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| To: | Audit and Governance Committee |
| Date: | 27 July 2022 |
| Report of: | Head of Financial Services |
| Title of Report:  | **Risk Management Reporting as at 30 June 2022** |

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| Summary and recommendations |
| Purpose of report: | To update the Committee on both corporate and service risks as at 30 June 2022 |
| 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 |

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| Appendices |
| Appendix A | Corporate Risk Register |
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**Risk Scoring Matrix**

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’.

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.

The 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

**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.

**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.

**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 receive information on risk on a quarterly basis. The Council has recently switched over the reporting processes for corporate risks from the current methodology using the CorVu application to a new set of procedures involving the use of Smart sheets. These are a more modern solution that aligns to the Business Intelligence vision using modern tools to provide data insights and data-led decision making. The Corporate Risk Register as at 30 June 2022 is attached at Appendix A and B.

**Corporate Risk Register – 30 June 2022**

1. The number of Red risks has increased to five. Two former Amber Risks have increased to Red. These are Terrorism and Delivery of Services by External Suppliers/Partners/Supply Chain.
2. 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 the social housing elements will be purchased by the Council

* **Economic Growth** – this relates to local, national or international factors adversely affecting the economic growth of the City. Whilst COVID 19 restrictions are currently lifted, the supply chain challenges relating to Brexit, the war in Europe, energy security and related inflationary issues are a heightened risk.

The Council is able to affect this risk through the delivery of the Oxford Economic Strategy & City Centre Vision Action Plan. This aims to stimulate recovery through targeted measures and the Council will work with Economic Growth Board & City Centre Task Force and engage with businesses to understand long term impact of COVID & EU Transition, taking action where possible. Macroeconomic impacts are outside the Council’s direct control but the effects can be managed and mitigated at the local level.

* **Negative Impacts of Climate Change** – areas of concern are Flooding, which is highly weather dependent; poor air quality and increased episodes of excess heat.

The Council does not have control over the global climate position but it can make changes and improvements within its sphere of influence. 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. The Oxford Flood Alleviation Scheme (OFAS) scheme continues to progress. Work is ongoing through Zero Carbon Oxfordshire Partnership (ZCOP) to reduce carbon emissions across the City. Oxford City Council's Carbon Management Plan, ongoing work around flood mitigation, tree planting and partnership with the EA-led programme to deliver the Oxford Flood Alleviation Scheme. Control measures relating to advocacy, clear communication and negotiation over our land assets, in particular at Seacourt and Redbridge Park and Ride sites (Seacourt extension) are also employed.

* **Terrorism –** this relates to a potential terrorist incident in the city centre that adversely affects normal life in the city, including a negative impact on the Council’s business or targets an individual event such as May Morning, St Giles’ Fair. Dependent on nature of attack and where it occurs could result in lock down of buildings, including Council offices, severe travel disruption and a need to disperse large numbers of people to places of safety.

The Council cannot prevent a terrorist attack but working with partners, particularly the Police and County Council on the Crowded Places Plan, which includes mitigation interventions, it can hopefully help reduce the impact.

* **Delivery of Services by External Suppliers/Partners/Supply Chain –** this relates to the Councils arrangements for the management of its leisure centres by an external body. The external partner continues to focus on embedding their new delivery model which in summary is a reduction of staff in the Oxford contract, a concierge cashless system, they have exited their offices, reduced support services, alongside implementing COVID safe procedures. Recruitment is a challenge and there is a requirement for safeguarding checks, induction and mandatory training before employees can commence duties. Given the state of the leisure industry at present, the risk is that partner is manoeuvred into a position where they are unable to deliver on the contract and the Council will need to take back responsibility of delivering the services.

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Current Risk** | **Q2 2021/22** | **Q3 2021/22** | **Q4 2021/22** | **Q1 2022/23** |
| Red | 3 | 3 | 3 | 5 |
| Amber | 10 | 11 | 11 | 9 |
| Green | 1 | 0 | 0 | 0 |
|   |   |   |   |  |
| **Total risks** | **14** | **14** | **14** | **14** |

# Service Risk Registers – 30 June 2022

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 30 June compared with the last 12 months.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Current Risk** | **Q2****2021/22** | **Q3****2021/22** | **Q4****2021/22** | **Q1****2022/23** |
| Red | 8 | 6 | 7 | 6 |
| Amber | 49 | 50 | 48 | 47 |
| Green | 10 | 12 | 13 | 16 |
| **Total risks** | **67** | **68** | **68** | **69**  |
| New risks in quarter | 2  | 1 | 0 | 1 |
| Closed | 0 | 0 | 0 | 0 |

1. The number of Red risks has reduced to six. Two former Red risks; **Planning** - Partnership Challenges and **Regeneration & Major Projects** – Support Team Capacity have been reduced to Amber as adequate mitigation controls are in place. One former Amber risk in relation to **Community Services** -Service Standards & Quality Provision has increased to Red.
2. Details of the Red risks are as follows:

**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. This risk is entirely within the control of the Council, although it cannot be fully controlled within the service area itself.

