

Public Document Pack



Committee: Accounts, Audit and Risk Committee
Date: Wednesday 2 December 2015
Time: 6.30 pm
Venue: Bodicote House, Bodicote, Banbury, OX15 4AA

Membership

Councillor Mike Kerford-Byrnes (Chairman)
Councillor Colin Clarke
Councillor Nicholas Mawer
Councillor Lawrie Stratford

Councillor Rose Stratford (Vice-Chairman)
Councillor Ray Jelf
Councillor Barry Richards
Councillor Barry Wood

AGENDA

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**

** Please note the minutes will follow for administrative reasons **

To confirm as a correct record the Minutes of the meeting of the Committee held on 23 September 2015 and the special meeting held on 9 October 2015.

6. Chairman's Announcements

To receive communications from the Chairman.

7. External Audit: Annual Audit Letter 2014-15 (Pages 1 - 16)

Report of the Head of Finance and Procurement

Purpose of report

To allow Members to consider the Ernst and Young LLP Annual Audit Letter. This includes comments on the external audit of the 2014-15 Statement of Accounts.

Recommendations

The Accounts, Audit and Risk Committee is recommended to:

- 1.1 Consider the key issues raised in the Letter

8. Internal Audit - Progress Report 2015-16 (Pages 17 - 30)

Report of the Head of Finance and Procurement

Purpose of report

To receive the PwC Internal Audit progress report 2015-16.

Recommendations

The meeting is recommended to:

- 1.1 Consider and note the contents of the Progress Report.

9. Second Quarter Risk Review 2015-16 and Update on Development of Risk & Opportunities Management Strategy (Pages 31 - 46)

Report of Head of Transformation

Purpose of report

To update the Committee on the management of Strategic, Corporate and Partnership risks during the second quarter of 2015/16 and to report the progress made on the 2015/16 Risk & Opportunities Management Strategy review, Risk Training programme and 2015 Risk Audit.

Recommendations

The meeting is recommended to:

- 1.1 review the quarter 2 Strategic, Corporate and Partnership Risk Register and identify any issues for further consideration or referral to Executive.
- 1.2 note that there has been a decrease in scores to one shared risk.
- 1.3 note the progress made on the 2015/16 Risk and Opportunities Management Strategy review, the Risk Training Programme and the 2015 Risk Audit.

10. Q2 Treasury Management Report (Pages 47 - 52)

Report of the Head of Finance and Procurement

Purpose of report

To receive information on treasury management performance and compliance with treasury management policy for 2015/16 for Quarter 2 as required by the Treasury Management Code of Practice.

Recommendations

The meeting is recommended:

- 1.1 To note the contents of the Quarter 2 (Q2) Treasury Report

11. Work Programme 2015-16 (Pages 53 - 54)

To note the work programme 2015-16.

12. Exclusion of the Press and Public

The following item contains exempt information as defined in the following paragraph of Part 1, Schedule 12A of Local Government Act 1972.

3– Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Members are reminded that whilst the following item has been marked as exempt, it is for the meeting to decide whether or not to consider it in private or in public. In making the decision, members should balance the interests of individuals or the Council itself in having access to the information. In considering their discretion members should also be mindful of the advice of Council Officers.

Should Members decide not to make a decision in public, they are recommended to resolve as follows:

“That under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the grounds that, if the public and press were present, it would be likely that exempt information falling under the provisions of Schedule 12A, Part I, Paragraph 3 would be disclosed to them, and that in all the circumstances of the case, the public interest

in maintaining the exemption outweighs the public interest in disclosing the information.”

13. **Q2 Treasury Management Report - Exempt Appendix** (Pages 55 - 56)

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 221554 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 Sharon Hickson, Democratic and Elections
sharon.hickson@cherwellandsouthnorthants.gov.uk, 01295 221554

Sue Smith
Chief Executive

Published on Tuesday 24 November 2015

Council

Accounts Audit and Risk Committee

2 December 2015

External Audit: Annual Audit Letter 2014-15
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Report of the Head of Finance and Procurement

This report is public

Purpose of report

To allow Members to consider the Ernst and Young LLP Annual Audit Letter. This includes comments on the external audit of the 2014-15 Statement of Accounts.

1.0 Recommendations

The Accounts, Audit and Risk Committee is recommended to:

- 1.1 consider the key issues raised in the Letter

2.0 Introduction

- 2.1 Ernst Young's letter highlights the key issues arising from their audit their work for the financial year 2014-15.

3.0 Report Details

- 3.1 The Annual Audit letter is attached in Appendix 1. The letter includes an executive summary of 2014/15 audit work, key findings, details of audit fees and a look ahead at changes for future years.

4.0 Conclusion and Reasons for Recommendations

- 4.1 The Accounts, Audit and Risk Committee needs to consider the external auditor's annual Audit Letter.

5.0 Consultation

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: To request further information from the External Auditor.

7.0 Implications

Financial and Resource Implications

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

Comments checked by:

Paul Sutton, Head of Finance and Procurement, 0300 0030106

Paul.sutton@cherwellandsouthnorthants.gov.uk

Legal Implications

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

Comments checked by:

Kevin Lane, Head of Law & Governance 0300 0030107

Kevin.Lane@cherwellandsouthnorthants.gov.uk

Risk Management Implications

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

Comments checked by:

Comments checked by: Jo Pitman, Head of Transformation

jo.pitman@cherwellandsouthnorthants.gov.uk

Equality and Diversity

- 7.4 There are no equality and diversity implications arising out of this report.

Comments checked by: Jo Pitman, Head of Transformation

Jo.pitman@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	Annual Audit Letter 2014/15
Background Papers	
None	
Report Author	George Hill, Corporate Finance Accountant
Contact Information	George.hill@cherwellandsouthnorthants.gov.uk

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Cherwell District Council

Annual Audit Letter for the year ended 31 March 2015

October 2015

Ernst & Young LLP



The Members
Cherwell District Council
Bodicote House
Bodicote
Banbury
OX15 4AA

20 October 2015

Dear Members

Annual Audit Letter 2014-15

The purpose of this annual audit letter is to communicate the key issues arising from our work to the Members and external stakeholders, including members of the public.

We have already reported the detailed findings from our audit work in our 2014-15 Audit Results Report that was presented to the Accounts, Audit & Risk Committee (AAR Committee) on 23 September and to the 9 October 2015 Special AAR Committee. We do not repeat them here.

The matters reported here are those we consider most significant for Cherwell District Council.

We would like to take this opportunity to thank officers for their assistance during the course of our work.

Yours faithfully

Mick West
Director
For and on behalf of Ernst & Young LLP
Enc.

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Relevant parts of the Audit Commission Act 1998 are transitionally saved by the Local Audit and Accountability Act 2014 (Commencement No. 7, Transitional Provisions and Savings) Order 2015 for 2014-15 audits.

