

**To:** Audit and Governance Committee  
**Date:** 15 September 2015  
**Report of:** Head of Financial Services  
**Title of Report:** Risk Management Quarterly Reporting: Quarter 1 2015/16

## Summary and Recommendations

**Purpose of report:** To update the Committee on both corporate and service risks as at the end of Quarter 1, 30<sup>th</sup> June 2015.

**Key decision:** No

**Executive lead member:** Councillor Ed Turner

**Policy Framework:** Efficient and effective Council

**Recommendation(s):** That the Committee note the contents of this report, in particular the new Corporate Risk around the Medium Term Financial Plan and the impact of the temporary moratorium on the Capital Programme as set out in paragraph 8.

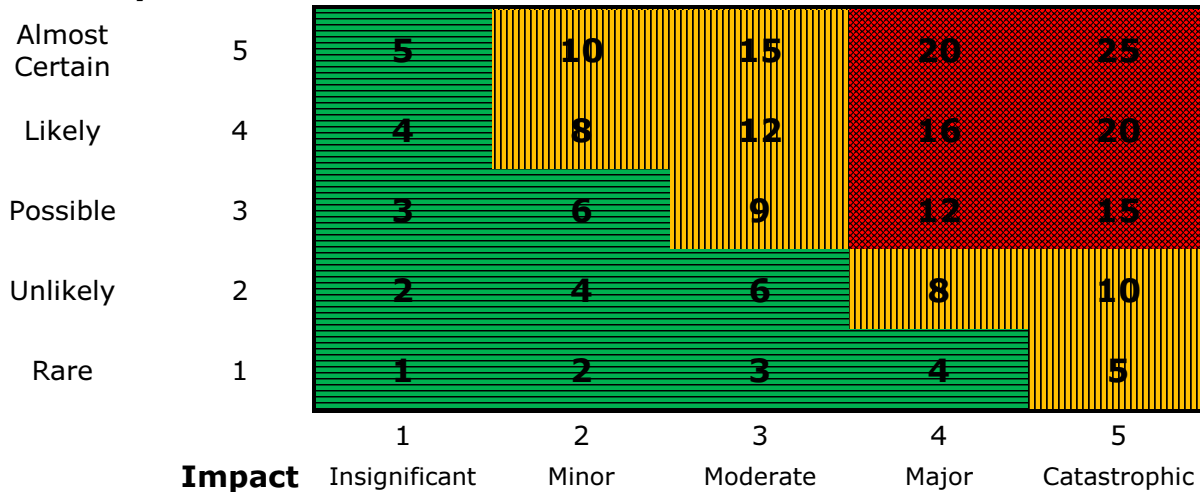
## Appendices:

### 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.

## Probability



Key:



## 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 at Director level.
4. **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.
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. 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

6. The Corporate Risk Register (Appendix A) shows that there were no red risks as at Quarter 1 and the number of red risks have remained at zero throughout 2014/15 and into 2015/16. The table below shows the movement of risks over the last 15 months.

Current Risk	Q1 2014/15	Q2 2014/15	Q3 2014/15	Q4 2014/15	Q1 2015/16
Red	0	0	0	0	0
Amber	5	5	6	5	4
Green	6	6	5	6	2
<b>Total risks</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>6</b>

7. There has been a full desktop review of all of the corporate risks undertaken by Directors and Heads of Service which has resulted in the number of risks reducing from 11 to 6.
8. Although there were no red Corporate Risks identified within Quarter 1, following the Chancellor's Budget Statement in July 2015 there is a new red risk which will appear on the risk register for Quarter 2.
9. The Chancellor's July Budget Statement included a number of proposals which have significant ramifications for the Council's Medium Term Financial Plan, and in particular the Housing Revenue Account, which under current proposals is projected to have to find savings of around £36 million over the next 4 years. Changes to the HRA Business Plan to mitigate the pressures will be reviewed through the autumn as part of the annual budget setting process.
10. In the short term, to help mitigate the pressure and enable all options to be considered a temporary moratorium has been imposed on all non-essential or invest to save capital works over £100k that are not already contractually committed. This will inevitably lead to slippage on some schemes and the reappraisal of others

#### Quarter 1 Service Risk Register

11. 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. In quarter 1 of 2015/16, the management of Council services was restructured and risks have been moved between services areas as appropriate. These refreshed Service Risk Registers will be used for monitoring purposes for the remainder of the year.
12. The table below shows the number of service risks in Q1 2015/16 compared with the last 15 months. Four risks have been closed since the last quarter and there is one new red risk.

Current Risk	Q1 2014/15	Q2 2014/15	Q3 2014/15	Q4 2014/15	Q1 2015/16
Red	3	0	0	0	1
Amber	36	41	38	39	32
Green	42	36	39	35	38
<b>Total risks</b>	<b>81</b>	<b>77</b>	<b>77</b>	<b>74</b>	<b>71</b>
New risks in quarter	0	0	0		1
Closed	3	4	0	3	4

13. There was one red risk at the end of June '15 as follows: -
  - Direct Services - relating to the delay and the issues that have been caused with the recent Servitor upgrade and the introduction of handheld devices.

Service Area Risk Summary

14. The table below shows the how the service area risks have been scored in accordance to the risk matrix.

<b>Current Impact</b>	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
<b>Current Probability</b>					
Almost Certain (5)					
Likely (4)		4	3		
Possible (3)		5	18	1	
Unlikely (2)	1	14	14	7	
Rare (1)	3	1			

**Climate Change / Environmental Impact**

15. There are no issues arising directly from this report

**Equalities impact**

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

**Financial Implications**

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

**Legal Implications**

18. 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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**List of background papers: None.**

**Version number:**