

To: Audit and Governance Committee
Date: 24 November 2020
Report of: Head of Financial Services
Title of Report: Risk Management Reporting as at 30 September 2020

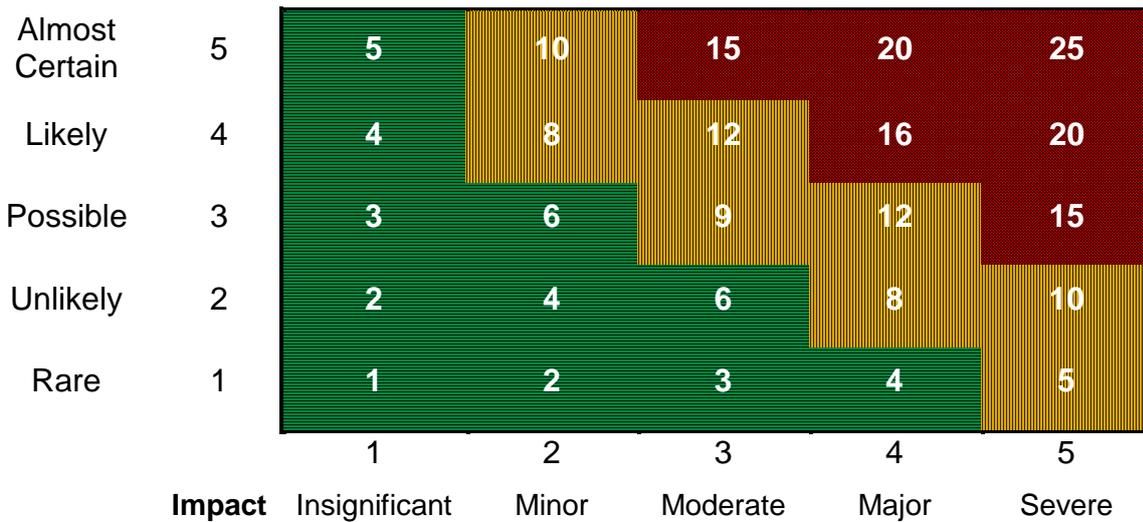
Summary and recommendations	
Purpose of report:	To update the Committee on both corporate and service risks as at 30 September 2020.
Key decision:	No
Cabinet Member with responsibility:	Councillor Ed Turner, Cabinet Member for Finance and Asset Management
Corporate Priority:	
Policy Framework:	
Recommendations: that the Committee reviews the risk management report and notes its contents	

Appendices	
Appendix A	Corporate Risk Register

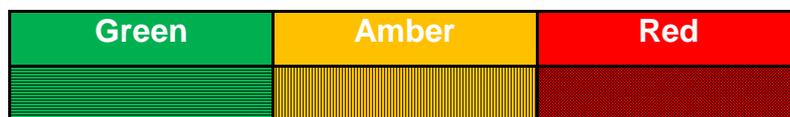
Risk Scoring Matrix

1. The Council operates a 'five by five' scoring matrix based on probability and impact. 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



Key:



Risk Identification

4. **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 Executive Directors.
5. **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.
6. **Project and Programme Risk** – The Council adopts the principles of Prince2 and agile methodologies in addition to recognised industry standards in construction for managing projects. Incorporated within these methodologies 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.

Corporate Risk Register – 30 September 2020

7. The Audit and Governance Committee receives information on risk on a quarterly basis. Given the timing of the Committee the Corporate Risk Register attached at Appendix A is as at 30 September.
8. The number of Red risks remains at three as a result of the continuing challenges surrounding the Covid-19 pandemic.

9. Details of the Red risks are as follows:

- **Housing** – the Council has key priorities around housing which include ensuring housing delivery and supply for the City of Oxford and enabling sufficient house building and investment. Insufficient housing in Oxford 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 approved plans which will result in the Council's Housing Revenue Account ("HRA") purchasing the social housing using its new borrowing headroom, following the removal of the HRA borrowing cap by central government. This has become more challenging in the short term due to the Covid-19 pandemic which has paused any delivery in the housing supply.
- **Economic Growth** – this relates to local, national or international factors adversely affecting the economic growth of the City. The economic impact of Covid-19 is continuing to affect the livelihoods and jobs of thousands of people in Oxford. Social distancing and economic uncertainties affect consumption on the High Street and the viability of some retail, hospitality and catering businesses. The wider economy is not immune with redundancies being announced by larger employers in other sectors as well as damaging impacts to education, transport, and property, creative and cultural sectors. Economic output is 11.7% below the February rate nationally and the remainder may not be recovered quickly. Delivery of a City and County wide Economic Recovery & Resilience Plan will align with the Oxford Economic Strategy and City Centre Vision and Action Plan, with consultation drafts published in the Autumn. The latter plans will commence from early 2021. The phased restart which is now complete, will progress to long term recovery and renewal actions over a minimum 3 year period.
- **Balancing & Delivery of the Financial Plan** – this risk has become red due to the adverse financial impacts arising from the covid-19 pandemic and the economic aftermath. The pandemic and the resulting actions necessary to deal with it has led to far reaching economic impacts. Experts believe that the economy will take years to recover. There is therefore considerable financial uncertainty around the current estimates especially around income streams which is compounded by additional expenditure needed to support the community through the crisis. The short term impact can be mitigated through the use of balances, however these are one-off and a full reset of budgets is needed which will be reported to Cabinet in December 2020..

