

**To: Audit and Governance Committee**

**Date: 26 September 2017**

**Report of: Head of Financial Services**

**Title of Report: Risk Management Quarterly Reporting: Quarter 1 2017/18**

# Summary and Recommendations

**Purpose of report**: To update the Committee on both corporate and service risks as at the end of Quarter 1, 30 June 2017.

# Key decision: No

**Executive lead member: Councillor Ed Turner**

**Policy Framework: Efficient and Effective Council**

**Recommendation(s): That the Committee notes the content of the report**

**Appendices:**

**Appendix A Corporate Risk Register**

**Risk Scoring Matrix**

1. The Council operates a ‘five by five’ scoring matrix. The methodology for scoring risks is set out below along with a copy of the scoring matrix or ‘heat map’.
2. It is possible to get the same score but end up with a different result in the heat map. For example if the probability of an event occurring is high but the impact is low it is likely to have a lower rating on the heat map. However, the higher the potential impact score the more likely the event will be classed as a red risk on the matrix.
3. The risk prioritisation matrix is shown below.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Probability** |   |   |   |   |   |   |
| Almost | 5 | **5** | **10** | **15** | **20** | **25** |
| Certain |
| Likely | 4 | **4** | **8** | **12** | **16** | **20** |
| Possible | 3 | **3** | **6** | **9** | **12** | **15** |
| Unlikely | 2 | **2** | **4** | **6** | **8** | **10** |
| Rare | 1 | **1** | **2** | **3** | **4** | **5** |
|   |   | 1 | 2 | 3 | 4 | 5 |
|   | **Impact** | Insignificant | Minor | Moderate | Major | Severe |

|  |  |  |  |
| --- | --- | --- | --- |
| **Key:** | **Green** | **Amber** | **Red** |
|  |   |   |   |

**Risk Identification**

1. **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 of corporate risks are generally Directors.
2. **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 whether they should be considered for inclusion in the Corporate Risk Register.
3. **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. Each project is managed by the Project Manager who controls and co-ordinates all aspects of the project through to conclusion.

**Quarter 1 Corporate Risk Register**

1. The new Corporate Risk Register is attached at Appendix A.

1. The number of red risks for Q1 has remained at one. This is as follows:-
* Innovative Arrangements & Models - The Council is exploring and implementing new models of service delivery such as joint ventures and wholly owned companies. The implications of these will need to be understood and communicated, politically and operationally including the impact it will have on roles and governance arrangements. External advice is being utilised to optimise Company set-up and Governance processes are being put in place.
1. The number of amber risks for Q1 has increased due to two risks being upgraded from green. These are:-
* Workforce and skills – The Council is finding it difficult to fill certain job roles in the organisation, whether sourcing ourselves or via an agency. A recruitment roadshow is being orgainsied which may help mitigate the Council’s ability to recruit locally.
* Community Cohesion – There has been an increase in racial tensions with pressure on estates and migrant communities. A Cross Council Working Group has been set up to monitor the situation.

1. The table below shows the levels of red, amber and green residual risks over the last 12 months.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Current Risk** | **Q2 2016/17** | **Q3 2016/17** | **Q4 2016/17** | **Q1 2017/18** |
|
| Red | 2 | 2 | 1 | 1 |
| Amber | 6 | 7 | 5 | 7 |
| Green | 2 | 1 | 4 | 2 |
|   |   |   |   |   |
| **Total risks** | **10** | **10** | **10** | **10** |

**Quarter 1 Service Risk Registers**

1. Each year as part of the service planning process, all service risks are reviewed, those no longer relevant are deleted, and any new ones are added.
2. Following a review of the 11 Service Risk Registers currently in operation, it has been decided to reduce these to 9. Organisational Development is now included within Business Improvement. Planning & Regulatory has joined with Sustainable Development to become Planning, Sustainable Development and Regulatory Services.

1. The table below shows the number of service risks in Q1 2017/18 compared with the last 12 months. One risk has been closed since the last quarter and no new risks have been added.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Current Risk** | **Q2** **2016/17** | **Q3 2016/17** | **Q4 2016/17** | **Q1 2017/18** |
|
| Red | 2 | 2 | 2 | 1 |
| Amber | 38 | 41 | 32 | 38 |
| Green | 32 | 28 | 34 | 27 |
| **Total risks** | **72** | **71** | **68** | **67** |
| New risks in quarter | 1  | 1 | 1 | 0 |
| Closed | 1 | 2 | 4 | 1 |

1. There were two red risks at the end of Q1. These are as follows:-
	* Financial Services – relates to Treasury Management and the safety of investments. The current economic climate and fines imposed on the banking sector for mis-selling etc. have not helped the stability of the banks. There are also risks due to the forthcoming British exit from the EU and the consequent volatility in the markets. This risk is red because of the potentially high impact, although the probability of a loss occurring is rated as possible due to the controls the Council has in place around counterparty selection and duration of investment.
	* Direct Services – relates to Aged Debt Recovery. The loss of income to the business as a result of lack of robust debt collection procedures. There are a number of debts proving hard to collect and enforcements officers have been employed to assist with the task. Of £1.4 million of Direct Services debt currently outstanding apoporoximatley £333k is over 90 days old with £107k relating to 12 customers. At 1ST April Direct Services debt outstanding was £1.2 million with £400k being over 90 days old.

**Climate Change / Environmental Impact**

1. River levels are not currently in danger of overflowing and causing flood damage. There is no change to current response arrangements. Flood risk is being mitigated in Oxford in two projects – Marston & Northway (delivered by Oxford City Council providing surface water flood protection to 110 homes) and Oxford Flood Alleviation Scheme (led by the Environment Agency seeking to protect 1000 homes). The Lead Local Flood Authority and emergency response organisation is Oxfordshire County Council.

**Equalities impact**

1. There are no equalities impacts arising directly from this report

**Financial Implications**

1. There are no financial implications arising directly from this report.

**Legal Implications**

1. There are no legal implications directly relevant to this report but having proper arrangements to manage risk throughout the organisation is an important component of corporate governance.

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| **Name and contact details of author:-** |
| Name: Alison Nash |
| Job title: Finance Officer (Insurance) |
| Service Area / Department: Financial Services |
| Tel: 01865 252048 e-mail: anash@oxford.gov.uk |

**List of background papers: None.**