

OXFORD CITY COUNCIL
Executive Board - 11 July 2005

Report of	Strategic Director Finance and Corporate Services
Title	Oxford's Corporate Risk Assessment 2005-6
Wards	All
Author	Mark Luntley/Richard Josephs 01865 (25) 2394 mluntley@oxford.gov.uk
Key decision	No
Lead Member	Cllr Alex Hollingsworth
Scrutiny responsibility	Finance

Recommendations

Executive Board considers the risk assessment and instructs:

- **The Chief Executive to ensure actions arising from the assessment are built into current work programmes and the 2006-7 Corporate Plan.**
- **The Strategic Director Finance to form a Senior Member/Officer working group to further refine this analysis with an aim of bringing an updated version back to Executive Board in September 2005.**

Background

1. Risk management should be part of the day-to-day management of any organisation; it is also a key element in our governance framework. Effective governance arrangements are a key responsibility of elected Members and Senior Managers and form part of CPA assessments.
2. In their last Management Letter the Audit Commission commented that we should embed risk management in our operations. We also have to produce a "Statement of Internal Control" which forms part of our annual statement of accounts. The Leader of the Council and Chief Executive sign the SIC; both rely on the corporate risk assessment when forming their judgement in this area.

What we have done so far

3. We have taken some time to develop this area. The Audit Commission ran workshops for Members and Managers, Audit and Risk subsequently worked with Business Managers to identify potential risks. As S151 Officer I took the view that these exercises did not get to the heart of the risk agenda.

4. Oxford Brookes University generously helped us by sharing their approach to risk planning (and I sat in on one of their risk planning sessions). The University also allowed us to use their risk planning templates.
5. The Oxford Brookes risk-planning template is an impressive planning tool, it summarises key risks, likelihoods and potential impacts. Each risk is then analysed in more detail with potential causes, compensating controls, actions that should be taken to reduce risks and, finally, early warning signs.
6. Strategic Directors and Senior Members reviewed the work done to date, considering what criteria would be used to quantify a “major” corporate risk. The group then ranked the risks identified in earlier exercises against that criteria. The proposed risk register is based on that analysis. The register is attached as Appendix A, the criteria quantifying different levels of risk is Appendix B.
7. As with any exercise the challenge is to know where strategic risks end and operational issues begin. If everything is a key risk we run the danger of spreading Member and Officer attention too thinly. The advice from Oxford Brookes was to keep the number of key risks at around nine.

Next steps

8. A risk register is an important part of corporate planning, because we need to make sure we put actions in place to address any risks we identify.
9. We need to ensure we have a system in place to track any early warning indicators. We have invested in the Core-Vu performance management system and I would envisage using that system - with the expertise within the performance management team in Strategy and Review.
10. There are several elements Members might wish to explore. These include:
 - a. Is the approach and methodology the right one?
 - b. Are the criteria for risk and probability set at the right levels?
 - c. Are the major risks the right ones? Are there some that are not truly key risks, or (equally importantly) key areas that are completely missing from this analysis?
 - d. If these risks are in the right areas, are there significant causes missing?
 - e. Are some key controls missing?
 - f. Are the judgements of effectiveness of controls correct?
 - g. Are the actions that flow from the weaknesses the right ones? Are the dates and times realistic and the responsibilities correct?
 - h. Are the proposed early warning indicators the right ones? Are there indicators missing?
11. I propose that a small working team of Members and senior Managers answer these questions. That exercise would take around half a day. The working group would report back - with an updated risk register in September 2005.

Report has been seen and approved by

Leader of the Council - Cllr Alex Hollingsworth

Chief Executive - Caroline Bull

Monitoring Officer - Lindsay Cane

Audit and Risk Business Manager - Richard Josephs

Appendix B

Impact of risks

Very High	<p>Financial loss > £3m (ie more than minimum level of GF balances)</p> <p>Major national damage to reputation. Significant and long-lasting impact on customers, strategic partners, key staff, recruitment and review bodies.</p> <p>A national news story with an impact remembered years after the event (eg BCCI and Western Isles).</p> <p>We are not able to meet several key corporate objectives because of this failure.</p>
High	<p>Financial loss of £1 to £3m.</p> <p>Damage to reputation that is remembered locally for a long time. A national news story. Significant impact on confidence of customers partners and employees.</p> <p>Major disruption to achievement of several policies.</p>
Medium	<p>Financial losses between £250,000 and £1m.</p> <p>A major local news story with significant local damage to our reputation. Damage to our reputation affecting community, partners and employees.</p> <p>Material or medium term disruption to delivery of some corporate policies.</p>

Probability

Very high	A risk occurring at present - and likely to continue to do so over next two years
High	Likely to be a risk in next two years.
Medium	A risk that could occur in the next two years.