

**To: Audit and Governance Committee**

**Date: 11 January 2018**

**Report of: Head of Financial Services**

**Title of Report: Risk Management Quarterly Reporting as at 30 November 2017.**

# Summary and Recommendations

**Purpose of report**: To update the Committee on both corporate and service risks as at 30 November 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 2 Corporate Risk Register**

1. Audit and Governance Committee receive information on risk on a quarterly basis. Given the timing of Audit and Governance Committee the information has been provided as at the 30th November 2017 in order to provide the latest information available. The new Corporate Risk Register is attached at Appendix A.

1. There are no Red Risks as at 30th November
2. The number of Amber risks for Q2 increased by one. This was due to the one Red risk for Q1 being down-graded to Amber. This relates to Innovative Arrangements & Models between the Council and its wholly owned companies. The Council has already established its housing company (Oxford City Housing Limited) and is looking to go operational with its Local Authority Trading Company (Oxford Direct Services) in April 2018. As at 30 November 2017, one Green risk for Q2 was upgraded to Amber. This relates to Climate Change and whilst the Summer and Autumn months have been dry, the risk of flood events is more likely in the Winter months. Oxford Flood Alleviation Scheme (OFAS) remains on track but with a funding gap of £4.35M. OFAS is led by the Environment Agency with input by Oxford City Council in terms of partnership funding and significant officer input.
3. The table below shows the levels of red, amber and green residual risks over the last 12 months.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Current Risk** | **Q3 2016/17** | **Q4 2016/17** | **Q1 2017/18** | **Q2 2017/18** |  | **30th Nov** |
| Red | 2 | 1 | 1 | 0 |  | 0 |
| Amber | 7 | 5 | 7 | 8 |  | 9 |
| Green | 1 | 4 | 2 | 2 |  | 1 |
|   |   |   |   |  |  |   |
| **Total risks** | **10** | **10** | **10** | **10** |  | **10** |
|  |  |  |  |  |  |  |

**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 as at 30th November compared with the last 12 months. Two risks were closed in Q2 and three new risks added. As at 30th November two further risks have been closed and one additional risk has been added.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Current Risk** | **Q3** **2016/17** | **Q4 2016/17** | **Q1 2017/18** | **Q2 2017/18** |  | **30th Nov** |
| Red | 2 | 2 | 2 | 1 |  | 1 |
| Amber | 41 | 32 | 38 | 40 |  | 41 |
| Green | 28 | 34 | 27 | 27 |  | 25 |
| **Total risks** | **71** | **68** | **67** | **68** |  | **67** |
| New risks in quarter | 1  | 1 | 0 | 3 |  | 1 |
| Closed | 2 | 4 | 1 | 2 |  | 2 |
|  |  |  |  |  |  |  |

1. There is one red risk at 30th November. This is as follows:-
	* Financial Services – relates to Treasury Management and the safety of investments. This risk is red because of the potentially high impact, although the probability of a loss occurring is rated as possible due to the controls the Council has in place around counterparty selection and duration of investment.

**Climate Change / Environmental Impact**

1. There are no specific impacts arising directly from this report. The appendicies set out mitigations against the Council’s corporate risks.

**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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