	Ensure make-up of board of directors includes all necessary skills.
9.	Challenge from Council's auditors	1	2	2	Follow CIPFA Code of Practice on LA Accounting so all transactions relating to the company can be identified.
10.	Initially low company credit rating	1	1	1	Council could act as guarantor if necessary, with insurance if advisable.
11.	Poor rate of return on investment property.	2	2	4	Set realistic target for rate of return which allows for all relevant costs.
12.	Trading company failure	2	3	6	Carry out adequate market testing prior to investment and implement effective budgetary controls.

5 x 5 Risk Matrix

Risk Matrix Table						
Likelihood score	5 Almost certain	5	10	15	20	25
	4 Likely	4	8	12	16	20
	3 Possible	3	6	9	12	15
	2 Unlikely	2	4	6	8	10
	1 Rare	1	2	3	4	5
		1 Negligible	2 Minor	3 Moderate	4 Major	5 Catastrophic
Impact Score						