

To: Audit and Governance Committee

Date: 1st March 2016

Report of: Head of Financial Services

Title of Report: Risk Management Quarterly Reporting: Quarter 3 2015/16

Summary and Recommendations

Purpose of report: To update the Committee on both corporate and service risks as at the end of Quarter 3, 31st December 2016.

Key decision: No

Executive lead member: Councillor Ed Turner

Policy Framework: Efficient and effective Council

Recommendation(s): That the Committee notes the contents of this report, in particular that the Housing Revenue Account business plan risk has been separated from the Medium Term Financial Plan risk.

Appendices:

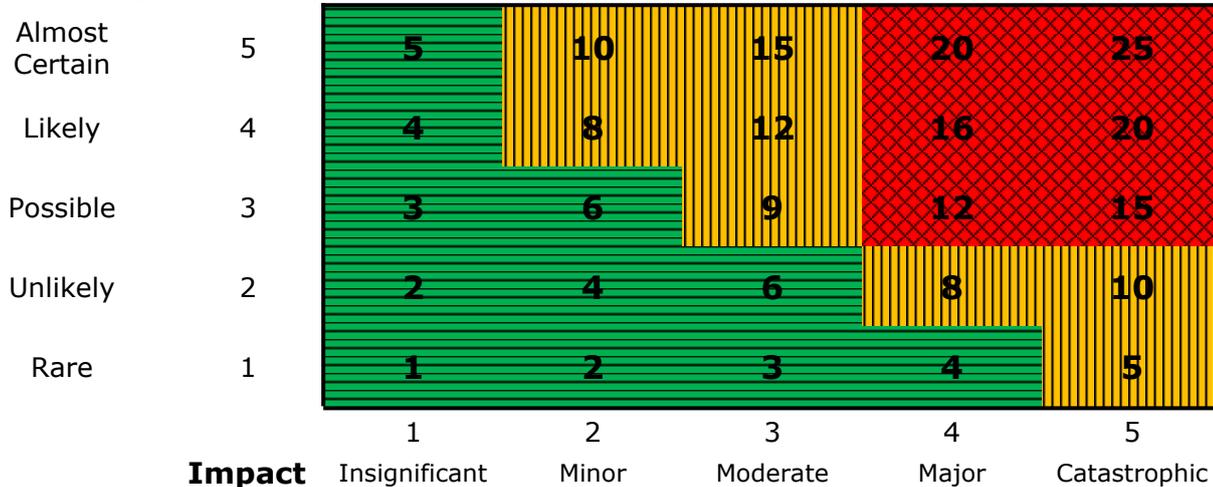
Appendix A Corporate Risk Register

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'.

- 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

- 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.
- 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.

Quarter 3 Corporate Risk Register

- The Corporate Risk Register is attached at Appendix A. The Housing Revenue Account Business Plan risk has been separated from the Medium Term Financial Strategy due to the significantly different risk level. This increases the number of risks being monitored from 6 to 7, however, there is no overall increase in risk to the Council from the level

that was there at Quarter 2. The Housing Revenue Account Business Plan risk is still a red risk as at Quarter 3, although due to the ongoing changes in this area there is even closer monitoring and assessment of this risk than normal. The table below shows the movement of risks over the last 15 months.

Current Risk	Q3 2014/15	Q4 2014/15	Q1 2015/16	Q2 2015/16	Q3 2015/16
Red	0	0	0	1	1
Amber	6	5	4	3	4
Green	5	6	2	2	2
Total risks	11	11	11	6	7

7. There was a full desktop review of all of the corporate risks undertaken by Directors and Heads of Service at the beginning of the year which resulted in the number of risks reducing from 11 to 6.
8. In the short term, to help mitigate the pressure on the Housing Revenue Account Business Plan and enable all options to be considered a temporary moratorium was imposed on all non-essential Capital projects that were not already contractually committed. This moratorium has now been lifted and schemes reprioritised as part of the 2016 – 2020 Medium Term Financial Planning process.

Quarter 3 Service Risk Registers

9. 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 were subsequently moved between services areas and reassessed. These refreshed Service Risk Registers are being used for monitoring purposes for the remainder of the year.
10. The table below shows the number of service risks in Q3 2015/16 compared with the last 15 months. Six risks have been closed since the last quarter and there are three new risks.

Current Risk	Q3 2014/15	Q4 2014/15	Q1 2015/16	Q2 2015/16	Q3 2015/16
Red	0	0	1	4	6
Amber	38	39	32	31	27
Green	39	35	38	29	28
Total risks	77	74	71	64	61
New risks in quarter	0		1	2	3
Closed	0	3	4	9	6

11. There has been a complete reassessment of risks in the Planning and Regulatory service area by the new Head of Service resulting in an increase in the number of red risks in that area. Part of the reason for the increase in risk level is the new local plan commitment which will increase external focus on the service. New control actions have been put in place to mitigate these risks.

12. There were six red risks at the end of December 2015 as follows: -
- Housing and Property – relating to increased costs of homelessness arising from less effective homelessness prevention work and higher homelessness acceptance
 - Housing and Property – relating to HRA Business Plan failure and the implications for social housing arising from the announcements contained in the Chancellor’s Summer Budget in July. Changes have subsequently been made to the HRA Business Plan as part of the Medium Term Financial Planning process to help mitigate the pressures. However, as legislation and regulations are still unclear there is still a significant risk.
 - Planning and Regulatory – relating to delays to Council projects caused by outside agencies including the County Council and national and regional Government and Government agencies
 - Planning and Regulatory – relating to changes in the planning system arising from major changes in legislation
 - Planning and Regulatory – relating to major opposition to emerging statutory plans.
 - Planning and Regulatory – relating to partnership challenges especially in relation to the Oxford Growth Strategy and the inability to reach agreement with external partners.

Service Area Risk Summary

13. The table below shows the how the service area risks have been scored in accordance to the risk matrix. The risk with the potential for a catastrophic impact is related to the loss of an investment due to issues with a counterparty; the likelihood of the risk occurring has been managed down to unlikely.

Current Impact	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Current Probability					
Almost Certain (5)					
Likely (4)		2	2	2	
Possible (3)		7	18	5	
Unlikely (2)		10	7	4	
Rare (1)	3		1		

Climate Change / Environmental Impact

14. There are no issues arising directly from this report

Equalities impact

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

Financial Implications

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

Legal Implications

17. 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.

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