

Cherwell District Council

Accounts, Audit and Risk Committee

30 June 2016

<p>Fourth Quarter Risk Review 2015/16 and 2016/17 Shared Risk & Opportunities Management Strategy</p>
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Report of Director - Strategy and Commissioning

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 2015/16; to present the 2016/17 Risk & Opportunities Management Strategy review; and to provide an update on the Risk Training programme.

1.0 Recommendations

The meeting is recommended:

- 1.1 To review the quarter four Strategic, Corporate and Partnership Risk Register and identify any issues for further consideration or referral to Executive.
- 1.2 To note the revised Risk and Opportunities Management Strategy for 2016/17.

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 has been reviewed and updated for 2016/17 to better reflect the Councils' risk appetite, attitude to risk and changes to the information management and data collection system that underpins the process. The Strategy is attached as Appendix 3.

3.4 **Fourth 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 included.

3.5 The following table summarises changes to Cherwell District Council's risks and also risks common to both Authorities during the quarter:-

Risk Type/Ref	Risk Name	Comments/Actions
S16 Strategic	Joint Working 2 & 3 Way (Shared)	Risk closed 31/03/16 Following Stratford District Council's decision not progress the three way partnership, this risk will be replaced by a new "Transformation Programme" risk effective from 1 April 2017.
C16 Corporate	Waste Framework Directive (Shared)	Risk closed 31/03/16 The Environment Agency seem broadly satisfied with the approach from local authorities, as such this is no longer considered to be a significant risk and will be managed operationally.
P03 Partnership	Community Safety Partnership (CDC Specific)	Risk closed 31/03/16 This is no longer considered a significant risk and will now be managed at operational level.

- 3.6 **2016/17 Risk Register** - as part of the business planning process, all strategic, corporate and partnerships risks have been fully reviewed by JMT to ensure the new register reflects current priorities and circumstances.
- 3.7 As a result of this review three new risks, detailed below, have been identified for inclusion on the 2016/17 register. The full Risk Register will be reported to the Committee as the quarter one review at its meeting on 21 September 2016.

Risk Type/Ref	Risk Name	Risk Description and Reasons for Inclusion
S16 Strategic	Transformation Programme (Common)	Failure to deliver the programme resulting in: <ul style="list-style-type: none"> • failure to deliver savings • non delivery of councils' commercial objectives • reputational damage • failure to improve services and deliver efficiencies This new risk replaces 2&3 Way Working risk following Stratford District Council's decision not progress the three way partnership.
S21 Strategic	Oxfordshire Devolution Deal & Unitary Authority (ODD&UA) options (stage 1)	The Council fails to: <ul style="list-style-type: none"> • grasp the opportunity for transformation/reform across all agencies to benefit the local area and deliver further efficiencies • ensure all stakeholders (internal and external) are engaged and understand options as they emerge • obtain and provide all relevant data to support

		options appraisal resulting in long term negative impact upon better outcomes for our area including quality of life for local residents, economic growth, financial sustainability and on the council's reputation itself.
C16 Corporate	ICT Transformation and Transition (Common)	Failure to deliver the IT transition project programme results in failure to: <ul style="list-style-type: none"> • deliver savings through IT harmonisation • deliver the councils' wider strategic and commercial objectives • reputation damage • improve services and deliver efficiencies • deliver the channel shift programme and enhance customer access • Manage business continuity Risk introduced as critical to the delivery of the Transformation Programme.

- 3.8 **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 project risk logs.
- 3.9 Issues arising from operational or project 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.
- 3.10 **Risk Training** for staff with responsibility for Strategic, Operational and/or Project Risks, was delivered by Price Waterhouse Cooper during April 2016. Sessions were well attended and feedback is being evaluated. A Risk Computer Based Training (CBT) module is being developed to provide on-going risk training for new employees as well as refresher training. This training will be linked to the Induction process.
- 3.11 **2015/16 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 21 September 2016.
- 3.12 **2016/17 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 Audit outcomes and recommendations	Wednesday 21 September 2016
Quarter 2 risk review	Wednesday 30 November 2016
Quarter 3 risk review	Wednesday 22 March 2017
Quarter 4/Year-End risk review Risk & Opportunities Management Strategy review	Wednesday 21 June 2017

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, Chief Finance Officer
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 2015/16 Risk Register
Appendix 2	Quarter 4 2015/16 Heat Map
Appendix 3	Shared Risk and Opportunities Management Strategy
Background Papers	
None	
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