

Committee: Accounts, Audit and Risk Committee
Date: Wednesday 25 July 2018
Time: 7.30 pm
Venue: Bodicote House, Bodicote, Banbury, OX15 4AA

Membership

Councillor Mike Kerford-Byrnes (Chairman)	Councillor Sean Gaul (Vice-Chairman)
Councillor Hannah Banfield	Councillor Hugo Brown
Councillor Ian Corkin	Councillor Nicholas Mawer
Councillor Tom Wallis	Councillor Sean Woodcock

AGENDA

Risk Management Training: 6.30pm - 7.30pm

Prior to the meeting of the Accounts, Audit and Risk Committee (AARC), a Risk Management Training session will be held for AARC members. The session will provide you with practical knowledge about how the risk management process at the Council works and how you can play an active role in managing the risks facing the council.

The training session will take place from 6.30pm – 7.30pm.

1. Apologies for Absence and Notification of Substitute Members

2. Declarations of Interest

Members are asked to declare any interest and the nature of that interest which they may have in any of the items under consideration at this meeting.

3. Petitions and Requests to Address the Meeting

The Chairman to report on any requests to submit petitions or to address the meeting.

4. Urgent Business

The Chairman to advise whether they have agreed to any item of urgent business being admitted to the agenda.

5. Minutes (Pages 1 - 4)

To confirm as a correct record the Minutes of the meeting of the Committee held on 30 May 2018.

6. Chairman's Announcements

To receive communications from the Chairman.

7. Internal Audit Update 2018/19 (Pages 5 - 12)

Report of the Executive Director, Finance & Governance

Purpose of report

To receive CW Audit Services update report for 2018/19.

Recommendations

- 1.1 The meeting is recommended to note the contents of the 2018/19 internal audit update report from CW Audit Services.

8. Statement of Accounts 2017/18 (Pages 13 - 16)

Report of the Executive Director, Finance & Governance

Purpose of report

The purpose of this report is to provide a progress update on the Statement of Accounts 2017/18 and external audit of the Accounts.

Recommendations

- 1.1 The Accounts Audit and Risk Committee are recommended to note progress on the completion of the 2017/18 Accounts and on the external audit of the Statement of Accounts.

9. Monthly Performance, Risk and Finance Monitoring Report - May 2018 (Pages 17 - 70)

Report of Assistant Director: Performance and Transformation and Assistant Director: Finance and Governance

Purpose of report

This report summarises the Council's Performance, Risk and Finance monitoring position as at the end of each month.

Recommendations

The meeting is recommended:

- 1.1 To note the monthly Performance, Risk and Finance Monitoring Report.
- 1.2 To review the Leadership Risk Register and identify any issues for further consideration.

10. 2017/18 Treasury Management Annual Report (Pages 71 - 82)

Report of the Executive Director of Finance and Governance (Interim)

Purpose of report

This report presents information on treasury management performance and compliance with treasury management policy during 2017/18 as required by the Treasury Management Code of Practice.

Recommendations

- 1.1 To note the contents of this report in line with the Treasury Management Strategy.

11. 2018/19 Work Programme (Pages 83 - 86)

Report of the Executive Director – Finance and Governance

Purpose of report

This report sets out the draft work programme for 2018/19.

Recommendations

- 1.1 To review the work programme contained within this report.
- 1.2 Approve the work programme for 2018/19.

Councillors are requested to collect any post from their pigeon hole in the Members Room at the end of the meeting.

Information about this Meeting

Apologies for Absence

Apologies for absence should be notified to democracy@cherwellandsouthnorthants.gov.uk or 01295 227956 prior to the start of the meeting.

Declarations of Interest

Members are asked to declare interests at item 2 on the agenda or if arriving after the start of the meeting, at the start of the relevant agenda item.

Local Government and Finance Act 1992 – Budget Setting, Contracts & Supplementary Estimates

Members are reminded that any member who is two months in arrears with Council Tax must declare the fact and may speak but not vote on any decision which involves budget setting, extending or agreeing contracts or incurring expenditure not provided for in the agreed budget for a given year and could affect calculations on the level of Council Tax.

Evacuation Procedure

When the continuous alarm sounds you must evacuate the building by the nearest available fire exit. Members and visitors should proceed to the car park as directed by Democratic Services staff and await further instructions.

Access to Meetings

If you have any special requirements (such as a large print version of these papers or special access facilities) please contact the officer named below, giving as much notice as possible before the meeting.

Mobile Phones

Please ensure that any device is switched to silent operation or switched off.

Queries Regarding this Agenda

Please contact Aaron Hetherington, Democratic and Elections
aaron.hetherington@cherwellandsouthnorthants.gov.uk, 01295 227956

Yvonne Rees
Chief Executive

Published on Tuesday 17 July 2018

Cherwell District Council

Accounts, Audit and Risk Committee

Minutes of a meeting of the Accounts, Audit and Risk Committee held at Bodicote House, Bodicote, Banbury, OX15 4AA, on 30 May 2018 at 6.30 pm

Present: Councillor Mike Kerford-Byrnes (Chairman)
Councillor Sean Gaul (Vice-Chairman)

Councillor Hannah Banfield
Councillor Hugo Brown
Councillor Nicholas Mawer
Councillor Tom Wallis
Councillor Sean Woodcock

Apologies for absence: Councillor Ian Corkin

Officers: Adele Taylor, Interim Executive Director: Finance and Governance
Kelly Watson, Assistant Director: Finance and Procurement
Belinda Green, Revenues and Benefits Manager
Mandy Emery, Joint Benefits Team Leader
Aaron Hetherington, Democratic and Elections Officer

3 **Declarations of Interest**

There were no declarations of interest.

4 **Petitions and Requests to Address the Meeting**

There were no petitions or requests to address the meeting.

5 **Minutes**

The Minutes of the meetings of the Committee held on 12 April 2018 and 15 May 2018 were agreed as a correct record and signed by the Chairman.

6 **Chairman's Announcements**

There were no Chairman's announcements

7 **Housing Benefit and Council Tax Reduction Risk Based Verification Policy**

The Interim Executive Director: Finance and Governance submitted a report which provided an update on the Risk Based Verification (RBV) module which was agreed by members in June 2017 and was introduced for Housing Benefit and Council Tax Reduction new claims from November 2017 following the introduction of the online application form to support the module, and to seek approval for some minor changes to the RBV policy.

Resolved

- (1) That the contents of the report be noted.
- (2) That minor changes to the Risk Based Verification policy for 2018-2019 be approved

8 **Internal Audit - Annual Report 2017/2018**

The Interim Executive Director: Finance & Governance submitted a report which presented CW Audit Services annual report for 2017/18 in relation to the Internal Audit work undertaken during 2017/18

Resolved

- (1) That the contents of the 2017/18 annual report from CW Audit Services be noted.

9 **Internal Audit - Annual Plan 2018/19**

The Interim Executive Director: Finance & Governance submitted a report which presented the CW Audit Services internal audit annual plan for 2018/19.

Resolved

- (1) That, having given due consideration, the contents of the 2018/19 annual internal audit plan from CW Audit Services be approved.

10 **External Audit - Annual Letter 2016/17**

The Interim Executive Director:, Finance & Governance submitted a report which presented to note the Ernst and Young (EY) Annual Audit Letter 2016/17.

Resolved

- (1) That the contents of the letter setting out the key issues arising from the audit work undertaken by the Councils External Auditors, Ernst & Young (EY) be noted.

11 **External Audit - Annual Audit Fees 2018/19**

The Interim Executive Director:, Finance & Governance submitted a report to note the indicative audit fee for 2018/19.

Resolved

- (1) That the contents of the letter setting out the indicative annual audit fees for 2018/19 from the Councils External Auditors, Ernst & Young (EY) be noted.

12 **External Audit - Annual Audit Plan 2017/18**

The Interim Executive Director:, Finance & Governance submitted a report which presented a report setting out the External Audit Annual Audit Plan for 2017/18.

Resolved

- (1) That the contents of the External Audit Plan for 2017/18 be noted.
- (2) That the verbal update on progress from our External Auditors, Ernst & Young (EY) be noted.

13 **Draft Statement of Accounts and Annual Governance Statement 2017/18**

The Interim Executive Director: Finance & Governance submitted a report which presented a report to ask members to consider and note the draft Statement of Accounts 2017/18 and consider and endorse the Annual Governance Statement 2017/18.

Resolved

- (1) That, having given due consideration, the draft Statement of Accounts 2017/18 be noted.
- (2) That, having given due consideration, the Annual Governance Statement 2017/18 be endorsed.

14 **Review by Those Charged with Governance**

The Interim Executive Director:, Finance & Governance submitted a report which set out the response to Ernst & Young (EY) regarding the review of management assurance.

Resolved

- (1) That the response relating to management assurances from Those Charged with Governance be approved.

15 **Urgent Business**

There were no items of urgent business.

The meeting ended at 8.15 pm

Chairman:

Date:

Cherwell District Council

Accounts, Audit and Risk Committee

25 July 2018

Internal Audit Update 2018/19

Report of the Executive Director, Finance & Governance

This report is public

Purpose of report

To receive CW Audit Services update report for 2018/19.

1.0 Recommendations

- 1.1 The meeting is recommended to note the contents of the 2018/19 internal audit update report from CW Audit Services.

2.0 Introduction

- 2.1 Internal Audit undertakes a programme of work each year which is produced in consultation with senior management. The plan will be monitored for progress during the year and regular reports and updates will be provided to the Committee.

3.0 Report Details

- 3.1 The plan covers the work of both Councils and has been prepared using a risk based approach taking into consideration a number of areas:

- Leadership Risk Register for both Councils
- Review of Business Plans
- Assessment of risks arising from 2017/18 work
- Assessment of external audit reports to relevant committees
- Discussions with Chief Executive and Directors

- 3.2 This update report sets out the progress being made during 2018/19 against the plans and demonstrates the improvements being made. The plan will continue to be reviewed and updated where required following consultation with relevant officers and members.

4.0 Conclusion and Reasons for Recommendations

- 4.1 The Annual plan sets out the work programme for Internal Audit 2018/19 and provides the framework for assessing the internal control framework in place. This work programme will assist the Committee is gaining further assurance on the Councils internal controls.

5.0 Consultation

- 5.1 None

6.0 Alternative Options and Reasons for Rejection

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.
Option 1: Members may choose to seek additional information from CW audit services and officers.

7.0 Implications

Financial and Resource Implications

- 7.1 There are no financial implications arising directly from this report.

Comments checked by:

Kelly Watson, Assistant Director, Finance and Procurement, 0300 003 0206
Kelly.watson@cherwellandsouthnorthants.gov.uk

Legal Implications

- 7.2 Comments will be provided together with the update report for 2018/19.

Risk Management Implications

- 7.3 There are no risk management implications arising from this report.

Comments checked by: Louise Tustian

Louise Tustian, Team Leader - Insight Team 01295 221786
louise.tustian@Cherwellandsouthnorthants.gov.uk

8.0 Decision Information

Wards Affected

All wards are affected

Links to Corporate Plan and Policy Framework

All corporate plan themes.

Lead Councillor

None

Document Information

Appendix No	Title
Appendix 1	CW Audit Services Update Report 2018/19
Background Papers	
None	
Report Author	Adele Taylor, Executive Director, Finance & Governance and S151 Officer (Interim)
Contact Information	adele.taylor@Cherwellandsouthnorthants.gov.uk 01295 221634

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cw audit

internal audit services

Cherwell and South Northamptonshire Councils

Internal Audit
Progress Report 2018/19

July 2018



1. Introduction

The purpose of the report is to update the committee on progress made in delivering the 2018/19 audit plan to the end of June 2018. The agreed joint internal audit plan for the 2018/19 year totals 327 days. Appendix A provides details of the audit assignments included in the 2018/19 year, and an update on progress where assignments have commenced.

2. Summary of reviews completed

A number of 2018/19 audits are either under way or have had scopes of work agreed, but no 2018/19 audits have yet been complete and reported on. This is not unexpected at this stage of the year, particularly given Council officers' focus on preparing 2017/18 accounts, as well as a number of key management posts only recently being filled.

3. Recommendation tracking

All agreed recommendations are now uploaded to our on-line tracking system as soon as reports are finalised. We are now in the process of delivering training on the use of this system to officers who have responsibility for taking action to implement recommendations ('owners').

Once training has been delivered, recommendation owners will be able to update the system with details of progress made in implementing recommendations. In the interim, we have run reports from the tracking system detailing all recommendations due for implementation by the 31st May 2018, which were submitted to the relevant owners for an update to be provided. A good response was received and we have updated the system accordingly with the submissions returned to us. The results, which include recommendations originally raised in 16/17 by the previous internal audit provider, are summarised as follows:

Recommendations due for implementation by 31st May 2018				
Priority*	Number	Implemented or Closed	Ongoing	Pending
1	0	0	0	0
2	22	16	1	5
3	35	18	12	5
4	34	28	4	2
Totals	91	62	17	12

*Level 1 is the highest level of risk we attach to a recommendation.

The majority of the ongoing recommendations relate to payroll, where work is currently being progressed to implement a new payroll system that will address these recommendations. The pending recommendations relate entirely to instances where responses were still awaited from system owners at the time this report was compiled, and it is therefore likely that some of these have actually been implemented, or are in the process of being implemented.

Appendix A - 2018/19 Internal audit plan

Area	Audit Assignment	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Current Status	Assurance Level
Corporate Governance & Systems	Cybersecurity		✓			Scope agreed and audit booked	
	Information Governance - GDPR		✓			Scoping meeting booked	
	Information Technology - IT Disaster Recovery		✓			Scope agreed and audit booked	
	Business Continuity Management		✓			Scope agreed and audit booked	
	Corporate Health & Safety		✓			Scope agreed and audit ongoing	
	Procurement & Contract Management		✓				
	Human Resources - Recruitment		✓			Scope agreed and audit booked	
	Partnership working				✓		
	Project Assurance			✓			
	Legal compliance	✓	✓			Scope agreed and audit ongoing	
Financial Assurance	Medium Term Financial Planning/Financial Resilience			✓			
	Budget management and reporting			✓			
	Capital Programme & Project Management		✓			Scope agreed and audit booked	
	Payroll				✓		
	Finance Systems			✓			
	Revenues & Benefits			✓			
	Homes England Grant Certification*		✓			Scope agreed and audit booked	
Operational Assurance	To be agreed - reviews to provide topical assurance on key operational areas on a risk-assessed basis			✓	✓		

*Funded from contingency days

Cherwell District Council

Accounts, Audit & Risk Committee

25 July 2018

Statement of Accounts 2017/18

Report of the Executive Director, Finance & Governance

This report is public

Purpose of report

The purpose of this report is to provide a progress update on the Statement of Accounts 2017/18 and external audit of the Accounts.

1.0 Recommendations

The Accounts Audit and Risk Committee are recommended to note progress on the completion of the 2017/18 Accounts and on the external audit of the Statement of Accounts.

2.0 Introduction

- 2.1 The Statement of Accounts has been prepared in accordance with all relevant statutory reporting requirements.
- 2.2 Ernst & Young will provide a verbal update to the Committee regarding their progress to date.

3.0 Report Details

- 3.1 The timescales for production and auditing of the 2017/18 Statement of Accounts are shorter than in previous years. The Council has worked closely with External Audit to review the timescales and deliver the DRAFT Statement of Accounts for 2017/18.
- 3.2 External Audit to provide a verbal update on the progress made to date and the improvements the Council has made with its internal arrangements for preparing the accounts for 2017/18.

4.0 Conclusion and Reasons for Recommendations

- 4.1 The Accounts Audit and Risk Committee is asked to note progress on the 2017/18 Statement of Accounts and the progress on the external audit of the statement of accounts.

5.0 Consultation

None

6.0 Alternative Options and Reasons for Rejection

- 6.1 None

7.0 Implications

Financial and Resource Implications

- 7.1 These will be updated in advance of the Committee.

Comments checked by:

Kelly Watson, Assistant Director, Finance and Procurement, 0300 003 0206
Kelly.watson@cherwellandsouthnorthants.gov.uk

Legal Implications

- 7.2 Comments will be provided together with the Statement of Accounts 2017/18

Risk Management Implications

- 7.3 There are no risk management implications arising from this report.

Comments checked by: Louise Tustian

Louise Tustian, Team Leader - Insight Team 01295 221786
louise.tustian@Cherwellandsouthnorthants.gov.uk

8.0 Decision Information

Wards Affected - All wards are affected

Links to Corporate Plan and Policy Framework - All corporate plan themes.

Lead Councillor – None

Document Information

Appendix No	Title
None	
Background Papers	
None	
Report Author	Leanne Lock, Group Accountant
Contact Information	leanne.lock@Cherwellandsouthnorthants.gov.uk 01295 227098

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Cherwell District Council

Accounts, Audit and Risk Committee

25 July 2018

<p>Monthly Performance, Risk and Finance Monitoring Report – May 2018</p>
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Report of Assistant Director: Performance and Transformation and Assistant Director: Finance and Governance

This report is public

Purpose of report

This report summarises the Council's Performance, Risk and Finance monitoring position as at the end of each month.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the monthly Performance, Risk and Finance Monitoring Report.
- 1.2 To review the Leadership Risk Register and identify any issues for further consideration.

2.0 Introduction

- 2.1 The Council is committed to performance, risk and budget management and reviews progress against its corporate priorities on a monthly basis.
- 2.2 This report provides an update on progress made so far in 2018-19 to deliver the Council's priorities through reporting on performance, the Leadership Risk Register and providing an update on the financial position.
- 2.3 The Council's performance management framework sets out the key actions, projects and programmes of work that contribute to the delivery of the 2018-19 business plan and the priorities of the Council. These measures and key performance indicators are reported on a monthly basis to highlight progress, identify areas of good performance and actions that have been taken to address underperformance or delays.
- 2.4 The Council maintains a Leadership Risk Register that is reviewed on a monthly basis. The latest available version of the risk register at the date this report is published is included in this report.

2.5 The Report details section is split into three parts:

- Performance Update
- Leadership Risk Register Update
- Finance Update

2.6 There are four appendices to this report:

- Appendix 1 - Monthly Performance Report
- Appendix 2 – Leadership Risk Register
- Appendix 3 – 2018/19 Business Plan
- Appendix 4 – Shared Risk and Opportunities Strategy

Additional detailed appendices relating to finance will be presented from July 2018 onwards covering the year to date position.

3.0 Report Details




Performance Update

3.1 The Council’s performance management framework sets out the key actions, projects and programmes of work that contribute to the delivery of the 2018-19 business plan (see Appendix 1) and the priorities of the Council.

