

3 Rivers – Corporate Risk Management

The Council manages corporate (strategic) risks on its performance management system, SPAR. Regular reports are presented to Audit Committee and Cabinet on the corporate risks that the council is managing.

A corporate risk relating to 3 Rivers was added to SPAR in October 2018. SPAR does not keep a record of any changes to the risk name and description, but the current details are:

Risk name: SPV - 3 Rivers - Failure of the Company

Description: This will depend on Economic factors and the Company's success in the marketplace commercially.

For MDDC the impacts will be:

- 3 Rivers are unable to service and repay the loan from MDDC
- Not receiving the forecast additional income
- Not supporting corporate objectives.

The risk was added to the SPAR system on 10 October 2018 and has been updated by council officers' 19 times at the time of writing this report. The details of the initial risk review and all subsequent reviews are detailed below.

Date	Commentary	Risk Severity	Risk Likelihood	Risk Status
10 Oct 2018	No comment	5	4	20
11 Oct 2018	Dependent on ability to win contracts and compete in a low margin environment	4	4	16
06 Mar 2019	We continue to monitor the progress of the projects relating to the loans we have advanced. An impairment review will take place at year end as part of new accounting standards IFRS 9. Our position on the risk of default will need to be agreed with the auditors.	5	3	15
30 May 2019	Mitigating action updated	Not entered		
07 Jun 2019	Mitigating action updated	5	3	15
13 Sep 2019	Mitigating actions updated	5	4	20
06 Jan 2020	Mitigating actions updated	5	4	20
15 May 2020	Mitigating actions updated	5	4	20
09 Nov 2020	Mitigating actions updated	5	3	15
13 Jan 2021	Two experienced directors have been recently recruited as required by the action plan. The company is also exploring the possibility of providing social housing to the Council (Teckel permitting). Mitigating actions updated	5	3	15
20 May 2021	No further impairments to the loans anticipated based on the newly approved business plan. Mitigating actions updated.	5	3	15
27 Aug 2021	The review concluded no further impairment was required. The MDDC accounts (which includes 3R within the Group Accounts) is being audited. No issue are expected to be identified. The company continues with its planned work as outlined within the Business Plan. Mitigating actions updated.	5	3	15
07 Jan 2022	The MDDC accounts (which includes 3R within the Group Accounts) was audited and	4	4	16

	no issues were identified. The company's latest business plan was recently approved by Cabinet and continues in line with that plan. Mitigating actions updated.			
28 Apr 2022	New HMT regulations preventing out of District investment will clearly restrict the future development abilities. Discussions relating to the new issue are ongoing. Mitigating actions updated.	4	4	16
23 Jun 2022	New HMT regulations preventing out of District investment will clearly restrict the future development abilities. Discussions relating to the new issue are ongoing. Mitigating actions updated.	4	4	16
13 Oct 2022	Regular meetings with the Council's Shareholder Representative continue, all of the 33 recommendations to improve financial and governance arrangements have been embedded and the company has also appointed an external auditor. Mitigating actions updated.	4	4	16
05 Jan 2023	Cabinet at its meeting on the 3/1/23 decided to refer the company's Business Plan and 2 associated Business Cases to a special meeting of Full Council scheduled for the 18/1/23.	5	5	25
08 Mar 2023	Failure to approve a business plan has resulted in the company only being able to continue on existing developments. Full Council have requested an external review, for which the scope is being developed. Mitigating actions updated.	5	5	25
26 May 2023	Failure to approve a business plan has resulted in the company only being able to continue on existing developments. The Full Council external review has been commissioned. Mitigating actions updated.	5	5	25
17 July 2023	The independent options appraisal of the company is currently being progressed with a report to cabinet due at the end of August. Works at St George's is due to complete within the next month and the Bampton site is also due to complete around September/October. Sales are positive on the Bampton site. All other works have ceased mitigating any further costs. Mitigating actions updated.	5	5	25

The following mitigating actions are associated with managing this corporate risk on SPAR:

Mitigating Action	Reason for Action	Current Status	Current Effectiveness
Regular monitoring	The Board of 3 Rivers deliver a half yearly report to the Cabinet which provides an update on their delivery against their business plan. We charge interest to them at a commercial rate in order to maintain an "arms-length" relationship and the interest provides	In progress	Satisfactory

	some mitigation to the outstanding principal.		
Cabinet	Regular meetings with Shareholder Representatives and updates to Cabinet on progress with the recommendations action plan and projects.	In progress	Satisfactory
Quarterly Officer Programme Board	Will receive detailed project updates and will ensure performance correlates with existing metrics, budgets, timetable and considers any specific material project risks that have been identified. Anything materially o/s of project confines would then be reported to Cabinet	Completed 07/07/2020	N/A
Board report and action plan recommendations	The Board of 3 Rivers deliver a bi-monthly report to the Cabinet which provides progress still ongoing. All 33 governance and finance recommendations from the action plan are completed.	Completed 28/04/2022	N/A

Corporate Risk Management 2023/24 onwards

Following the appointment of a new officer responsible for coordinating strategic risk management in the council, and an internal audit report, the following developments have been implemented regarding risk management.

- Separation of the Performance and Risk Report into two reports to support scrutiny of risk management reports
- Redrafting of the Corporate Risk Policy
- Creation of a corporate risk register, with decisions taken by Leadership Team as to the risks being managed on this
- Quarterly review process of corporate risks by the corporate management team and then Leadership Team. This process includes horizon scanning
- Development and roll-out of bespoke training on Risk Management Training on the Learning Hub.
- Development of Performance Dashboards for all PDGs, Planning, and a Corporate Dashboard. These present data on performance, finance, and risk on a service by service basis.