

# **Cherwell District Council**

## **Accounts, Audit and Risk Committee**

**23 September 2015**

<p><b>First Quarter Risk Review 2015-16 &amp; Update on Development of Risk &amp; Opportunities Management Strategy</b></p>
---

### **Report of the Head of Transformation**

This report is public

#### **Purpose of report**

To update the Committee on the management of Strategic, Corporate and Partnership risks during the first quarter of 2015/16 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 1 Strategic, Corporate and Partnership Risk Register and identify any issues for further consideration or referral to Executive.
- 1.2 note that there have been changes to two shared risks' scores, one increase and one decrease.
- 1.3 note that two Partnership risks, previously "common" to both Authorities, are now Council specific to better reflect the different structure/circumstances at each Authority.
- 1.4 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 details its approach to managing risk in its Risk and Opportunities Management Strategy 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 This Strategy is currently being updated to take into account PWC Audit feedback. It is anticipated this review will be completed during Q2 and presented to the Committee at its meeting 2 December 2015.
- 3.4 **Risk Register 2015/16:** As part of the business planning process, all strategic, corporate and partnerships were fully reviewed and updated by JMT for 2015/16 to ensure its contents reflect current priorities and circumstances. The 2015/16 register contains 14 risks specific to CDC and 18 risks which are common to both.
- 3.5 **First Quarter Risk Review** and associated 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 one included.
- 3.6 The following table summarises changes to Cherwell District Council's risks and also risks common to both Authorities during quarter one:-

Risk Type/Ref	Risk Name	Comments/Actions
Strategic S02	Financial Resilience (Common)	↑ <b>Increase in Residual probability score</b> Score updated to reflect a greater probability that there will be some significant changes to the Council's funding as indicated by recent announcements released by Government.
Strategic S07	Customer Service Improvements (Common)	↓ <b>Decrease in Residual probability score</b> Score reduced to reflect good progress made on customer improvements and channel shift.
Partnership P04	Policing & Crime Commissioner (CDC)	<b>No change in risk scores</b> These risks, previously "Common" to both Authorities, are now Council specific to better reflect the different structure/circumstances at each Authority.
Partnership P06	Health & Wellbeing Partnership (CDC)	

- 3.7 **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 in December

- 3.8 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.
- 3.9 **Risk Training** for Joint Management Team and service staff with responsibility for Operational and/or Project Risks will be delivered in house and will be included on the Corporate training Schedule for Q3.
- 3.10 **2014/15 Risk Audit** report as undertaken by PWC has not, as yet, been finalised. Full details of the audit with outcomes and recommendations will therefore be reported to the Accounts, Audit & Risk Committee at its December meeting.

#### **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](mailto: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](mailto: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 1 2015/16 Risk Register
Appendix 2	Quarter 1 2015/16 Heat Map
Background Papers	
None	
Report Author	Ros Holloway, Performance Information Officer
Contact Information	<a href="mailto:Ros.holloway@cherwellandsouthnorthants.gov.uk">Ros.holloway@cherwellandsouthnorthants.gov.uk</a> 01295 221578