

**To:** Audit & Governance Committee

**Date:** 28<sup>th</sup> February 2013 **Item No:**

**Report of:** Head of Finance

**Title of Report:** Risk Management Quarterly Reporting: Quarter 3 2012/2013

## 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 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  
**Appendix C** Risk Evaluation Matrix

### **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.

- 2) A copy of the 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 3 2012/13 compared to Quarter 2, has shown that there has been a reduction in the Council's current risk position since one of the risks has moved from amber to green, this is shown in the table below:

<b>Current Risk</b>	<b>Q1 2012</b>	<b>Q2 2012</b>	<b>Q3 2012</b>
Red	1	1	1
Amber	4	4	3
Green	0	0	1
Closed	0	0	0
<b>Total risks</b>	<b>5</b>	<b>5</b>	<b>5</b>

- 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 3 Service Risk Register

- 8) A review of Service risks at the end of Quarter 3 compared to Quarter 2 has shown a decrease in the overall net risk position in the service areas. This is due to risks being successfully mitigated throughout the first three quarters of the year.
- 9) The tables below show the direction of travel of all current open risks from Q2 to Q3, and the number of risks as at the end of Quarter 3.

Trend	Q2 2012	Q3 2012
Declining	11	5
No change	62	62
Improving	11	16
New risks this quarter	2	3
<b>Grand Total</b>	<b>86</b>	<b>86</b>
Closed	0	3

Current Risk	Q1 2012	Q2 2012	Q3 2012
Red	6	12	6
Amber	52	36	38
Green	30	38	42
<b>Total risks</b>	<b>88</b>	<b>86</b>	<b>86</b>
Closed	0	3	3

- 10) There are 6 red risks in Q3 and these are shown in Appendix B. This has decreased from 12 red risks in the last quarter.
- 11) Six risks reported as red in the last quarter have improved their position and are now showing as either Amber or Green, they are:
- Corporate Property – Budget overrun and service cuts, this is being managed by monthly reviews of KPIs and meeting with the Finance Business Partner – Probability 3: Impact 3
  - Corporate Property – Inaccurate data and inability to align with Agresso income could lead to incorrect billing of tenants and calculation of income: reconciliations have now been completed between Agresso and Uniform to identify a small number of differences all of which have now been rectified – Probability 3: Impact 3
  - Direct Services - Failure to maintain or improve customer satisfaction levels –Probability 3: Impact 2 - there have been improvements to the quality of service provided.

- Environmental Development –Opportunity to embed HMO licensing across the City - Probability 3: impact 4 - the HMO business plan is now robust and up to date
- Environmental Development – Threats to public health - Probability 3: Impact 4 – We now have competent and experienced specialist staff with effective links with the Consultant for Communicable Disease Control and protocols in place for outbreak and control
- HR & Facilities – Non achievement of Town Hall income targets – Probability 4: Impact 4 – action has been taken to address the likely income shortfall, this included additional resources to quickly follow up enquiries and quotes, and setting out a business case for development of town hall income

### **Risk Management Group**

12 The Risk Management Group has met over the last period and discussed the following business:

- The terms of reference for the group
- Operational risks – identification of any operational risks within service areas and what help Zurich can provide
- The corporate risk register
- Training needs for officers
- Actions for the coming year: reviewing claims processes; reviewing strategy

### **Financial Implications**

13 The robust management of risk should assist in mitigating the financial impact to the Council should the event occur.

### **Legal Implications**

14 There are no legal implications directly relevant to this report.

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#### **List of background papers:**

**Version number:**