The Audit Commission's 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the accountable officer of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

1. Executive summary

Our 2014-15 audit work was undertaken in accordance with the Audit Plan presented to the AAR Committee on 26 March 2015 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

The Council is responsible for preparing and publishing its Statement of Accounts, accompanied by an Annual Governance Statement (AGS). In the AGS the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council is also responsible for having proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for:

- ▶ forming an opinion on the financial statements and on the consistency of other information published with them
- ▶ reviewing and reporting by exception on the Council's AGS
- ▶ forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources
- ▶ undertaking any other work specified by the Audit Commission and the Code of Audit Practice.

Summarised below are the results of our work across all these areas:

Area of work	Result
Audit of the financial statement of Cherwell District Council for the financial year ended 31 March 2015 in accordance with International Standards on Auditing (UK & Ireland)	On 19 October 2015 we issued an unqualified audit opinion on the Council's financial statements
Form a conclusion on the arrangements the Council has made for securing economy, efficiency and effectiveness in its use of resources	On 19 October 2015 we issued an unqualified value for money conclusion
Report to the National Audit Office on the accuracy of the consolidation pack the Council needs to prepare for the Whole of Government Accounts	We reported our findings to the National Audit Office on 19 October 2015
Consider the completeness of disclosures on the Council's AGS, identify any inconsistencies with other information which we know about from our work and consider whether it complies with CIPFA/ SOLACE guidance	No issues to report
Consider whether we should make a report in the public interest on any matter coming to our notice in the course of the audit	No issues to report
Determine whether we need to take any other action in relation to our responsibilities under the Audit Commission Act	We responded to one elector's question during the year. We determined no action was required.
<i>As a result of the above we have also:</i>	
Issued a report to those charged with governance of the Council with the significant findings from our audit.	Our Audit Results Report was presented to the AAR Committee meeting on 23 September 2015

Issued a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.

Issued on 19 October 2015

In January 2016 we will also issue a report to those charged with governance of the Council summarising the certification (of grant claims and returns) work we have undertaken.

2. Key findings

2.1 Financial statements audit

The Council's Statement of Accounts is an important tool to show both how the Council has used public money and how it can demonstrate its financial management and financial health.

We audited the Council's Statement of Accounts in line with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission and issued an unqualified audit report on 19 October 2015.

Our detailed findings were reported to the 23 September 2015 AAR Committee. The findings were further considered at the 9 October Special AAR Committee. The key messages are set out below.

Late opinion

A key audit matter was discussed at the AAR Committee on 23 September 2015. Following debate, the AAR Committee delegated authority to the Head of Finance in consultation with the Chairman of the Committee to complete and resolve the matter. However, the AAR Committee did not have the authority to delegate approval of the accounts to an Officer and therefore a Special AAR Committee needed to be convened on 9 October – after the 30 September 2015 reporting deadline.

The details of the matter discussed are set out below:

- ▶ Our audit identified a £1.5m debtor relating to a 2011-12 overpayment into the business rate national pool that had not been communicated to Department of Communities and Local Government (DCLG).
- ▶ On 7 September, we requested management representations on the nature of the debtor, correspondence with DCLG, estimated expectation of when monies would be received and proposed an initial audit adjustment to disclose this as a significant judgement in the financial statements. At this point, we also asked why the debtor should not be impaired.
- ▶ From the evidence provided, no engagement with DCLG for this debtor occurred until September 2015. A recalculated 2011-12 NNDR 3 (the return to DCLG that calculates a council's certified business rate income) was signed on 8 September 2015.
- ▶ This was reported on page 11 of our Audit Results Report to the 23 September 2015 AAR Committee as follows:

"The Council has recognised a £1.5m debtor with the Department of Communities and Local Government (DCLG) for differences arising on its NNDR3 (Business Rates) Return form 2014. The position on the debt owing to the Council was raised with the DCLG in September 2015. Given there has been a change in regulations as well as significant time passing, there is a risk that DCLG does not agree to the transaction.

The Council has not impaired the £1.5m to take account of any risk of non-payment. An audit adjustment has been made to disclose this matter in Note 8.2 of the financial statements.

We have asked the Council to seek some evidence from DCLG as to its view on the legitimacy of the debtor and for this to be received prior to signing the financial statements. Should DCLG disagree with the Council's debt, we will need to consider whether the debtor should be impaired and if so, by how much. We will also need to consider the impact to our value for money conclusion.

We will keep this matter under review and update the AAR Committee at its meeting on 23 September.”

- ▶ Discussions over reimbursement with DCLG were at a very early stage, continuing up to, and after, the date of the 23 September 2015 Committee. There was uncertainty as to DCLG’s position on the validity of the debtor. At this point, we had not received all evidence requested in support of the debtor, in particular a clearly documented judgement and timeline.
- ▶ We did request further evidence after the date of the AAR Committee. A full management judgement was received 29 September 2015.
- ▶ We responded on 29 September 2015, that having now received the evidence and judgement provided, we were in a position to conclude that the view taken by the Council was not unreasonable based on the information and explanations received.
- ▶ Unfortunately, the AAR Committee was not able to delegate authority for the approval of the accounts, and therefore the opinion deadline of 30 September was missed.
- ▶ The debtor is still being debated with DCLG. The outcome is not, as of the date of writing, confirmed.

Other matters

We did not identify any material misstatements. A small number of audit adjustments were made.

We also commented on the following matters for future consideration:

- ▶ How the AAR Committee should review the draft financial statements after they have been certified by the chief finance officer and before they are finalised.
- ▶ Developing further the joint finance team to ensure it is well placed to meet future challenges such as the earlier closure and audit deadlines.

2.2 Value for money conclusion

As part of our work we must also conclude whether the Council has proper arrangements to secure economy, efficiency and effectiveness in the use of resources. This is known as our value for money conclusion.

In accordance with guidance issued by the Audit Commission, our 2014-15 value for money conclusion was based on two criteria. We consider whether the Council had proper arrangements in place for:

- ▶ securing financial resilience, and
- ▶ challenging how it secures economy, efficiency and effectiveness.

We issued an unqualified value for money conclusion on 19 October 2015. The key messages were:

- ▶ Overall arrangements are judged adequate.

We also identified the following opportunities for developing arrangements to meet the growing financial challenges the Council faces

- ▶ Refining the procedures for managing and reporting on the level and use of earmarked reserves.

- ▶ Making the plans for and delivery of efficiencies and savings more transparent.

2.3 Whole of Government Accounts

We performed the procedures required by the National Audit Office on the accuracy of the consolidation pack prepared by the Council for Whole of Government Accounts purposes. We had no issues to report.

2.4 Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's AGS, identify any inconsistencies with the other information which we know about from our work, and consider whether it complies with relevant guidance.

We completed this work and did not identify any areas of concern.

2.5 Objections received

We did not receive any formal objections to the 2014-15 financial statements from members of the Public. A local elector did exercise their statutory right to ask a question of the auditor, we did not believe this required further audit action.

2.6 Other powers and duties

We identified no issues during our audit that required us to use powers under the Audit Commission Act 1998, including reporting in the public interest.