3.2 The 2018-19 business plan set out three strategic priorities:

- Protected, Green and Clean;
- Thriving Communities and Wellbeing;
- District of Opportunity and Growth.

3.3 This report provides a summary of the Council’s performance in delivering against each strategic priority. To measure performance a ‘traffic light’ system is used. Where performance is on or ahead of target it is rated green, where performance is slightly behind the target it is rated amber. A red rating indicated performance is off target.

Colour	Symbol	Meaning for Joint Business Plan Measures	Meaning for Joint Key Performance Measures (KPIs)
Red		Significantly behind schedule	Worse than target by more than 10%.
Amber		Slightly behind schedule	Worse than target by up to 10%.
Green		Delivering to plan	Delivering to target or ahead of it.

Priority: Protected, Green and Clean

3.4 The Council is committed to protecting the natural environment and ensuring the character of the district is preserved and enhanced. Our commitment included working to ensure the district has high standards of environmental cleanliness and

greater waste and recycling services. Maintaining the district as a low crime area is another key part of this priority and the Council is committed to working in partnership to deliver against this objective.

3.5 Overview of our performance against this strategic priority:

- **Recycling rates improve in May – 61.43%** of waste was recycled and composted this month. This was an improvement on the previous month and above the target for May and an increase of 5% (56.6%) compared to this time last year (2017). Performance for the year to date is strong at 59.04% an increase of 1% compared to the YTD position this time last year (2017).

Maintaining high quality waste and recycling services is a key part of our commitment to keeping the district green and clean. This month saw a number of successful free compost giveaway events. The events allow residents to take home a share of compost made from their own brown bin contents, while providing an opportunity for the Council to promote our recycling and waste services.

- **Strong commitment to reducing our carbon footprint and protecting the natural environment** – A Natural Environment and Community Nature Plan is being developed and will be presented to Executive in July. The Air Quality Action Plan has been updated and a review of the biodiversity action plan has taken place.
- **Maintaining the district as a low crime area** – Nationally crime figures have increased over the past few years. The Council is working with partners through the Community Safety Partnership to understand the picture across the County and the district and to identify where the focus of our work should be.
- **Conservation area reviews continue** – Research work has started on this year's conservation area appraisals and reviews. These document the character and importance of the area, including a management plan to help preserve and/or enhance the conservation area. All appraisals undergo public consultation so we can incorporate the views of people living and working in these areas; the appraisals are an important part of the planning process. We anticipate that two Conservation Reviews will be undertaken in September 2018, reports are expected to be submitted by November 2018. This is part of the Council's commitment to protecting the built heritage of the district.

Priority: Thriving Communities and Wellbeing

3.6 The Council is committed to supporting our communities to thrive and to promoting the wellbeing of our residents. This priority includes supporting health and wellbeing, improving leisure facilities and delivering leisure activities and working in partnership with voluntary organisations to deliver services in a manner that safeguards children, young people and vulnerable adults. Another key aspect of this priority is preventing homelessness, the delivery of affordable housing and improving the condition of residential properties.

3.7 Overview of our performance against this strategic priority:

- **Building on the success of our 'Healthy Placemaking' approach in Bicester**
– This approach puts health and wellbeing at the centre of everything we do and

has been in place as part of the Bicester Health New Town programme. The Council is committed to building on this best practice and incorporating this approach into our business planning process. This month we have also consulted with partners on the Health and Wellbeing action plan for 2018-19, looking at how we can enhance health and wellbeing within our communities through a wide range of prevention activities and interventions. The action plan includes closer working with clinical commissioning groups, public health and primary care authorities engaging in a wide range of work to support improved outcomes for residents and businesses.

- **Supporting thriving communities** - the Countywide co-commissioned Domestic Abuse services contract has begun in Oxfordshire supporting the vulnerable in our district. Safeguarding training is being rolled out to all staff and Members ensuring levels of compliance across the organisation.
- **Housing benefit performance continues to improve** - The average time taken to process new benefit claims in CDC for May 2018 is excellent, reducing to 11.31 days against a target of 15 days. This is an improvement from April 2018 when the average time taken to process new claims was 17.43 days.

Priority: District of Opportunity and Growth

3.8 The Council is committed to developing the local economy, promoting inward investment and delivering sustainable growth. This priority also contributes towards making great places to live, work, visit and invest through economic development and working in partnership to deliver strategic transport infrastructure projects.

3.9 Overview of our performance against this strategic priority:

- **Working with local organisations to promote the district and increase tourism** – The Economic Growth Team work closely with local visitor attractions, accommodation, retailers and other organisations involved in promoting visitor economy in Cherwell. This month the Council has been promoting the first ever ‘Bicester Festival’ and the Town Centre Discovery Walks. To mark the 70th birthday of the National Health Service, Healthy Bicester is launching two new short Discovery Walks in the town centre. The Discovery Walks are designed to be accessible for all but it is hoped they will be used in particular by people who struggle to get the 10-30 minutes of exercise a day needed to keep healthy. New maps and market signs for Banbury are in development to enhance the market place in Banbury town centre.
- **Supporting improvements to private rented housing sector** - two landlord home improvement grants were concluded in May, with associated nomination rights for the Council.
- **Unemployment rate increases, but remains significantly below regional and national figures** – unemployment rose by 0.1% from April 2018 to 0.9%.
- **Council sponsors Cherwell Business Awards** – over 256 local business representatives attended the award ceremony to celebrate local success, share best practice and encourage innovation and growth.

- **£500k invested in superfast broadband** - 96.35% of residential and businesses premises now have access to superfast broadband following significant investment from the Council over the last two years.
- **The Partial Review of the Local Plan** was submitted to the Planning Inspectorate (Pins) for Examination on 5th March 2018. We are still awaiting the dates for the public hearing, but the process of Examination has now formally commenced.

Summary of Performance

- 3.10 The Council reports on performance against 20 joint business plan measures and 12 key performance indicators on a monthly basis. Performance for this month is summarised in the table below. The full details, including commentary against each measure and key performance indicator can be found in Appendix 1.

Business Plan Measures and Key Performance Indicators					
Status	Description	May	%	YTD	%
Green	On target	31	97%	30	94%
Amber	Slightly off target	1	3%	2	6%
Red	Off target	0	0%	0	0%

3.11 **Spotlight On: Financial sustainability**

Each month this report will focus on a theme or service provided by the Council, highlighting how this contributes to the delivery of the strategic priorities and the key achievements delivered to date.

As a Council, we recognise the importance of considering our financial sustainability going forwards. Our central government funding continues to reduce so it is important that we look at ways to both maximise the income that we have coming into the council through our fees, charges, council tax and business rates as well as look to find other innovative ways in which to raise potential other sources of income whilst acknowledging and balancing the risks of doing different things. Financial sustainability is a key theme that we need to consider when setting our future years budgets and this snapshot gives an initial view on our current performance as well as areas we are exploring to improve our sustainability moving forwards.

Council Tax

In 2017-2018, 97.87% of Council Tax was collected against a target of 98.25%. Although this is slightly below the target, it is a fantastic achievement given the challenges faced by the service area during the past 12 months. Performance for May 2018 is strong at 20.44% against a target of 20.50%

Business Rates Collection

In addition to Council Tax, we are also the billing authority responsible for Business rates collection and our performance in this area for 2017-2018 and following a very challenging 12 months was 92.31% against a target of 98.5%. Collection rates for May 2018 are excellent at 21.74% against a target of 21.25%.

Generating additional income

Alongside our consideration of how we maximise our income collection through Council tax, Business rates and other fees and charges, we are considering new ways of generating income. One of the most important aspects of this is to consider our investments. Alongside managing our cashflows, balancing our borrowing and our financial investments, we are also considering spreading how and what we invest our money in. An investment strategy working group which considers opportunity to invest in property for commercial purposes (and subject to criteria already agreed at Council) will be meeting throughout 2018/19 to consider opportunities that arise. All of these would be subject to full due diligence to understand the balance between the opportunity and risks for each individual investment.

We have already made some significant investments with the purchase of Castle Quay 1 (a shopping centre at the heart of Banbury) and the plans around Castle Quay 2 (a new development with a mix of retail, leisure and food outlets) that complement what already exists in Castle Quay 1. The purchase of the site was principally as an investment although this also means that the Council can provide strong leadership in ensuring that this exciting development delivers improvements in the area. A full financial appraisal was undertaken but the investment of circa £60m will generate significant revenues in excess of £5m pa that will fund the costs of development as well as contribute to the wider costs of our services for all of our residents, businesses and visitors. This means that an investment of this type satisfies both our need to consider our financial sustainability going forward as well as contributes to our overall corporate priorities too.

Risk Update

- 3.12 The Council details its approach to managing risk in its Risk and Opportunities Management Strategy (Appendix 4) and sets out the framework for managing risks of all types. Risks are reviewed alongside performance of the business plan objectives, projects and work programmes. The Council maintains a Joint Leadership Risk Register that is reviewed on a monthly basis. The latest available version of the risk register at the date this report is published is included in this report (Appendix 2).
- 3.13 The heat map below shows the overall position of all risks contained within the Leadership Risk Register.

Risk Scorecard – Residual Risks						
		Probability				
		1 - Remote	2 - Unlikely	3 - Possible	4 - Probable	5 - Highly Probable
Impact	5 - Catastrophic					
	4 - Major		L04, L11		L05	
	3 - Moderate			L01, L02, L03 L10, L12, L14	L06, L07, L08	L09, L13a, L13b
	2 - Minor					
	1 - Insignificant					

- 3.14 The table below provides an overview of changes made to the Leadership Risk Register during the past month. Any significant changes since the publication of the report will be reported verbally at the meeting.

Leadership Risk	Score	Direction	Latest Update
L01 Financial Resilience	9 Low risk	↔	Mitigation actions updated
L02 Statutory functions	9 Low risk	↔	Comments updated
L03 Lack of management Capacity	9 Low risk	↔	Comments updated
L04 CDC & SNC Local Plans	8 Low risk	↔	No change
L05 Business Continuity	16 High risk	↔	Comments updated
L06 Partnering	12 Medium risk	↔	Comments updated
L07 Emergency Planning	12 Medium risk	↓	Residual risk score reduced from 16, controls and mitigation actions updated.
L08 Health & Safety	12 Medium risk	↔	Mitigating Actions & Comments updated
L09 Cyber Security	15 Medium risk	↔	Mitigating Actions Updated
L10 Safeguarding the Vulnerable	8 Low risk	↔	No change
L11 Income generation through council owned companies	8 Low risk	↔	Mitigating actions updated
L12 Financial sustainability of third party third party suppliers	8 Low risk	↔	No change
L13a Local Government Reorganisation (CDC)	15 Medium risk	↔	Comments updated
L13b Local Government Reorganisation (SNC)	15 Medium risk	↔	Comments updated
L14 Corporate Governance	9 Low risk	↔	No change

L07 Emergency Planning – The Residual risk score has been reduced from 16 (High Risk) to 12 (Medium Risk). Both authorities have active plans in place to ensure they are prepared for an emergency. These have recently been activated successfully. Further improvements are being made as a result of a review of these plans.

Finance Update

- 3.15 In previous years financial reporting has been on a quarterly basis. This frequency of information is being improved during 2018/19. We have introduced monthly monitoring and reporting across the organisation. This improvement in reporting regularity will provide budget managers, senior leadership and members with more up to date information regarding the financial position and outlook for the Council.

The finance team has aligned itself with the business areas to provide better support and consistency and continuity of advice moving forward across both revenue and capital budget areas in addition to monitoring any over funding levels.

It should be noted that due to the early position in the financial year limited financial reporting takes place at many organisations and the focus is on risk areas for budget monitoring. This is due to the relatively small amount of actual data available

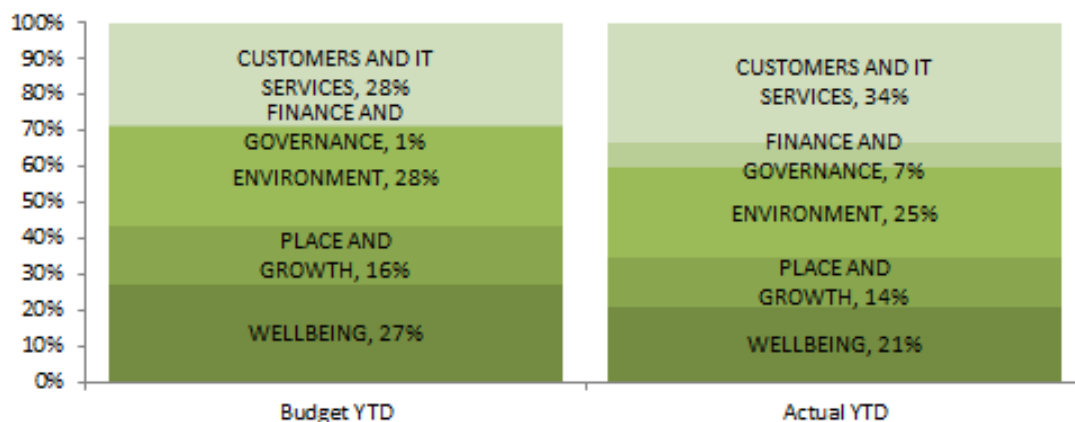
against planned budgets. From June onwards we will have more detailed monitoring at service level once a greater amount of actual data is available.

3.16 Revenue Position

The 2018/19 revenue budget was approved in February 2018. The detailed financial monitoring information will be provided in future reports and will identify key variances across the organisation and highlight areas of financial risk and opportunity.

The risk based monitoring undertaken to date has not highlighted any areas of risk at this stage. The Council is currently forecasting to manage within its existing resources. Any variance and risk to this position will be highlighted and detailed in future reports.

The graph below sets out how the Council planned to spend during Apr and May compared to how it did spend during the first two months of the year. There is some variance regarding profile of spend compared to budget but this is not unusual. The main variances relates to Finance and Governance and Wellbeing. These are largely due to the Business Rates bill for Council offices being paid in one amount but the budget has been profiled across the whole year and for Wellbeing grants being received in advance of spend and therefore expenditure is lower at present.

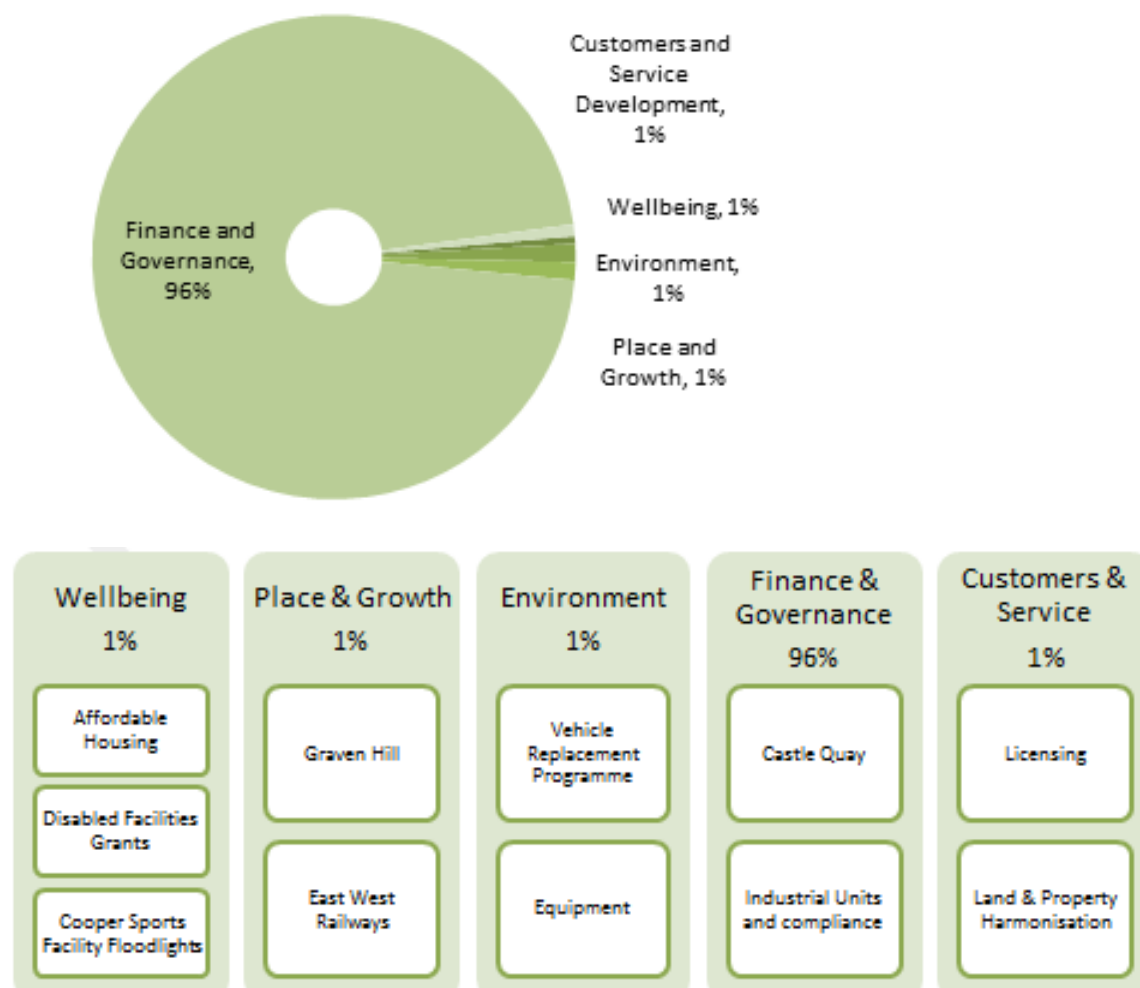


3.17 Capital Programme

The 2018/19 capital programme was approved in February 2018. The capital programme monitoring information will be provided in future reports and will identify key variances across the organisation and highlight areas of financial risk and opportunity.

A capital programme working group has been set up to improve the governance surrounding the capital programme. This group has already met once with future meetings arranged to develop the oversight this group can provide. This group is made up of officers from across the organisation and the remit is to more closely monitor the projects within the capital programme, provide consistency of approach and better understanding of the whole programme. The output of this group will be reported via these monthly reports and will identify all areas of risk.

The group closely links to other boards and groups to ensure the financial risks and issues associated with all capital spend is consistently reported. The graph below sets out how the Council plans to spend capital during the year and the major items of expenditure. Variances to this budget will be detailed in future reports.



4.0 Conclusion and Reasons for Recommendations

4.1 It is recommended that the contents of this report are noted.

5.0 Consultation

5.1 This report sets out performance, risk and budgetary information from the previous month and as such no formal consultation on the content or recommendations is required.

6.0 Alternative Options and Reasons for Rejection

6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: This report illustrates the Council's performance against the 2018-19 business plan. As this is a monitoring report, no further options have been considered. However, members may wish to request that officers provide additional information.

