

Cherwell District Council

Accounts, Audit and Risk Committee

24 June 2015

<p>Fourth Quarter Risk Review 2014-15 & update on Development of Risk & Opportunities Management Strategy</p>
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Report of Head of Transformation and Corporate Performance Manager

This report is public

Purpose of report

To update the Committee on the management of Strategic, Corporate and Partnership Risks during the fourth and final quarter of 2014/15 and to report the progress made on the 2015/16 Risk & Opportunities Management Strategy review, Risk Training programme and Internal Audit review.

1.0 Recommendations

The meeting is recommended to:

- 1.1 review the quarter 4 Strategic, Corporate and Partnership Risk Register and identify any issues for further consideration.
- 1.2 note that there have been changes to three of the risk scores, one of which is CDC specific, the other two are joint risks across both councils.
- 1.3 note that three risks have been closed since the last meeting; two of which are CDC specific, one is a joint risk across both councils.
- 1.4 note that one new joint strategic risk has been added to the register since the last meeting.
- 1.5 note the progress made on the 2015/16 Risk and Opportunities Management Strategy review, the 2015/16 Risk Training Programme and the 2014/15 Risk Audit

2.0 Introduction

- 2.1 The Council sets out its approach to managing risk in its Risk and Opportunities Management Strategy. This document is reviewed and updated on an annual basis and sets out the framework for managing risks of all types.
- 2.2 Risks are reviewed on a quarterly basis, undertaken by the Accounts, Audit and Risk Committee and Joint Management Team (JMT). This takes the form of reviewing the strategic risk register. Operational risks are reviewed at the departmental level but can be escalated to the strategic risk register if required. Risks may be identified and added to the strategic risk register at any point during the year. A formal review is undertaken annually to refresh the strategic risk register and identify any new or emerging risks or opportunities.

3.0 Report Details

- 3.1 **Underlying Principles:** the following principles continue to be used for the management of risk

Core Risks: these are the core set of strategic and high level risks that are recorded in the Council's Risk Register and are managed by JMT. They are monitored by the Accounts, Audit and Risk Committee and JMT on a quarterly basis. These risks are defined as strategic, corporate and partnership risks (see 'types of risk' below).

Residual/Net Risk: this is a measure of impact and likelihood after the proposed mitigating actions or controls have been taken into account. This is given a score using a 5x5 matrix which can then range from 1 to 25, with 25 being the highest level a risk can score. Changes in residual risk are highlighted in the risk monitoring reports to draw attention to any increase or decrease in risk and any new controls required.

Types of Risk: the Council distinguishes between types of risk and those defined as strategic, corporate or partnership are held on the Council's core strategic risk register whilst operational risks are managed at the service and directorate level. Our definitions are as follows:

- 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 its four strategic priorities.
- Corporate risks to corporate systems or processes that underpin the organisation's overall governance, operation and ability to deliver services.
- Partnership risks to a partnership meeting its objectives or delivering agreed services/ projects.
- Operational risks specific to the delivery of individual services/service performance or specific projects.

- 3.2 **The Councils' Risk and Opportunities Management Strategy** was fully reviewed and redeveloped during 2011/12 to take into account the new joint management arrangements within Cherwell District Council and South Northamptonshire Council. This strategy ensures that the joint management team use a single approach to risk management. Risks are clearly identified as Cherwell, South Northants, shared, or 3 Way (to reflect current shared working with Stratford District Council) and managed to reflect this status.
- 3.3 The 2015/16 Strategy is currently under review and the Committee will receive a detailed update at their meeting on 23 September 2015.
- 3.4 **Quarter four risk review** and heat maps are attached as appendix 1 and 2 respectively. The register has been reviewed by the risk owners and members of JMT and each risk has commentary for quarter four included.
- 3.5 Changes to the full risk register during this quarter are summarised below:-

Risk Type/Ref	Risk Name	Comments/Actions
Strategic S14	Bicester Town Centre Development (CDC)	↓ Decrease in Inherent/Gross risk score Judicial Review and time delay risk mitigated therefore reduction in risk score in quarter 4
Strategic S17	3-way Joint Working (Common)	↓ Decrease in Residual/Net risk score Residual scores increased during Q3 to reflect the uncertainty of delivering the programme in original timeframe but have been reduced for Q4. New timeframe for 3-way is June 2015. Action has been taken, and is being implemented, to ensure the programme objectives can be met, it should be noted that during 2014/15 three way Legal and ICT services were successfully implemented and an extensive review of joint working options has been completed.
Strategic S21	Dry Recycling Contract (Common)	↓ Decrease in Residual/Net risk score Residual scores for this risk were increased during Q3 to reflect the uncertainty of the Councils' contractual obligations with its current dry recycling contractor, UPM. This quarter the probability scores have reduced to reflect meetings held with UPM and agreement to contract extension until end of March 2015. External legal advisors have been engaged and we are also working with South Northants Council and Aylesbury Vale.