2.7 Independence

We communicated our assessment of independence to the AAR Committee on 23 September 2015. In our professional judgement the firm is independent and the objectivity of the audit engagement director and audit staff has not been compromised within the meaning of regulatory and professional requirements.

2.8 Certification of grant claims and returns

We will issue the Annual Certification report for 2014-15 in January 2016.

3. Fees

Our fee for 2014-15 has not yet been finalised. This is due to extra fee applying in respect of the additional work on an elector's question and for group accounts. The final fee will be discussed and agreed with the Director of Resources and will need to be reviewed by Public Sector Audit Appointments (PSAA) who are responsible for setting audit fees.

	Scale fee 2014-15	Proposed final fee 2014-15
Total Audit Fee – Code work	£69,503	£74,768
Total Audit Fee – Certification of claims and returns <i>Our work in this area is ongoing; therefore the final fee is yet to be confirmed.</i>	£16,660	£16,660
Elector's questions	-	1,263

4. Looking ahead

Description	Impact
<p>Earlier deadline for production and audit of the financial statements from 2017/18 The Accounts and Audit Regulations 2015 were laid before Parliament in February 2015. A key change in the regulations is that from the 2017/18 financial year the timetable for the preparation and approval of accounts will be brought forward.</p> <p>As a result, the Council will need to produce draft accounts by 31 May and these accounts will need to be audited by 31 July.</p>	<p>These changes provide challenges for both the preparers and the auditors of the financial statements.</p> <p>The Council is aware of this challenge and the need to start planning for the impact of these changes. This will necessarily include review of the processes for the production and audit of the accounts, including areas such as the production of estimates, particularly in relation to pensions and the valuation of assets, and the year end closure processes.</p>
<p>Highways Network Assets (formerly Transport Infrastructure Assets): The Invitation to comment on the Code of Accounting Practice for 2016/17 sets out the requirements to account for Highways Network Assets under depreciated replacement cost from the existing depreciated historic cost. This is to be effective from 1 April 2016.</p> <p>This will be a material change of accounting policy for the Council. It will also require changes to existing asset management systems and valuation procedures.</p> <p>Relevant assets may also be held outside of the highways department, for example within the Housing Revenue Account, which will also have to be valued on the revised basis.</p> <p>Nationally, latest estimates are that this will add £1,100 billion to the net worth of authorities.</p>	<p>CIPFA has produced <i>LAAP bulletin 100</i>, which provides a suggested timetable for actions to prepare for this change. This has been supplemented by the issue of the <i>Code of Practice on Transport Infrastructure Guidance Notes (May 2015) and ITC (July 2015)</i>.</p> <p>Although the main impact is on highways authorities, this change may have implications for the Council. This is a fundamental change in approach which will require new accounting and estimation approaches.</p>

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Cherwell District Council

Accounts Audit and Risk Committee

2 December 2015

Internal Audit – Progress Report 2015-16

Report of the Head of Finance & Procurement

This report is public

Purpose of report

To receive the PwC Internal Audit progress report 2015-16.

1.0 Recommendations

The meeting is recommended:

- 1.1 to consider and note the contents of the Progress Report.

2.0 Introduction

- 2.1 Internal Audit undertakes its work in line with their Audit Plan issued March 2015.

3.0 Report Details

- 3.1 Internal Audit is on track to deliver its planned programme of work for the year (attached in Appendix 1).

4.0 Conclusion and Reasons for Recommendations

- 4.1 The progress report summarises internal audit's work for 2015-16.

5.0 Consultation

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: Not applicable as this report is for information. However, members may wish to request further information from the Chief Internal Auditor.

7.0 Implications

Financial and Resource Implications

7.1 There are no financial implications arising directly from any outcome of this report.

Comments checked by: George Hill

george.hill@cherwellandsouthnorthants.gov.uk

Legal Implications

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

Comments checked by: Kevin Lane, Head of Law & Governance

0300 0030107 Kevin.Lane@cherwellandsouthnorthants.gov.uk

Risk Management

7.3 There are no risk management issues arising directly from this report

Comments checked by: Jo Pitman, Head of Transformation

Jo.pitman@cherwellandsouthnorthants.gov.uk

Equality and Diversity

7.4 There are no equality and diversity issues arising directly from this report

Comments checked by: Jo Pitman, Head of Transformation

Jo.pitman@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	PwC Progress Report 2015-16
Background Papers	
None	
Report Author	George Hill, Corporate Finance Manager
Contact Information	george.hill@cherwellandsouthnorthants.gov.uk

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Internal Audit Progress Report

Update to the Accounts, Audit and
Risk Committee on Internal Audit
activity

Cherwell District
Council

November 2015

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Introduction

We are committed to keeping the Accounts, Audit and Risk Committee up to date with internal audit progress and activity throughout the year. This summary has been prepared as at 20 November 2015 to update you on our activity since the last meeting of the committee and to bring to your attention matters that are relevant to your responsibilities as members of the committee.

We have also attached again for reference some of the latest publications that might be of interest to you as members of the committee (these are included in Appendix 1 and as separate documents).

2015/16 audit plan update

As previously reported we continue to have discussions with management on the audit plan for 2015/16 and planned to have further discussions in October with a view to agreeing appropriate scopes for the main financial systems reviews and to agree the key non-financial systems reviews and delivery prior to March 2015. These discussions have been delayed slightly (based on availability with both parties) and the plan summary below shows latest position on each of the reviews included in the plan.

As previously reported we agreed with management to complete our reviews in a smaller number of blocks and therefore remain on track with our proposed plan for delivery during quarter 3 and quarter 4.

There are no changes to the areas of review included in the plan that was presented to the committee in March 2015.

Annual plan and indicative timeline

The following table sets out our internal audit work plan.

Ref	Auditable Unit Points of Focus	Q1	Q2	Q3	Q4	Comments
A	Corporate systems / Cross Cutting Reviews					
A.1	Finance Systems To cover the following on risk basis <ul style="list-style-type: none"> • General Ledger • Payroll • Collection Fund (Council Tax and NNDR) • Housing Benefits • Debtors • Creditors 			✓	✓	Payroll, Debtors and Creditors The scope has been agreed and work will be undertaken during November and December. Given the change in finance system for the next financial year (FY 16/17), we have agreed that certain elements of the General Ledger review will not be required for FY15/16. Housing Benefits The scope has been agreed and work will be undertaken during November and December.