* **Planning** – this relates to delays to Council projects caused by outside agencies. The probability of this risk occurring can only be influenced to a limited extent through greater collaboration on key projects but the impact can be influenced to a higher degree with a proactive approach to intervention and communications.
* **Planning** - this relates to Government legislation resulting in substantial changes to the planning system leading to the need to redesign processes and procedures. News of the Planning Bill is still awaited. The probability of this risk occurring is out of the Council’s control, except through response to consultations. However, the impact of the risk can be mitigated by maintaining responsiveness and plan for change.
* **Regulatory Services** – this relates to Public Health Protection. With the continued presence of Covid-19, the importance of competent and experienced specialist staff; effective links with the CCDC and protocols for outbreak and control are a priority. Covid-19 cases are increasing but public health impacts remain stable.
* **Housing Services** – this relates to increased homelessness costs which has been additionally impacted due to the Covid-19 crisis. Control measures include undertaking a review of the approach to temporary accommodation to ensure faster move-on, informed by the “Housing First” approach, undertaking work to look at options for stock rationalisation of temporary accommodation units and bidding for any further funding available from Department for Levelling Up, Housing and Communities (DLUHC) to help fund provision for rough sleepers
* **Community Services** – this relates to Service Standards and Quality Provision and the Councils arrangements for the management of its leisure centres by an external body. The external partner continues to focus on embedding their new delivery model which in summary is a reduction of staff in the Oxford contract, a concierge cashless system, they have exited their offices, reduced support services, alongside implementing COVID safe procedures. Recruitment is a challenge and there is a requirement for safeguarding checks, induction and mandatory training before employees can commence duties. Given the state of the leisure industry at present, the risk is that partner is manoeuvred into a position where they are unable to deliver on the contract and the Council will need to take back responsibility of delivering the services.

# Business Continuity

1. The City Council is continuing to review its own office requirements, as well as offering flexible working arrangements whereby staff can work from home or the office as suits them, subject to any specific requirements of their role.
2. 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 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

1. 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 2022:-
2. Review of Corporate Risk Register – Risk Management Group (RMG) and Operational Delivery Group (ODG).
3. Sample check review of risks in connection with projects - RMG
4. Sample check review of service risks- RMG
5. Review of risk in companies and joint ventures – RMG
6. Review all Red Risks on a quarterly basis – RMG
7. The Risk Management Group met on the 22nd June 2022. On the Agenda was:-
* GDPR and the need for a refresh of the guidelines produced in 2018 and a reminder to all staff of the importance of Data Protection. The Council’s Data Protection Officer will be responsible for fulfilling this action.
* Risk Register Reviews:-
	1. Partnerships – Potential risks in connection with the external body managing the Council’s leisure centres. Covid-19 has had a severe impact on the leisure industry. Recruitment is an issue. The Council’s Community Services Team are working to engage partners across the County to assist with recruitment. A comprehensive business continuity plan is in place in the event the Council has to take back responsibility for delivering the services.
	2. Business Improvement – Some areas of the Risk Register were incomplete. A referral was made back to the Head of Business Improvement to revisit a number of risks in the register. RMG will review the completed risk register at the next meeting.
	3. Project Risks – RMG had requested that the format of the Project Risk Registers be updated to align with the Corporate and Service Risk Registers.
* The Blackbird Leys Risk Register has yet to be changed over to the requested format. The risks are very detailed, but need to be more concise. Due to the rapidly changing situation with the project, it is not always possible to update the risks on a regular basis. Project Manager to action.
* The Gasworks Pipe Bridge Risk Register confirmed that risks are on target and updated regularly. However, the Gross Risk and Target Risk requires completion and additional details are required in the Consequence section. Project Manager to action.
	1. Cabinet Risk Register – this requires updating to be in the same format as the Corporate, Service and Project Risk Registers.
1. Review of quality of risk analysis in Cabinet Reports – it was noted that the reports are not completed adequately, and more training and quality control checks need to be in place. A request was made to Law & Governance to be more diligent when checking risk registers in reports to Cabinet.
2. The Financial Services Risk Register was reviewed and the risk relating to staffing capacity also appears on the Risk Registers for Corporate Property, Housing Services, Community Services, and Law and Governance. This is to be referred to the Head of Business Improvement for a review of staffing capacity across the organisation to consider whether this risk should be escalated to a corporate risk.
3. It was identified that a number of HR policies are not aligned with the Council’s flexible working policy. This is to be referred to the Head of Business Improvement and the Head of Corporate Property.

Next RMG Meeting is due to be held on 20 September 2022.

**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 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.**