7.0 Implications

Financial and Resource Implications

7.1 The financial implications are detailed within section 3.15 of this report.

Comments checked by:

Adele Taylor, Executive Director: Finance and Governance (Interim), 0300 003 0103, Adele.taylor@cherwellandsouthnorthants.gov.uk

Legal Implications

7.2 There are no legal implications from this report.

Comments checked by:

James Doble, Assistant Director: Law and Governance, 0300 003 0207
James.doble@cherwellandsouthnorthants.gov.uk

Risk management

7.3 This report contains a full update with regards to the Council's risk position at the end of the previous month. A risk management strategy is in place (appendix 4) and the risk register has been fully reviewed.

Comments checked by:

Louise Tustian, Team Leader Insight Team, 01295 221786
Louise.tustian@cherwellandsouthnorthants.gov.uk

8.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

All

Lead Councillors –

Councillor Richard Mould – Lead member for Performance Management
Councillor Tony Illott – Lead member for Finance and Governance

Document Information

Appendix No	Title
Appendix 1	Monthly Performance Report
Appendix 2	Leadership Risk Register
Appendix 3	2018/19 Business Plan
Appendix 4	Shared Risk and Opportunities Strategy
Background Papers	
None	
Report Author	<p>Hedd Vaughan-Evans – Assistant Director: Performance and Transformation</p> <p>Kelly Watson – Assistant Director: Finance and Governance</p>
Contact Information	<p>Tel: 0300 003 0111 hedd.vaughanEvans@cherwellandsouthnorthants.gov.uk</p> <p>Tel: 0300 003 0206 kelly.watson@cherwellandsouthnorthants.gov.uk</p>

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Appendix 1 – Monthly Performance Report

May 2018

Includes:

- Joint Business Plan Measures
- Joint Key Performance Measures (KPIs)

Key to symbols

Colour	Symbol	Meaning for Joint Business Plan Measures	Meaning for Joint Key Performance Measures (KPIs)
Red		Significantly behind schedule	Worse than target by more than 10%.
Amber		Slightly behind schedule	Worse than target by up to 10%.
Green		Delivering to plan / Ahead of target	Delivering to target or ahead of it.

Joint Programme Measures -Protected, Green and Clean

Measure	Portfolio Holder	Director/Lead Officer	Last Milestone	Next Milestone	Status	Commentary	YTD
JBP1.1.1 Maintain High Quality Waste & Recycling Services	Cllr D Bambridge Cllr D Pickford	Kane, Graeme Potter, Ed	Compost giveaways successfully carried out during May.	Development of a new waste strategy during the summer for autumn.	★	The services continue to operate well with high recycling rates and levels of satisfaction. Recycling rates increase at this time of year owing to an increase in garden waste. The teams continue to plan ahead for housing growth in both areas, and particularly in Cherwell.	★
JBP1.1.2 Provide High Quality Street Cleansing Services	Cllr D Bambridge Cllr D Pickford	Croghan, Caroline Kane, Graeme Potter, Ed	New staff integrating well into the team during May with standards appearing to improve.	Neighbourhood blitz events commencing from late June.	★	The overall cleanliness levels are good in all urban areas. Currently the grass is very high along some major roads probably more so in Cherwell, which prevents litter picks until grass cuts have taken place. Once grass cuts have taken place it is then often the case litter is uncovered. Liaison with County Council Highways when grass cutting can be variable, liaison with the Highways agency contractors are good in Cherwell and not so good in SNC	★
JBP1.1.3 Tackle Environmental Crime	Cllr D Bambridge Cllr D Pickford	Kane, Graeme Potter, Ed	Developing plans to tackle the growth in fly tipping	Completion and then implementation of the fly tipping plan.	★	Fly tipping still running higher than 2016/17 but levels are the same as 2017/18 and, in comparison to many areas, the general levels are not high.	★
JBP1.1.4 Reduce Our Carbon Footprint and Protect the Natural Environment	Cllr D Bambridge Cllr D Pickford	Riley, Nicola Webb, Richard	Biodiversity Action plan review undertaken	To present a Natural Environment and Community Nature plan to the 2nd July Executive meeting	★	The Air Quality Action Plan (AQAP) for CDC was recently updated and a report will be going to Scrutiny. The timetable for reviewing the Towcester AQAP is the end of the year. The focus of work in May has been to review the biodiversity action plan and consider the policy context for the Natural Environment and Community Nature plan that will supersede it.	★
JBP1.1.5 Mitigate the Effects of HS2	Cllr C Clarke Cllr S Clarke	Feehily, Paul Newton, Jim	Project discussion on main works designs and implementation of early works	Submission of applications for Schedule consents for early works for Chipping Warden Relief Road	★	Both HS2 early and main works contractors are working to develop the designs for railway works ahead of submission of applications required for approval under Schedules to the Act. Early works projects will include the Chipping Warden Relief Road. Main works projects will include evolving designs for the Lower Thorpe and Edgcote viaducts.	★

Joint Programme Measures -Protected, Green and Clean

Measure	Portfolio Holder	Director/Lead Officer	Last Milestone	Next Milestone	Status	Commentary	YTD
<p>JBP1.1.6 Maintain the District as a Low Crime Area</p> <p align="center">Page 31</p>	<p>Cllr A McHugh Cllr K Cooper</p>	<p>Kane, Graeme Riley, Nicola Webb, Richard</p>	<p>Training 85% of current drivers which was achieved</p>	<p>To continue to train all new applicants ahead of a licence being used</p>	<p>★</p>	<p>Oxfordshire County Council Commissioned the Community Safety Strategic Intelligence Assessment (SIA) which has been produced in draft form in May 2018. This does show an increase in crime over the last 12 months. Nationally crime has increased over the last few years and the data for Cherwell is in line with this national trend.</p> <p>Specifically for Cherwell, the District area remains a safe place in comparison to similar Districts, some of the increase in reported crime is down to a change in reporting and an increase in proactive partnership working where some crimes would have not previously been recorded.</p> <p>Work will be conducted to use this high level data from the SIA to provide a better picture and comparison of how the data represents Cherwell District and where our focus should be. The Community Safety Partnership will be leading this piece of work.</p>	<p>★</p>
						<p>Whilst South Northants is comparable with its most similar group, there has been a 6% increase in comparison to the previous Year to Date (YTD). Much of this increase has been seen within the more populated areas, showing a positive impact in the partnership work that has taken place in the rural areas. The increase is largely down to an increase in violent crime which also reflects the national landscape. However this data set also includes Domestic Abuse in its recording definition.</p> <p>There has been a lot of work in the last 6 months through the community safety lead and partners on raising awareness of Domestic Abuse (DA) and supporting victims in coming forward to report it. It is likely that some of this increase is due to this positive proactive work. We will continue to monitor this data. Additionally work around DA has been focused on the roll out of the Domestic Abuse awareness campaign to run in conjunction with the FIFA World Cup and into the Autumn. A winter campaign is currently being developed. Safeguarding training continues to be delivered to all new taxi driver applicants ahead of licence issue. Of current licence holders only 9 remain suspended at Cherwell and these are expected to let their licences lapse. At SNC 30 drivers remain suspended. They will have their licences returned on completion of the training.</p>	
<p>JBP1.1.7 Protect the Built Heritage</p>	<p>Cllr C Clarke Cllr R Clarke</p>	<p>Feehily, Paul Mitchell, Clare Newton, Jim</p>	<p>Delivering to plan. Work has started on the research for this year's Conservation Area Appraisals and Conservation Reviews.</p>	<p>We anticipate that: 2 X Conservation Reviews will be undertaken in September 2018 at SNC X Conservation Area Appraisals will be undertaken in November 2018 at CDC</p>	<p>★</p>	<p>We are delivering to plan in this area. Research has started on the Conservation Area Appraisals and Reviews. We anticipate that the first of this year's document will be delivered in September and November this year.</p>	<p>★</p>

Joint Programme Measures - Thriving Communities & Wellbeing

Measure	Portfolio Holder	Director/Lead Officer	Last Milestone	Next Milestone	Status	Commentary	YTD
JBP2.1.1 Provide & Support Health & Wellbeing	Cllr A McHugh Cllr C Clarke Cllr K Cooper Cllr S Clarke Cllr T Ilott	Colwell, Adrian Ellis, Richard Riley, Nicola Rowe, Rosie	Healthy Place-making approach being adopted as a cornerstone of the place-making work being undertaken by both authorities. Health and wellbeing action plan for Cherwell 18/19 consulted on with partners and the South Northants Health and Wellbeing Blueprint actions updated by partners.	To consider the roll out of social prescribing across both districts albeit with differing levels of partnership working and resourcing.	★	The health and wellbeing of communities can be improved and enhanced through a wide range of prevention activities and interventions. Working with colleagues in clinical commissioning groups, public health and primary care both authorities are engaging in a wide range of work to support improved outcomes for residents and businesses.	★
JBP2.1.2 Provide enhanced leisure facilities	Cllr G Reynolds Cllr K Cooper	Bolton, Sharon Ellis, Richard	Woodgreen outdoor 50m swimming pool opened in Banbury on 26th May to the public. The annual Banbury Triathlon was also held at Woodgreen and well attended.	The SNC built facility and playing pitch strategy stage D report has been Approved. We are now awaiting receipt of stage E, the Executive Summary to underpin the Leisure Strategy and Delivery Plan. CDC is currently waiting on the National Governing Body to respond. This process will drive forward both Districts Leisure provision in for the next 10 years.	★	Works continue to the new Brackley Swimming Pool as part of the Leisure Centre development project. The new 110 station gym opened on Saturday 12th May. LED lighting upgrade to the Artificial Turf Pitch at North Oxfordshire Academy (NOA) during December 2017. During March 2018 we upgraded to new metal halide type floodlight (alternative to LED floodlights) on the athletics track at North Oxfordshire Academy. NOA also hosted the England Mixed Hockey trials during May.	★
JBP2.1.3 Provide support to the voluntary sector	Cllr A McHugh Cllr K Cooper	Ellis, Richard Riley, Nicola		Ensure the delivery of the first Bicester Festival. Take ownership of the new Community Centre on Kingsmere estate, Bicester. Continue to work with partners to develop Age Friendly Banbury. Launch the 'little lunch' concept at Bicester's BIG lunch. Re-sign the armed forces community covenant in both counties.	★	There continues to be good progress made on individual projects and programmes of work. Successful Brighter Futures in Banbury reference conference held. Place-making at Upper Heyford progressed. Three talented performer grants given to young sportsmen and women from South Northants Successful Funding fair held at Towcester racecourse in partnership with SNVB and DDC. Successful Playdays held in Brackley and Towcester.	★

Joint Programme Measures - Thriving Communities & Wellbeing

Measure	Portfolio Holder	Director/Lead Officer	Last Milestone	Next Milestone	Status	Commentary	YTD
JBP2.1.4 Enhance community resilience as part of emergency planning	Cllr A McHugh Cllr D Bambridge	Kane, Graeme Riley, Nicola Webb, Richard	Both authorities are prepared for emergency planning eventualities such as flooding; CDC recently responded, with partners, to a flooding event in Kidlington.	Emergency Planning focuses on Silverstone at this time of year to ensure all partners are fully prepared for this major event.	★	The councils enable contact with parish councils, schools, community groups to promote messages around PREVENT duties and emergency responses to incidents and accidents and to encourage local neighbourhood solutions to communal cohesion and response.	★
JBP2.1.5 Prevent homelessness	Cllr J Donaldson Cllr K Cooper	Douglas, Gillian Ellis, Richard	Homelessness Reviews, evidence base for homelessness strategies, have been completed for both CDC and SNC.	New Homelessness Strategies focused on preventing and relieving homelessness for both CDC and SNC are currently being drafted and will be completed by mid-June.	★	The Homelessness Act 2002 requires local authorities to formulate a homelessness strategy based on the results of a homelessness review in the district. Homelessness reviews have been completed for South Northants and Cherwell districts. The reviews are comprehensive documents. The Councils' Housing Team has had regard to the Government's Homelessness Code of Guidance and National Practitioner Support Service Homelessness Strategy Toolkit when preparing the homelessness reviews. Both of these guidance documents provide detailed information on what a review has to cover. The reviews are the key evidence base to inform the formulation of the new homelessness strategies.	★
JBP2.1.6 Safeguard the vulnerable	Cllr A McHugh Cllr D Bambridge Cllr J Donaldson Cllr K Cooper Cllr P Rawlinson Cllr S Clarke Cllr T Ilott	Riley, Nicola Taylor, Adele	Staff and Member safeguarding training was reported on with significant levels of compliance across the organisation. SIRI continues to be a good mechanism for reporting concerns. In South Northants The Blue Butterfly programme is being rolled out in primary schools and the Keep Safe programme launched. The Countywide co-commissioned Domestic Abuse services contract has begun in Oxfordshire.	Roll out of the 'Blue butterfly' scheme to key staff at CDC and SNC.	★	For our residents who may be at risk through financial vulnerability, we monitor our performance on average time taken to assess new claims for Housing Benefit and Council Tax reduction which are at 7.65 days (SNC) and 11.31 days (CDC) against a target of 15 days. The Debt and Money advice service continues to grow in levels of demand for the service - we have helped over 1677 households secure financial gains of £2.8m up to May 2018. We have 77 open active cases in May with gains expected of £78k across Personal Independence Payments, Disability Living Allowance, Attendance allowance and Housing Benefits and Council Tax reduction.	★

Joint Programme Measures - Thriving Communities & Wellbeing

Measure	Portfolio Holder	Director/Lead Officer	Last Milestone	Next Milestone	Status	Commentary	YTD
JBP2.1.7 Deliver affordable housing and work with private sector landlords	Cllr C Clarke Cllr J Donaldson Cllr K Cooper Cllr R Clarke	Douglas, Gillian Ellis, Richard	Landlords Forum held 29/5/18		★	Landlords Forum held 29/5/18 Private Sector Housing Team: CDC - 2 Landlords Home Improvement Grants were concluded in May, with associated nomination rights. CDC - 1 Flexible Home Improvement Loan approved. SNC - No Flexible Home Improvement Loan applications yet received. At SNC delivery of affordable housing in the month of May 2018 was a total of 16 new units: 9 affordable rent; 7 shared ownership. These have been provided on sites in Middleton Cheney and Brackley. At CDC delivery of affordable housing in the month of May 2018 was a total of 39 new units: 36 affordable rent; 3 shared ownership. These have been provided across several sites in Banbury.	★
JBP2.1.8 Deliver the welfare reform agenda	Cllr J Donaldson Cllr K Cooper Cllr P Rawlinson Cllr T Ilott	Douglas, Gillian Green, Belinda Taylor, Adele	We continue to monitor and to support residents through the roll-out of the full Universal Credit service in the Cherwell District including offering assisted digital support and Personal Budgeting Support through our partnership with Citizens Advice. In South Northants the learning we are gaining from roll-out of Universal Credit in Cherwell will support us to ensure we provide a good service to our residents once this goes live in both areas. We continue to ensure that we support residents of both councils to claim their correct entitlements wherever possible.	The Councils continue to support those affected by the wider Welfare Reform agenda.	★	We continue to consider and award Discretionary Housing Payments to those households who are affected by the welfare reform agenda including spare room subsidy and the benefit cap often working with colleagues in Housing to identify households who may benefit from an award and therefore helping to secure their tenancies. The Debt and Money Advice service continues to grow in levels of demand for the service. Since the service was introduced the team have helped 1677 households securing total financial gains of £2,819,760 (as at May 2018). The team currently have 77 open active cases and for the month May 2018 reported financial gains of £77,981 33% in the form of Personal Independence Payments, Disability Living Allowance and Attendance Allowance (so supporting some of our most vulnerable residents) and 36% was Housing Benefit/Universal Credit and Council Tax Reduction.	★

Joint Programme Measures - District of Opportunity & Growth

	Portfolio Holder	Director/Lead Officer	Last Milestone	Next Milestone	Status	Commentary	YTD
JBP3.1.1 Deliver innovative and effective housing schemes	Cllr J Donaldson Cllr K Cooper	Colwell, Adrian Douglas, Gillian Ellis, Richard		Submission of pre-planning application for the first sites in the development programme for the SNC Local Development Company by end of June/early July 2018.	★	Private Sector Housing Team: CDC - 2 Landlords Home Improvement Grants were concluded in May, with associated nomination rights. CDC - 1 Flexible Home Improvement Loan approved. SNC - No Flexible Home Improvement Loan applications yet received. Site due diligence in relation to the first sites in the development programme for the SNC Local Development Company is continuing.	★
JBP3.1.2 Increase Tourism	Cllr L Pratt Cllr S Clarke	Colwell, Adrian Newman, Steven Ward, Greg	The Economic Growth Team have been working closely with local visitor attractions, accommodation, retailers and other organisations involved in promoting the visitor economy across both districts during May 2018.	Work with local businesses and visitor attractions to support and promote events and venues held in South Northamptonshire for the 2018/19 season which includes a comprehensive event programme that the SNC facing Economic Growth Team provide direct support for, actively promote and attend as exhibitors. The visitor information services in Banbury and Bicester are supported by the Council and Experience Oxfordshire is commissioned to promote Cherwell nationally and internationally.	★	During May 2018, the Economic Growth Team have delivered on the following projects: <ul style="list-style-type: none"> • Town Centre banner project for both Towcester and Brackley • A43 and A5 layby tourist board project research • Submission of an Expression of Interest to the Rural payments Agency for Tourism Infrastructure to increase the number of visitors and the dwell time to The Water meadows • Refurbishment of Town Centre Tourism • Support and advice for Salcey Forest Management regarding the closure of the treetops walkway • Site visits to Visitor attractions to provide support to Management teams • Engagement with colleagues in Planning policy to provide Business Planning advice for Castle Ashby • Practical support and advice for the Heritage Lottery Funded Dovecote in Bicester. • Promotion of Bicester Festival and the Town Centre Discovery Walk. • Design and preparation of new maps and markets signs in Banbury. • Liaison with Experience Oxfordshire to ensure support to businesses across Cherwell. 	★

