

**To:** Audit and Governance Committee  
**Date:** 29 July 2021  
**Report of:** Head of Financial Services  
**Title of Report:** Risk Management Reporting as at 31 March & 30 June 2021

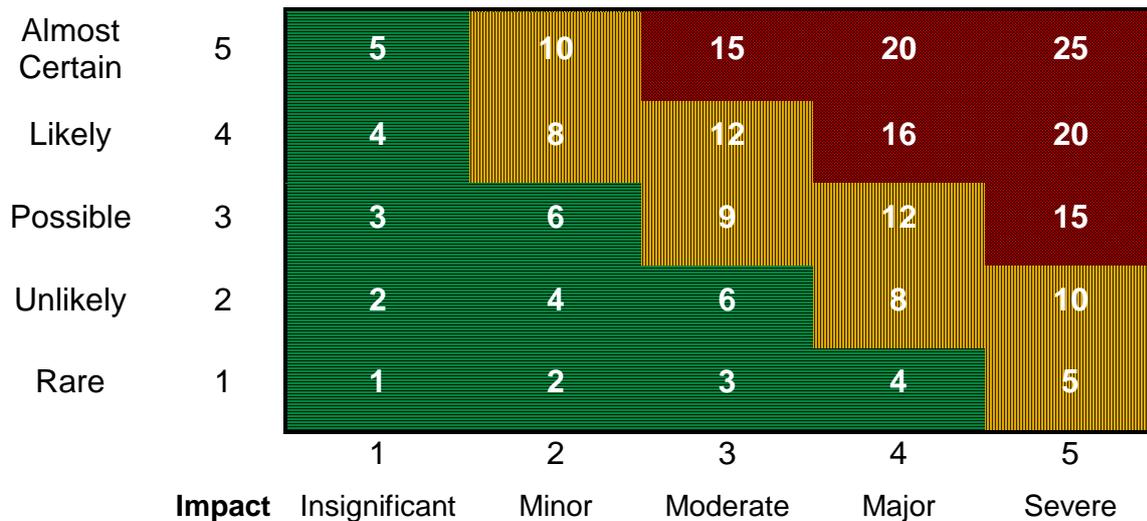
<b>Summary and recommendations</b>	
<b>Purpose of report:</b>	To update the Committee on both corporate and service risks as at 31 March & 30 June 2021
<b>Key decision:</b>	No
<b>Cabinet Member with responsibility:</b>	Councillor Ed Turner, Cabinet Member for Finance and Asset Management
<b>Corporate Priority:</b>	
<b>Policy Framework:</b>	
<b>Recommendations:</b> that the Committee reviews the risk management report and notes its contents	

<b>Appendices</b>	
Appendix A	Corporate Risk Register

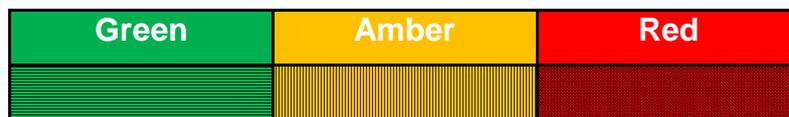
## Risk Scoring Matrix

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

7. The Audit and Governance Committee normally receives information on risk on a quarterly basis. However, due to the Q4 meeting agenda in April 2021 being over-subscribed, the Q4 March Risk Report has been amalgamated with the Q1 June Risk Report. The Corporate Risk Register attached at Appendix A is as at 31 March and the Corporate Risk Register at Appendix B is as at 30 June.

## Corporate Risk Register – year to 31 March 2021

8. The number of Red risks has increased to five as a result of the continuing challenges surrounding the Covid-19 pandemic. Two Red risks are new and a previous Green risk has been increased to Red. A previous Red Risk; Balancing and Delivery of the Financial Plan has reduced to Amber as the Mid-Term Financial Plan has been produced and balanced for the next four year period.
  