10. No risks have been closed in the period.

11. The table below shows the levels of Red, Amber and Green current risks over the last 12 months.

Current Risk	Q3 2019/20	Q4 2019/20	Q1 2020/21	Q2 2020/21
Red	1	1	3	3
Amber	9	10	8	9
Green	2	1	1	0
Total risks	12	12	12	12

Service Risk Registers

12. 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.
13. The table below shows the number of service risks as at 30 September compared with the last 12 months.

Current Risk	Q3 2019/20	Q4 2019/20	Q1 2020/21	Q2 2020/21
Red	3	4	6	4
Amber	35	30	34	36
Green	9	13	11	10
Total risks	47	47	51	50
New risks in quarter	0	0	4	1
Closed	0	0	0	2

14. The number of Red risks has reduced to four. Two former red risks, Community Cohesion and also the delay in respect of the Go Live of QL have been reduced to Amber.

15. Details of the Red risks are as follows:-

- **Community Services** - this relates to the non-achievement of Town Hall income targets. Due to the Covid-19 pandemic, the minimum income shortfall will be £685k. The Town Hall is now open for certain events working alongside latest Government guidance.
- **Financial Services** – this relates to Management effectiveness and employee ability to deliver services due to the Covid-19 pandemic. This has increased workloads and the volume of emails, which together with the many on-line meetings is placing excessive pressure and demands on staff and managers.

- **Regulatory Services** – this relates to Public Health Protection. The rise in Covid-19 cases in Oxford has caused concern. The response has been to increase proactive work including holding regular meetings with the Department of Public Health and developing a Covid Secure Team.
- **Housing Services** – this relates to increased homelessness costs which has been additionally impacted due to the Covid-19 crisis.

Business Continuity

16. The Council continues to respond to the COVID-19 pandemic in compliance with Government guidelines. All offices remain closed with most staff continuing to work from home and all work which couldn't be carried out within Government guidelines has ceased. The locality hubs continue to support vulnerable people and accommodation has been made available for all rough sleepers. Information Technology systems are currently coping with the change in demands; bandwidth on the Council's VPN was increased to assist with the increased electronic traffic, although there are still some signs of strain on the capacity at peak times. Different services have had different pressures and needed to manage all of the challenges in a way that was appropriate to that service.
17. The Council's Corporate Business Continuity plan anticipated that if the main Council offices were not available, then alternative accommodation would be needed for office based staff. Due to the nature of the pandemic, the use of alternative corporate accommodation was not possible and in the event it was proved that this accommodation wasn't needed. The Council's Corporate and Service Business Continuity plans are currently being updated in line with the findings from recent events. Additionally, as a result of the almost universal working remotely, the Council is reviewing its business model and the need for office space now and in the future. A remote working task and finish working group has been set up to review working practices and accommodation requirements going forward.
18. The Council's plans for Restart, Recovery and Renewal as reported to Cabinet on 24 June will be an ongoing process that helps anticipate, prepare in the event of a second spike, response to and recovery from the impact of COVID-19. The Services will continue to deliver and develop effective processes to help mitigate risks to the smooth running and delivery of services, ensuring they can best continue to operate to the extent required in the event of COVID-19 and beyond. These are likely to include:
 - Task and finish groups
 - Identifying alternative strategies to mitigate further loss and assessing their potential effectiveness in maintaining ability to deliver critical and new - some unknown – service functions
 - Contract variations
 - New ways of working
 - Staff well-being and resilience
 - Service transformation (i.e. using skills and learning to create new structure)
 - Budget review and re-prioritisation
 - Generating new revenue

- Shielding the most vulnerable
- Healthy Place Shaping
- Strengthening and creating new partners
- Transforming the service business plan to help address new challenges and changing needs.

Climate Change/Environmental Impact

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

Equalities Impact

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

Financial Implications

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

Legal Implications

22. 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 good corporate governance and good business management. There are some legal issues that may arise going forward in the business continuity process but these will be managed on a case by case basis.

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List of background papers: None.