						<p>Collection Fund The scope has been agreed in principal and work will be undertaken during December and January as anticipated and previously agreed.</p>
B	Department					
B.1	<p>Programme Management Ongoing support to consider programme management and key ways of working on major programmes across the council, to be agreed during the plan year.</p> <p>Key projects include:</p> <ul style="list-style-type: none"> • Graven Hill • Bicester Town Centre Redevelopment • Build Programme • New Finance System 			✓	✓	<p>We have had ongoing communications and we have agreed in principal a scope to look at the new finance system implementation and have agreed to look at programme management aspects alongside business continuity and system aspects (see B.3 below).</p> <p>We have a detailed scoping meeting with IT managers on 12 January 2016 to agree specific areas and scope.</p> <p>We have planned delivery of this review for mid/late February before the go live implementation of the new finance system.</p>
B.2	<p>Risk Management/Governance Review the adequacy of risk management arrangements within the Council and we will provide you with a view on your Joint Risk Management arrangements.</p>				✓	<p>We have had ongoing communications and discussions with the Acting Corporate Performance Manager and Performance Information Officer in relation to the planned review for 2015/16.</p> <p>We have shared an initial draft for comment and we plan to deliver the review at the same time as our additional risk management training (February 2016).</p> <p>See details in risk management training section below.</p>
B.3	<p>IT General Controls Review controls around key IT controls on selected systems</p> <p>System Reviews We can help support or review around key system changes from a variety of aspects including: system configuration, application and database controls and reporting configurations.</p> <p>Cyber Security</p>			✓	✓	<p>As detailed in B.1 above, we have had ongoing communications and we have agreed in principal a scope to look at the new finance system implementation and have agreed to look at programme management aspects alongside business continuity and system aspects (see B.3 below).</p> <p>We have a detailed scoping meeting with IT managers on 12 January 2016 to agree specific areas and scope.</p> <p>We have planned delivery of this review for mid/late February before</p>

	We view cyber security through a rounded approach and is designed to provide you with confidence: in your people, technology and connections, how you manage risk, set priorities and respond to an incident or during a crisis. Our approach typically begins with an assessment of your current capability and a recommendation of areas for improvement.					the go live implementation of the new finance system.
B.5	<p>Service Redesign / Compliance Reviews</p> <p>To review current service plans and operational design and arrangements to benchmark performance on selected service.</p> <ul style="list-style-type: none"> • Planning and the Economy • Regeneration and Housing • Environmental Services 			✓	✓	<p>We have had ongoing communications and discussions with relevant officers in relation to our planning review for 2015/16.</p> <p>We have shared an initial draft for comment and plan to deliver the review during February 2016 as previously agreed and discussed with management.</p>
B.6	<p>Finance Year End Support</p> <p>To support you at year end. This support will include a critical review of your draft accounts, accountancy support and attendance at your close down group.</p>					<p>This is directed by areas of support required for your annual statement of accounts.</p> <p>We will await any communication around areas of support or review that may be required.</p>
VE	Value Enhancement					
VE.1	<p>Joint Working and Transformation Programme</p> <p>Review of the governance and business cases for efficiencies and savings for three way working.</p> <ul style="list-style-type: none"> • Governance Models • New Ways of Working 				✓	<p>We have had ongoing communications and discussions with the Business Transformation Manager in relation to our review for 2015/16.</p> <p>As agreed we usually plan to deliver this review over 2 weeks from mid-March in each plan year, to allow for any developments or areas of focus that may be of most benefit to the Transformation Programme.</p> <p>We initially intend to review latest governance and risk management aspects of the programme and then any other areas that are of most importance to be agreed.</p>
PM	Project management					
PM.1	Project management	✓	✓	✓	✓	

PM.2	Contingency					We aim to have an element of contingency in each plan to respond to any emerging risks in each plan year.
	Total Cost	£47,355				

Additional work

HCA Compliance Audit

In the prior year we delivered an additional review in relation to HCA procedural compliance regime. This was delivered outside of the internal audit plan under a separate engagement letter given the nature of the work. The fees for this were £5,000. We signed the audit report on 24 November 2014 and submitted to the HCA by the required deadline.

We have had initial discussions and are preparing for similar arrangements and work to be completed in the 2015/16 plan year.

We have not heard anything further since our last report in relation to this and will confirm whether any review is now required for 2015/16 or HCA timescales have changed.

Risk management

We have been asked about provision of risk management training for senior management team and staff under service heads that have responsibility for risk. We have had initial discussions and have asked for a scope of work that would be required to be provided so we can identified precise requirements and any additional fees that would be applicable.

We have since had a detailed discussion on 5 November 2015, around the nature and format of anticipated training and any input for ongoing updates and needs, with the Acting Corporate Performance Manager and Performance Information Officer. We have discussed initial budget and await confirmation of the agreed budget so we can progress accordingly.

It is anticipated that this training would take the form of a workshop and most productively be in four sessions over a couple of days during February to co-inside with the council's service planning timetable and to be of maximum benefit. We will also look to support the Council in establishing the format and content of ongoing risk management training, updates and induction that will be required.

We will keep the committee informed of any such additional work that is agreed in relation to risk management.

Appendix 1 – Recent PwC Publications

As part of our regular reporting to you, we plan to keep you up to date with the emerging thought leadership we publish. The PricewaterhouseCoopers Public Sector Research Centre ('PSRC') produces a range of research and is a leading centre for insights, opinion and research on best practice in government and the public sector.

All publications can be downloaded in full at www.psrc.pwc.com and we have included the most relevant and recent listed below alongside this report for your further reference.

Full speed ahead: connecting our cities and regions

Against the backdrop of a cross-party commitment to further devolution and the prospect of new investment in major national infrastructure projects - such as HS2 and new airport and road capacity – we held a series of roundtables with transport stakeholders in both the public and private sectors across the UK, facilitating discussions with those on the frontline of policy and delivery on what is needed over the next five years to ensure a lasting step change in transportation within and between our major towns and cities.

In association with Smith Institute, this Talking Points discusses how failure to invest in a more integrated and better connected transport network could leave UK plc at a competitive disadvantage. In particular, we wanted to discover more about the scale of the issue and explore what can be done to improve connectivity between cities and regions. We've found:

- There is no 'one size fits all' solution and the future is about localised decision-making.
- Transport devolution is about more than just improving local transport systems. It is also about connecting local and city-region transport networks.
- Progressive transport planning and funding must seek to integrate transport with local and city-region plans for jobs, housing and growth. The aim is not only to improve connectivity, but to also maximise the socio-economic benefits of all types of transport investment.
- The biggest challenge now is securing the capital investment that is needed to meet future demand and/or looking for alternative sources of funding.
- When balancing the development of new projects and maintaining and improving existing transport, transport appraisal and analysis will be required in helping making key decisions.
- Connectivity between all places will continue to be critical to our future prosperity

To own or not to own: realising the value of public sector assets

The drivers of fiscal austerity will continue to frame decisions, and the ongoing reform of public services, for the rest of this Parliament.

Setting out the Spending Review, the Chancellor emphasised the importance of casting the net of efficiency widely, challenging government departments to "examine their assets and consider how they can be managed more effectively, including considering the role of privatisation and contracting out where assets do not need to be held in the public sector."

Government has an asset base of £1,300 billion to support £700 billion of public spending. While recognising some obvious differences in objectives and function, most private sector organisations, even the most capital intensive such as oil companies, have ratios of assets to revenues of less than 1:1. Our Talking Points considers how the government and public sector can best realise the value of its assets looking towards the 2015 Spending Review – and beyond.

