

**To: Audit and Governance Committee**

**Date: 01 March 2017**

**Report of: Head of Financial Services**

**Title of Report: Risk Management Quarterly Reporting: Quarter 3 2016/17**

# Summary and Recommendations

**Purpose of report**: To update the Committee on both corporate and service risks as at the end of Quarter 3, 31 December 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’.
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.
3. A change to the risk prioritisation matrix was approved by the Committee on 28 September 2016 and the new risk prioritisation matrix is shown below.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Probability** |  |  |  |  |  |  |
| Almost | 5 | **5** | **10** | **15** | **20** | **25** |
| Certain |
| Likely | 4 | **4** | **8** | **12** | **16** | **20** |
| Possible | 3 | **3** | **6** | **9** | **12** | **15** |
| Unlikely | 2 | **2** | **4** | **6** | **8** | **10** |
| Rare | 1 | **1** | **2** | **3** | **4** | **5** |
|  |  | 1 | 2 | 3 | 4 | 5 |
|  | **Impact** | Insignificant | Minor | Moderate | Major | Severe |

|  |  |  |  |
| --- | --- | --- | --- |
| **Key:** | **Green** | **Amber** | **Red** |
|  |  |  |  |

**Risk Identification**

1. **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.
2. **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.
3. **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**

1. The new Corporate Risk Register is attached at Appendix A.

1. The number of red risks for Q3 has remained at two. These are as follows:-

* Devolution – There are potential changes to Local Government structures currently being debated with a range of potential outcomes with Oxford City Council potentially ceasing to exist in its current form. All Oxfordshire Councils and the Local Enterprise Partnership have agreed to develop proposals for a revised devolution deal for Oxfordshire with a governance model of Combined Authority & Mayor. This work is underway with the aim of producing proposals for discussion with Government by March 2017. Oxfordshire County Council has published proposals for a single Unitary Council covering the whole of Oxfordshire.
* Climate Change – Oxford has been subject to a number of significant flooding and extreme weather events resulting in widespread disruption and damage. Mitigation arrangements and plans have been put in place but there is a risk that they could be insufficient to deal with major future flooding or extreme weather. Flood alleviation schemes are underway and being investigated.

1. The table below shows the levels of red, amber and green residual risks over the last 12 months.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Current Risk** | **Q4 2015/16** | **Q1 2016/17** | **Q2 2016/17** | **Q3 2016/17** |
|
| Red | 0 | 5 | 2 | 2 |
| Amber | 4 | 4 | 6 | 7 |
| Green | 3 | 1 | 2 | 1 |
|  |  |  |  |  |
| **Total risks** | **7** | **10** | **10** | **10** |

**Quarter 3 Service Risk Registers**

1. 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.

1. The table below shows the number of service risks in Q3 2016/17 compared with the last 12 months. Two risks have been closed since the last quarter and one new risk has been added.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Current Risk** | **Q4**  **2015/16** | **Q1 2016/17** | **Q2 2016/17** | **Q32 2016/17** |
|
| Red | 2 | 7 | 2 | 2 |
| Amber | 27 | 37 | 38 | 41 |
| Green | 33 | 28 | 32 | 28 |
| **Total risks** | **62** | **72** | **72** | **71** |
| New risks in quarter | 0 | 15 | 1 | 1 |
| Closed | 1 | 5 | 1 | 2 |

1. There were two red risks at the end of December 2016. One new risk for Q3 has been classified as red and one has been upgraded from amber to red. These red risks are as follows:-
   * Community Services – relates to Out of Town Taxis and the legal loophole which allows hackney carriages to undertake pre-booked work outside the area in which they are licensed. This poses a safeguarding risk to passengers and the public as it hampers our public protection role on taxis. There is also a financial risk due to a reduction in licences issued putting the sustainability of the Licensing Team at risk. Work is underway with neighbouring Authorities, the County Council and OSCB under the Joint Operating Framework to identify the most prevalent neighbouring Authorities and Operators using Out of Towners. We need to work with them to encourage drivers and vehicles back to Oxford. There is also a reputational issue for Local Authorities and Operators.
   * Partnership Working – The County Council’s proposals for local government re-organisation could potentially distract from local partnership working. OCC staff are emphasising a business as usual approach and taking forward work with local partners. OCC staff are working with OSP to create a partnership vision for the City and review and refresh partnership priorities and objectives. Engaging with Business on establishing a strong business voice to raise engagement and profile in Government. Stakeholder engagement meetings with Health, Business and Universities on future of governance and services in the city. Engagement with CCG on STP which will set future direction of health services in Oxfordshire. Continued partnership work with community and voluntary groups on refugees and migration including development of funding bid to support communities. Continued participation and active engagement in County partnerships such as Health and Well Being Board, Safeguarding Board and Schools Partnership.

**Climate Change / Environmental Impact**

1. This has been raised within the Corporate Risk Register as a risk and investigations are underway into flood alleviation schemes to minimise any future disruption or damage.

**Equalities impact**

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

**Financial Implications**

1. There are no financial implications arising directly from this report.

**Legal Implications**

1. 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.**