

**To: Audit and Governance Committee**

**Date: 25 July 2019**

**Report of: Head of Financial Services**

**Title of Report: Risk Management Quarterly Reporting as at 31st May 2019.**

# Summary and Recommendations

**Purpose of report**: To update the Committee on both corporate and service risks as at 31 May 2019.

# 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 has been reviewed following concerns raised by the Risk Group that a scoring of 15 could be Amber or Red depending on the Probability and Impact rating. The amendment only affects the rating of 5 (Probability) and 3 (Impact) which now scores Red rather than Amber. The revised risk prioritisation matrix is shown below.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Probability** |   |   |   |   |   |   |
| Almost Certain | 5 | **5** | **10** | **15** | **20** | **25** |
| 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 1 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 31st May 2019.
2. The number of Red risks remains at one.
3. 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. In addition the Council’s Housing Companies are in the process of constructing new affordable homes and the Cabinet has recently approved plans which if confirmed by Council on 22nd July will result in the Council’s HRA purchasing the social housing using its new borrowing headroom following the removal of the HRA borrowing cap by the Government
4. No risks have been closed in the period.
5. The table below shows the levels of Red, Amber and Green current risks over the last 12 months.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Current Risk** | **Q2 2018/19** | **Q3 2018/19** | **Q4 2018/19** | **Q1 2019/20** |
| Red | 4 | 1 | 1 | 1 |
| Amber | 8 | 9 | 9 | 10 |
| Green | 0 | 2 | 2 | 1 |
|   |   |   |   |  |
| **Total risks** | **12** | **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. Following a service area review, Planning, Sustainable Development & Regulatory Services has been divided into two new service areas. These are Planning & Development, and Regulatory Services & Community Safety. This increases the number of service area Risk Registers from 9 to 10.
3. The table below shows the number of service risks as at the 31st May 2019 compared with the last 12 months.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Current Risk** | **Q2** **2018/19** | **Q3 2018/19** | **Q4 2018/19** | **Q1/31-5-** **2019/20** |
| Red | 2 | 2 | 1 | 2 |
| Amber | 31 | 31 | 34 | 37 |
| Green | 19 | 19 | 17 | 12 |
| **Total risks** | **52** | **52** | **52** | **51** |
| New risks in quarter | 3  | 0 | 0 | 4 |
| Closed | 2 | 0 | 0 | 5 |

1. The number of Red risks has increased from one to two.
2. One of the Red risks was previously Amber. Details of the Red risks are as follows:-
* **Planning & Development -** this relates to new partnership challenges to ensure the Oxford Growth strategy is supported. Brexit and local political changes could result in a review of the housing numbers which may result in plans being withdrawn or partnerships dissolved. This is being closely monitored across relevant departments within OCC.
* **Financial Services –** this relates to Treasury Management and the safety of investments. This risk is constantly 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.

**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.**