Joint Programme Measures - District of Opportunity & Growth

	Portfolio Holder	Director/Lead Officer	Last Milestone	Next Milestone	Status	Commentary	YTD	
Page 36	JBP3.1.3 Deliver the masterplans for the key economic centres	Cllr C Clarke Cllr R Clarke	Newman, Steven Ward, Greg	Contribution towards all Masterplans (Towcester, Brackley, Silverstone, Banbury, Bicester and Kidlington) to ensure that efficient and effective staged delivery of projects, especially those related to skills and business development.	Provide support and facilitate the delivery of discrete projects that come from the Masterplans, to ensure they are delivered on time and to maximise the economic benefit to the Districts.	★	<p>Silverstone: Recent activity has included the setting up and development of a Linked In group for the STC by the SNC facing Economic Growth Team, attendance at the recent SEMLEP High Performance Technology and Motorsport 6 LEPS Meeting, preparations for the Conference at Force India (SNC will be exhibiting with AVDC, CDC and Silverstone) as part of the British Grand Prix F1 Business week and the inclusion of a new Inward Investment flyer in the MIA's event programme as well as a 2 page SNC advertisement.</p> <p>Brackley: continuing its liaison and dialogue with Brackley Town Hall. Business Support has also been made available to Brackley Town Football Club to ensure the Club's Board are able to capitalise on their recent success in their win at Wembley and the benefits this will have for the Town.</p> <p>Towcester: The Economic Growth Team held its annual Business Club meeting at The Forum during May 2018 and presented the ongoing work of the South Northamptonshire Team and discussed a number of projects related to the Master plan including Moat Lane, new development, the relief road and other related issues.</p> <p>Banbury: supporting the Canalside consultation to ensure that businesses likely to be affected by regeneration activity are offered assistance to continue to operate at a time of uncertainty whilst also being involved at an early stage to prepare for local relocation where appropriate. Further business engagement enabled through the creation and support of the Banbury Business Improvement District, including attendance at its Board meeting.</p> <p>Bicester: New Masterplan is being developed as a more ambitious forward looking plan for the town that brings together Eco Bicester; Local Plan led growth, Garden Town and Healthy New Town.</p> <p>Kidlington: Liaison with local business groups Kidlington Voice, Begbroke Science Park, etc. to ensure engagement in the wider Green Belt review to ensure that future needs of businesses are raised. Meanwhile, the team attending Kidlington Voice business group meeting and arranged a major job fair event.</p>	★
	JBP3.1.4 Increase employment at strategic employment sites, promote investments & business growth	Cllr L Pratt Cllr S Clarke	Colwell, Adrian Newman, Steven Ward, Greg	The Economic Growth Team continues to work closely with a portfolio of businesses across both districts to provide support and advice. This enables start-ups and growth through a programme of meetings, direct delivery of the employment and skills initiatives and the development of a suite of Inward Investment literature.	The economic growth team enables the provision of: Business support, information and advice to businesses across both districts. Job Clubs, Job Fairs and Job Match Services to meet the needs of local businesses and workers. The SNC Enterprise Club and Oxfordshire Business Enterprises to provide practical support to residents starting a business. Services and a suite of Inward Investment information to ensure the districts are promoted to maximise local business growth and job opportunities.	★	<p>The latest unemployment rates based on the measure of Universal Credit in April 2018 was 0.7% (380 people) for South Northamptonshire and 0.9% (845 people) for Cherwell, representing a 0.1% increase on the previous month and on the year-on-year figures, although the yearly trend tracks at similar levels as for 2017. The rate for England is 2.2% so both districts are performing relatively well in relation to other districts.</p> <p>(Note: % is the number of claimants as a proportion of resident population of area aged 16-64 and gender) During May, a range of support was provided and projects implemented with highlights including by district:</p> <p>South Northamptonshire:</p> <p>Since the new South Northants Business Accommodation Guide was distributed to all local businesses within the 66 Business parks in the district last month the SNC facing Business Support Adviser has been visiting companies on site to provide business support and advice.</p> <p>The SNC Job Club and SNC Job Match Service 50% over target on Jobseekers directly supported back to work: A total of 6 jobseekers were supported back into work locally during May 2018 and a redundancy support package has been delivered to Direct Legal Collections in Brackley who are vacating their site. 20 Business support visits were undertaken by the SNC facing Business Support Adviser.</p>	★

Joint Programme Measures - District of Opportunity & Growth

	Portfolio Holder	Director/Lead Officer	Last Milestone	Next Milestone	Status	Commentary	YTD
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 37</p>						<p>The SNC Inward Investment leaflet has been produced and a new website for inward Investment has been set up through the existing SNC website at: www.investinsouthnorthants.com</p> <p>The South Northamptonshire Business Incubator Feasibility Study is now into the middle phase of research with telephone interviews being undertaken with a range of stakeholders.</p> <p>Silverstone Circuit has been confirmed as the venue for the South Northants 'Open for Business Event' to be held in September 2018 at The Wing and preparations are underway to create a legacy event with 200 businesses as the target audience for the event.</p> <p>Cherwell:</p> <p>The Cherwell Business Awards Ceremony attracted 256 business people to celebrate local success and encourage further best practice, innovation and growth. The Council was headline sponsor and worked throughout the year with ten category sponsors to achieve this grand finale leading to excellent feedback and publicity.</p> <p>Contribution to the Banbury Business Club meeting and the Chamber events at local businesses to ensure that the Council is represented and any issues arising can be addressed to support jobs and business growth.</p> <p>Promotion of the district to a wide business audience at the Annual Business in Oxfordshire conference and exhibition. Joint representation on the stand of Bicester Vision.</p> <p>Review of Business Support from SEMLEP during 2017-18: Velocity Growth Hub supported 77 Cherwell businesses through advice, grants and business development workshops. Further advice and support has been available through OxLEP.</p> <p>The Council has invested over £550,000 over two years in extending Superfast Broadband across the District and the national target (95%) has now been exceeded. In May 2018, 96.35% of residential and business premises in the District could subscribe to Broadband services offering download speeds over 24mbps. The high take-up means that the contractual reward funding will allow the programme to continue throughout 2018.</p>	

Joint Programme Measures - District of Opportunity & Growth

	Portfolio Holder	Director/Lead Officer	Last Milestone	Next Milestone	Status	Commentary	YTD
<p>JBP3.1.5 Delivery against Local Plans for CDC & SNC</p> <p align="center">Page 38</p>	Cllr C Clarke Cllr R Clarke	Bowe, Andrew Colwell, Adrian Darcy, Andy Newton, Jim Peckford, David	CDC and SNC continue to engage with Highways England on strategic transport projects and have inputted into the process to identify the preferred corridor for the Oxford - Cambridge Expressway. An options appraisal report has been completed for a new motorway junction to serve new development in and around Bicester.	Work continues to progress an action plan for the A43 in South Northamptonshire. A Study of the A43 is being prepared and a Final Draft is expected to be completed in June 2018. It will be reported to the Planning Policy and Regeneration Strategy meeting. Officers are liaising with Highways England and its agents on a scheme to repair and maintain the A5 (Watling Street) in Towcester. Highways England has carried out an economic appraisal of the proposed Towcester Relief Road and is awaiting further clarification on the funding of the scheme.	★	<p>CDC - The Partial Review Local Plan was submitted to PINs (Planning Inspectorate) for Examination on 5 March 2018. We are still awaiting the dates for the public hearing, but the process of Examination has now formally commenced. Programme for examination is overseen by the Planning Inspectorate not the Council. Programme for separate Local Plan Part 2 to be reviewed having regard to forthcoming revised National Planning Policy Framework and the on-going scoping for the countywide Joint Statutory Spatial Plan.</p> <p>SNC Local Plan is on track for the Reg 19 Submission Local Plan part 2 to be released for consultation following the Planning Policy Committee on 25 July, followed by submission in December 2018, as per the dates published for us to hit.</p>	★

Joint KPIs - Protected, Green and Clean

Measure	Council	Portfolio Holder	Director/Lead Officer	Result	Target	Status	Commentary	YTD Result	YTD Target	YTD
JBP1.2.1C % Waste Recycled & Composted	CDC	Cllr D Pickford	Kane, Graeme Potter, Ed	61.43%	60.27%	★	All on track. Garden waste tonnages looking to be strong	59.04%	58.69%	★
JBP1.2.1S % Waste Recycled & Composted	SNC	Cllr D Bambridge	Kane, Graeme Potter, Ed	67.93%	65.86%	★	The amount of garden waste collected from the green bins in May 2018 was the highest ever amount recorded. Performance is higher than expected because of this.	65.83%	64.91%	★

Joint KPIs - Thriving Communities & Wellbeing

Measure	Council	Portfolio Holder	Director/Lead Officer	Result	Target	Status	Commentary	YTD Result	YTD Target	YTD
JBP2.2.1C Number of households living in Temporary Accommodation (TA)	CDC	Cllr J Donaldson	Douglas, Gillian Ellis, Richard	32.00	43.00	★	CDC Housing Options Team continues to focus on homeless prevention and keep number in Temporary Accommodation to a minimum. Numbers have risen in the last month but well within target.	32.00	43.00	★
JBP2.2.1S Number of households living in Temporary Accommodation (TA)	SNC	Cllr K Cooper	Douglas, Gillian Ellis, Richard	18.00	25.00	★	The number of households is the same as last month and we continue to focus on homelessness prevention to minimise use of temporary accommodation.	18.00	25.00	★
JBP2.2.2C Average time taken to process Housing Benefit new claims	CDC	Cllr T Ilott	Green, Belinda Taylor, Adele	11	15	★	The average time taken to process new claims for May 2018 is excellent, reducing to 11.31 days against a target of 15 days. This is an improvement from April 2018 when the average time taken to process new claims was 17.43 days. We will continue to closely monitor our performance times on a daily basis to help us to remain below our target of 15 days. Challenges we face include a change in duties for members of the team along with training of three new officers and increasing workloads.	14	15	★
JBP2.2.2S Average time taken to process Housing Benefit new claims	SNC	Cllr P Rawlinson	Green, Belinda Taylor, Adele	7.65	15.00	★	The performance on the average time taken to process new claims continues to be excellent. For May 2018 the average time taken to process new claims is 7.65 days against a target of 15 days. This is an improvement on the figures reported for April 2018 when the average time to process new claims was 12.32 days.	9.99	15.00	★
JBP2.2.3C Average time taken to process Housing Benefit change events	CDC	Cllr T Ilott	Green, Belinda Taylor, Adele	7.15	8.00	★	The average time taken to process change in circumstances for May 2018 remains good at 7.15 days against a target of 8 days. We closely monitor our performance daily to help us to continue to process change in circumstances below our target of 8 days.	5.81	8.00	★
JBP2.2.3S Average time taken process Housing Benefit change events	SNC	Cllr P Rawlinson	Green, Belinda Taylor, Adele	4.06	8.00	★	The average time taken to process change in circumstances remains very good at 4.06 days against a target of 8 days. This is an improvement on the figures reported in April when the average time taken to process change in circumstances was 4.09 days.	4.08	8.00	★
JBP2.2.5C Number of visits/usage of District Leisure Centres	CDC	Cllr G Reynolds	Bolton, Sharon Ellis, Richard	138,646	127,285	★	Throughput figures across Cherwell are circa 8,000 down on the same period last year when comparing facilities on a like for like basis. The decreases for May 18 are due to lower usage figures at Spiceball Leisure Centre (circa 5,000 down) and Bicester Leisure Centre (circa 3,000 down). All other facilities are fairly consistent. Due to the addition of both Whitelands Farm Sports Ground and Stratfield Brake to the reporting process the number of throughputs does appear to be up by (circa 3,000) however this is due to no previous reporting for these two sites. Any participation increase should be caveated with the opening sentence.	282,911	254,570	★

Joint KPIs - Thriving Communities & Wellbeing

Measure	Council	Portfolio Holder	Director/Lead Officer	Result	Target	Status	Commentary	YTD Result	YTD Target	YTD
JBP2.2.5S Number of Visits/Usage of District Leisure Centres	SNC	Cllr K Cooper	Bolton, Sharon Ellis, Richard	66,313	60,404	★	Overall throughputs show an increase of circa 3,000 on the same month last year. This was made up primarily from an increase of circa 4,000 for the month of May at Towcester Centre for Leisure. Brackley Leisure Centre was down by circa 400 however there was a partial closure of the Gym in May while the equipment was moved in and the decrease can be attributed to this. Brackley Swimming Pool showed a decrease of circa 500 against last May	133,930	120,808	★
JBP2.2.6C % of Council Tax collected, increasing Council Tax base	CDC	Cllr T Ilott	Green, Belinda	20.44%	20.50%	●	Whilst this is 0.06% short of target this is an improvement on last year. The net collectable debit has increased by more than £6m from 2017/18 to 2018/19. All reminders and final notices have been issued for the first major court on 5.6.2018 allowing for recovery action to take place	31.49%	31.50%	●
JBP2.2.6S % of Council Tax collected, increasing Council Tax Base	SNC	Cllr P Rawlinson	Green, Belinda	21.49%	20.00%	★	We have exceeded target again this month. All reminders and finals have been issued and formal recovery proceedings for unpaid accounts have commenced.	33.27%	30.00%	★
JBP2.2.7C % of Business Rates collected, increasing NNDR base	CDC	Cllr T Ilott	Green, Belinda	21.74%	21.25%	★	Cherwell exceeded target this month. The net collectable debit has increased by more than £13m from 2017/18 to 2018/19. Reminder notices have been issued to increase collection.	32.79%	33.00%	●
JBP2.2.7S % of Business Rates collected, increasing NNDR base	SNC	Cllr P Rawlinson	Green, Belinda	20.78%	20.00%	★	We have exceeded target for the collection of NNDR. All reminder notices have been issued and the first court took place in June to allow for further recovery action to take place.	31.77%	30.00%	★

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Joint KPIs - District of Opportunity & Growth

Measure	Council	Portfolio Holder	Director/Lead Officer	Result	Target	Status	Commentary	YTD Result	YTD Target	YTD
+ JBP3.2.1C % Major planning applications processed within 13 weeks	CDC	Cllr C Clarke	Colwell, Adrian Newton, Jim Seckington, Paul	70%	60%	★	10 Major Planning Applications were determined during May, of which 7 were determined within the target of 13 weeks or agreed time frame. As such, our target of determining more than 60% of Major Applications within time has been met.	70%	60%	★
+ JBP3.2.1S % Major planning applications processed within 13 weeks	SNC	Cllr R Clarke	Colwell, Adrian Newton, Jim Seckington, Paul	100%	60%	★	6 Major Planning Applications were determined during May, of which 6 were determined within the target of 13 weeks or agreed time frame. As such, our target of determining more than 60% of Major Applications within time has been met.	100%	60%	★
+ JBP3.2.2C % Non Major planning appeal decisions allowed	CDC	Cllr C Clarke	Colwell, Adrian Newton, Jim Seckington, Paul Charlett, Jeremy	0%	10%	★	No Non-Major Appeals were allowed by the Planning Inspectorate during May. Therefore we are achieving our target of less than 10% of Major Planning Appeals allowed.	0%	10%	★
+ JBP3.2.2S Non major planning appeal decision allowed	SNC	Cllr R Clarke	Colwell, Adrian Newton, Jim Seckington, Paul	0%	10%	★	No Non-Major Appeals were allowed by the Planning Inspectorate during May. Therefore we are achieving our target of less than 10% of Major Planning Appeals allowed.	0%	10%	★
+ JBP3.2.3C % Planning enforcement appeal decisions allowed	CDC	Cllr C Clarke	Colwell, Adrian Newton, Jim Seckington, Paul	1%	10%	★	1 Enf Appeal determined during May, 1 Enf Appeal has been allowed by the Planning Inspectorate during May, therefore the target of achieving less than 10% of Appeals allowed has not been met this period.	1%	10%	★
+ JBP3.2.3S % Planning enforcement appeal decisions allowed	SNC	Cllr R Clarke	Colwell, Adrian Newton, Jim Seckington, Paul	1%	10%	★	4 Enf Appeal determined during May, 1 Enf Appeal has been allowed by the Planning Inspectorate during May, therefore the target of achieving less than 10% of Appeals allowed has not been met this period	1%	10%	★
+ JBP3.2.4C % of non-major applications processed within 8 weeks	CDC	Cllr C Clarke	Colwell, Adrian Newton, Jim Seckington, Paul	84%	70%	★	90 out of the 107 Non-Major planning applications determined during May were within the target period of 8 weeks, or agreed time frame. Therefore the target of determining more than 70% of Non-Major Applications within the period has been met.	84%	70%	★
+ JBP3.2.4S % of non-major applications processed within 8 weeks	SNC	Cllr R Clarke	Colwell, Adrian Newton, Jim Seckington, Paul	86%	70%	★	69 out of the 80 Non-Major planning applications determined during May were determined within the target period of 8 weeks, or agreed time frame. Therefore the target of determining more than 70% within time has been met.	86%	70%	★
+ JBP3.2.6C Major planning appeal decisions allowed	CDC	Cllr C Clarke	Colwell, Adrian Newton, Jim	0.00	10.00	★	No Major Planning Appeals were allowed by the Planning Inspectorate during May.	0.00	10.00	★
+ JBP3.2.6S Major planning appeal decisions allowed	SNC	Cllr R Clarke	Colwell, Adrian Newton, Jim	0.00	10.00	★	No Major Planning Appeals were allowed during May.	0.00	10.00	★

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Appendix 2 – Cherwell District and South Northants Councils – Latest Leadership Risk Register as at 15/06/2018

Level of risk	How the risk should be managed
High Risk (16-25)	Requires active management to manage down and maintain the exposure at an acceptable level. Escalate upwards.
Medium Risk (10 -15)	Contingency Plans - a robust contingency plan may suffice together with early warning mechanisms to detect any deviation from the profile.
Low Risk (1 – 9)	Good Housekeeping - may require some risk mitigation to reduce the likelihood if this can be done cost effectively, but good housekeeping to ensure that the impact remains low should be adequate. Re-assess frequently to ensure conditions remain the same.