Beyond letting go

Embedded in the UK Spending Review is a commitment to further decentralise functions and budgets in order to maximise efficiency, drive local economic growth and productivity, and support the integration of public services. Decentralisation has implications not only for the local and combined authorities seeking deals but also for how central government operates.

Central government has a significant role to play as an enabler for decentralisation, playing its part in moving to more collaborative relationships between central and local and ensuring that the momentum behind devolution continues, while maintaining sufficient oversight to manage risk and network issues. This will be a challenging balance to strike, particularly given the asymmetrical nature of decentralisation, with different places bestowed additional powers and responsibilities in relation to their appetite, capacity and capability.

Our ‘Beyond letting go’ Talking Points explores a number of areas where central government has a critical role to play in creating and operating in a successful devolved environment. Together these add up to a fundamentally new role for Whitehall. In each case, central government needs to strike a balance between genuinely empowering local areas where the costs, benefits and solutions are localised, and maintaining appropriate national oversight.

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Cherwell District Council

Accounts, Audit and Risk Committee

2 December 2015

<p>Second Quarter Risk Review 2015-16 and Update on Development of Risk & Opportunities Management Strategy</p>
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Report of 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 second quarter of 2015/16 and to report the progress made on the 2015/16 Risk & Opportunities Management Strategy review, Risk Training programme and 2015 Risk Audit.

1.0 Recommendations

The meeting is recommended to:

- 1.1 review the quarter 2 Strategic, Corporate and Partnership Risk Register and identify any issues for further consideration or referral to Executive.
- 1.2 note that there has been a decrease in scores to one shared risk.
- 1.3 note the progress made on the 2015/16 Risk and Opportunities Management Strategy review, the Risk Training Programme and the 2015 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 feedback from the Council's Auditors, Price Waterhouse Cooper, following the recent risk audit (3.10 refers).
- 3.4 **Risk Register 2015/16:** As part of the business planning process, all strategic, corporate and partnerships were reviewed and updated by JMT for 2015/16 to ensure its contents reflect current priorities and circumstances. The register contains 14 risks specific to CDC and 18 risks which are common to both.
- 3.5 **Second 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 two included.
- 3.6 The following table summarises changes to Cherwell District Council's risks and also risks common to both Authorities during quarter two:-

Risk Type/Ref	Risk Name	Comments/Actions
Corporate C12	Health & Safety (Common)	<p>↓ Decrease in Residual probability score (3 to 2)</p> <p>Both Councils are now certified to international standard BS OHSAS 18001 Occupational Health and Safety Standard, and ISO 14001 Environmental Standard. This demonstrates a commitment to the development and improvement across both organisations, with on-going external audits to ensure that the levels attained regarding each standard continues to be maintained.</p>

- 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 project risk logs. An operational risk review is currently underway and will be linked to the Service Planning process that commences in January 2016. A full operational risk register will be reported to the Committee with the quarter 4 / year-end report.
- 3.8 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 all staff with responsibility for Strategic, Operational and/or Project Risks is being sourced from Price Waterhouse Cooper (PWC). It is anticipated this training will take place early 2016 to align with the business and service planning process thereby ensuring effective identification of all risks.

3.10 **2014/15 Risk Audit** report undertaken by PWC has been finalised and classified as “Medium” (9 Points) which is in line with the previous year.

Report classification	Trend	Total number of findings				
Medium 	 (9 points) Number of findings and ratings are in line with prior year.	Critical	High	Medium	Low	Advisory
		0	0	2	2	0
		0	0	0	1	0
		0	0	2	3	0

The Audit raised four control design findings and one operating effectiveness finding. Details of the issues raised, together with resolution are detailed below:-

Issue Raised	Resolution
Control Design: Following risk (re)assignment to new owner, training or briefing is not always identified	Whenever a new risk is identified, or a risk is reassigned to a new owner, risk training or briefing (whichever is most appropriate) will be provided and recorded.
Control Design: Lack of a Risk Management Training Programme	A “Managing Risk” training programme is being prepared by PWC and will commence early February 2016. Risk training will be offered biennially with an in-house refresher offered annually and as/when new risk owners are identified.
Operating Effectiveness: Timeliness of risk updates	A reminder to formally update the risk register quarterly as well as the risk escalation process will be undertaken as part of the “Managing Risk” training programme.
Control Design: Risk appetite statement is not as specific as it could be in order to provide enough detail of the councils’ attitudes towards risk.	The risk appetite statement will be reviewed to ensure that the risk appetite is explicit and reflective of the agreed approach and appetite of both councils.
Control Design: Operational risk review (6 monthly spot checks) not undertaken	Operational Risk review is currently underway. Once operational risk register has been completed risks will be spot checked 6-monthly.

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 2 2015/16 Risk Register
Appendix 2	Quarter 2 2015/16 Heat Map
Background Papers	
None	
Report Author	Ros Holloway, Performance Information Officer
Contact Information	Ros.holloway@cherwellandsouthnorthants.gov.uk 01295 221578