3.6 In addition, JMT have agreed closure of the following risks on the 2014/15 Register effective 31 March 2015:-

Risk Type/Ref	Risk Name	Reasons for Closure
Corporate C08	Joint Working (Common)	This risk will be amalgamated with S17 3-Way working risk to reflect Transformation Team programme objectives.
Corporate C14	Planning - Major Applications (CDC)	Processing of majors performance is exceptionally good with full year performance at 90% (subject to confirmation). This exceeds the Planning Inspectorate's threshold for additional measures and is the basis for removal from the Strategic Register although it will continue to be monitored closely at operational level.
Partnership P03	Local Strategic Partnership (CDC)	Risk to be removed from the register end of 2015/16, reflecting the low level of risk & the fact that LSP is no longer a statutory partnership.

3.7 **2015/16 Risk Register** - as part of the business planning process, all strategic, corporate and partnerships were fully reviewed and updated by JMT to ensure its contents reflect current priorities and circumstances.

3.8 As a result of this review a new risk, detailed below, has been identified for inclusion on the 2015/16 register. The full Risk Register will be reported to the Committee as the quarter one review at its meeting on 23 September 2015.

Risk Type/Ref	Risk Name	Risk Description and Reasons for Inclusion
Corporate C13	Safeguarding (Common)	<p>Failure to:-</p> <ul style="list-style-type: none"> • identify safeguarding concerns & issues; • use agreed protocols for escalating safeguarding concerns; • use diverse community intelligence to best effect internally & externally <p>To ensure effective internal information sharing processes and protocols are in place for safeguarding, escalation activities are timely and measured and external interface with relevant partners and networks is maintained.</p>

3.9 **Operational risks** are not included in the strategic, corporate and partnerships risk register. These risks are managed and monitored locally at the directorate and service level and are identified through the development of service plans and also via project risk logs. A full operational risk review is planned for mid-year, outcomes from which will be reported to the Committee at its meeting 2 December 2015.

- 3.10 Any issues arising from operational risks may be escalated via the performance and risk reports to JMT. In the event of this occurring they would also be reported to the Accounts Audit and Risk Committee in their quarterly reports.
- 3.11 **2015/16 Reporting Arrangements** – the Strategic Risk Register will be reported to the Accounts, Audit and Risk Committee on a quarterly basis in accordance with the following timetable:-

Reporting	Committee Meeting
Quarter 1 risk review 2015/16 Risk & Opportunities Management Strategy Audit outcomes and recommendations	Wednesday 23 September 2015
Quarter 2 risk review	Wednesday 2 December 2015
Quarter 3 risk review	Wednesday 23 March 2016
Quarter 4/Year-End risk review	Wednesday 22 June 2016

- 3.12 **Risk Training** is currently being sourced through Price Waterhouse Cooper (PWC), the Council's Internal Auditors. Training will be offered to Members, Joint Management Team and service staff with responsibility for Operational or Project Risks.
- 3.13 **2014/15 Risk Audit** is currently being undertaken by PWC. Full details of the audit with outcomes and recommendations will be reported to the Accounts, Audit & Risk Committee at its meeting on 23 September 2015.

4.0 Conclusion and Reasons for Recommendations

- 4.1 The following options have been identified. The approach in the recommendations is believed to be the best way forward.
- Option 1 To support the current approach and having considered the Strategic, Corporate and Partnership risks, report any concerns arising to the Executive.
- Option 2 To reject the current approach and proposals and report any concerns arising to the Executive.

5.0 Consultation

- 5.1 Both CDC Accounts, Audit and Risk Committee and SNC Audit Committee have been consulted on the development of the Risk Strategy

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: To reject the current approach and proposals and recommend an alternative approach to risk management. This option is not recommended as it departs from the Council's stated approach to risk management as set out in its Risk and Opportunities Management Strategy.

7.0 Implications

Financial and Resource Implications

7.1 There are no specific financial implications arising from this report.

Comments checked by Paul Sutton, Head of Finance and Procurement
Tel: 0300 0030 106 E-mail: Paul.Sutton@cherwellandsouthnorthants.gov.uk

Legal Implications

7.2 There are no specific legal implications arising from this report,

Comments checked by Kevin Lane, Head of Law and Governance,
Tel: 0300 0030 107 Email: kevin.lane@cherwellandsouthnorthants.gov.uk

8.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

All strategic priorities

Lead Councillor

Councillor Barry Wood
Leader of the Council

Document Information

Appendix No	Title
Appendix 1	Quarter 4 2014/15 Risk Register
Appendix 2	Quarter 4 2014/15 Heat Map
Background Papers	
None	
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