Risk Scorecard – Residual Risks						
		Probability				
		1 - Remote	2 - Unlikely	3 - Possible	4 - Probable	5 - Highly Probable
Page 143	5 - Catastrophic					
	4 - Major		L04, L11		L05	
	3 - Moderate			L01, L02, L03 L10, L12, L14	L06, L07, L08	L09, L13a, L13b
	2 - Minor					
	1 - Insignificant					

Risk Definition	
Leadership	Strategic risks that are significant in size and duration, and will impact on the reputation and performance of the Council as a whole, and in particular, on its ability to deliver on its corporate priorities
Operational	Risks to systems or processes that underpin the organisation’s governance, operation and ability to deliver services

Ref	Name and Description of risk	Potential impact	Inherent (gross) risk level (no Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direct'n of travel	Mitigating actions (to address control issues)	Comments	Last updated
			Probability	Impact	Rating						Probability	Impact	Rating				
L01	Financial resilience – Failure to react to external financial shocks, new policy and increased service demand. Poor investment and asset management decisions.	<p>Reduced medium and long term financial viability</p> <p>Reduction in services to customers</p> <p>Continued reliance on central govt (RSG) and therefore reduced opportunity for independent decision making</p> <p>Reduced financial returns (or losses) on investments/assets</p> <p>Inability to deliver financial efficiencies</p> <p>Inability to deliver commercial objectives (increased income)</p> <p>Poor customer service and satisfaction</p> <p>Increased complexity in governance arrangements</p> <p>Lack of officer capacity to meet service demand</p>	4	4	16	<p>Medium Term Revenue Plan reported regularly to members.</p> <p>Efficiency plan in place and balanced medium term</p> <p>Highly professional, competent, qualified staff</p> <p>Good networks established locally, regionally and nationally</p> <p>National guidance interpreting legislation available and used regularly</p> <p>Members aware and are briefed regularly</p> <p>Participate in Northamptonshire Finance Officers and Oxfordshire Treasurers' Association's work streams</p> <p>Programme management approach being taken</p> <p>Treasury management policies in place</p> <p>Investment strategies in place</p> <p>Regular financial and performance monitoring in place</p> <p>Independent third party advisers in place</p> <p>Regular bulletins and advice received from advisers</p> <p>Property portfolio income monitored through financial management arrangements on a regular basis</p> <p>Asset Management Strategy in place and embedded.</p> <p>Transformation Programme in place to deliver efficiencies and increased income in the future</p>	<p>Fully</p> <p>Fully</p> <p>Partially</p> <p>Fully</p> <p>Partially</p> <p>Partially</p> <p>Fully</p> <p>Partially</p> <p>Partially</p> <p>Fully</p> <p>Partially</p> <p>Partially</p> <p>Fully</p> <p>Partially</p> <p>Partially</p> <p>Fully</p> <p>Partially</p> <p>Partially</p>	Councillor Tony Illot Councillor Peter Rawlinson	Adele Taylor	Kelly Watson	3	3	9	↔	<p>AD Finance and Performance recruited. Overall Finance resource being reviewed.</p> <p>Investment strategy approach agreed for 18/19 and all potential investments to now be taken through the working groups prior to formal sign off. Robust review and challenge of our investment options to be regularly undertaken through our usual monitoring processes.</p> <p>Timeliness and quality of budget monitoring particularly property income and capital to be improved. Project with Civica is ongoing.</p> <p>Asset Management Strategy to be reviewed and refreshed in the new year.</p> <p>Review of BUILD! to ensure procurement and capital monitoring arrangements are in place and development of forward programme.</p> <p>Finance support and engagement with programme management processes being established.</p> <p>Integration and development of Performance, Finance and Risk reporting during 18/19.</p> <p>Regular involvement and engagement with senior management across Counties as well as involvement in Regional and National finance forums.</p> <p>Regular member meetings, training and support in place and regularly reviewed.</p> <p>Financial support and capacity being developed during 18/19 through development programme.</p> <p>Regular utilisation of advisors.</p>		05/06/18 - Mitigation actions updated
L02	Statutory functions – Failure to meet statutory obligations and policy and legislative changes are not anticipated or planned for.	<p>Legal challenge</p> <p>Loss of opportunity to influence national policy/legislation</p> <p>Financial penalties</p> <p>Reduced service to customers</p>	3	4	12	<p>Embedded system of legislation and policy tracking in place, with clear accountabilities, reviewed regularly by Directors</p> <p>Clear accountability for responding to consultations with defined process to ensure Member engagement</p> <p>National guidance interpreting legislation available and used regularly</p> <p>Risks and issues associated with Statutory functions incorporated into Directorate Risk Registers and regularly reviewed</p> <p>Clear accountability for horizon scanning, risk identification/categorisation/escalation and policy interpretation in place</p> <p>Robust Committee forward plans to allow member oversight of policy issues and risk management, including Scrutiny and Audit</p> <p>Internal Audit Plan risk based to provide necessary assurances</p> <p>Strong networks established locally, regionally and nationally to ensure influence on policy issues</p> <p>Senior Members aware and briefed regularly in 1:1s by Directors</p>	<p>Partially</p> <p>Fully</p> <p>Fully</p> <p>Partially</p> <p>Partially</p> <p>Partially</p> <p>Partially</p> <p>Fully</p> <p>Partially</p>	Councillor Barry Wood Councillor Ian McCord	Yvonne Rees	Claire Taylor	3	3	9	↔	<p>Establish corporate repository and accountability for policy/legislative changes</p> <p>Review Directorate/Service risk registers</p> <p>Ensure Committee forward plans are reviewed regularly by senior officers</p> <p>Ensure Internal Audit plan focusses on key leadership risks</p> <p>Develop stakeholder map, with Director responsibility allocated for managing key relationships</p> <p>Standardise agendas for Director/PFH 1:1s</p> <p>New NPPF published 05/03/18 will guide revised approach to planning policy and development management.</p> <p>Allocate specific resource to support new projects/policies or statutory requirements e.g. GDPR</p>	<p>Service risk registers being reviewed as part of service planning.</p> <p>Internal Audit Plan aligned to Leadership Risk Register and agreed at Audit Committees in March.</p>	Risk reviewed 08/06/18 - Comments updated
L03	Lack of Management Capacity - Delays to completing the management restructure reduces capacity at management level	<p>Financial impact due to use of agency staff</p> <p>Inability to deliver council's plans</p> <p>Inability to realise commercial opportunities or efficiencies</p> <p>Reduced resilience and business continuity</p> <p>Reduced staff morale and uncertainty may lead to loss of good people</p>	3	4	12	<p>Rigorous and aggressive assessment and recruitment timetable for senior management roles</p> <p>Arrangements in place to source appropriate interim resource if needed</p> <p>Delegations to Chief Exec agreed to ensure timely decisions</p> <p>HR/Specialist resource in place to support recruitment process and manage implications</p> <p>Ongoing programme of internal communication</p>	<p>Fully</p> <p>Fully</p> <p>Fully</p> <p>Fully</p> <p>Fully</p>	Councillor Barry Wood Councillor Ian McCord	Yvonne Rees	Claire Taylor	3	3	9	↔	<p>Discussions with Penna to ensure rapid response should interim resource be required</p> <p>AD HR/OD briefed and leading the process</p> <p>Communications to be delivered by CEO</p>	<p>All Director positions filled on either permanent or interim (pending permanent) basis. Induction and support for interims</p> <p>Additional resource in place to support the Northants Local Govt Re-organisation project (LGR). Additional communications resource in place to support LGR work.</p> <p>Additional requirements to support LGR impacts on both SNC and CDC have resulted in the risk being slightly escalated to 9 for a second month.</p> <p>Regular comms being provided by CEX</p>	Risk reviewed 08/06/18 - Comments updated

Ref	Name and Description of risk	Potential impact	Inherent (gross) risk level (no Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direct'n of travel	Mitigating actions (to address control issues)	Comments	Last updated
			Probability	Impact	Rating						Probability	Impact	Rating				
L04	CDC & SNC Local Plans - Failure to ensure sound local plans are submitted on time for each District.	Inappropriate growth in inappropriate places Negative (or failure to optimise) economic, social, community and environmental gain Negative impact on each council's ability to deliver its strategic objectives Increased costs in planning appeals Possible financial penalties through not delivering forecasted New Homes Bonus	3	5	15	Local Development Schemes are in place at each Council which detail the timeframes and deliverables to underpin the work Resources are in place to support delivery including QC support for each Local Plan. For issues which are solely within the control of SNC or CDC policies, plans and resources are in place Work is at Reg 19 on Cherwell Partial Review, preparing submission plan for Feb 2018 sign off and to re-commence in 2018 on Local Plan part 2. Work is advancing to Reg 19 stage On South Northants Local Plan part 2 on issues for reos, policies and development control policies. Statements of Community Involvement are in place.	Fully Partially Fully Fully	Councillor Colin Clarke Councillor Roger Clarke	Adrian Colwell	Andy Darcy (SNC) David Peckford (CDC)	2	4	8	↔	Regular review meetings on progress and critical path review at each Council Regular Portfolio briefings and political review LDS updated as required Additional evidence commissioned as required Need to review resources at CDC to speed up Local Plan part 2. Submission of the CDC partial review took place on 05/03/18.	• CDC –Dates are currently awaited for the Examination of the Partial Review. Preparation work continues to prepare for the Examination with Topic Papers. Initial work on Oxfordshire Joint Spatial Plan has commenced with workshop held in Didcot on 25th April 2018 to review key issues. • SNC – Joint Core Strategy Review has commenced with preparation of proposed timetable, resources and scope underway. Work has commenced with Milton Keynes and Aylesbury for new Joint Spatial Framework to address impact of proposed growth of Milton Keynes on its neighbours. Next stage of Local Plan part 2 will be focused technical consultation on Local Green Space designations from Council meeting in May 2018, followed by Reg 19 full draft Local Plan consultation due to commence in July 2018. Aim remains to submit in December 2018.	Risk reviewed 09/06/18 - No change
L05	Business Continuity - Failure to ensure that critical services can be maintained in the event of an incident	Inability to deliver key services to customers/residents Financial loss	4	4	16	Business continuity strategy in place Services prioritised and recovery plans reflect the requirements of critical services ICT disaster recovery arrangements in place Incident management team identified in Business Continuity Strategy All services undertake annual business impact assessments and update plans	Partially Partially Partially Partially	Councillor Dermot Bambridge Councillor Andrew McHugh	Graeme Kane	Richard Webb	4	4	16	↔	All individual service BC plans recently updated Corporate BC to be reviewed Testing to be programmed BC solutions between both councils to be further developed Corporate ownership and governance to sit at senior officer level Place & growth directorate audit of existing business continuity plans to ensure 100% coverage in new directorates. Draft Business Continuity Strategy and Policy completed to report and sign off at future senior officer meetings	Slippage likely as result of Emergency Planning Officer leaving; recruitment will progress following HR job evaluation and handover in progress; some service BCP and BIA still outstanding. There will be some delay in updating the business continuity plans owing to the departure of the Emergency Planning Officer. Additional resource is being used to ensure the work continues.	Risk reviewed 05/06/18 - comments updated & Risk owner & manager updated
L06	Partnering - Financial failure of a public sector partner organisation Failure to build the necessary partnership relationships to deliver our strategic plan. Failure to ensure the necessary governance of third party relationships (council businesses, partners, suppliers)	Potential reduction in service areas funded by the County Council resulting in an unplanned increase in demand on district functions leading to service difficulties. Impact on the future viability of the organisation causing uncertainty for service delivery. Threat to existing joint working partnership initiatives if alternative delivery modes are imposed. Poor service delivery Inability to deliver council's plans and outcomes for communities Legal challenge Financial loss Inability to partner in the future Reduced opportunity for inward investment in the future	4	4	16	Leader and CEO engaging at National and county level to mitigate impacts of potential service reductions for residents Stakeholder Map, allocating responsibility for key relationships at Director/PFH level Regular review and sharing of partnership activity/engagement at senior officer meetings Robust governance/contract management framework in place for key third party relationships Training and development of senior officers/members to fulfil their responsibilities with partner organisations	Partially Partially Partially Partially	Councillor Barry Wood Councillor Ian McCord	Yvonne Rees	Richard Ellis	4	3	12	↔	Develop stakeholder Map Standard agenda item at senior officer meetings Develop governance guidelines for all key third party relationships Review existing arrangements/ contracts to ensure appropriate governance Continue Institute of Directors training for Officers and Members	Third party governance review underway. Cllr and Officer appointments to Council owned companies to be reviewed.	Risk reviewed 01/06/18 - Comments updated
L07	Emergency Planning (EP) Failure to ensure that the local authority has plans in place to respond appropriately to a civil emergency fulfilling its duty as a category one responder	Inability of council to respond effectively to an emergency Unnecessary hardship to residents and/or communities Risk to human welfare and the environment Legal challenge Potential financial loss through compensation claims Ineffective Cat 1 partnership relationships	4	4	16	Key contact lists updated monthly. Dedicated Emergency Planning Officer in post to review, test and exercise plan and to establish, monitor and ensure all elements are covered Added resilience from cover between shared Public Protection Team as officers with appropriate skill Senior management attend Civil Emergency training Twice yearly mock emergency exercises conducted to ensure readiness On-call rota established for Duty Emergency Response Co- coordinators Full participation in LRF activities	Fully Partially Fully Fully Fully	Councillor Dermot Bambridge Councillor Andrew McHughy	Graeme Kane	Graeme Kane	3	4	12	↓	New Director had responsibility for Emergency Planning. He reviewing the arrangements and forming relationships with key partners. Both Councils have cover arrangements in place to account for the vacancy in the Emergency Planning post. New call out arrangements are being established Training for senior officers is planned for June Senior managers have attended multi-agency exercises. Through the Inter Agency Group, plans are in place for Silverstone. Both authorities are represented at the LRF.	Both authorities have active plans in place to ensure they are prepared for an emergency. These have recently been activated successfully. Further improvements are being made as a result of a review of these plans.	Risk reviewed 05/06/18 - Controls, Control assessments, residual risk score reduced, mitigating actions & comments updated

Ref	Name and Description of risk	Potential impact	Inherent (gross) risk level (no Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direct'n of travel	Mitigating actions (to address control issues)	Comments	Last updated
			Probability	Impact	Rating						Probability	Impact	Rating				
L08	Health and safety - Failure to comply with health and safety legislation, corporate H&S policies and corporate H&S landlord responsibilities	Fatality, serious injury & ill health to employees or members of the public Criminal prosecution for failings Financial loss due to compensation claims Enforcement action – cost of regulator (HSE) time Increased sickness absence Increased agency costs Reduction in capacity impacts service delivery	5	4	20	Robust Health & Safety policies and Corporate H&S arrangements in place as part of an Integrated H&S Management System Clearly identified accountability and responsibilities for Health and Safety established at all levels throughout the organisation Corporate H&S Manager & H&S Officer in post to formalise the H&S Management System & provide competent H&S advice & assistance to managers & employees Proactive monitoring of Health & Safety performance management internally Proactive monitoring of Health & Safety performance management externally Effective induction and training regime in place for all staff Positive Health & Safety risk aware culture Corporate Health & Safety meeting structure in place for co-ordination and consultation Corporate body & Member overview of Health & Safety performance via appropriate committee Assurance that third party organisations subscribe to and follow Council Health & Safety guidelines and are performance managed where required	Partially Not effective Fully Partially Fully Partially Fully Fully Partially	Councillor Lynn Pratt Councillor Peter Rawlinson	Adele Taylor	Mark Willis	4	3	12	↔	Corporate H&S Policy being developed & finalised, which will then be implemented across the organisation to ensure that roles & responsibilities at all levels are discharged effectively. Policy developed following restructure, this will clearly identify accountability and responsibility for Health and Safety at all levels throughout the organisation. Update Corporate H&S arrangements which are out-of-date. Directorate H&S Improvement Plans to be produced. Recently approved Internal Audit plan for 18/19 includes an audit of our overall H&S management system and will commence in Quarter 1 with a follow up planned prior to the end of 18/19. The H&S team also conduct reviews internally across all services and teams, the current scope will be expanded from topic-based themes to cover all elements of our overall H&S management system to ensure compliance with our standards. Management of H&S training programme to be developed and rolled out. Robust training already in place in Environmental Services Good awareness in higher risk areas of the business, e.g. Environmental Services. However other areas need improved awareness of risk assessment process Reviews of leases and performance monitoring to be reviewed to satisfy the Councils providers/ contractors are managing significant risks.	OHSAS 18001 Health & Safety Management System accreditation achieved through Exova BM Trada. Senior Officer Meeting receives quarterly updates from Corporate H&S Manager. Relevant updates taken to appropriate committee.	05/06/18 Mitigating Actions & Comments updated
L09	Cyber Security - If there is insufficient security with regards to the data held and IT systems used by the councils and inefficient protection against malicious attacks council's systems then there is a risk of: a data breach, a loss of service, cyber-ransom.	Service disruption Financial loss / fine Prosecution – penalties imposed Individuals could be placed at risk of harm Reduced capability to deliver customer facing services Unlawful disclosure of sensitive information Inability to share services or work with partners Loss of reputation	4	5	20	File and Data encryption on computer devices Managing access permissions and privileged users through AD and individual applications Consistent approach to information and data management and security across the councils Effective information management and security training and awareness programme for staff Password security controls in place Robust information and data related incident management procedures in place Appropriate robust contractual arrangements in place with all third parties that supply systems or data processing services Appropriate plans in place to ensure ongoing PSN compliance Adequate preventative measures in place to mitigate insider threat, including physical and system security Insider threat mitigated through recruitment and line management processes	Fully Fully Partially Partially Fully Partially Fully Partially	Councillor Ian Corkin Councillor Phil Bignell	Claire Taylor	Tim Spiers	3	5	15	↔	We are working with a security company to review our cyber security status and achieve the cyber essentials + accreditation. A pre-audit report has been undertaken and we are addressing findings ahead of full review. The IT service are addressing the areas identified and will be ready for full audit in July 2018. This is a slight delay but should not cause concern. Cyber-security was reviewed by Internal Audit in May 2017 and will be reviewed again during the current quarter. Meeting arranged later this month with Internal Audit to discuss. HR also have actions to complete regarding recruitment and processes identified by Internal Audit. The IT Transformation Programme includes migrating server rooms to external an data centre which will increase physical security. As part of this work improved monitoring solutions will also be implemented. The data centre has successfully completed provisioning phase and good progress is being made with applications migration. The Councils have completed the annual independent IT security health check as planned. We've received the formal reports. The high level finding is in-line with our expectations and the IT service will now follow through on actions. We are expecting to submit the Councils' annual return by the end of next week.	Cyber security incidents are inevitable. The only way to manage this risk is to have effective controls and mitigations in place including audit and review. Staff and member briefings covered phishing March 2018.	Risk reviewed 08/06/18 - Mitigating Actions Updated
L10	Safeguarding the vulnerable (adults and children) - Failure to follow our policies and procedures in relation to safeguarding vulnerable adults and children or raising concerns about their welfare	Increased harm and distress caused to vulnerable individuals and their families Council could face criminal prosecution Criminal investigations potentially compromised Potential financial liability if council deemed to be negligent	3	4	12	Safeguarding lead in place and clear lines of responsibility established Safeguarding Policy and procedures in place Information on the intranet on how to escalate a concern Staff training - new whole staff shared approach being launched last year and mandatory training introduced Safer recruitment practices and DBS checks for staff with direct contact Action plan developed by CSE Prevention group as part of the Community Safety Partnership Local Safeguarding Children's Board Northamptonshire (LSCBN) pathways and thresholds Data sharing agreement with other partners Attendance at Children and Young People Partnership Board (CYPPB) Annual Section 11 return compiled for each council Engagement with Joint Agency Tasking and Co-ordinating Group (JATAC) and relevant Oxfordshire County Council (OCC) safeguarding sub group Engagement at an operational and tactical level with relevant external agencies and networks	Fully Fully Partially Partially Partially Fully Fully Fully Fully Partially	Councillor Barry Wood Councillor Ian McCord	Richard Ellis	Nicola Riley	2	4	8	↔	Ongoing internal awareness campaigns Ongoing external awareness campaigns Annual refresher and new training programmes including training for new members Training monitoring to be developed through new HR/Payroll system	Continued focus in this area with ongoing programme of training and awareness raising.	10/06/18 - Risk reviewed - No change
L11	Income Generation through council owned companies	Through failure of governance or robust financial / business planning the councils fail to generate expected income.	3	4	12	Annual business planning Financial planning Corporate governance mechanisms Due diligence Business casing	Partially Partially Partially Partially Partially	Councillor Tony Illot Councillor Peter Rawlinson	Adele Taylor	Kelly Watson	2	4	8	↔	Recruiting to support shareholder and client side capacity. Relevant training being provided. Resilience and support being developed across business to monitor and deliver projects. Skills and experience being enhanced to deliver and support development, challenge and oversight.	Resources in place. Relevant training being provided to support resource provision.	Risk reviewed 05/06/18 - mitigating actions updated

