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**OXFORD
CITY
COUNCIL**

To:	**Audit and Governance Committee**
Date:	**26 July 2023**
Report of:	**Head of Financial Services**
Title of Report:	**Risk Management Reporting as at 30 June 2023**

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

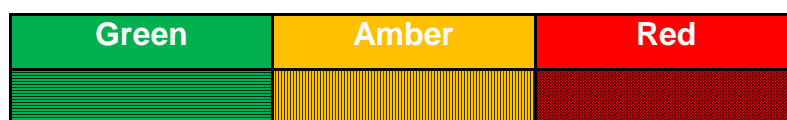| Appendices	
Appendix A	Corporate Risk Register
Appendix B	Confidential Appendix on Service Risks

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
		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 30 June 2023 is attached at Appendix A.

Corporate Risk Register – 30 June 2023

The number of Red risks has remained at four. A review of the Corporate Risk Register with Heads of Service and the Corporate Management Team is planned for end of September/beginning of October 2023 with the assistance of Zurich Insurance.

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. New trading and immigration arrangement with the EU combined with structural changes in the labour market remain a challenge, as well as the recovery from pandemic business impacts. Supply chain challenges relating to Brexit, the war in Europe, energy security and related inflationary issues are a heightened and ongoing 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, alongside issues of inflation linked to international events. 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.

- **Delivery of Services by External Suppliers/Partners/Supply Chain** – this relates to the negative performance of key suppliers which has a direct impact on the Councils ability to achieve its goals. The failure of a key supplier or reductions in funding and/or financial pressures on the Councils critical service partners, may place additional demands on the Council. This could result in poorer service outcomes for citizens and potential risks to our supply chain. Due to the cost of living crisis, memberships being cancelled by our customers' leads to reduced revenue for our leisure provider. There is also significant and uncontrollable increases in utility costs. The Councils leisure management contract expires in 2024 and the council is arranging 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. The Budget process for 2024/25 has now commenced.

- **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. The collapse of the Oxfordshire 2050 plan reflects a widening gap in views among Councils around the need for sustainable growth in housing, economy and

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infrastructure. There is also greater uncertainty about the future of the OxCam Arc. The City Council has taken Chair of the Future Oxford Partnership and planning a strategy workshop to help set a new jointly agreed direction that should help mitigate this risk.

- **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	Q2 2022/23	Q3 2022/23	Q4 2022/23	Q1 2023/24
Red	5	5	4	4
Amber	9	9	10	10
Green	0	0	0	0
Total risks	**14**	**14**	**14**	**14**

Service Risk Registers – 30 June 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 30 June compared with the last 12 months.

Current Risk	Q2 2022/23	Q3 2022/23	Q4 2022/23	Q1 2023/24
Red	9	8	8	21
Amber	42	42	42	66
Green	19	19	19	35
Total risks	**70**	**69**	**69**	**122**
New risks in quarter	1	0	0	53
Closed	0	1	0	0

The number of Red risks has increased to 21. Thirteen Red risks are New Risks which have been added following the addition of a new Service Risk Register for ICT. Further details of these risks are shown below and in the Confidential Appendix B

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. Relaxation of Change of Use, Prior Approval regime extended. Expectations of politicians and the local community impacting on resources and priorities. 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.

- **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 providing temporary accommodation and rent top-up payments, which has been additionally impacted due to the pandemic, lockdown and economic recession increasing homelessness demand. 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.

Business Continuity

12. 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. A Business Continuity exercise is planned towards the end of 2023 with the assistance of Zurich Insurance.

13. 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

14. 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 2023/24:-

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

The next Risk Management Group meeting had been scheduled for 20 June 2023. However, due to the unavailability of several members, it has been re-scheduled for 14 August 2023.

Climate Change/Environmental Impact

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

Equalities Impact

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

Financial Implications

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

Legal Implications

18. 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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