Ref No	Date risk added	SNC or CDC	JMT Member	Lead Manager if applicable	Directorate	Risk Name	Risk Description	Type of Risk/ Opportunity	Inherent Probability	Inherent Impact	Gross Risk	Mitigating Actions	Due Date	Controls in Place	Residual Probability	Residual Impact	Net Risk	Update on Actions	Assurance	Enter your comments Q2 Review	Date Closed if applicable
S01	01/04/2013	Common	Kevin Lane		Resources	Policy and legislative change	The councils fail to adequately respond to the implications of changing national policy resulting in loss of opportunity, reputational damage or legal challenge	Political / Social / Economic	4	5	20	Executive and Cabinet Away Days in October to brief members on new policy and legislative changes and their impact on Business Planning		JMT forward plan, Executive and Cabinet Forward plans, Scrutiny Committees. Business and Service Planning. Business Planning meetings to brief Executive and Cabinet. Highly professional, competent, qualified staff Good networks established locally, regionally and nationally National guidance interpreting legislation available and used regularly Members aware and are briefed regularly including lead members/portfolio holders in one to one's with JMT members. JMT undertake policy oversight role	3	4	12		No legal challenge has been made to any decision by either Council alleging misapplication of the law	Controls remain effective to mitigate risk. No issues arising from "new" SNC Cabinet to date.	
S02	01/04/2013	Common	Martin Henry		Resources	Financial resilience	The impact of external financial shocks, new policy and increased service demand reduces the councils medium and long term financial viability	Political / Social / Economic	4	4	16	Medium Term Financial Strategy complete. 2015-16 budget broadly balanced at both authorities.		Highly professional, competent, qualified staff Good networks established locally, regionally and nationally National guidance interpreting legislation available and used regularly Members aware and are briefed regularly Participate in Northamptonshire Finance Officers and Oxfordshire Treasurers' Association's work streams Programme management approach being taken	3	4	12		Budget and Financial Strategy Committee (SNC) Budget Planning Committee (CDC) Executive, Cabinet, Audit Committee and Accounts, Audit and Risk Committee, Scrutiny Committees	Risk reviewed, no changes to scores or controls	
S03	01/04/2013	Common	Martin Henry		Resources	Capital Investment	Poor investment and asset management results in the councils not maximising financial return or losing income.	Political / Social / Economic	3	4	12			Treasury management policies in place Investment strategies in place Regular financial and performance monitoring in place Independent third party advisers in place and different ones used at each Council Regular bulletins and advice received from advisers Fund managers in place Property portfolio income monitored through financial management arrangements on a regular basis Experienced professionally qualified staff employed at both Councils. Asset Management review and conclusions expected to be reported at both Councils by the end of the year.	2	3	6	No update on actions required	Budget and Financial Strategy Committee (SNC) Budget Planning Committee (CDC) Executive, Cabinet, Audit Committee and Accounts, Audit and Risk Committee, Scrutiny Committees	Risk reviewed, no changes to scores or controls	
S05	01/04/2013	SNC	Adrian Colwell		Development	SNC Managing Growth and capitalising on opportunities	Failure to capitalise on the growth agenda results in lost opportunities in terms of economic, community and infrastructure development and financial gains (e.g. business rates retention). The ultimate impact is long term and impacts upon the strategic objectives of the council and quality of life for local residents and communities.	Political / Social / Economic	4	4	16	Joint Core Strategy approved at Joint Planning Committee Highways Agency commitment to upgrade road junction and support Towcester Relief Road All major sites have been consented. SNC discussing outcomes of Route Based Strategies with Highways England		Master planning process Core strategy Economic development strategy Inward investment plan	2	3	6		Planning Policy and Regeneration Strategy Committee	Issues and Options' Local Plan Part 2 to be published in December 2015. 60 sites being promoted to UKTI and elsewhere. Abthorpe Junction details announced in September 2015.	
S06	01/04/2013	SNC	Adrian Colwell		Development	HS2	Failure to engage on HS2 matters and failure to plan to mitigate potential impacts of HS2 result in: A higher negative impact on the district in terms of environment, disruption and economy than would be the case if the best mitigation outcomes are achieved. Failure to be seen to be acting in the best interests of the district and attempting to influence decision making may also have an impact on the council's reputation.	Political / Social / Economic	5	5	25	Petition submitted to Parliament on 15 May 2014 Parliamentary Committee supported the SNC arguments regarding design in its March 2015 Report. Liaison with HS2 and community groups continues SNC in direct talks with Highways England on A43 implications		Member and Officer representation on the main 51M board Part of the Oxfordshire and Northants planning group (working with developers to manage the impact) Involvement with local community groups Working with local parish councils Member of HS2 Route Planning Forum	3	2	6		Cabinet and Planning Policy and Regeneration Strategy Committee	Awaiting Planning and Design Guidance. Made input into HS2 National Cycle way project	

Ref No	Date risk added	SNC or CDC	JMT Member	Lead Manager if applicable	Directorate	Risk Name	Risk Description	Type of Risk/ Opportunity	Inherent Probability	Inherent Impact	Gross Risk	Mitigating Actions	Due Date	Controls in Place	Residual Probability	Residual Impact	Net Risk	Update on Actions	Assurance	Enter your comments Q2 Review	Date Closed if applicable
S07	01/04/2013	Common	Ian Davies	Belinda Stanton	Community & Environment	Customer Service Improvement (including channel shift)	Failure to increase internet usage or self service and improve customer service processes results in higher costs and decreased customer satisfaction	Customer Citizen / Service Delivery / Operational	4	3	12	Work has commenced to align the ICT Customer Relationship Management (CRM) across the two customer services teams which will enable harmonisation of process. Staff Recruitment process undertaken with training of new staff almost complete.		CDC – customer service standards in place (e.g. voicemail) Web – both councils redesign undertaken and on-going development is undertaken – this includes online forms and payment Managers discuss service changes with customer services to mitigate any negative impact on customer service On-going review of the web (SNC you said we did page – noting actions taken from customer feedback) Customer communications in local / residents newsletters Customer complaints process JMT highlight service changes to customer service teams to ensure web/service team can deliver, project also part of the transformation programme with associated governance	3	3	9		Project governance, performance management reporting, customer insight reporting.	Risk Reviewed : no change to risk scores SNC Good feedback from customers in The Forum has influenced design of online forms. Payment PC's rarely used for payments, Chip and Pin main source via Customer Services Officers. CDC continue to work toward channel shift despite suspension of projects and expect more movement once the transformation project gathers momentum and detailed direction.	
S08	01/04/2013	SNC	Adrian Colwell		Development	Silverstone Masterplan	Failure to capitalise on the opportunities afforded to the district through the Silverstone development and failure to manage the risks associated with the programme result in: • Failure to maximise long term economic benefit to the district • Negative impact on the a43 – (impact of transport risks) • Negative impact on council's reputation	Political / Social / Economic	4	4	16	Consideration of Local Development Order for whole development area with Aylesbury Vale District Council. Liaison with MEPC & Silverstone Circuits continues. MEPC are negotiating with landowners for utilities access		Planning negotiation processes (to cover transport delivery) Section 106 process to cover economic gains Strong working relationship with Silverstone	2	2	4	Expression of Interest lodged with Highways England	Silverstone Masterplan coordination group established.	Expression of Interest lodged with Highways England for improved access for Silverstone	
S09	01/04/2013	SNC	Adrian Colwell		Development	SNC Local Plan	Failure to ensure sound local plan is submitted results in inappropriate growth in inappropriate places. This leads to negative (or failure to optimise) economic, social, community and environmental gain. There is also potential negative impact on the council's ability to deliver its strategic objectives and manage its reputation.	Political / Social / Economic	4	5	20	Local Plan Part 2 "Options" Plan in preparation. Additional resource secured to complete the work.		Partnership working with the Joint Planning Unit will deliver some elements of the plan (this partnership is recorded on the risk register as a separate item) For issues which are solely within the control of SNC policies, plans and resources are in place. Work is well advanced on rural settlements, village confines draft planning guidance and development control policies are underway. A statement of community involvement is in place.	3	4	12		Cabinet and Planning Policy and Regeneration Strategy Committee	Final responses from villages awaited. Local Development Scheme (LDS) sets out detailed timetable for steps to report in December 2015. 'Issues and Options' being developed to be published in December 2015.	
S10	01/04/2013	CDC	Ian Davies		Community & Environment	Deprivation and Health Inequalities (Brighter Futures)	Failure to deliver the Brighter Futures in Banbury programme results in long term health and deprivation objectives not being met	Political / Social / Economic	3	4	12	Brighter Futures annual report for 2014/15 now published.		Long term commitment to support local people and communities as many issues can only be addressed on this basis Multi agency actions with clear and common objectives Additional funding from Government grants to supplement current resources Local Strategic Partnership focus on Brighter Futures in Banbury programme Contingency fund made available in CDC budget Programme co-ordination role in place Quarterly performance management in place	3	3	9	2015/16 Priorities established	Project governance Local Strategic Partnership (LSP) oversight, Quarterly reporting Annual Report	New 2015/16 priorities established of child poverty, health inequalities, employability and support for the most vulnerable. Workshop planning underway to establish more multi agency activity on each of these. Health inequalities to feed into the proposed Oxfordshire Health Inequalities Commission.	
S11	01/04/2013	CDC	Adrian Colwell		Development	CDC Local Plan	Failure to ensure sound local plan is submitted results in inappropriate growth in inappropriate places. This leads to negative (or failure to optimise) economic, social, community and environmental gain. There is also potential negative impact on the council's ability to deliver its strategic objectives and manage its reputation.	Political / Social / Economic	4	5	20	Local Plan adopted by Council on 20/7/2015		A Local Development Scheme is in place which details the timeframes and deliverables to underpin the work Resources are in place to support delivery including QC support	3	4	12		Full Council	The Regulation123 list for Community Infrastructure Levy will be reported to Executive in December 2015. The 'Issues and Options' Consultation will be reported to Executive in December 2015.	
S12	01/04/2013	CDC	Karen Curtin		Bicester	North West Bicester (Eco-Town)	Failure to deliver the project results in loss of economic benefit, local dissatisfaction and reputational damage to the council	Political / Social / Economic	4	4	16	Planning policy development through Local Plan Eco-Town Project plan & related partnerships. Working with private & public sector partners. Programme Board in place Lead Member in place		Planning policy development through Local Plan Eco Town Project plan & related partnerships Working with private & public sector partners Programme Board in place Lead Member in place	3	3	9		Programme Governance Performance Management	Regular Project Team and Strategic Delivery Board meeting held in July to track progress. Significant work taking place with Oxfordshire County Council on S106 legal agreement on application 1.	