9. Details of the Red risks as at 31 March 2021 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. Despite some positive trends, the Risk still remains at Red. Issues relating to inflation, labour market supply, global economy, COVID levels locally, border arrangement, local business support being scaled back and business rates commencing suggests that there are still numerous risks.
  - **Negative Impacts of Climate Change** - this risk has changed from Green to Red as the need for action becomes increasingly more imperative. In mitigation, the Council has made action on climate change one of its corporate priorities and has stepped up its programme of action, partnering and influencing to seek to mitigate social health and environmental impacts on the City.
  - **Customer Experience Strategy 2019-2021** – this new risk relates to the insufficient resources to deliver projects and lack of prioritisation.
  - **Customer Experience Strategy 2019-2021** - this new risk relates to delays or non-delivery of customer-facing and digital improvements.

**10. Which of these are new and which red risks have been closed in the period.**

At the start of 2020, the Corporate Risk Register only had one Red risk which was in relation to Housing. Due to the challenges arising from COVID-19 in March 2020, two existing Amber risks, Economic Growth and the Balancing & Delivery of the Financial Plan were also increased to Red status for Q1. All three risks remained at Red and no change in the number of Red risks occurred until Q4 March 2021. The risk relating to the Balancing & Delivery of the Financial Plan was reduced to Amber status when the Mid Term Financial Plan was produced and balanced for the next 4 year period. The two remaining Red risks were unchanged. Two new risks were added to the Corporate Risk Register in March 2021 increasing the overall number of risks from 12 to 14. Both new risks were in respect of the Customer Experience Strategy 2019-2021 and had Red status. One risk related to the capacity to deliver projects and the second risk related to delays or non-delivery of projects. At the same time, an existing Green risk relating to the Negative Impacts of Climate Change was increased to Red status as action becomes increasingly imperative in this respect. The total number of Red risks by Q4 March 2021 was five. No Corporate risks were closed during this 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>Q1 2020/21</b>	<b>Q2 2020/21</b>	<b>Q3 2020/21</b>	<b>Q4 2020/21</b>
Red	3	3	3	5
Amber	8	9	7	7
Green	1	0	2	2
<b>Total risks</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>14</b>

**Service Risk Registers – year to 31 March 2021**

**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 31 March compared with the last 12 months.

<b>Current Risk</b>	<b>Q1 2020/21</b>	<b>Q2 2020/21</b>	<b>Q3 2020/21</b>	<b>Q4 2020/21</b>
Red	6	5	4	5
Amber	34	38	34	49
Green	11	7	14	11
<b>Total risks</b>	<b>51</b>	<b>50</b>	<b>52</b>	<b>65</b>
New risks in quarter	4	1	2	13
Closed	0	2	0	0

14. The number of Red risks has increased to five.

15. Details of the Red risks as at 31 March 2021 are as follows:

- **Community Services** - this relates to the non-achievement of Town Hall income targets. Due to the Covid-19 pandemic, the income shortfall is £653k.
- **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. Large numbers of people in parks and open spaces. Plans and resources are in place for this and the re-opening on 12 April.
- **Regulatory Services** – this relates the Regulation of the Private Rented Sector and the opportunity to embed HMO licensing across the City and to regulate the private rented sector. Cabinet has approved renewal report. Awaiting end of 3 month publicity period before scheme commences again on 10 June 2021, subject to there being no judicial review. **Update June 2021** – launch of renewed scheme successful. No judicial review threat. Large number of applications received. Risk reduced to Amber for Q1.
- **Housing Services** – this relates to increased homelessness costs which has been additionally impacted due to the Covid-19 crisis.

**Which of these are new and which red risks have been closed in the period.** Due to the challenges surrounding the COVID-19 pandemic, the number of Red Service risks has fluctuated between four and six. There has been one new Service risk added with a Red status. The remaining Red risks were all existing Service risks. No Red Service risks have been closed but some have been reduced to Amber.

## Corporate Risk Register – Quarter to 30 June 2021

16. The number of Red risks has reduced to three. Two former Red risks which were added in Q4 have been reduced to Amber.

