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**OXFORD
CITY
COUNCIL**

To:	**Audit and Governance Committee**
Date:	**26 April 2023**
Report of:	**Head of Financial Services**
Title of Report:	**Risk Management Reporting as at 31 March 2023**

Summary and recommendations	
Purpose of report:	To update the Committee on both corporate and service risks as at 31 March 2023
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

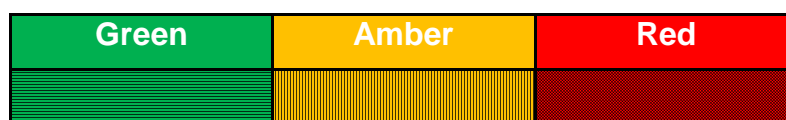| Appendices	
Appendix A	Corporate Risk Register

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.

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3. The risk prioritisation matrix is shown below.

Probability

		1	2	3	4	5
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
Impact		Insignificant	Minor	Moderate	Major	Severe

Key:	Green	Amber	Red

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 receive information on risk on a quarterly basis. The Corporate Risk Register as at 31 March 2023 is attached at Appendix A.

Corporate Risk Register – 31 March 2023

The number of Red risks has been reduced to four. The Terrorism risk has been reduced to Amber. The national risk level for England has been downgraded from Severe to Substantial, meaning an attack is unlikely. The impact of a terrorist incident is difficult to determine, but prevention activities are in place to lessen the impact and likelihood of an attack in the City of Oxford.

8. 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.

- **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. It is worth noting that the Councils leisure management contract expires in 2024 and the council are about to re-tender the service.

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

   Amber risks in summary relate to:

- **Business Improvement** – Customer Experience Strategy and the capacity to deliver the project on schedule due to insufficient resources.

- **Business Improvement** – Customer Experience Strategy and delays in related projects such as digital improvements, which could result in the strategy not delivered on schedule.

- **Business Improvement** – Recruitment and retention of the workforce. The proximity of Oxford to London, together with the high cost of housing, congested infrastructure and transport links has made the recruitment and retention of staff in some Service Areas a challenge.

- **Business Improvement** – Cyber Attack. A cyber security incident which impedes the operation of the business.

- **Business Improvement** – Business Continuity Planning and Disaster Recovery including ICT Recovery Plan. Preparing for, identifying risks and developing plans in order to provide a continuous service in the event of incidents and disruptions affecting business operations.

- **Financial Services** – Balancing and Delivery of the Financial Plan. Adverse financial impacts arising from the Covid-19 pandemic and the economic aftermath could result in being unable to balance the Mid Term Financial Plan and hence deliver the Council's Corporate Plan priorities.

- **Financial Services** – Resilience of Trading Models. If the Council companies are not successful and fail to deliver outputs and financial returns this will impact on the Mid Term Financial Plan and also result in a lack of delivery of dividends to the Council.

- **Corporate Strategy** – Local Government Reorganisation. Risk that the reorganisation or devolution is imposed to the detriment of the Council and City. The 2017 bid for an Oxfordshire –wide unitary authority has sat dormant since the Government made it clear that it had no appetite to pursue this while Future Oxfordshire Partnership partners deliver the Growth Deal. However, uncertainty due to changes in Government are offset to some extent with the return of the former DLUHC Secretary of State. The collapse of the Oxfordshire 2050 plan has added to the uncertainty at an Oxfordshire level. Partnership working, a key mitigation of those risks continues regardless.

- **Housing Services** – Buildings Health & Safety. Failure to comply with Health & Safety legislative requirements which ensures the safety of our buildings could lead to corporate manslaughter charges, HSE investigation and substantial fines, together with a loss of reputation.

- **Regulatory Services & Community Safety** – Terrorism. A 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.

Current Risk	Q1 2022/23	Q2 2022/23	Q3 2022/23	Q4 2022/23
Red	5	5	5	4
Amber	9	9	9	10
Green	0	0	0	0
Total risks	**14**	**14**	**14**	**14**

Service Risk Registers – 31 March 2023

10. 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.

11. The table below shows the number of service risks as at 31 March compared with the last 12 months.

Current Risk	Q1 2022/23	Q2 2022/23	Q3 2022/23	Q4 2022/23
Red	6	9	8	8
Amber	47	42	42	42
Green	16	19	19	19
Total risks	**69**	**70**	**69**	**69**
New risks in quarter	1	1	0	0
Closed	0	0	1	0

12. The number of Red risks has remained at eight. One former Red Risk relating to Regulatory Services – Public Health Protection has reduced to Amber as there have been no changes to Public Health risks. One risk relating to Community Services – Hinksey Heated Outdoor Pool Cover has increased from Amber to Red. No reason has been provided by the Service Area but assume that this may be as a result of the pool re-opening for the summer season, resulting in more visitors to the pool and surrounding park area which in turn increases the risk of serious incident or injury either during opening hours or potential unauthorised access after-hours.

Details of the Red risks are as follows:

- **Financial Services** – this relates to the 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

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consultations. However, the impact of the risk can be mitigated by maintaining responsiveness and plan for change.

- **Planning** - this relates to new partnership challenges such as being unable to secure agreements in order to deliver work plan commitments or reach agreement with partners which can potentially result in the partnership failing. The Council can liaise with partners and partner Councils and discuss potential resolutions, however the Council cannot entirely control this risk.

- **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 the Hinksey Heated Outdoor Pool Cover. Risk of incident, injury, vandalism costs, liability and negative publicity

- **Regeneration & Major Projects –** this relates to Staff Capacity. There is little capacity within the team to provide cover for other team members if required. Internal and external projects and programmes are running to similar timescales creating resourcing pressures. Staff resource and works needs to be carefully prioritised to handle demand.

- **Regeneration & Major Projects –** this relates to Project Delays due to unforeseen circumstances and external factors resulting in reduced performance and missed targets on capital projects which affect overall expenditure, MTFP spend or grant stipulations. The current market instability and inflationary pressures are causing issues and delays on several projects.

Business Continuity

13. The Corporate Business Continuity Plan has been reviewed and updated. The Disaster Recovery Plan is to be included as part of the BCP detailing which systems should be recovered first. The Emergency Plan is also in the process of being reviewed. Once the Corporate Business Continuity Plan has been agreed at CMT, all Service Business Continuity Plans will be reviewed to ensure these all feed into the Corporate BCP.

14. 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

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- 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

15. 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 2022/23:-

1. Review of Corporate Risk Register – Risk Management Group (RMG) and Operational Delivery Group (ODG).
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
5. Review all Red Risks on a quarterly basis – RMG

16. The Risk Management Group met on the 21st February 2023. On the Agenda for discussion included:-

- Planning Risk Register review. This was found to be acceptable with some minor amendments required which the Head of Service will action.

- Data Asset Registers. These record every type of data within each area. In July 2023 there will be a full audit which will identify any training needs, asset registers will then be updated. The results will be reported to A & G.

- Review of Service Red Risks. These were discussed with each of the Risk Owners. Recommendations were made to move the risks surrounding recruitment/staffing capacity and the pressure on managers and staff as a result of work levels remaining high, to the Corporate Risk Register.

- Corporate Business Continuity Plan. This has been reviewed and updated. Service Plans are to be reviewed and updated once Corporate BCP has been agreed at CMT.

- Review quality of risk analysis in Cabinet Reports. Services will again be reminded by Law and Governance to ensure that risk registers have been completed for reports tracking to Council committees

The next Risk Management Group meeting is scheduled for 20 June 2023.

Climate Change/Environmental Impact

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

Equalities Impact

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

Financial Implications

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

Legal Implications

20. 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.

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