

**To: Audit and Governance Committee**

**Date: 28 June 2017**

**Report of: Head of Financial Services**

**Title of Report: Risk Management Quarterly Reporting: Quarter 4 2016/17**

# 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 2017.

# 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. The 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 4 Corporate Risk Register**

1. The new Corporate Risk Register is attached at Appendix A.
2. The number of red risks for Q4 has reduced to one. This is as follows:-

* Innovative Arrangements & Models - The Council is exploring and implementing new models of service delivery such as joint ventures and wholly owned companies. The implications of these will need to be understood and communicated, politically and operationally including the impact it will have on roles and governance arrangements. External advice is being utilised to optimise Company set-up and Governance processes are being put in place.

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

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

**Quarter 4 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 Q4 2016/17 compared with the last 12 months. Four risks have been closed since the last quarter and one new risk has been added.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Current Risk** | **Q1**  **2016/17** | **Q2 2016/17** | **Q3 2016/17** | **Q4 2016/17** |
|
| Red | 7 | 2 | 2 | 2 |
| Amber | 37 | 38 | 41 | 32 |
| Green | 28 | 32 | 28 | 34 |
| **Total risks** | **72** | **72** | **71** | **68** |
| New risks in quarter | 15 | 1 | 1 | 1 |
| Closed | 5 | 1 | 2 | 4 |

1. There were two red risks at the end of Q4. These remain unchanged from Q3 and 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 Oxfordshire Safeguarding Childrens Board 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 – Future Government policy direction is uncertain and it is likely that the unitary bid will remain unresolved for some time. Collaborative work with Council partners on joint planning, infrastructure and housing delivery to influence the Natrional Infrastructure Commissions Oxford-Cambridge study is progressing. Need to ensure this is not derailed by on-going unitary campaign.

**Climate Change / Environmental Impact**

1. Very dry Spring weather means river levels are a safe level and not currently in danger of overflowing and causing flood damage. There is no change to current response arrangements. Flood risk is being mitigated in Oxford in two projects – Marston & Northway (delivered by Oxford City Council providing surface water flood protection to 110 homes) and Oxford Flood Alleviation Scheme (led by the Environment Agency seeking to protect 1000 homes). The Lead Local Flood Authority and emergency response orgainsation is Oxfordshire County Council.

**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.**