

**To: Audit and Governance Committee**

**Date: 10th January 2019**

**Report of: Head of Financial Services**

**Title of Report: Risk Management Quarterly Reporting as at 30th November 2018.**

# Summary and Recommendations

**Purpose of report**: To update the Committee on both corporate and service risks as at 30 November 2018.

# 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 periodic 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. Audit and Governance Committee receive information on risk on a quarterly basis. Given the timing of the Committee the Corporate Risk Register attached at Appendix A is as at 30th November.
2. The number of Red risks has been reduced from four to one.
3. Three of the previous Red risks have been reduced to Amber status. These are:-
   * Health & Safety (Buildings) - it is considered sufficient mitigating actions are currently in place to warrant the lower risk status.
   * Local Government Reorganisation – indications from MHCLG is that they are not currently pursuing further LGR proposals for the time being. Hence the probability has been reduced in the current term of this risk (to April 2019).
   * Delivery of Services by External Suppliers/Partnerships/Supply Chain – by closely monitoring the contract with Fusion and meetings held with their Senior Management Team to ensure they have enough focus on driving improvements, the signs are positive and usage is up by 28% compared to the same period in 2017.

1. The one Red risk is:--
   * **Housing** – the Council has key priorities around housing which include ensuring housing delivery and supply for the City and enabling sufficient house building and investment. Insufficient housing in the City leads to an increase in homelessness which has an impact on residents. There are also health and quality of life issues. The Council is implementing delivery methods for temporary accommodation and accommodation for homelessness prevention which include a rent guarantee scheme, a growth deal to facilitate additional affordable housing and a tranche of property purchases to be delivered via real lettings.
2. The number of Amber Risks has increased to nine. There are two Green risks which include Business Continuity Planning and the risk relating to Cyber Attack which were both originally Amber. However, following a successful desktop exercise which involved the loss of ICT it was considered that sufficient mitigation actions were in place to reduce the risk ratings to Green.
3. No risks have been closed in the period.

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Current Risk** | **Q4 2017/18** | **Q1 2018/19** | **Q2 2018/19** | **30-11-2018 2018/19** |
| Red | 0 | 4 | 4 | 1 |
| Amber | 9 | 8 | 8 | 9 |
| Green | 1 | 0 | 0 | 2 |
|  |  |  |  |  |
| **Total risks** | **10** | **12** | **12** | **12** |
|  |  |  |  |  |

**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.
2. The table below shows the number of service risks as at the 30th November 2018 compared with the last 12 months.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Current Risk** | **Q4**  **2017/18** | **Q1 2018/19** | **Q2 2018/19** | **30-11-2018**  **2018/19** |
| Red | 3 | 3 | 2 | 2 |
| Amber | 31 | 31 | 31 | 31 |
| Green | 17 | 17 | 19 | 19 |
| **Total risks** | **51** | **51** | **52** | **52** |
| New risks in quarter | 0 | 0 | 3 | 0 |
| Closed | 2 | 0 | 2 | 0 |

1. There are two red risks as at 30th November. These are 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.
   * **Law & Governance** – this relates to a potential inability to generate sufficient external legal work to meet the original income target. Efforts continue to seek additional work from public sector bodies, although this clearly must be balanced against the need to ensure sufficient resource to meet the Council’s own internal requirements.

**Business Continuity**

1. During 2017 and 2018 the Council has been working to ensure their Business Continuity Plans are robust and fit for purpose. Together with support from the Council’s Insurer, Zurich Municipal the Council carried out realistic and challenging tests of the updated Business Continuity Plans in October 2017 and 2018.
2. The latest Business Continuity desktop exercise took place on the 18 October 2018 and focused on the loss of ICT. The exercise was very successful and there were a number of actions which arose from the exercise and discussions around it. Some of the key learning points and recommendations are summarised below and action is being taken to implement these by the Chief Technology & Information Officer in conjunction with Heads of Service and the Operational Delivery Group:-
   * Critical ICT Systems – Critical Services are prioritised in the Corporate Business Continuity Plan and it was recommended that the list of critical systems used by ICT in the event of an incident to determine the order that systems are restored should be reviewed to ensure that it is consistent with the corporately agreed list.
   * Council Website – it emerged that, due to security restrictions, the Council website could not be updated if the network failed. If the website is operational it is vitally important to be able to access this to assist with communication with the public and other stakeholders.
   * Accessibility of Business Continuity Plans – all members of the Corporate Recovery Team (CRT) must ensure they have a copy of the BCP available when off site. This could be achieved using an encrypted flash drive to hold the BCP and other critical documents.

**Climate Change / Environmental Impact**

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

**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.**