Ref No	Date risk added	SNC or CDC	JMT Member	Lead Manager if applicable	Directorate	Risk Name	Risk Description	Type of Risk/ Opportunity	Inherent Probability	Inherent Impact	Gross Risk	Mitigating Actions	Due Date	Controls in Place	Residual Probability	Residual Impact	Net Risk	Update on Actions	Assurance	Enter your comments Q2 Review	Date Closed if applicable
S13	01/04/2013	CDC	Karen Curtin		Bicester	Bicester Town Centre Development	Failure to deliver the project results in loss of economic benefit, local dissatisfaction and reputational damage to the council	Political / Social / Economic	3	4	12	Project on time for Spring 2016 opening and within budget.	01/01/2015	Project manager in lead role Project Board Legal agreements in place Joint venture with the developer (underpinned by legal agreements) Monthly performance / projects reports Resources and technical advice provided as part of the developer agreement	3	3	9		Project Governance	Regular Project Team and Board meetings tracking progress. Currently project is on track / budget	
S14	01/04/2014	CDC	Karen Curtin		Bicester	Graven Hill	Failure to deliver the project results in severe loss of economic benefit, local dissatisfaction and damage to reputation	Political / Social / Economic	3	4	12	All actions are on track and being monitored on a bi-weekly basis. Discharge of planning obligations and development of Local Development Order (LDO) underway		Project Manager Project Board Companies set up Business Plan and Finance Plan being monitored	3	3	9	Update Report taken to October Executive including Business Plan and Finance Update	Project Governance	Work continues on pre-construction as planned. Discharge of planning obligations and development of Local Development Order (LDO) underway.	
S15	01/04/2013	CDC	Ian Davies		Community & Environment	Horton Hospital	Failure to retain Horton services locally results in loss of local services and less access to health care for local people	Political / Social / Economic	4	4	16	Regular engagement with Oxford University Hospitals Trust (OUHT) via the Community Partnership Network (CPN). Quarterly meetings and engagement in service change processes. Revised terms of reference of the CPN agreed and to commence in 14/15		Support to the OUHT and emerging GP commissioning structure to maintain services Providing evidence of deliverability of consultant delivered services elsewhere Gaining consensus locally that this is important Ensuring local councillors are briefed and engaged to play a community leadership role Continuing to support a local stakeholder group (CPN) with OUHT, GP and OCC representation to hold service commissioners and providers to account and to communicate the health sector changes to the wider population.	3	3	9		LSP oversight and annual report to Executive	New Horton General Hospital developments include:- additional measures to strengthen emergency abdominal surgery links with the JR; the continuation of the integrated neonatal and maternity services with community outreach; plans to upgrade the endoscopy services; improved 24/7 cover and plans for upgraded imaging services.	
S16	01/01/2014	3Way	Sue Smith	Claire Taylor	Resources	Joint Working 2-Way 3-Way	Failure to deliver against the Transformation Programme could result in failure to deliver the savings required in the medium term revenue plans. It will also have a detrimental impact on the councils' reputations and a failure to deliver against the Transformation Challenge Award (TCA) bid.	Resource / Financial / Human	4	4	16	Governance arrangements for three way services (ICT and Legal) sits outside the new Joint Commissioning Committee and alternative governance arrangements will be implemented in quarter 2.	end q2	Programme Plan Monthly programme updates (to Member working group Transformation Joint Working Group) CEOs to sponsor key elements of the work programme Officer steering group Business case process, joint organisational change policy in place Enhanced Member Engagement Processes	3	3	9		Audit JASG (Joint Arrangements Steering Group – Member led) Legal advice (external) covering governance proposals Overview and scrutiny MO and S151 sign off of business cases From Q1 2015 Joint Commissioning Committee enhances formal governance	No changes to risk rating. Risk reviewed. Progress is on track and governance review has been completed. Programme risk register in place and reviewed monthly by Sponsoring Group and Transformation Joint Working Group. No risks to escalate.	
S17	01/04/2014	CDC	Chris Stratford	Helen Town	Development	Build! @ Development Programme	Failure to deliver the Build! Programme resulting in financial loss, loss of economic benefit, local dissatisfaction and damage to the Council's reputation.	Political / Social / Economic	3	5	15	Corporate Finance Team support Strong Contract Management Weekly project reviews Customer engagement QS has been appointed to support the contract management and cost management process. Updated milestones have been agreed with the Homes & Communities Agency (HCA) to mitigate any loss of grant. Member Project Board regular engagement		• Delivery Manager and Project Board • Legal Agreements in place for land acquisitions and contracts with consultants and contractors • Monthly project/performance reports • Business Plan and Financial Plan monitoring • Professional Construction Management • Effective Communications Management • Catastrophic would be a serious (fatal) health and safety incident which is always possible in a construction project but mitigated by sound Health & Safety procedures and Construction, Design & Management measures. • Financial risks are major given the level of investment but mitigated by budget management and professional construction management • Overall reputational risk is major given the profile of this project locally and nationally but managed by communications and strong project management.	3	4	12	Build! @ update to Executive Business Planning Meeting on 20/10/2015	• Programme Governance • Information Management System (IMS) with the HCA • HCA Programme Audit (annually) • HCA Design and Quality Audit • Considerate constructor scheme • Fortnightly Project Boards	Continued project delivery update referred to project board on a monthly basis. Risk review carried out as part of presentation to members. Currently on-track.	