Ref	Name and Description of risk	Potential impact	Inherent (gross) risk level (no Controls)			Controls	Control assessment	Lead Member	Risk owner	Risk manager	Residual risk level (after existing controls)			Direct'n of travel	Mitigating actions (to address control issues)	Comments	Last updated
			Probability	Impact	Rating						Probability	Impact	Rating				
L12	Financial sustainability of third party suppliers	The financial failure of a third party supplier results in the inability or reduced ability to deliver a service to customers.	3	4	12	Contracts in place to cover default. Business continuity planning	Partially Partially	Councillor Tony Illot Councillor Peter Rawlinson	Adele Taylor	Kelly Watson	2	4	8	↔	Meetings planned with suppliers to review higher risk areas.	Risk recently escalated due to external environment whereby suppliers have financial difficulties which could result in loss of service. Meeting held with supplier of main Revs & Bens and other systems (Capita) to review recent share issue and potential financial mitigate their financial risks concerns. Reassurance given by suppliers about the proactive action being taken. Awaiting detailed letter with actions Capita taken to mitigate their financial risks Current work investigating impact across other contracts.	Risk reviewed 05/06/18 - No further changes
L13a	Local Government Reorganisation CDC - Proposals for local government reorganisation impacts on the provision of services to residents and communities.	Inability to deliver Council priorities and plans, impacting on quality of services delivered to residents and communities. Uncertainty impacts on staff morale and productivity, resulting in lower quality of services delivered. Resources diverted away from the delivery of services in order to develop and implement proposals. Increased budget gap following separation impacts on Councils ability to deliver services.	5	4	20	Leader and CEO engaging at national and county level to define steps and mitigate impacts of potential service reductions for residents. Communication campaigns for residents, members and staff to reduce uncertainty. Allocate dedicated and additional resources to development and implementation of any proposals. Regular review and briefings on emerging proposals and partnership activity/engagement with Leader briefed on progress.	Partially Partially Partially Partially Partially	Councillor Barry Wood	Yvonne Rees	Claire Taylor	5	3	15	↔	Standing item at senior officer meetings - regular review of risk and control measures. Risk to be reflected in operational service plans. CEx ensuring communications with staff as new information emerges PwC appointed to consider options for Cherwell post separation.	Risk separated to reflect the position of both Councils. Risk scores have increased to reflect the increased probability of Local Government Reorganisation and the impact on the Council. Risk will be fundamentally reviewed as part of the preparation to end the partnership with SNC. This work will take place in June and July with a plan to deliver the end of the joint working arrangements.	Risk reviewed 08/06/18 - Comments updated
L13b	Local Government Reorganisation SNC - Proposals for local government reorganisation impacts on the provision of services to residents and communities.	Inability to deliver Council priorities and plans, impacting on quality of services delivered to residents and communities. Uncertainty impacts on staff morale and productivity, resulting in lower quality of services delivered. Resources diverted away from the delivery of services in order to develop and implement proposals. Reduced service delivery at the county level impacts on residents, creating increased customer demand.	5	4	20	Leader and CEO engaging at national and county level to mitigate impacts of potential service reductions for residents. Advocating and influencing the outcome of regional proposals to secure best outcome for residents and communities. Co-ordinating with other districts and public sector partners to look at options to ensure minimal impact on service delivery. Communication campaigns for residents, members and staff to reduce uncertainty. Allocate dedicated and additional resources to development and implementation of any proposals. Regular review and briefing on emerging proposals and partnership activity/engagement with Leader and Cabinet Member for Local Government Reorganisation briefed on progress.	Partially Partially Partially Partially Partially	Councillor Ian McCord	Yvonne Rees	Claire Taylor	5	3	15	↔	Standing item at senior officer meetings - regular review of risk and control measures. Risk to be reflected in operational service plans. Comms AD working alongside Northamptonshire partners, leaders and CEx to agree key communications messages CEx ensuring communications with staff as new information emerges PwC appointed to develop proposals for submission to Secretary of State. Programme Director appointed across the Northamptonshire local authorities to co-ordinate activities. Internal SNC lead appointed to work with Programme Director and PwC.	Risk separated to reflect the position of both Councils. Risk scores have increased to reflect the increased probability of Local Government Reorganisation and the impact on the Council. A detailed LGR risk register considering the impact on SNC will be developed and reviewed as part of the preparation for the unitary proposals. This register will be owned and updated by the project team.	Risk reviewed 08/06/18 - Comments updated
L14	Corporate Governance - Failure of corporate governance leads to negative impact on service delivery or the implementation of major projects providing value to customers.	Threat to service delivery and performance if good management practices and controls are not adhered to. Risk of ultra vires activity or lack of legal compliance Risk of fraud or corruption Risk to financial sustainability if lack of governance results in poor investment decisions or budgetary control. Failure of corporate governance in terms of major projects, budgets or council owned companies impacts upon financial sustainability of the councils.	4	4	16	Clear and robust control framework including: constitution, scheme of delegation, ethical walls policy etc. Clear accountability and resource for corporate governance (including the shareholder role). Integrated budget, performance and risk reporting framework. Corporate programme office and project management framework. Includes project and programme governance. Internal audit programme aligned to leadership risk register. Training and development resource targeted to address priority issues; examples include GDPR, safeguarding etc. HR policy framework. Annual governance statements	Partially Partially Partially Partially Partially Partially Partially	Councillor Barry Wood Councillor Ian McCord	Adele Taylor	James Doble	3	3	9	↔	Standing item at senior officer meetings – regular review of risk and control measures Review of constitution to take place 2018/19 Implementation of corporate programme office – May 2018 Full review of HR policy to be undertaken during 2018/19 Monitoring Officer to attend management team meetings	Risk added to register following senior management discussion.	12/06/18 - No change

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Joint Business Plan 2018-19 : *“Two Councils, one organisation”*



“Protected, Green & Clean”

High quality Waste & Recycling services

High quality street cleansing

Reduce our carbon footprint & protect the natural environment

Protect the built heritage

Maintain district as a low crime area

Tackle environmental crime

Mitigate impact of HS2

“Great places to live, work, visit & invest”

Provide and support health and wellbeing

Promote inward investment & business growth

Page 4
“Thriving Communities & Wellbeing”

Deliver welfare reform agenda

Safeguard the vulnerable

“District of Opportunity & Growth”

Enhance community resilience as part of emergency planning

Deliver affordable housing

Enhance leisure facilities

Deliver innovative & effective housing schemes

Deliver the Local Plans for CDC & SNC

Prevent homelessness

Provide support to voluntary sector

Deliver the Masterplans for key economic centres:
Bicester/Banbury/Kidlington/Brackley/Towcester/Silverstone

Increase tourism

Increase employment at strategic employment sites

Shared Organisational Plan

Operational Excellence

Rigorous Financial Management
Income optimisation
Commercial & Procurement excellence
Effective Governance
Alternative Delivery Vehicles

Public Value

24/7 access to services
Right first time, every time
Service at point of need
Efficient & effective services
Customer Service Excellence

Best Council to work for

Sustainable relationships with key partners
Culture of Innovation & Creativity
Effective People service
Employer of choice
Enabled through digitisation
Corporate Social responsibility

“Here to Serve”

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Risk and Opportunities Management Strategy

2018/19

Owner: Section 151 Officer/Director of Customer & Service Development.
Author: Strategic Intelligence & Insight Team Manager
Date of next review: January 2019

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Version	Date	Section	Reviewer	Description of Amendment
0.1	28/02/2018	ALL	Louise Tustian (Strategic Intelligence & Insight Team Leader)	<ul style="list-style-type: none"> Minor amendments throughout Adaptation of strategy to reflect new senior management structure and implementation of new Leadership Risk Register
0.2	01/03/2018	ALL	Rakesh Kumar (Strategic Intelligence & Insight Team Manager)	<ul style="list-style-type: none"> Minor amendments Inclusion of version history Update to 1.5 Risk Appetite following feedback from the Director – Customer Services and Service Developments
0.3	01/03/2018	ALL	Claire Taylor (Director of Customer & Service Development)	<ul style="list-style-type: none"> Minor amendments throughout
0.4	04/04/18	All	Louise Tustian (Strategic Intelligence & Insight Team Leader)	<ul style="list-style-type: none"> Minor amendments

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Section 1: Introduction

1.1 An overview of Risk Management

This strategy outlines the overall approach to risk and opportunities management for Cherwell District and South Northamptonshire councils.

The fundamental aim of the risk management strategy is to help both councils identify and manage risk especially with regards to those risks (both financial and non-financial) that may have an impact on the reputation and performance of the Council as a whole, and in particular, on its ability to deliver on its strategic priorities. .

Risk management is recognised as being concerned with both the positive and negative aspects of risk; that is to say opportunities as well as threats. This strategy therefore applies to risk from both perspectives.

Risk, can therefore be defined as:

“an uncertain event or set of events that, should it occur will have an effect (positive or negative) on the achievement of the councils’ objectives, performing its duties or meeting the expectations of its stakeholders”

Both Councils are aware that risks will always arise and most risks cannot be fully eliminated, only managed to an acceptable level. Within this context the councils’ are committed to managing risk in order to reduce the impact on the organisations their priorities and on service provision.

Risk management will be embedded within the daily operations of the councils, from strategy and policy formulation through to business planning and general management processes. It will also be applied where the councils work in partnership with other organisations, to ensure that partnership risks are identified and managed appropriately.

Through understanding risks, decision-makers (councillors and managers) will be better able to evaluate the impact of a particular decision or action on the achievement of the councils’ strategic priorities. .

1.2 Benefits of Risk Management

Effective risk management is an important part of corporate governance, performance management and financial planning. It adds value by:

- raising awareness of significant risks with priority ranking assisting in the efficient control of the risks
- allocating responsibility and accountability for risks and associated controls and any actions required to improve controls
- aiding the process of strategic and business planning
- identifying new opportunities and supporting innovation
- providing a framework for the for the effective management of Leadership risks
- aiding effective partnership working, particularly in terms of identifying shared risks

1.3 Strategy Objectives

The objectives of the Risk and Opportunities Management Strategy are to:

- maintain a register that identifies, assesses and ranks all Leadership risks and opportunities facing both councils, which will assist the councils in achieving their strategic priorities through pro-active risk management
- rate all significant risks in terms of likelihood of occurrence and potential impact upon the councils and ensure effective controls are in place to mitigate significant risks
- allocate clear ownership, roles, responsibilities and accountability for risk management
- facilitate compliance with best practice in corporate governance, which will support the Annual Governance Statements (issued with the annual statement of accounts)
- raise awareness of the principles and benefits involved in the risk management process, and to obtain staff and Member commitment to the principles of risk management and control
- ensure that good quality risk information is provided to the Chief Executive Direct Reports (CEDR) and Members, providing a framework for assurance that the controls identified to mitigate a risk are operating effectively

1.4 Risk Appetite

Risk management should not focus upon risk avoidance, but on the identification and management of an acceptable level of risk. Both councils' aim to proactively identify, understand and manage the risks inherent in services and associated with business/service plans, policies and strategies, so as to support responsible, informed risk taking and as a consequence, aim to achieve measurable value. The councils provide for a supportive culture but will not support reckless risk taking.

As such, both Cherwell District and South Northamptonshire Councils will use risk management to add value. They will aim to achieve a balance between under-managing risks (i.e. being unaware of risks and therefore having little or no control over them), and over-managing them (i.e. a resource heavy and bureaucratic level of management and control which could stifle innovation and creativity).

Appropriately managed and controlled risk-taking and innovation will be encouraged where it supports the delivery of the councils' strategic priorities

Particular focus will be on the councils' ambitions for increasing income generation and self-sufficiency through sound investments, effective asset management, commercialisation opportunities and programmes of regeneration.

Any risks associated with these plans will be managed through the appropriate mechanisms, ensuring due diligence has taken place; these include sound business cases, effective project management and working with external partners for specialist advice. Channels will be in place to report risks into the relevant management and democratic committees to ensure full transparency and allow any actions to be taken as necessary.

1.5 Embedding Risk Management

Risk Management is a standing item on the CEDR agenda (monthly basis) and ensures that identification and consideration of risk corporately and across services is emphasised and highlighted regularly. Risks can be escalated at any point to CEDR (who meet regularly) to discuss and make a decision as to whether the risk is a Leadership risk or should be managed at an operational level.

Risk is reported to SNC cabinet & CDC executive as part of an integrated budget performance and risk framework. This ensures strategic risks are owned by the relevant lead members/portfolio holders.

The SNC Audit Committee and the CDC Accounts, Audit and Risk Committee receive regular risk management updates and review the Leadership risk register annually. This scrutiny of risk ensures there is senior officer level and political commitment to effective risk management.

The inclusion of risk registers within service plans and risk logs in key programmes and projects seeks to reinforce the importance of assessing and being aware of the risks associated with each service and major projects. Key operational risk management activities should be included within service plans and progress monitored at Directorate level meetings. As such the integration of risk into business planning, strategic priorities and performance management is an essential part of the drive to embed risk management.

Activities such as training, communication and clear risk management support arrangements help to embed risk. The following summarises key activities to be undertaken to ensure risk management is embedded across the councils:

1. A monthly review of the Leadership risk register updates at CEDR who take responsibility for ensuring that management actions highlighted in the risk registers are implemented
2. The Leadership risk review is presented to the relevant council committees to ensure Councillors have good access to risk information
3. Risk management and risk escalation awareness training sessions will be facilitated for Councillors and employees.
4. An internal audit of risk management will take place annually.
5. A process of annual review is undertaken by CEDR to ensure the Leadership risk register remains up to date and that obsolete risks are removed.
6. Officer working group to be set up to embed, review and develop risk practices. Operational and Leadership risks to be discussed as appropriate and ensure officers have the necessary training.
7. The councils will seek to learn from other organisations where appropriate, and to keep up to date with best practice in risk management.

Section 2: Risk Management Processes

2.1 The Risk Management Process

Risk Management follows a four stage process. Identifying risks, assessing risks, managing and controlling risks and reviewing and reporting risks.



Each of these four stages is set out in more detail and in the accompanying risk management handbook.

The most significant feature of this process is that risk management is seen as a comprehensive management process that helps both councils meet their objectives and avoid issues, losses and situations that could result in failing to meet strategic priorities, failure of corporate systems or failure of significant partnerships, services, programmes and projects.

To ensure this process is effectively undertaken the councils maintain and review a register of their Leadership risks and opportunities and where possible link them to strategic business priorities.

Ownership is assigned for each risk and also has a Manager of the risk. CEDR identifies risks, reviews the register and both councils have committees that also undertake a monitoring and oversight role on a regular basis.

2.2 Identifying Risk and Opportunity

The process of identifying risk is both formal (as part of business and project planning) and also informal, as part of everyday activity (Operational). This section sets out the organisational process for identifying risk, however it must also be recognised that Members and staff should be risk aware and as such may identify, assess and add a risk to the register at any time.

For each Leadership risk identified the following should be considered:

- An assessment of each risk for its likelihood and impact
- The identification of mitigating (key) controls currently in place
- The assurances on the key controls that have already been established
- Gaps in keys controls
- Gaps in assurance
- Appropriate management actions and allocation of responsibility for the implementation of further mitigating management action and (where possible) an implementation date

For each opportunity identified the following should be considered established:

- Details of the opportunity identified
- Allocation of responsibility for the opportunity
- Any additional risks that this opportunity raises (including financial)
- Actions necessary to make use of the opportunity and mitigate risks, if appropriate.

Identifying different types of risk:

Leadership Risks: risks that are significant in size and duration, and will impact on the reputation and performance of the Council as a whole, and in particular, on its ability to deliver on its strategic priorities.

Operational Risks: are risks affecting corporate systems or processes that underpin the organisation's overall governance, operation and ability to deliver services

The Leadership risks are owned by a CEDR member and managed by a senior manager.

These Leadership risks will be fully reviewed by CEDR on an annual basis in the fourth quarter as part of the business planning process for the forthcoming year and provides a clear opportunity to identify new risks and opportunities. The result of this discussion will also be considered by the relevant council committees.

At any point in the year CEDR and council committees may identify new risks. If this is the case the risk assessment method is followed and the Strategic Intelligence & Insight team (SII Team) adds the risk to the register.

Operational Risks

Operational risks should be identified and owned by the relevant service, led by the Assistant Director. The annual service planning process provides an opportunity to fully review all current operational risks and delete risks that are no longer relevant and identify any new risks. However, the identification of risk is not limited to a single point in the year and new risks may be added at any time.

The SII team is able to support services by running risk workshops as required. A member of the SII team attends DMT meetings where they will assist in identifying risks, and the management of operational risks alongside performance updates.

Programme / Project Risks

Risk management should be incorporated into programme and project management right from the outset. The size and scope of the project will dictate the best way of managing the risks. However, all programmes/projects must undertake full risk assessments.

All significant programmes and projects should use a risk log which will be managed by the programme/project manager and reviewed by the relevant board.

For programme and projects which are likely to have an impact on the councils' ability to meet its strategic objectives or have a budgetary impact of over £100,000 the additional requirements are in place:

- The high level risk and its controls will be recorded and managed through the councils' Leadership risk register. Detailed risks associated with the programme/project will be recorded in its risk log.
- Risk should be a frequent item on each programme/project board meeting to review existing risks and the effectiveness of their controls and to identify any new risks.
- Risk management in programmes and projects will be supported as necessary by the Programme Manager and the Strategic Intelligence & Insight manager.

