

**To:** Audit & Governance Committee

**Date:** 27<sup>th</sup> February 2014 **Item No:**

**Report of:** Head of Finance

**Title of Report:** Risk Management Quarterly Reporting: Quarter 3 2013/2014

## **Summary and Recommendations**

**Purpose of report:** To update members on both corporate and service risks as at the end of Quarter 3, 31<sup>st</sup> December 2013.

**Key decision:** No

**Executive lead member:** Councillor Ed Turner

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

**Report Approved by:**

**Finance:** Jacqueline Yates – Executive Director, Organisational Development and Corporate Services

**Legal:** Jeremy Thomas – Head of Law and Governance

**Recommendation(s):**

The Committee are asked to note the contents of this report

**Appendix A** Corporate Risk Register

**Appendix B** Service Area Red Risks

## **Risk Management Strategy**

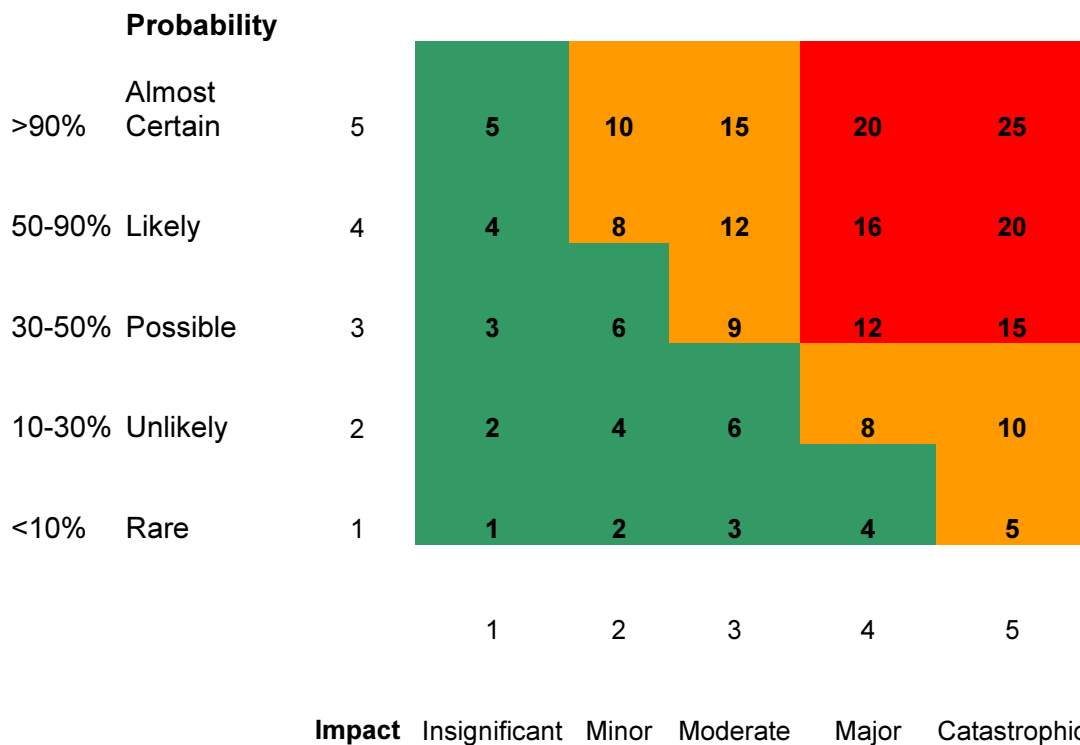
1) The Risk Management Strategy was approved at the City Executive Board on 23<sup>rd</sup> April 2012 with the stated aims of:

- 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.
  - The annual review of the policy took place in September 2013.
- 2) An external review of the Council's Risk Management Strategy is going to take place in the next quarter by our insurers Zurich Municipal. Following this review we will present a revised strategy to CEB for approval .
  - 3) A copy of the Strategy can be found on the intranet:

<http://occweb/intranet/riskmanagementstrategy.cfm>

The current scoring matrix is as follows:



Risks are evaluated to consider the probability of the risk transpiring and the impact if the risk were to transpire.

