

**To: Audit and Governance Committee**

**Date: 28<sup>th</sup> March 2011**

**Item No:**

**Report of: Head of Finance**

**Title of Report: Risk Management Quarterly Reporting: Quarter 3  
2010-11**

### **Summary and Recommendations**

**Purpose of report:** To provide a summary of the changes to the Corporate Risk Register (CRR) and Service Risk Registers (SRR) submitted as part of the Quarter 3 update.

**Key decision No**

**Executive lead member:**

**Policy Framework: Improving value for money and service performance**

**Recommendation(s):**

**a) Audit and Governance Committee are asked to note that Risk registers are being regularly monitored, and actions to reduce risk are taking place.**

**Appendix A - Evaluating Risk**

**Appendix B – Corporate Risk Register**

### **Summary**

1. This report represents the third quarter review of the Corporate Risk Register (CRR) and the Service Risk Register (SRR).
2. There are 19 Corporate Risk Register risks being reported this quarter. Seven of these risks have a residual risk status of red (as determined under the Risk Management Strategy adopted on the 1<sup>st</sup> April 2010)

3. There are eight risks which have been escalated from Service Risk Registers to the Corporate Risk Register this quarter.

## Background

### Risk Management Group Activity

- 4 The Council's Risk Management Strategy requires that the Risk Management Group meets monthly and reports quarterly on its activities together with an updated Corporate Risk Register to the City Executive Board (CEB). The updates to the Corporate Risk Register are a consequence of the Corporate Management Teams review of both the current Corporate Risk Register and risks escalated by the Risk Management Group from Service Risk Registers.

### Evaluating Risk

- 5 Risks are evaluated in terms of the **probability or likelihood** of the risk occurring and the **impact** if the risk were to occur

Oxford City Council use a 5 by 5 matrix to evaluate risk as shown in **Appendix A**. In terms of the the impact and probability this means

**Table 1 : Evaluation of Risk**

| Score | Impact        | Probability    |
|-------|---------------|----------------|
| 1     | Insignificant | Rare           |
| 2     | Minor         | Unlikely       |
| 3     | Moderate      | Possible       |
| 4     | Major         | Likely         |
| 5     | Catastrophic  | Almost Certain |

The risk is then prioritised on the matrix to give an overall risk rating classified on the traffic light system Red Amber Green (RAG)

- 6 It should be noted that the RAG status acknowledges that priority is given to impact, in accord with Risk Management best practice and so whilst a risk rating of 4 on probability and 3 on impact gives a product of 12 it is not considered 'red' as the impact is only moderate. Conversely a risk rating of 3 on probability and 4 on impact is considered 'red', as although the risk of happening is only possible the impact is major.
- 7 Red risks are considered unacceptable and every effort must be made to reduce the risk to the organization, either by :
  - Accept
  - Transfer
  - Reduce
  - Avoid, or
  - Contingency measures

## Service Risk Registers

- 8 Service Risk Registers have been reviewed at the end of quarter 3 (31<sup>st</sup> December 2010) for all service areas. As part of the update the risk owners have been asked to review their current risks, review progress against action plans and to report on their status.
- 9 The action plans to deal with each risk are not published in detail in this report but actions are progressing as expected and there are no concerns to report to CEB.
- 10 The Service Risk Registers cover all the risks raised by Service Heads. There are 15 risks with a current status of red, these are spread over five service areas. Each risk has an action plan and the impact of the action plans is to aim to reduce the current risk down from red.
- 11 The report focus is on risks which have a red status for residual and current risk status. There are eight risks of of a red rating and these have been escalated from the Service Risk Register to the Corporate Risk Register this quarter, these are risks CRR-012 through to CRR-019 and are summarised as :

**Table 2 Service Risks transferred to Corporate Risk Register**

| Risk Code | Nature  | Gross Risk | Residual Risk | Current Risk |
|-----------|---|------------|---------------|--------------|
| CRR-012   | Failure to achieve budget reductions over four year period  | 12         | 9             | 9            |
| CRR-013   | Homelessness Projects                                       | 15         | 12            | 16           |
| CRR-014   | Management of HRA reform and self-financing                 | 12         | 12            | 12           |
| CRR-015   | Overspends on construction related projects                 | 12         | 12            | 12           |
| CRR-016   | Capital Receipts  | 12         | 12            | 12           |
| CRR-017   | Impact of other public sector bodies cutting their services | 12         | 12            | 12           |
| CRR-018   | ICT Failure   | 12         | 12            | 12           |
| CRR-019   | Document destruction and storage of documents               | 12         | 12            | 12           |

CMT have reviewed these risk and at this stage consider that all new risks raised from Service Risk Registers should remain on the Corporate Risk Register with the exception of CRR-019 which is considered to be manageable at an operational level

### Corporate Risk Register

12 There are 19 risks on the CRR in Q3 2010/11. There are :

- 7 risks with a current status of red (highlighted in dark shading) as defined by the Risk Management Strategy. Each risk has an action plan and the impact of the action plan is to reduce the current risk score for all risks to a manageable residual level
- 7 risks transferred from the service risk register shown in table 1 above
- 5 risks (shown in light shading) that have been flagged for removal from the risk register as the risk is deemed to be manageable. These are :

**Table 3 Risks to be removed from Corporate Risk Register**

| Risk Code | Nature  | Gross Risk | Residual Risk | Current Risk |
|-----------|---|------------|---------------|--------------|
| CRR-001   | Delivery of successful Elections              | 8          | 3             | 8            |
| CRR-002   | Declining role of district councils           | 15         | 8             | 15           |
| CRR-003   | One organisation approach                     | 16         | 6             | 16           |
| CRR-008   | Innovation                                    | 16         | 6             | 16           |
| CRR-019   | Document Destruction and storage of documents | 12         | 12            | 12           |

### Financial Implications

13 There are no financial implications directly relevant to this report,

### Legal Implications

14 There are no legal implications directly relevant to this report.

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**List of background papers:**

**Version number:**

**APPENDIX A**

**Evaluation Of Risk**

