

**To:** Audit and Governance Committee

**Date:** 23 October 2019

**Report of:** Head of Financial Services

**Title of Report:** Risk Management Reporting as at 30th September 2019.

## **Summary and Recommendations**

**Purpose of report:** To update the Committee on both corporate and service risks as at 30 September 2019.

**Key decision:** No

**Executive lead member:** Councillor Ed Turner

**Policy Framework:** Efficient and Effective Council

**Recommendation(s):** That the Committee reviews the risk management report and notes its contents.

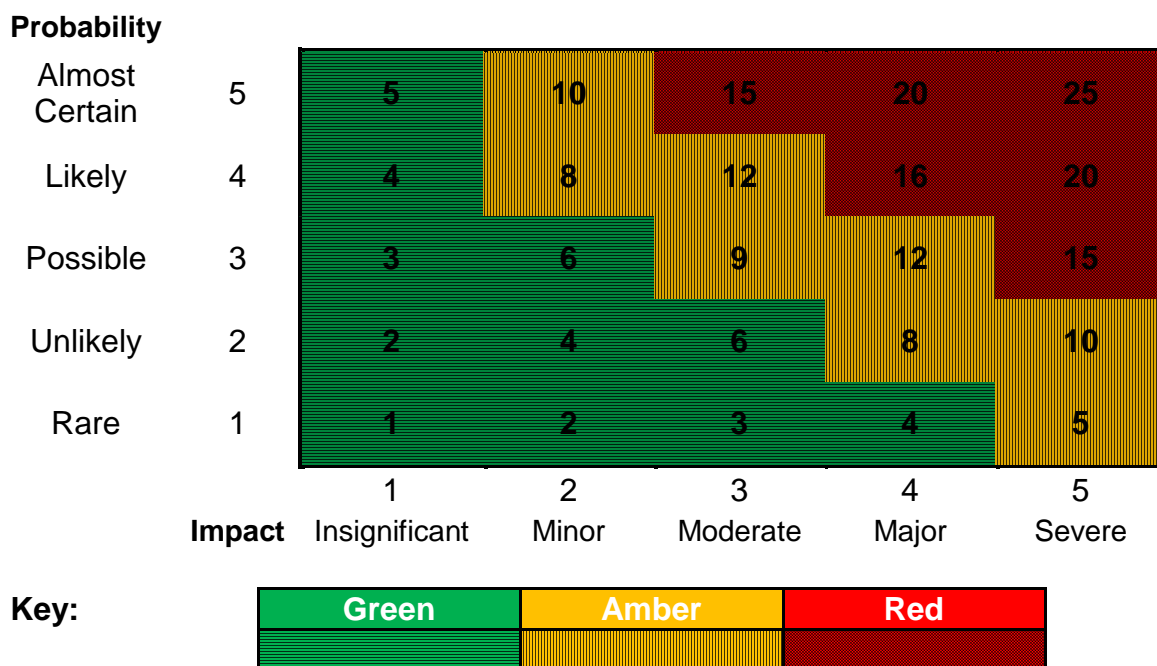
## **Appendices:**

### **Appendix A Corporate Risk Register**

### **Risk Scoring Matrix**

1. The Council operates a 'five by five' scoring matrix based on probability and impact. 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.



### Risk Identification

- Corporate Risks** – The Corporate Risk Register (CRR) is reviewed by the Corporate Management Team (CMT) on a periodic basis, any new risks are incorporated into a revised version of the CRR. Risk owners of corporate risks are generally Executive Directors.
- 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.
- 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.

### Corporate Risk Register - 30th September 2019

- The Audit and Governance Committee receives information on risk on a quarterly basis. The Executive Directors and Heads of Service have reviewed and updated the Corporate Risk Register for 2019/20. This is attached at Appendix A.
- Following the review, the number of Red risks has increased from one to three.

9. Two of the Red risks were originally Amber. Details of the Red risks are as follows:

- Housing** – the Council has key priorities around housing which include ensuring housing delivery and supply for the City of Oxford and enabling sufficient house building and investment. Insufficient housing in Oxford leads to an increase in homelessness which has an impact on residents. There are also health and quality of life issues. The Council is implementing delivery methods for temporary accommodation and accommodation for homelessness prevention which include a rent guarantee scheme, a growth deal to facilitate additional affordable housing and a tranche of property purchases to be delivered via real lettings. In addition the Council’s housing companies are in the process of constructing new affordable homes and the Cabinet has approved plans which will result in the Council’s Housing Revenue Account (“HRA”) purchasing the social housing using its new borrowing headroom, following the removal of the HRA borrowing cap by central government.
- Economic Growth** – local, national and international factors adversely affect the economic growth of Oxford. The terms of and impact of the UK’s exit (“Brexit”) from the European Union and European Single Market could result in the termination or suspension of investment decisions. Structural changes and economic uncertainties are affecting consumption on the high street. Regular Brexit update reports are received from central government. The impact on local businesses and new investment is being monitored by the Council and a database of vacant units and ownership interest is being developed.
- Balancing and Delivery of the Financial Plan** – The Council is currently updating its Medium Term Financial Plan for publication of its Consultation Budget in December 2019. The recent 1% increase in Public Works Loan Board rates announced by the Government is unwelcome and will have significant financial implications for the Council’s current and future spending plans for both the HRA and General Fund. This will inevitably require the Council to change its plans or to identify significant savings, to enable it to continue to balance the budget in the next 4 year period.

10. No risks have been closed in the period.

11. The table below shows the levels of Red, Amber and Green current risks over the last 12 months.

<b>Current Risk</b>	<b>Q3 2018/19</b>	<b>Q4 2018/19</b>	<b>Q1 2019/20</b>	<b>Q2 2019/20</b>
Red	1	1	1	3
Amber	9	9	10	8
Green	2	2	1	1
<b>Total risks</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>

## Service Risk Registers

12. 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.
13. The table below shows the number of service risks as at the 30th September 2019 compared with the last 12 months.

Current Risk	Q3 2018/19	Q4 2018/19	Q1 2019/20	Q2 2019/20
Red	2	1	2	3
Amber	31	34	37	34
Green	19	17	12	10
<b>Total risks</b>	<b>52</b>	<b>52</b>	<b>51</b>	<b>47</b>
New risks in quarter	0	0	4	0
Closed	0	0	5	4

14. The number of Red risks has increased from one to three.
15. Two of the Red risks were previously Amber. Details of the Red risks are as follows:-
- **Planning Services** - this relates to new partnership challenges to ensure the Oxford Growth strategy is supported. Brexit and local political changes could result in a review of the housing numbers in the Local Plan which may result in plans being withdrawn or partnerships dissolved. This is being closely monitored across relevant departments within Oxford City Council.
  - **Planning Services** – this relates to opposition to emerging statutory plans. The Local Plan 2036 is emerging and with changes to the National Planning Policy Framework and local political changes, this has increased the risks of legal challenges and the need for evidence to support the Council's position. A communication strategy is being developed for all key planning and regulatory projects.
  - **Financial Services** – this relates to Treasury Management and the safety of investments. This risk is constantly 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.

## Climate Change / Environmental Impact

16. There are no specific impacts arising directly from this report.

### **Equalities impact**

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

### **Financial Implications**

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

### **Legal Implications**

19. 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 good corporate governance and good business management.

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**List of background papers: None.**

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