17. 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. Despite some positive trends, the Risk still remains at Red. Issues relating to inflation, labour market supply, global economy, COVID levels locally, border arrangement, local business support being scaled back and business rates commencing suggests that there are still numerous risks.
- **Negative Impacts of Climate Change** - The Council has made action on climate change one of its corporate priorities and has stepped up its programme of action, partnering and influencing to seek to mitigate social health and environmental impacts on the City.

18. No risks have been closed in the period.

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

<b>Current Risk</b>	<b>Q2 2020/21</b>	<b>Q3 2020/21</b>	<b>Q4 2020/21</b>	<b>Q1 2021/22</b>
Red	3	3	5	3
Amber	9	7	7	11
Green	0	2	2	0
<b>Total risks</b>	<b>12</b>	<b>12</b>	<b>14</b>	<b>14</b>

### Service Risk Registers – Quarter to 30 June 2021

20. 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.
21. The table below shows the number of service risks as at 30 June compared with the last 12 months.

<b>Current Risk</b>	<b>Q2 2020/21</b>	<b>Q3 2020/21</b>	<b>Q4 2020/21</b>	<b>Q1 2021/22</b>
Red	5	4	5	9
Amber	38	34	49	48
Green	7	14	11	8
<b>Total risks</b>	<b>50</b>	<b>52</b>	<b>65</b>	<b>65</b>
New risks in quarter	1	2	13	0
Closed	2	0	0	0

22. The number of Red risks has increased to nine.

23. Details of the Red risks are as follows:

- **Community Services** - this relates to Budget and Income from Event Hire. More flexibility is being given to event organisers regarding lead in times required to process events and this includes being flexible in respect of fee categories where necessary in order to support event organisers put on events during this difficult roadmap and economic time but only where safe and legal to do so.
- **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.

- **Financial Services** – this relates to ICT and not being able to deliver the improvements to ICT systems in a timely and manageable manner. There are a number of system implementations that are being planned over the coming months, including Paris Income Management for 31 August 2021 and Civica Revenues and Benefits 30 September 2021. In addition the implementation of QL on 18 May 2021 has brought considerable disruption to business as usual.
- **Regeneration & Major Projects** – this relates to Health & Safety in relation to poor health and safety compliance due to inconsistent levels of experience and training. A Health & Safety training protocol has been developed which is being rolled out to all Project Managers.
- **Regeneration & Major Projects** – this relates to poor project management of projects or unforeseen circumstances.
- **Regeneration & Major Projects** – this relates to Support Team Capacity which can cause delays to projects. Resource pressures are extremely high. There are regular liaisons with Head of Service and Managers. Looking to review wider capital programme and this will then need to be resolved through a review to capital programme and budget setting process in a combination of reprioritization and additional resources factored into capital budgets where possible.
- **Regeneration & Major Projects** – this relates to Staff Budget. There is a lack of budget to maintain staffing levels across the service. Principle of approach agreed for 2021/22. Need to ensure that this is continued for future years. More difficult areas are City Centre Management and Economic Development where further external funding is not secured, may have to reduce support in these areas over time.
- **Regulatory Services** – this relates to Public Health Protection. The rise in Covid-19 cases in Oxford and nationally continues to cause concern. Step 4 did not happen. All Covid secure work is continuing but Teams are stretched. Next step planned for July. Planning for restrictions release impacts.
- **Housing Services** – this relates to increased homelessness costs which has been additionally impacted due to the Covid-19 crisis.

## **Business Continuity**

24. 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.
25. The Councils 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**

**26.** 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:-

1. Review of Corporate Risk Register - Risk Management Group (RMG) and Operational Delivery Group (ODG) Q1 2021
2. Sample check review of risks in connection with projects – RMG
3. Sample check review of service risks – RMG
4. Review of risk in companies and joint ventures - RMG Q1 2021
5. Review all Red Risks on a quarterly basis - RMG

Actions 2 to 4 are reviewed over the four meetings in the year in order to allow sufficient time for each area.

## **Climate Change/Environmental Impact**

**27.** There are no specific impacts arising directly from this report

## **Equalities Impact**

**28.** There are no equalities impacts arising directly from this report.

## **Financial Implications**

**29.** There are no financial implications arising directly from this report.

**Legal Implications**

30. 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.**