

**To:** Audit & Governance Committee

**Date:** 28<sup>th</sup> September 2013 **Item No:**

**Report of:** Head of Finance

**Title of Report:** Risk Management Quarterly Reporting: Quarter 1 2013/2014

## Summary and Recommendations

**Purpose of report:** To update members on both corporate and service risks as at the end of quarter 1, 30<sup>th</sup> June 2013.

**Key decision:** No

**Executive lead member:** Councillor Ed Turner

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

**Recommendation(s):**

**The Committee are asked to note the contents of this report**

**Appendix A** Corporate Risk Register

**Appendix B** Service Risk Register – Red Risks

### **Risk Management Strategy**

- 1) The Risk Management Strategy was approved at the City Executive Board on 23<sup>rd</sup> April 2012 with the stated aims of:
  - fully embedding Risk Management into the culture, processes and procedures of the Council, so that threats and opportunities are proactively managed thereby strengthening the Council's ability to deliver its objectives and strategic priorities.
  - providing a clear and consistent approach to the management of risk across the organisation and through organisational boundaries.
- 2) A copy of the Strategy can be found on the intranet:  
<http://occweb/intranet/riskmanagementstrategy.cfm>

### Risk Identification

- 3) **Corporate Risks** – The Corporate Risk Register (CRR) is reviewed by the Corporate Management Team (CMT) on a quarterly basis, any new risks are incorporated into a revised version of the CRR. Risk owners for corporate risks are generally held at Director level.
- 4) **Service Risks** – Service area risks are reviewed periodically by Heads of Service and Service Managers. The Financial Accounting Manager will have oversight of all risks and on a quarterly basis will review service risks to determine the need for inclusion in the Corporate Risk Register.
- 5) **Project and Programme Risk** – The Council adopts the principles of Prince2 methodology for managing projects. Incorporated within this methodology is a robust process for the management of risk within a project environment. Programme/project risk registers, including risk registers for Procurement Projects, are created for each new project and are reviewed as part of the project life cycle. These are documented on the Project/Programme Risk Register (PRR).

### Corporate Risk Register

- 6) The Corporate Management Team carried out a review of Corporate risks for 2013/14. This has generated a register of 11 new risks:

<b>Current Risk</b>	<b>Q3 2012/13</b>	<b>Q4 2012/13</b>	<b>Q1 2013/14</b>
Red	1	1	4
Amber	3	3	7
Green	1	1	0
<b>Total risks</b>	<b>5</b>	<b>5</b>	<b>11</b>

- 7) The current Corporate Risk Register (Appendix A) shows four red risks, they are:
  - Resilience of ICT function – managing projects and improvements alongside business as usual leading to the inability to provide good quality and consistent service;
  - Adverse Weather – increased risk of flooding and other adverse weather conditions in a changing climate leading to an adverse impact on service delivery and the financial impact this has on the Council;
  - Welfare Reforms – Changes to legislation regarding welfare reforms will have a financial impact directly and indirectly on the Council, leading to increased homelessness, increased costs for the Council, and increased arrears on debts being collected.;
  - Managing Capital Projects and Contract Management – ensuring sufficient management of capital projects and contracts

is carried out to prevent costs overruns, slippage on projects and the non-delivery of projects;

### Quarter 1 Service Risk Register

- 8) Each year as part of the service planning process, all current service risks are reviewed, those no longer relevant are deleted, and any new ones are added. These refreshed service risk registers are then loaded into Corvu for monitoring purposes during the year.
- 9) The table below shows the number of current risks for Q3 and Q4 2012/13 compared with Q1 2013/14.

<b>Current Risk</b>	<b>Q3 2012/13</b>	<b>Q4 2012/13</b>	<b>Q1 2013/14</b>
Red	6	4	9
Amber	38	34	54
Green	42	36	30
<b>Total risks</b>	<b>86</b>	<b>74</b>	<b>93</b>
Closed	3	12	0

- 10) There are 9 red risks in Q1 and these are shown in Appendix B. This has increased from 4 red risks in Q4 of last year.
- 11) One risk reported as red in the last quarter has improved, and is now showing as a Green risk, as detailed below:
- City Development – Service Failure, this has been mitigated by ensuring that the Business Continuity plan is up to date and tested and that contingencies are in place where possible.
- 12) Three risks remain as red in Q1, they are:
- Housing and Property – HRA Business Plan Delivery Failure, this remains at red, however is being mitigated by ensuring that the Business Plan is monitored closely during the year;
  - Housing and Property – Blackbird Leys Swimming Pool, there is now a close control of the brief and budget to ensure that the project does not overrun or overspend;
  - Regeneration and Major Projects – Westgate redevelopment, ongoing dialogue with the main contractors is being carried out to ensure that the project proceeds
- 13) There are six new red risks that have been identified in Q1 of 2013/14, they are:
- Business Improvement and Technology – Business Continuity, the risk of application failure due to lack of skills, knowledge and adequate testing, being mitigated by carrying out regular testing of applications and completing a skills gap analysis carrying out cross training within existing staff;

- Environmental Development – Service Delivery, failure to recruit to vacancies within the service, being mitigated by considering internal opportunities and flexible employment approached and reviewing the recruitment processes;
- Housing and Property – Overspends on construction related projects as costs may increase in the current economic climate. Mitigation actions being carried out on this risk includes setting up contracts with bonds and based on fixed prices, alongside robust contractor evaluation being carried out and tight monitoring of the finances of each project;
- Leisure Parks and Communities – Safeguarding vulnerable groups including children, mitigating actions include ensuring we have a lead officer who is experienced and understands the compliance requirements, and ensuring all staff are trained appropriately;
- Policy, Culture and Communications – Failure to achieve sponsorship income targets due to a changing business climate making it difficult to sustain city events and cultural activities. A Sponsorship Officer has been appointed to develop a fundraising plan to mitigate this risk;
- Regeneration and Major Projects – Staff recruitment and retention, difficult to fill vacancies and obtain the required skills to deliver current work programmes. Temporary staff and contractors have been put in place to mitigate this risk.

#### **Financial Implications**

- 14) The Robust management of risk should assist in mitigating the financial impact to the Council should the event occur.

#### **Legal Implications**

- 15) There are no legal implications directly relevant to this report

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#### **List of background papers:**

**Version number:**