For minor projects (low value or single service based) a risk log should still be maintained as part of good project management. However, it is unlikely that the project risks will appear on the councils' Leadership risk register unless they have the potential to have significant reputational, health and safety or service provision risks, or the potential loss could exceed £100,000. If this is the case then the approach set out above with regards to significant programme / project risks should be followed.

Shared risks

A risk can be described as shared when it has an impact on both organisations' priorities/services (although it may not be an equal impact), when both organisations must work together to mitigate and control it or when it is escalated to a joint service or programme/project. If a risk is identified as shared it will appear on both councils' risk registers.

2.3 Assessing Risk

Once a risk has been identified (of any type, Leadership, operational or project) it needs to be assessed. The assessment process considers the likelihood that the risk may occur and its potential impact. This allows for risks to be ranked and prioritised, as not all risks represent equal significance to the councils.

The councils' use a risk scoring matrix to work out the inherent risk score (likelihood' times the 'impact'). The inherent risk score helps to make decisions about the significance of risks to the organisations, how they will be managed, the controls required and the treatment of the risk.

The owner of the risk undertakes this assessment. For a Leadership risk this is checked by the SII team, for programme/ project risks by the relevant board and for operational risks by the Assistant Director.

		Likelihood				
		Remote 1	Unlikely 2	Possible 3	Probable 4	Highly Probable 5
Impact	5 Catastrophic	5 =	10 ↑	15 ↑	20 ↑↑	25 ↑↑
	4 Major	4 =	8 ↑	12 ↑	16 ↑↑	20 ↑↑
	3 Moderate	3 =	6 =	9 ↑	12 ↑	15 ↑
	2 Minor	2 =	4 =	6 =	8 ↑	10 ↑
	1 Insignificant	1 =	2 =	3 =	4 =	5 =

NB inherent risk is sometimes referred to as gross risk.

The risk management process guide and 'new risk template' explain in greater detail what makes up the likelihood and impact scores.

The inherent risk score will determine how the risk is controlled and managed with treatment, toleration, transfer and terminate the main options (2.4 refers).

Once controls and actions to mitigate the risk have been identified a net risk score should be assessed. The inherent and net risk scores, along with the controls and actions then form the basis of reviews.

Organisational risk profile

Once Leadership risks and mitigating controls/actions have been assessed the results are then plotted on a risk matrix which is included as part of the Leadership risk register. Service/projects risks may be plotted in a similar way if required.

2.4 Managing and Controlling Risk

Once risks have been identified and assessed, the next step is to control and manage them. This will involve the consideration of cost-effective action, which is aimed to reduce the inherent risk rating. These management actions should be focussed on gaps in terms of risk controls and assurance.

The proposed action(s) to control the risk will then be mapped against the specified risk together with an implementation date, and a named person will be designated as responsible for 'owning' the risk. The 'net' risk rating is the assessment of the risk after these controls/actions have been put in place.

These actions/controls should be included in risk documentation and/or service plans. Where a risk is associated with a programme or project it should be entered into the relevant risk log.

Managing risk is an on-going process and the commentary provided as part of the risk review process should reflect the activity taken within the period to control the risk.

The Four T's

The level of the inherent risk will help determine the best treatment for a risk, whether Leadership or operational. The risk owner has a number of options:

Tolerate: The councils' may tolerate a risk where:-

- The risk opens up greater benefits
- These risks must be monitored and contingency plans should be put in place in case the risks occur.
- The risk is effectively mitigated by controls, even if it's high risk
- The risk cannot be mitigated cost effectively

Treat: This is the most widely used approach:-

The purpose of treating a risk is to continue with the activity which gives rise to the risk, but to bring the risk to an acceptable level by taking action to control it through either containment actions (these lessen the likelihood or consequences of a risk and are applied before the risk materialises) or contingency actions (these are put into action after the risk has happened, reducing the impact. These must be pre-planned).

Terminate: Doing things differently and therefore removing the risk.

This is particularly important in terms of project risk, but is often severely limited in terms of the Leadership risks of an organisation.

Transfer: Transferring some aspects of the risk to a third party.

For example via insurance, or by paying a third party to take the risk in another way. This option is particularly good for mitigating financial risks, or risks to assets. However it is a limited option – very few Leadership risks are insurable and only around 15 -20% of operational risks can be insured against.

2.5 Reviewing and Reporting on Risk

Leadership risks will be reported to committees regularly and reviewed monthly by CEDR. This review involves consideration of all Leadership risks facing both councils, which could impact on the achievement of council strategic priorities, which could impact across more than one service, and significant partnership risks.

The review should focus on four key factors:

1. whether there are any changes to the inherent/residual risk scores
2. whether new controls or actions are required
3. to what extent are there any gaps in the assurance of identified controls
4. whether the risk is still relevant

Operational risks and programme/project risks will be monitored and reviewed locally, on a monthly basis within DMT.

All risks will be clearly defined together with the controls that currently exist to manage them. Risk ratings will be reviewed and where relevant commentary to identify progress against planned action or any emerging issues.

It is important that the internal systems and procedures in place are adequate to manage the identified risk. Where control weaknesses are identified, these should be noted so that action can be taken to remedy such weaknesses. Action to address these weaknesses should be included within the report.

2.6 Linking risk to business plans and performance

Linking Leadership Risk to Council Business Plans

The Leadership Risk and Opportunities Register is owned and managed by CEDR and reported by the SII team. Where appropriate risks will be associated with council priorities and objectives (n.b. the priorities of one or both councils). On occasion a risk may sit outside a council priority, for example where it affects all priorities or has whole organisation impact (e.g. the risk of systems failure).

Incorporating Operational Risk into Service Plans

Each service is required to produce a service plan on an annual basis. The format of the service plan is common across the two councils and ensures there are clear links between council priorities and objectives and service deliverables.

Each service plan is required to identify operational risks associated with service delivery and ideally they should be directly linked to service priorities. Likewise actions to control risks should be included within the service plan or the risk documentation itself.

Responsibility for monitoring operational risk lies with the Assistant Directors and service managers.

Integrating Risk and Performance Management

Performance and risk will follow the same reporting regime and performance of risks will be clearly highlighted in reports. Where possible risk monitoring information will be captured using the same process as performance information. Risks should be reviewed at the same time as reviewing performance of objectives/projects as they will impact each other.

2.7 Linking risk to programmes and projects

Programme and projects adhere to the agreed risk management strategy. It is recognised that the risk environment is different within programmes and projects and frequently risks are identified, actioned and closed on a faster basis than within the Leadership risk environment where risks are linked into longer term strategic objectives rather than projects moving within shorter delivery timescales.

Programme or project risks may be escalated to the Leadership risk register if they reach a point where they have a significant financial, reputational or strategic impact.

Risk Management responsibilities in project environments

Corporate Management CEDR	Responsible for providing and ensuring adherence to the Risk and Opportunities Management Strategy
Programme Senior Responsible Owner	Accountable for risk management actions agreed at Programme Board level, following escalation from projects
Assistant Director	Accountable for risk management actions agreed at DMT following escalation from projects and operational risks within the Directorate
Project Sponsor	<ul style="list-style-type: none"> Accountable for all risk management within the project, and for putting in place a risk management approach or strategy specific to the project Ensures all risks associated with the project business case are identified, assessed and controlled Triggers an escalation
Senior user/customer/client board member	Responsible for ensuring all risks to users are identified, assessed and controlled
Senior supplier board member	Responsible for ensuring all risks to delivery are identified, assessed and controlled
Project Manager	<ul style="list-style-type: none"> Creates the project-specific risk management approach as directed by the sponsor Responsible for creating and maintaining the risk register in line with requirements of the Risk and Opportunities Management Strategy, ensuring risk identification, assessment and control measures are implemented.

Section 3: Roles and Responsibilities

3.1 Accountability

There will be clear accountability for risks and risk management. This is supported through each councils' Annual Governance Statement signed by the Chief Executive and the Leader of the Council, and by making both councils' risks and risk management process open to regular Member overview, internal audit and external inspections.

The overall responsibility for the effective management of risks rests with full council (at CDC and SNC) and the SNC Cabinet/CDC Executive (lead member/portfolio holder) as advised by CEDR.

The CDC Accounts, Audit and Risk Committee and the SNC Audit Committee have specific responsibility for monitoring the councils' risk management arrangements, for undertaking an annual review of this strategy to ensure it remains current and up to date and reflects current best practice in risk management, and for making recommendations to the Cabinet/Executive if it is considered that any improvements or amendments are required.

CDC Executive Members and SNC Portfolio Holders will be briefed regularly by CEDR to ensure they are aware of Leadership risks affecting their service areas/portfolios and any improvements in controls which are proposed.

Sections 3.2 and 3.3 of this strategy outline specific Councillor and Officer accountabilities and responsibilities with regards to risk management.

3.2 Council Committees

Audit Committee (South Northamptonshire Council)

The committee will monitor the effective development and operation of the council's risk management, including consideration of the risk register. The committee provides independent assurance to the Council on the effectiveness of risk management and internal control arrangements and performance effectiveness to the extent it affects exposure to risk and to inform the Annual Governance Statement.

Accounts, Audit and Risk Committee (Cherwell District Council)

The committee will ensure that corporate governance arrangements (including risk) are in place, they consider the statement of assurance and monitor the effectiveness of risk management. The committee also commissions the risk management strategy and endorses it for Executive to adopt.

Cabinet (South Northamptonshire District Council)

The South Northamptonshire Cabinet will receive a regular update on Leadership risks.

Executive (Cherwell District Council)

The Cherwell District Council Executive will receive a regular update on Leadership risks.

Reflecting the roles of these committees the relevant Chairmen, Lead Members (CDC) and Portfolio Holders (SNC) will be briefed on risk matters and act as risk champions where appropriate.

3.3 Section 151 Officer

The councils' Section 151 Officer is the lead officer for risk management and ensures that the councils' have robust risk management strategies in place that effectively support the system of internal control.

3.4 Chief Executive Director Reports (CEDR)

CEDR has a number of roles with regards to risk management. As the senior management team they are likely to own many of the Leadership risks on the councils' risk registers. As such they are responsible for risk review and monitoring on a monthly basis to CEDR meeting and regularly to Audit committees.

CEDR also have a role in discussing new risks and working with the SII Team to ensure they are assessed, recorded and managed.

3.5 Strategic Intelligence & Insight Team (SIIT)

The SII Team is responsible for preparing and updating the risk management strategy, for compiling and managing the Leadership risk register (including preparing regular reports) and for ensuring operational risk management is undertaken by services.

In addition the team provides risk related support to managers, officer and councillors (through officers groups and risk management training arranged by democracy) and provides information for the Annual Governance Statement.

3.6 Team Managers, Officers and Staff

Service managers and team leaders will often be responsible for operational and project risks. This includes risk identification, assessment and management. At this level risks should be included in service and project plans. For some projects a separate risk log will be required.

In some cases CEDR members may devolve the day to day responsibility for managing a Leadership risk to a service manager. If this is the case the manager will be expected to update the Leadership risk register on a monthly basis.

Staff without direct responsibility for owning and managing a risk still have an essential role to play in helping teams identify potential risks associated with service delivery and implementation of projects. As such staff should be involved in risk discussions within teams as they would be with regards to performance management.

Section 4: Monitoring and Review

4.1 Annual Review of the Risk Strategy

The Risk and Opportunities Management Strategy will be reviewed on an annual basis and this review will take into account any issues highlighted by the internal audit of risk management. In addition the Leadership risk register will be fully reviewed by CEDR during the fourth quarter and as part of the annual service planning process managers will be asked to fully review their operational risks.

4.2 Monitoring of the Strategy and Register

As part of the risk and opportunities management process it is expected that risks (whether Leadership or operational) are reviewed on a monthly basis via CEDR.

A report will be taken to the Accounts, Audit and Risk Committee (Cherwell District Council) and the Audit Committee (South Northamptonshire Council) providing a summary of the most recent review and in addition highlighting any issues arising with regards to the implementation of or compliance with the Risk Strategy. The review will include commentary regarding the current risk score, the controls in place and whether any gaps have been identified in terms of the assurance that the controls are effective.

4.3 Internal Audit

Internal Audit will be in a position to provide assurance on the internal control environment, in line with their planned programme of work. Internal Audit will plan the annual audit coverage based on a risk assessment, and on the levels of assurance that can be obtained from other assurance providers. The Code of Practice for Internal Audit in Local Government in the United Kingdom defines Internal Audit as;

‘An assurance function that primarily provides an independent and objective opinion to the organisation on the control environment, comprising risk management, control and governance by evaluating its effectiveness in achieving the organisations objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources’.

It is envisaged that Internal Audit and Risk Management will co-ordinate assurance by:

- Independently reviewing the risk management strategy and process.
- Completing risk based reviews of the key controls identified to mitigate the principal risk to the councils’ achievement of their strategic objectives.
- Referring to the councils’ risk registers when planning audit work.

4.4 External Audit and Review

External Audit

External Audit is a key source of assurance and both councils should take into account the external audit management letter and reports. However, it is worth noting that the work of external audit has to be independent and the councils should not rely on external audit for advice and guidance as that is not their role.

Review Agencies and Inspectorates

Aspects of the organisations’ activities may be subject to independent inspection and assessment. These reports are likely to identify areas of strength and issues to address and may also provide some assurance. Reports from the Local Government Ombudsman may also provide a further source of assurance.

Section 5: Corporate Governance

5.1 Annual Governance Statement

Regulation 4 of the Account and Audit Regulations (2003) requires audited bodies to conduct a review, at least once a year, of the effectiveness of their systems of internal control. This review is incorporated within the Annual Governance Statement that is published alongside the statement of accounts for both councils.

The purpose of the Annual Governance Statement is to provide a continuous review of the effectiveness of an organisation's internal control and risk management systems, so as to give assurance on their effectiveness and/or to produce a management action plan to address identified weaknesses in either process. The process of preparing the Annual Governance Statement will add value to the corporate governance and internal control framework of an organisation.

The statement needs to be approved separately to the accounts and signed as a minimum by the Chief Executive and the Leader of the Council. At each council the production of the Annual Governance Statement will be reliant upon the contents of some or all of the following. These sources of assurance are:

- Internal audit annual report
- External audit management letter
- Review Agencies and Inspectorates (where appropriate)
- Other internal review mechanisms
- The Leadership Risk and Opportunities Register, including controls and actions
- Operational Risk Registers, including controls and actions
- Statements of Assurance
- Identification of risks highlighted by CEDR
- Audit Committees at both councils
- Performance Management Framework
- Health and Safety Adviser

5.2 Statements of Assurance

In order for the Chief Executive and the Leader of the Council to be able to sign off the Annual Governance Statement there is a requirement for each Head of Service to complete a statement of assurance taking responsibility for their individual service/operational risk registers and the implementation of the management actions contained within it. These statements of assurance will be completed on an annual basis to feed into the Annual Governance Statement.

The Chief Executive or, in the absence of the Chief Executive, a Director/Section 151 Officer, needs to sign a statement of assurance for the Leadership Risk and Opportunities Register.

Section 6: Contacts and Further Guidance

6.1 Contacts

Cecilie Booth – Deputy S151 Officer
Cecilie.booth@cherwellandsouthnorthants.gov.uk
Telephone: 01295 227946

Rakesh Kumar – Strategic Intelligence & Insight Manager
Rakesh.kumar@cherwellandsouthnorthants.gov.uk
01295 227094

Louise Tustian – Strategic Intelligence & Insight Team Leader
Louise.Tustian@cherwellandsouthnorthants.gov.uk
Telephone: 01295 221786

6.2 Supporting Documents / Guidance

In addition to this strategy the following documents provide information and guidance with regards to risk management:

1. A quick guide to risk management – a three page summary of the councils' approach to risk
2. New risk assessment template – a two page template that takes you through the process of assessing a new risk or fully reviewing an existing risk

Cherwell District Council

Accounts, Audit & Risk Committee

25 July 2018

2017/18 Treasury Management Annual Report
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Report of the Executive Director of Finance and Governance (Interim)

This report is public

Purpose of report

This report presents information on treasury management performance and compliance with treasury management policy during 2017/18 as required by the Treasury Management Code of Practice.

1.0 Recommendations

The meeting is recommended:

To note the contents of this report in line with the Treasury Management Strategy.

2.0 Introduction

In 2012 the Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Authority to approve a treasury management annual report after the end of each financial year.

This report fulfils the Authority's legal obligation to have regard to the CIPFA Code.

The Authority's revised treasury management strategy for 2017/18 was approved by Council on 27 February 2017 and was revised by full Council on 18 December 2017. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy.

3.0 External Context (*report by Arlingclose as at 9/4/18*)

Economic commentary

2017-18 was characterised by the push-pull from expectations of tapering of Quantitative Easing (QE) and the potential for increased policy rates in the US and Europe and from geopolitical tensions, which also had an impact.

The UK economy showed signs of slowing with latest estimates showing GDP, helped by an improving global economy, grew by 1.8% in calendar 2017, the same level as in 2016. This was a far better outcome than the majority of forecasts following the EU Referendum in June 2016, but it also reflected the international growth momentum generated by the increasingly buoyant US economy and the re-emergence of the Eurozone economies.

The inflationary impact of rising import prices, a consequence of the fall in sterling associated with the EU referendum result, resulted in year-on-year CPI rising to 3.1% in November before falling back to 2.7% in February 2018. Consumers felt the squeeze as real average earnings growth, i.e. after inflation, turned negative before slowly recovering. The labour market showed resilience as the unemployment rate fell back to 4.3% in January 2018. The inherent weakness in UK business investment was not helped by political uncertainty following the surprise General Election in June and by the lack of clarity on Brexit, the UK and the EU only reaching an agreement in March 2018 on a transition which will now be span Q2 2019 to Q4 2020. The Withdrawal Treaty is yet to be ratified by the UK parliament and those of the other 27 EU member states and new international trading arrangements are yet to be negotiated and agreed.

The Bank of England's Monetary Policy Committee (MPC) increased Bank Rate by 0.25% in November 2017. It was significant in that it was the first rate hike in ten years, although in essence the MPC reversed its August 2016 cut following the referendum result. The February *Inflation Report* indicated the MPC was keen to return inflation to the 2% target over a more conventional (18-24 month) horizon with 'gradual' and 'limited' policy tightening. Although in March two MPC members voted to increase policy rates immediately and the MPC itself stopped short of committing itself to the timing of the next increase in rates, the minutes of the meeting suggested that an increase in May 2018 was highly likely.

