

To: Audit and Governance Committee
Date: 17 January 2024
Report of: Head of Financial Services
Title of Report: Risk Management Reporting as at 30 November 2023

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

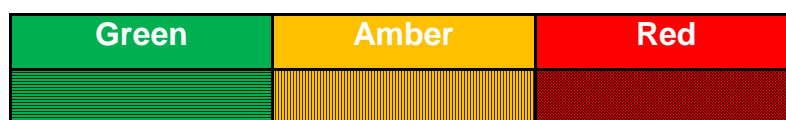
1. The Council operates a 'five by five' scoring matrix based on probability and impact. The methodology for scoring risks is set out below along with a copy of the scoring matrix or 'heat map'.
2. It is possible to get the same score but end up with a different result in the heat map. For example if 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.

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 receive information on risk on a quarterly basis. The Corporate Risk Register as at 30 November 2023 is attached at Appendix A.

Corporate Risk Register – 30 November 2023

- 8 A review of the Corporate Risk Register with Heads of Service and the Corporate Management Team was undertaken at the end of September 2023 with the assistance of Zurich Insurance. There was then a follow-up meeting in early November to identify outline mitigations and actions in relation to reducing / controlling the risks. The process of putting these into detailed actions is currently underway. It therefore seems more appropriate to consider the newly identified risks at this meeting rather than the old risk register. These risk are shown in full at Appendix A and the five risks with a gross red risk rating are detailed below.
9. Details of the Red risks are as follows:
- **Financial Stability** – this is the risk of the Council being unable to deliver its plans and corporate priorities due to lack of finance. The causes that would give rise to this risk occurring are multiple including inflation, demand, and lack of prioritisation. A number of potential mitigations have been identified including better prioritisation, reduction in expenditure, income and efficiencies from companies, and expenditure restraint including around the capital programme.
 - **Workforce sustainability** – this is the risk of loss of workforce due to various factors including inability to compete with costs, too much pressure being placed on staff and shortage of staff with the required skills in different areas resulting in low morale, an impact on wellbeing, high turnover, poorer outcomes and impact on service delivery. Potential mitigations include the Council doing less, pay and reward being reviewed to be market equivalent and improving recruitment processes.
 - **Climate Change – Emergency** – this is the risk of being unable to meet climate change targets, both local and national due to conflicting policies, pace of delivery and a skills and technology gap leading to an impact on reputation, commercial property letting, increased extreme weather and an adverse impact on the workforce and residents.
 - **Climate Change Adaptation** – whereby the Council and its communities are exposed to the future impacts of climate change due to inability to deal with climate change adaptation because of lack of funding or awareness of different options leading to an increased exposure to future weather events, damage to reputation and infrastructure and an adverse financial impact.

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.
 - **Increased demand on services** – Various external factors such as Covid and the cost of living crisis is putting an increased demand on services provided by the Council, exacerbated by reducing preventative services resulting in reduced staff morale, pressure on staff and services, reductions in customer satisfaction and longer term upward pressure on budgets.

Service Risk Registers – 30 November 2023

8. 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.
9. The table below shows the number of service risks as at 30 November compared with the previous reported quarters.

Current Risk	Q3 2022/23	Q4 2022/23	Q1 2023/24	Q3 2023/24
Red	8	8	8	9
Amber	42	42	42	40
Green	19	19	19	18
Total risks	69	69	69	67
New risks in quarter	0	0	0	4
Closed	1	0	0	6

The number of Red service area risks has increased to 9. This is due to 2 previously amber risks moving to red and one previous red risk moving to amber. The latter is the planning service risk relating to partnership challenges and the effect they can have on securing agreements in order to deliver work plan commitments.

Details of the Red risks are as follows beginning with the newly added red risk:

- **Housing Services** – this relates to concerns over the timely delivery of the Adult Homeless Pathway transformation programme to provide sufficient reprofiled services of good quality across the County resulting in increased rough sleepers and homelessness presentation which in turn leads to increased costs to the City Council.
- **Financial Services** – this relates to risks of a successful challenge to a procurement arising through not following proper procedures due to capacity pressures on staff and because of increased challenges in the procurement area from suppliers who fail to win contracts.
- **Financial Services** – this relates to employee ability to deliver services due to 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.

- **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 (BCP) is under review and is being updated. The ICT Disaster Recovery Plan is being aligned to the BCP detailing which systems should be recovered first. The Emergency Plan has recently been reviewed and aspects of this influence the BCP and the update will reflect this. Once the Corporate Business Continuity Plan has been reviewed and agreed, all Service Business Continuity Plans will be reviewed to ensure these all align with the Corporate BCP. A Business Continuity exercise is planned to be programmed in during 2023/24 with the assistance of Zurich Insurance.

Risk Management

13. The focus of Risk Management has been to undertake a fundamental review of the Corporate Risk Register shown in the appendix. The Risk Management Group also meets to monitor the current position 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 work of the Risk Management Group incorporates the following key areas:-

1. Review of Corporate Risk Register
2. Sample check review of risks in connection with projects
3. Sample check review of service risks

4. Review of risk in companies and joint ventures
5. Review all Red Risks

The next Risk Management Group meeting is in February 2024.

Climate Change/Environmental Impact

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

Equalities Impact

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

Financial Implications

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

Legal Implications

17. 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.