

Agenda Item 6

To: Audit & Governance Committee
Date: 29th November 2012 **Item No:**
Report of: Head of Finance
Title of Report: Risk Management Quarterly Reporting: Quarter 2
2012/2013

Summary and Recommendations

Purpose of report: To update members on both corporate and service risks as at the end of quarter 2, 30th September 2012.

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 23rd 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 updated 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 Risk Manager and 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) A review of the Corporate Risks at the end of Quarter 2 2012/13 compared to Quarter 1, has shown that there has been no change in the Councils current risk position, this is shown in the table below:

Current Risk	Q1 2012	Q2 2012
Red	1	1
Amber	4	4
Green	0	0
Closed	0	0
Total risks	5	5

- 7) The current Corporate Risk Register (Appendix A) shows one red risk, this is:
 - Impact on Homelessness of changes in Housing Benefit - Changes in housing benefit in terms of the benefit cap and the introduction of a 'Bedroom Tax' for under occupancy have the potential to increase pressure on the homelessness service. The Council has made provision in the Medium Term Financial Plan by way of inclusion of a £1 million contingency to assist in the mitigation of increased costs that may arise. The Council is also running two pilot schemes on Direct Payments and Universal Credit, to better understand the implications of the proposed changes on customers and help shape Government thinking.

Quarter 1 Service Risk Register

- 8) A review of Service risks at the end of Quarter 2 compared to Quarter 1 has shown an increase in the overall net risk position in the service areas. This is due to a further six services risks being raised to Red.

9) The tables below shows the direction of travel of all current open risks from Q1 to Q2, and the number of risks as at the end of Quarter 2.

Trend	Q2 2012
Declining	11
No change	62
Improving	11
New risks this quarter	2
Grand Total	86

Current Risk	Q1 2012	Q2 2012
Red	6	12
Amber	52	36
Green	30	38
Total risks	88	86
Closed	0	3

10) There are 12 red risks in Q2 and these are shown in Appendix B. This has increased from 6 red risks in the last quarter. The new risks showing as red are:

- Corporate Property - Inability to recruit and retain staff on proposed terms and conditions being mitigated by recruitment of temporary staff and contractors – Probability 3: Impact 4
- City Development - Major service failure due to significant loss of ICT, staff, being mitigated by ensuring that the BCP is robust and upto date – Probability 3: Impact 4
- Environmental Development - Opportunity to embed HMO Licensing across the City and to regulate the private rented sector, mitigation actions include ensuring the HMO business plan is robust and upto date– Probability 3: impact 4
- Direct Services - Failure to maintain or improve customer satisfaction levels –Probability 4: Impact 4 - the performance is currently low and this impacts on the customers who are unsatisfied with the repair service, and is currently being mitigated by monitoring the levels within the customer contact centre.
- Corporate Property – Westgate redevelopment scheme is unviable, mitigations include ongoing dialogue with external bodies on highway matters – Probability 3: Impact 4
- HR & Facilities – Non achievement of Town Hall income targets – Probability 4: Impact 4 – action is being taken to address the likely income shortfall, this includes additional resources to quickly follow up enquiries and quotes, and setting out a business case for development of town hall income
- Corporate Assets – Inaccurate data and inability to align with Agresso income could lead to incorrect billing of tenants and calculation of income, reconciliations have been completed between

Agresso and Uniform to identify a small number of differences all of which are now being rectified – Probability 4: Impact 3

- Corporate Assets – Budget overrun and service cuts, this is being managed by monthly reviews of KPIs and budgets, and now predicting a budget underspend – Probability 4: Impact 3
- Environmental Development – Threats to public health, for instance from food borne communicable diseases, being mitigated by experienced specialist staff, effective links with CCDC and protocols in place for outbreak and control – Probability 3: Impact 4

11) Three risks reported as red in the last quarter have improved their position and are now showing as Amber or Green, they are:

- Corporate Property – There are a number of large construction projects planned to be undertaken by the council, the cost of these may rise in the current economic climate due to increase prices, however this risk has reduced because a number of these projects have now started and we have been able to secure fixed costs and no financial impact to the Council. Probability 2: Impact 2
- Housing - Increase costs of provision of temporary accommodation and rent top-up payments – The council has made a sizable contingency within its medium term financial plan. Probability 3: Impact 3
- Finance - Safety of investments linked to need to achieve a good return – The Council has robust monitoring in place to ensure security of investments with counterparties reviewed on a regular monthly basis Probability 3: Impact 3

Financial Implications

12) The robust management of risk should assist in mitigating the financial impact to the council should the event occur.

Legal Implications

13) There are no legal implications directly relevant to this report.

Name and contact details of author:-

Name: Anna Winship

Job title: Financial Accounting Manager

Service Area / Department: Finance

Tel: 01865 252517 e-mail: awinship@oxford.gov.uk
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List of background papers:

Version number: