

**To:** Audit and Governance Committee  
**Date:** 14 January 2021  
**Report of:** Head of Financial Services  
**Title of Report:** Risk Management Reporting as at 30 November 2020

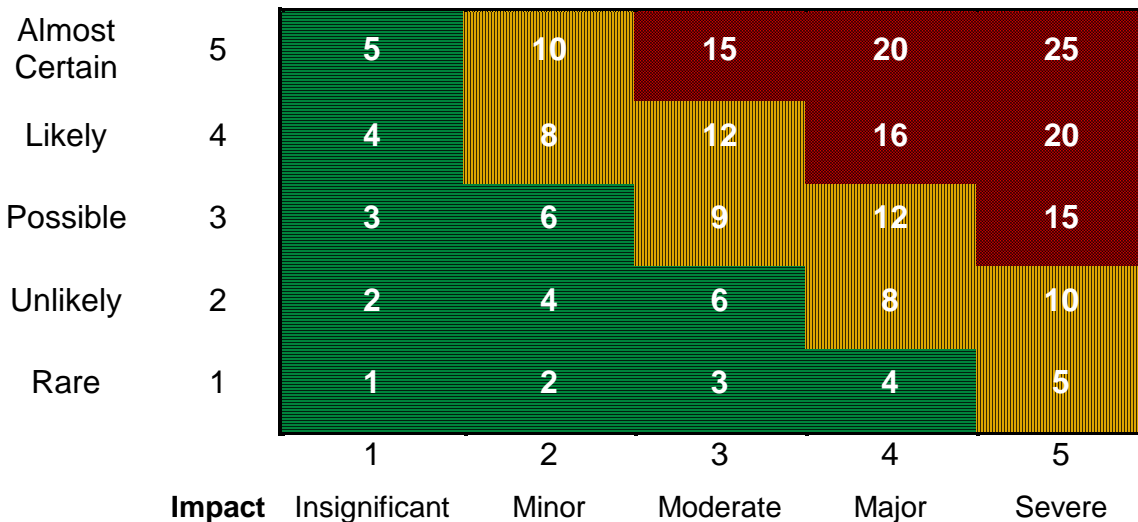
<b>Summary and recommendations</b>	
<b>Purpose of report:</b>	To update the Committee on both corporate and service risks as at 30 November 2020.
<b>Key decision:</b>	No
<b>Cabinet Member with responsibility:</b>	Councillor Ed Turner, Cabinet Member for Finance and Asset Management
<b>Corporate Priority: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

<b>Appendices</b>	
Appendix A	Corporate Risk Register
Appendix B	Risk Management Strategy and Toolkit

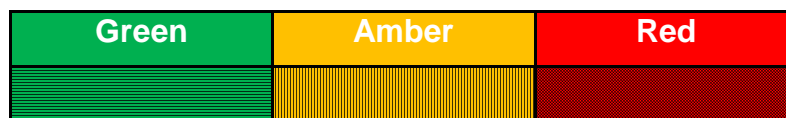
## Risk Scoring Matrix

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 November 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 November.
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. Work is continuing to administer the COVID Local Restriction Grants and to plan how best to utilise grant funds to support the local economy and affected businesses. The Council is also communicating with businesses to ensure they understand the need to act on any rule changes for the EU Transition regardless of deal. A joined-up communications approach county-wide has been agreed with Councils, OxLEP and the Local Resilience Forum.
- **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 was mitigated through the use of balances and a full reset of budgets was reported to Cabinet in December 2020 and approved.

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.

<b>Current Risk</b>	<b>Q4 2019/20</b>	<b>Q1 2020/21</b>	<b>Q2 2020/21</b>	<b>Q3 2020/21</b>
Red	1	3	3	3
Amber	10	8	9	7
Green	1	1	0	2
<b>Total risks</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>

### 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 30th November compared with the last 12 months.

<b>Current Risk</b>	<b>Q4 2019/20</b>	<b>Q1 2020/21</b>	<b>Q2 2020/21</b>	<b>Q3 2020/21</b>
Red	4	6	5	4
Amber	30	34	38	34
Green	13	11	7	14
<b>Total risks</b>	<b>47</b>	<b>51</b>	<b>50</b>	<b>52</b>
New risks in quarter	0	4	1	2
Closed	0	0	2	0

14. The number of Red risks has reduced to four. One former Red risk, Partnership Working and Devolution has 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 projected income shortfall is £695k.
  - **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 continues to cause 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. Most staff continue 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. St Aldates Chambers Customer Service Centre has re-opened offering residents' face-to-face meetings with staff. To ensure the protection of both staff and customers, significant Covid-19 health and safety measures have been put in place to ensure Covid-secure meetings.
17. The Council's plans for Restart, recovery and renewal is an ongoing process that helps anticipate, prepare, and respond to and recover 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 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.

## **Risk Management**

18. Following recommendations outlined in the Risk Management Audit, the following exercises were carried out with the assistance of Zurich. A review of the Council's Risk Management Strategy and Risk Management Operating Framework. This involved condensing the existing Operating Framework and Strategy documents from a combined total of 36 pages into a single document of 20 pages which

although more concise, still retains all relevant information, such as the reporting framework within the Council. It has been re-titled the Risk Management Strategy and Toolkit. A copy is attached at Appendix B. A Risk Management Workshop for risk owners and risk updaters was held to raise awareness and understanding of risk and risk management and to provide participants with best practice risk management skills, tools and knowledge. Following the Risk Management Workshop, a review of all Service Risk Registers was carried out to check risks were worded correctly and ensure that mitigating controls are SMART. Following the review, feedback was provided to each individual Service Area. In order to monitor and ensure that there is a clear and consistent approach to the management of risk across the organisation, between services and between corporate and service levels, the Risk Management Group will be implementing the following action plan during 2021:-

- Review of Corporate Risk Register - Risk Management Group and Operational Delivery Group Q1 2021
- Sample check review of risks in connection with projects – RMG
- Sample check review of service risks – RMG
- Review of risk in companies and joint ventures - RMG Q1 2021
- Review all Red Risks on a quarterly basis - RMG

#### **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.**