

To: Audit and Governance Committee

Date: 24 May 2016

Report of: Head of Financial Services

Title of Report: Risk Management Quarterly Reporting: Quarter 4 2015/16

Summary and Recommendations

Purpose of report: To update the Committee on both corporate and service risks as at the end of Quarter 4, 31 March 2016.

Key decision: No

Executive lead member: Councillor Ed Turner

Policy Framework: Efficient and Effective Council

Recommendation(s): That the Committee notes the content of the report

Appendices:

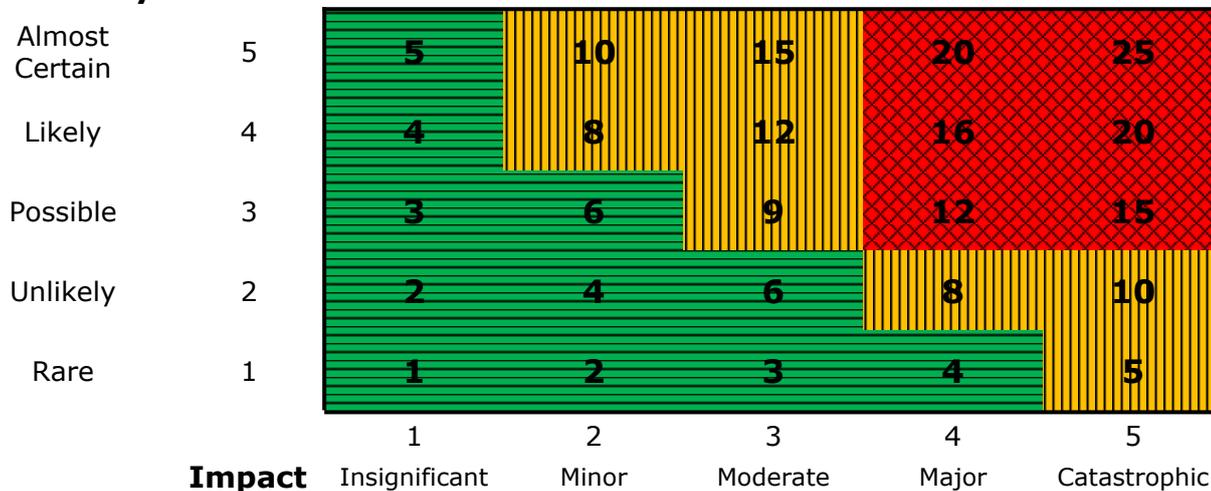
Appendix A Corporate Risk Register

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 of corporate risks are generally Directors.
- 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 4 Corporate Risk Register

- The Corporate Risk Register is attached at Appendix A. In Quarter 3, the Housing Revenue Account Business Plan risk was separated from the Medium Term Financial Strategy due to the increase in the risk level arising from the Government announcements which have had an adverse effect on the funding of the Council's HRA Business Plan. Whilst this

increased the number of risks being monitored from 6 to 7, there was no overall increase in risk to the Council from the level which was present at Quarter 2. As a result of setting the budgets for the HRA in February 2016, the Housing Revenue Business Plan risk has now reduced from red to amber as the Council believes it has made sufficient financial provision to mitigate the effects of the Governments changes. The risk relating to the Medium Term Financial Plan reduced from amber to green following budget setting in February 2016. The table below shows the movement of risks over the last 12 months.

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

7. A full desktop review of all corporate risks is due to take place in July 2016.

Quarter 4 Service Risk Registers

8. 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 service areas and reassessed. These refreshed Service Risk Registers have been used for monitoring purposes for the remainder of the year.
9. The table below shows the number of service risks in Q4 2015/16 compared with the last 12 months. One risk has been closed since the last quarter which related to waste disposal costs. This was a financial risk which Direct Services have now included within their base budget. There are no new risks.

Current Risk	Q1 2015/16	Q2 2015/16	Q3 2015/16	Q4 2015/16
Red	1	4	6	2
Amber	32	31	27	27
Green	38	29	30	33
Total risks	71	64	63	62
New risks in quarter	1	2	3	0
Closed	4	9	4	1

Five red risks from Q3 were reduced to amber at the end of March 2016 as follows: -

- Housing and Property – relates 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. The Council believes it has made sufficient financial provision to mitigate the effects of the Governments changes.
- Planning and Regulatory – relates to delays to Council projects caused by outside agencies including the County Council and national and regional Government and Government agencies. Continued monitoring of the programmed projects has reduced the risk to amber.
- Planning and Regulatory – relates to changes in the planning system arising from major changes in legislation. The Council is making robust representations to Government where appropriate and maintaining dialogue with groups wishing to bring forward Neighbourhood Plans which has reduced the risk to amber.
- Planning and Regulatory – relates to major opposition to emerging statutory plans. Action is now being taken to raise quality of community engagement as far as possible within available resources to address community concerns.
- Planning and Regulatory – relates to partnership challenges especially in relation to the Oxford Growth Strategy and the inability to reach agreement with external partners. Strategy work is being supported, programmes are monitored and pace is being maintained with partners and partner councils

There were two red risks at the end of March 2016 as follows:-

- Housing and property – relates to increased costs of homelessness arising from less effective homelessness prevention work and higher homelessness acceptance
- Planning and regulatory – relates to service failure due to ICT outages resulting in a reduced service to customers.

Climate Change / Environmental Impact

10. There are no issues arising directly from this report

Equalities impact

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

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 but having proper arrangements to manage risk throughout the organisation is an important component of corporate governance.

Name and contact details of author:-

Name: Alison Nash

Job title: Finance Officer (Insurance)

Service Area / Department: Financial Services

Tel: 01865 252048 e-mail: anash@oxford.gov.uk

List of background papers: None.

This page is intentionally left blank