Impact – What will happen if the risk occurs?

Probability – How likely is it that this risk will occur

### Risk Identification

- 4) **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.

- 5) **Service Risks** – Service area risks are reviewed periodically by Heads of Service and Service Managers. The Financial Accounting Manager has oversight of all risks and on a quarterly basis will review service risks to determine the need for inclusion in the Corporate Risk Register.
- 6) **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

- 7) The Corporate Management Team carried out a 'blank paper' review of the Corporate risks for 2013/14 in May 2013. As a consequence a number of new risks were identified including regular review of Business Continuity Plans, Resilience of ICT, and managing capital projects. There has been a positive direction of travel of the red risks profile since this exercise was carried out in Quarter 1 as shown below:

<b>Current Risk</b>	<b>Q3 2012/13</b>	<b>Q4 2012/13</b>	<b>Q1 2013/14</b>	<b>Q2 2013/14</b>	<b>Q3 2013/14</b>
Red	1	1	4	3	0
Amber	3	3	7	8	9
Green	1	1	0	0	2
<b>Total risks</b>	<b>5</b>	<b>5</b>	<b>11</b>	<b>11</b>	<b>11</b>

- 8) The current Corporate Risk Register (Appendix A) shows no red risks.
- 9) Three risks which were recorded as red in the previous quarter have been reduced, two of them to amber and one to green.
- 10) One of the risks previously showing as red that has been reduced to Amber, relates to the Resilience of the ICT function, in particular the managing of projects and improvements alongside business as usual, which leads to capacity issues and the inability to provide good quality and consistent service. This has now been mitigated by cross skilling of staff and ensuring all key posts are filled within ICT.
- 11) In addition, the transfer of the helpdesk to Oxfordshire County Council has helped with capacity.

- 12) The second red risk that has been downgraded to amber relates to the Managing of Capital Projects and Contract Management. This has been achieved by ensuring the application of robust project management techniques in particular the use of PID's (Project Implementation Documents) for all projects identifying realistic time scheduling and resourcing to ensure delivery.
- 13) The final red risk that has been downgraded to green, relates to changes to legislation regarding welfare reforms and the potential impact, directly and indirectly, to the Council. This has been achieved, in part, by engaging with the third sector and other partners to ensure a coordinated approach to service delivery. Also by learning from pilot projects, taking lessons learnt, acting upon them and communicating them across the organisation.
- 14) The Council's processes have been tested in relation to the recent adverse weather conditions and flooding. The role of the emergency planning team and early warning processes have helped in mitigating the damage and disruption to residents and the financial exposure to the Council.

### Quarter 3 Service Risk Register

- 15) 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.
- 16) The table below shows the number of current risks for Q3 and Q4 2012/13 compared with Q1, Q2 and Q4 2013/14.

Current Risk	Q3 2012/13	Q4 2012/13	Q1 2013/14	Q2 2013/14	Q3 2013/14
Red	6	4	9	0	2
Amber	38	34	54	56	48
Green	42	36	30	31	36
<b>Total risks</b>	<b>86</b>	<b>74</b>	<b>93</b>	<b>87</b>	<b>86</b>
New risks in quarter	0	0	19	0	0
Closed	3	12	0	6	3

- 17) There are two red risks in Q3, an increase of two from the previous quarter.
- 18) The first red risk relates to a recruitment issue within the Regeneration and Major projects team. The team have however subsequently recruited a new member of staff who started in January, so we would expect this scoring to change in the next quarter. The recruitment and retention of

staff within other service areas is no longer considered to be a significant business risk and does not therefore require escalation to the Corporate Risk Register.

- 19) The second red risk is within Direct Services and relates to ICT. A new ICT Business Partner has recently been recruited to assist in identifying and addressing any issues that arise. We therefore expect this grading to change again next quarter.

**Financial Implications**

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

**Legal Implications**

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

**Name and contact details of author:-**

Name: Shaun Vinnicombe

Job title: Risk and Insurance Officer

Service Area / Department: Finance

Tel: 01865 252048 e-mail: svinnicombe@oxford.gov.uk

**List of background papers:**

**Version number:**

This page is intentionally left blank