In contrast, economic activity in the Eurozone gained momentum and although the European Central Bank removed reference to an 'easing bias' in its market communications and had yet to confirm its QE intention when asset purchases end in September 2018, the central bank appeared some way off normalising interest rates. The US economy grew steadily and, with its policy objectives of price stability and maximising employment remaining on track, the Federal Reserve Open Market Committee (FOMC) increased interest rates in December 2017 by 0.25% and again in March, raising the policy rate target range to 1.50% - 1.75%. The Fed is expected to deliver two more increases in 2018 and a further two in 2019. However, the imposition of tariffs on a broadening range of goods initiated by the US, which has led to retaliation by China, could escalate into a deep-rooted trade war having broader economic consequences including inflation rising rapidly, warranting more interest rate hikes.

Financial markets: The increase in Bank Rate resulted in higher money markets rates: 1-month, 3-month and 12-month LIBID rates averaged 0.32%, 0.39% and 0.69% and at 31st March 2018 were 0.43%, 0.72% and 1.12% respectively.

Gilt yields displayed significant volatility over the twelve-month period with the change in sentiment in the Bank of England's outlook for interest rates. The yield on the 5-year gilts which had fallen to 0.35% in mid-June rose to 1.65% by the end of March. 10-year gilt yields also rose from their lows of 0.93% in June to 1.65% by mid-February before falling back to 1.35% at year-end. 20-year gilt yields followed

an even more erratic path with lows of 1.62% in June, and highs of 2.03% in February, only to plummet back down to 1.70% by the end of the financial year.

The FTSE 100 had a strong finish to calendar 2017, reaching yet another record high of 7688, before plummeting below 7000 at the beginning of 2018 in the global equity correction and sell-off.

Credit background:

Credit Metrics

In the first quarter of the financial year, UK bank credit default swaps reached three-year lows on the announcement that the Funding for Lending Scheme, which gave banks access to cheaper funding, was being extended to 2018. For the rest of the year, CDS prices remained broadly flat.

The rules for UK banks' ring-fencing were finalised by the Prudential Regulation Authority and banks began the complex implementation process ahead of the statutory deadline of 1st January 2019. As there was some uncertainty surrounding which banking entities the Authority would be dealing with once ring-fencing was implemented and what the balance sheets of the ring-fenced and non ring-fenced entities would look like, in May 2017 Arlingclose advised adjusting downwards the maturity limit for unsecured investments to a maximum of 6 months. The rating agencies had slightly varying views on the creditworthiness of the restructured entities.

Barclays was the first to complete its ring-fence restructure over the 2018 Easter weekend; wholesale deposits including local authority deposits will henceforth be accepted by Barclays Bank plc (branded Barclays International), which is the non ring-fenced bank.

Money Market Fund regulation: The new EU regulations for Money Market Funds (MMFs) were finally approved and published in July and existing funds will have to be compliant by no later than 21st January 2019. The key features include Low Volatility Net Asset Value (LVNAV) Money Market Funds which will be permitted to maintain a constant dealing NAV, providing they meet strict new criteria and minimum liquidity requirements. MMFs will not be prohibited from having an external fund rating (as had been suggested in draft regulations). Arlingclose expects most of the short-term MMFs it recommends to convert to the LVNAV structure and awaits confirmation from each fund.

Credit Rating developments

The most significant change was the downgrade by Moody's to the UK sovereign rating in September from Aa1 to Aa2 which resulted in subsequent downgrades to sub-sovereign entities including local authorities.

Changes to credit ratings included Moody's downgrade of Standard Chartered Bank's long-term rating to A1 from Aa3 and the placing of UK banks' long-term ratings on review to reflect the impending ring-fencing of retail activity from investment banking (Barclays, HSBC and RBS were on review for downgrade; Lloyds Bank, Bank of Scotland and National Westminster Bank were placed on review for upgrade).

Standard & Poor's (S&P) revised upwards the outlook of various UK banks and building societies to positive or stable and simultaneously affirmed their long and short-term ratings, reflecting the institutions' resilience, progress in meeting regulatory capital requirements and being better positioned to deal with uncertainties and potential turbulence in the run-up to the UK's exit from the EU in March 2019. The agency upgraded Barclays Bank's long-term rating to A from A- after the bank announced its plans for its entities post ring-fencing.

Fitch revised the outlook on Nationwide Building Society to negative and later downgraded the institution's long-term ratings due to its reducing buffer of junior debt. S&P revised the society's outlook from positive to stable.

S&P downgraded Transport for London to AA- from AA following a deterioration in its financial position.

Moody's downgraded Rabobank's long-term rating due to its view on the bank's profitability and the long-term ratings of the major Canadian banks on the expectation of a more challenging operating environment and the ratings of the large Australian banks on its view of the rising risks from their exposure to the Australian housing market and the elevated proportion of lending to residential property investors. S&P also upgraded the long-term rating of ING Bank to A+.

Moody's upgraded the baseline credit assessment and the long-term rating of Clydesdale Bank to baa2 and Baa1 respectively and revised the bank's outlook to positive reflecting the agency's view that the bank's return to profitability.

Local Authority Regulatory Changes

Revised CIPFA Codes: CIPFA published revised editions of the Treasury Management and Prudential Codes in December 2017. The required changes from the 2011 Code are being incorporated into Treasury Management Strategies and monitoring reports.

The 2017 Prudential Code introduces the requirement for a Capital Strategy which provides a high-level overview of the long-term context of capital expenditure and investment decisions and their associated risks and rewards along with an overview of how risk is managed for future financial sustainability. Where this strategy is produced and approved by full Council, the determination of the Treasury Management Strategy can be delegated to a committee. The Code also expands on the process and governance issues of capital expenditure and investment decisions. The Authority expects to produce its Capital Strategy during 2018/19.

In the 2017 Treasury Management Code the definition of 'investments' has been widened to include financial assets as well as non-financial assets held primarily for financial returns such as investment property. These, along with other investments made for non-treasury management purposes such as loans supporting service outcomes and investments in subsidiaries, must be discussed in the Capital Strategy or Investment Strategy. Additional risks of such investments are to be set out clearly and the impact on financial sustainability is to be identified and reported.

MHCLG Investment Guidance and Minimum Revenue Provision (MRP): In February 2018 the MHCLG (Ministry of Housing, Communities and Local Government) published revised Guidance on Local Government and Investments and Statutory Guidance on Minimum Revenue Provision (MRP).

Changes to the Investment Guidance include a wider definition of investments to include non-financial assets held primarily for generating income return and a new category called “loans” (e.g. temporary transfer of cash to a third party, joint venture, subsidiary or associate). The Guidance introduces the concept of proportionality, proposes additional disclosure for borrowing solely to invest and also specifies additional indicators. Investment strategies must detail the extent to which service delivery objectives are reliant on investment income and a contingency plan should yields on investments fall.

The definition of prudent MRP has been changed to “put aside revenue over time to cover the CFR”; it cannot be a negative charge and can only be zero if the CFR is nil or negative. Guidance on asset lives has been updated, applying to any calculation using asset lives. Any change in MRP policy cannot create an overpayment; the new policy must be applied to the outstanding CFR going forward only.

4.0 Local Context

On 31st March 2018, the Authority had net borrowing of £92.7m arising from its revenue and capital income and expenditure, a decrease in treasury funds on 2017 of £110.7m. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors and the year-on-year change are summarised in table 1 below.

Table 1: Balance Sheet Summary

	31.3.17 Actual £m	2017/18 Movement £m	31.3.18 Actual £m
General Fund CFR	5.5	125.5	131.0
Prior year adjustment	32.2	-32.2	0
Borrowing CFR	37.7	93.3	131.0
Less: Usable reserves	-22.8	5.7	-17.1
Less: Working capital	-32.9	11.7	-21.2
Net borrowing / (investments)	-18.0	110.7	92.7

Net borrowing has increased due to a rise in the CFR as new capital expenditure was higher than the financing applied including minimum revenue provision; offset by an increase in usable reserves, and a rise in working capital due to the timing of receipts and payments.

The Authority’s strategy was to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low. The treasury management position as at 31st March 2018 and the year-on-year change in shown in table 2 below.

Table 2: Treasury Management Summary

	31.3.17 Balance £m	2017/18 Movement £m	31.3.18 Balance £m	31.3.18 Rate %
Long-term borrowing	0	21.2	21.2	1.84
Short-term borrowing	0	90.6	90.6	0.71
Total borrowing	0	111.8	111.8	0.92
Long-term investments	0	0	0	-
Short-term investments	11.5	-4.5	7.0	0.25
Cash and cash equivalents	6.5	5.6	12.1	0.36
Total investments	18.0	1.1	19.1	0.31
Net (borrowing) / investments	18.0	-110.7	-92.7	

Note: the figures in the table are from the balance sheet in the Authority's statement of accounts and include accrued interest

5.0 Borrowing Activity

At 31st March 2018, the Authority held £111.8m of loans, an increase of £111.8m on the previous year, as part of its strategy for funding previous years' capital programmes. The year-end borrowing position and the year-on-year change in show in table 3 below.

Table 3: Borrowing Position

	31.3.17 Balance £m	2017/18 Movement £m	31.3.18 Balance £m	31.3.18 Rate %	31.3.18 WAM* years
Public Works Loan Board	0	21.2	21.2	1.84	6.5
Local authorities	0	90.6	90.6	0.71	0.4
Total borrowing	0	111.8	111.8	0.92	1.6

*Weighted average maturity

The Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective.

In furtherance of these objectives, new borrowing was kept to a minimum in 2017/18. This strategy enabled the Authority to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.

For the majority of the year the "cost of carry" analysis performed by the Authority's treasury management advisor Arlingclose did not indicate value in borrowing in advance for future years' planned expenditure and therefore none was taken.

6.0 Investment Activity

The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. The year-end investment position and the year-on-year change in investments is shown in table 4 below.

Table 4: Investment Position (Treasury Investments)

	31.3.17 Balance £m	2017/18 Movement £m	31.3.18 Balance £m	31.3.18 Rate %
Banks & building societies (unsecured)	13.8	-11.2	2.6	0.30
UK Government	0	7.1	7.1	0.25
Money Market Funds	4.2	5.3	9.5	0.39
Total investments	18.0	1.2	19.2	0.31

Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

The type of investments held during the year has not changed significantly, but deposits with the Debt Management Account Debt Facility (DMADF - part of HM Treasury) have been added. Therefore although overall investment risk was lowered, the average rate of return has decreased from 0.52% to 0.31%. This has been driven by the need for borrowing during the year, and therefore only a relatively low level of investment balances being held, and invested for shorter durations.

The progression of credit risk and return metrics for the Authority's investments managed in-house are shown in the extracts from Arlingclose's quarterly investment benchmarking in table 5 below.

Table 5: Investment Benchmarking

	Credit Score	Credit Rating	Bail-in Exposure	WAM* (days)	Rate of Return
31.03.2017	4.96	A+	100%	51	0.46
30.06.2017	4.70	A+	100%	4	0.41
30.09.2017	4.14	AA-	100%	10	0.18
31.12.2017	4.41	AA-	100%	1	0.32
31.03.2018	3.97	AA	100%	4	0.32
Similar LAs	4.22	AA-	59%	109	1.32%
All LAs	4.24	AA-	69%	35	1.08%

*Weighted average maturity

7.0 Financial Implications

The outturn for debt interest paid in 2017/18 was £358k on an average debt portfolio of £35.0m at an average interest rate of 1.02. This is in line with initial budget expectations and approved additional borrowing (e.g. Castle Quay).

The outturn for treasury investment income received in 2017/18 was £46k on an average credit portfolio of £14.8m at an average interest rate of 0.31%, against a budgeted £69k investment income receivable.

8.0 Other Non-Treasury Holdings and Activity

Although not classed as treasury management activities, the 2017 CIPFA Code now requires the Authority to report on investments for policy reasons outside of normal treasury management. This includes service investments for operational and/or regeneration as well as commercial investments which are made mainly for financial reasons.

The Authority also holds £60.4m of investments in equity and loans to its subsidiary companies (Graven Hill and Crown House). This represents an increase of £28.2m on the previous year due to new investments.

These non-treasury investments generated £1.8m of investment income for the Authority, representing a rate of return of 3.9%. This is higher than the return earned on treasury investments but reflects the additional risks to the Authority of holding such investments.

9.0 Compliance Report

The Executive Director of Finance and Governance (Interim) is pleased to report that all treasury management activities undertaken during 2017/18 complied fully with the CIPFA Code of Practice and the Authority's approved Treasury Management Strategy, with one minor exception (see Table 8: Investment Limits below).

Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 7 below.

Table 7: Debt Limits

	2017/18 Maximum £m	31.3.18 Actual £m	2017/18 Operational Boundary £m	2017/18 Authorised Limit £m	Complied
Borrowing / Total debt	111.5	111.5	120	220	✓

Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure. Total debt was above the operational boundary for 0 days during 2017/18.

Table 8: Investment Limits

	2017/18 Maximum £m	31.3.18 Actual £m	2017/18 Limit £m	Complied
Any single organisation, except the UK Central Government	10	4.8	10	✓
Any group of organisations under the same ownership	10	4.8	10	✓
Any group of pooled funds under the same management	0	0	10	✓
Negotiable instruments held in a broker's nominee account	0	0	10	✓
Foreign countries	8.2	2.6	10	✓
Registered Providers	0	0	10	✓
Unsecured investments with Building Societies	0	0	10	✓
Loans to unrated corporates	0	0	10	✓
Money Market Funds	17.1	9.5	15	See below*

**Money market investments marginally exceeded the approved limit for a period of 12 days from 3-14 January 2018. This was immediately prior to the acquisition of Castle Quay when funds were required to be held at short notice pending completion, as precise dates and values were being negotiated.*

10.0 Treasury Management Indicators

The Authority measures and manages its exposures to treasury management risks using the following indicators.

Interest Rate Exposures: This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed was:

	31.3.18 Actual	2017/18 Limit	Complied
Upper limit on fixed interest rate exposure	26%	100%	✓
Upper limit on variable interest rate exposure	74%	100%	✓

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

Maturity Structure of Borrowing: This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing were:

	31.3.18 Actual	Upper Limit	Lower Limit	Complied
Under 12 months	-	100%	0%	✓
12 months and within 24 months	7%	100%	0%	✓
24 months and within 5 years	-	100%	0%	✓
5 years and within 10 years	19%	100%	0%	✓
10 years and above	Page 79	100%	0%	✓

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal Sums Invested for Periods Longer than 364 days: The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

	2017/18 £m	2018/19 £m	2019/20 £m
Actual principal invested beyond year end	0	0	0
Limit on principal invested beyond year end	5	5	5
Complied	✓	✓	✓

11.0 Conclusion and Reasons for Recommendations

The annual treasury report is a requirement of the Council's reporting procedures. It covers the treasury activity during 2017/18, including performance against budget and compliance with Indicators.

12.0 Alternative Options and Reasons for Rejection

This report illustrates the Council's Treasury performance for 2017/18 against budget and includes the Annual Treasury Report 2017/18.

The following options have been identified. The approach in the recommendations is believed to be the best way forward:

Option One To review current performance levels, and consider any actions arising.

Option Two To approve or reject the recommendations above or request that Officers provide additional information.

13.0 Implications

Financial and Resource Implications

13.1 There are no specific financial effects arising directly from this report.

Comments checked by:

Kelly Watson, Assistant Director – Finance and Procurement
kelly.watson@cherwellandsouthnorthants.gov.uk 0300 003 0206

Legal Implications

13.2 There are no legal implications arising directly from any outcome of this report.

Comments checked by:

Richard Hawtin, Team Leader – Non-contentious Business
richard.hawtin@cherwellandsouthnorthants.gov.uk 01295 221695

Risk management

13.3 There are no risk implications arising directly from any outcome of this report.

Comments checked by:

Louise Tustian, Team Leader – Insight Team

louise.tustian@cherwellandsouthnorthants.gov.uk

01295 221786

14.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

All

Lead Councillor

Councillor Tony Illott – Lead Member for Financial Management

Document Information

Appendix No	Title
None	
Background Papers	
None	
Report Author	Ian Robinson Principal Accountant
Contact Information	Direct Dial: 01295 221762 Ian.Robinson@cherwellandsouthnorthants.gov.uk

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Cherwell District Council

Accounts, Audit and Risk Committee

25 July 2018

2018/19 Work Programme

Report of the Executive Director – Finance and Governance

This report is public

Purpose of report

This report sets out the draft work programme for 2018/19.

1.0 Recommendations

- 1.1 To review the work programme contained within this report.
- 1.2 Approve the work programme for 2018/19.

2.0 Introduction

- 2.1 At the start of each year it is good to review the whole work programme and set out the intended agenda for future meetings. This will assist with planning of work for the year.

3.0 Report Details

- 3.1 The table below sets out the items intended for discussion at the meetings of Accounts, Audit and Risk Committee for the remainder of the municipal year.
- 3.2 During the year additional items may be brought to the committee as required.

Year	Date	Agenda Items
2018	21 November	<ul style="list-style-type: none"> • Internal Audit Progress Report • External Audit Annual Letter • Corporate Fraud • Risk Management • Treasury Management Update Report • Housing Benefit Subsidy
2019	23 January	<ul style="list-style-type: none"> • Internal Audit Progress Report • External Audit Progress Report and Certification of Grants • Treasury Management Strategy 2019/20
	13 March	<ul style="list-style-type: none"> • Internal Audit Progress Report • Internal Audit Plan 2019/20 • External Audit Plan 2018/19 • Corporate Fraud • Risk Management • Treasury Management Update Report

4.0 Conclusions and Reasons for Recommendations

4.1 A plan and work programme for the year will assist with committee preparation.

5.0 Consultation

5.1 The draft work programme has been prepared by the Assistant Director, Finance and Procurement and Executive Director, Finance and Governance in consultation with the Portfolio Holder for Finance and Governance and brought to committee for review.

6.0 Alternative Options and Reasons for Rejection

6.1 None.

7.0 Implications

Financial and Resource Implications

7.1 There are no financial implications arising directly from the production of this report.

Comments checked by:

Adele Taylor, Executive Director – Finance and Governance

0300 003 0103

adele.taylor@cherwellandsouthnorthants.gov.uk

Legal Implications

7.2 Comments will be provided together with the 2018/19 Work Programme

Risk Management

7.3 There are no risk management implications arising from this report.

Comments checked by: Louise Tustian

Louise Tustian, Team Leader - Insight Team 01295 221786

louise.tustian@Cherwellandsouthnorthants.gov.uk

8.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

All

Lead Councillor

Councillor Tony Illott, Portfolio Holder for Finance and Governance

Document Information

Appendix No	Title
None	
Background Papers	
None	
Report Author	Kelly Watson, Assistant Director – Finance and Procurement
Contact Information	Kelly Watson, Assistant Director – Finance and Procurement 01295 221638 kelly.watson@cherwellandsouthnorthants.gov.uk

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