Ref No	Date risk added	SNC or CDC	JMT Member	Lead Manager if applicable	Directorate	Risk Name	Risk Description	Type of Risk/ Opportunity	Inherent Probability	Inherent Impact	Gross Risk	Mitigating Actions	Due Date	Controls in Place	Residual Probability	Residual Impact	Net Risk	Update on Actions	Assurance	Enter your comments Q2 Review	Date Closed if applicable
S18	01/10/2014	CDC	Calvin Bell		Development	Banbury Development	The sites are complex and in multiple ownership. There are conflicting development pressures and challenges with site viability	Resource / Financial / Human	4	4	16	Effective project Board chaired by the Portfolio Holder and consisting of appropriate Leading Members and senior officers Review of Council owned car parks and associated sites within the Town commissioned Adopted Local Plan		Regular meetings of the Project Board Adopted Asset management Strategy and review of Council car park sites Interdependencies map produced showing progress on all major development sites in Banbury Adopted local Plan leading to Completion of Banbury Masterplan and Canalside Supplementary Planning Document (SPD)	3	4	12	First phase report for the review of council owned sites completed. Second phase including soft market testing of the sites chosen has been commissioned and is due to report in November. Key sites being tested for viability	Regular risk monitoring and review discussions by the project board	Risk reviewed - risk description updated No change to risk scores	
S19	01/10/2014	CDC	Chris Stratford		Bicester	Asset Management	Failure to maximise the value of council assets through inaction, or wrong action leading to devaluation or wasted value.	Resource / Financial / Human	4	4	16	Resource Plan update taken to Executive in September 2015. Work being monitored through the Banbury Developments Board and Accommodation Asset Strategy Board.		In 2015/16 to agree and implement 1) Asset Strategy Resource Plan 2) Operational Offices Plan 3) Car Parks Plan 4) Community Buildings Plan 5) Local Centres Plan Future Controls:- In 2016/17 to agree and implement 1) Data and Systems Plan 2) Operational Depot Plan 3) Leisure Buildings Plan 4) Commercial Investment Plan	2	4	8	Report submitted to Executive in September 2015.	At the current time an Accommodation Asset Strategy Board provides a forum for debate and discussion about property matters. The Board comprises the Lead Members for Finance and Estates/Economy. The officer support is made up of representatives of Estates, Regeneration, Housing, Finance, and Bicester. The role and responsibilities of the Board will be clarified having regard to the actions and priorities arising out of the Asset Strategy.	Further report on progress in November 2015.	
Page 40 S20	01/10/2014	Common	Ed Potter		Community & Environment	Dry Recycling Contract	Failure to renegotiate/extend Dry Recycling Contract due February 2015. Current suppliers, UPM were asked to extend Contract for a further three years but are trying to get out of an extension due to financial losses. Failure to legally enforce contract extension option or renegotiate contract could lead to the need for short term arrangements or re-tender of the contract. Commodity prices are falling – with reduced oil prices plastic recycling prices will fall. Paper prices already fallen due to falling newspaper. Financial risk of reduced income. Service risk if outlet for recycling not secured.	Environment	4	4	16	Meetings with UPM, Procurement & Legal Use of legal advisors Working with Aylesbury Vale and SNC		Legal, Procurement & financial advice	3	4	12			Risk reviewed and no changes required. Contract has run well with UPM with improved dialogue between both parties.	
C01	01/04/2013	Common	Ian Davies	Jackie Fitzsimons	Community & Environment	Business Continuity	Plans are not in place and assumptions are made about the Disaster Recovery (DR) arrangements in the event of a Business Critical (BC) incident, leading to failure to ensure services can be delivered in the event of an issue resulting in service failure and reputational damage	Business Continuity	4	5	20	Business Continuity Strategy refreshed during Quarter 4 ICT arrangements now complete		Business continuity strategy in place All services prioritised and recover plans reflect the requirements of critical services ICT disaster recovery arrangements in place Joint Management Team lead identified Incident management team identified All services undertake annual business impact assessments	4	3	12		There is a systematic project in place focusing on critical services to ensure that absolute requirements can be met; planned testing to be arranged. Audit and business continuity plan refresh Quarter 4	Review complete with the exception of identifying ICT systems which will be needed for critical services; to report to JMT Q3	

Ref No	Date risk added	SNC or CDC	JMT Member	Lead Manager if applicable	Directorate	Risk Name	Risk Description	Type of Risk/ Opportunity	Inherent Probability	Inherent Impact	Gross Risk	Mitigating Actions	Due Date	Controls in Place	Residual Probability	Residual Impact	Net Risk	Update on Actions	Assurance	Enter your comments Q2 Review	Date Closed if applicable
C02	01/04/2013	CDC	Martin Henry	Balvinder Heran	Resources	ICT Loss of systems	Failure of ICT services including telephones and remote access. Leading to a negative impact on customers, loss of business continuity and cost to the council (in terms of resources and reputation.)	Business Continuity	4	4	16	Achieved ISO 22301 Business Continuity Plan updated		BCP Plan Disaster recovery (DR) arrangements (CDC) Recovery site (CDC) Back up of systems Process and standards (compliance regime)	3	3	9	ICT Project Team established	Formal auditing, ICT Health check and benchmarking with best in private and public sector.	A project team from ICT has been established to review all DR and Business Continuity (BC) arrangements across the three councils. Stratford District Council are out-sourced to Phoenix and the contract is due for renewal in Winter 2015. CDC have arrangements via Thorpe Lane depot. Hardware and other upgrades are required in 2015 and SNC has no formal arrangements except back up arrangements via the SDC out sourced contract. A report will be going to JMT and MT (SDC) which will outline the findings, costs and options available after consultation with lead officers for BC and DC has taken place to ensure we fully understand the requirements of the business and can marry that up with the options presented to JMT. The work of the project team also includes reviewing the current data links to ensure they are fit for purpose and deliver value for money and will identify where possible how the sites across the partnership can be utilised for DR and BC purposes. This will ensure greater access to facilities, ICT resources and ensure we use our own assets where possible. Part of the work of the project team is look at specialist third party providers, such as Phoenix (a national DR provider) to not only gain best practice but also to offer JMT and MT options going forward. A technical site visit was undertaken in September and all available options being collated to present to JMT. The report to JMT/MT will be presented at the 2nd meeting in November 2015	
C03	01/04/2013	SNC	Martin Henry	Balvinder Heran	Resources	ICT Loss of systems	Failure of ICT services including telephones and remote access. Leading to a negative impact on customers, loss of business continuity and cost to the council (in terms of resources and reputation.)	Business Continuity	4	4	16	Move to The Forum successfully completed.		BCP Plan Disaster recovery (DR) arrangements (Limited) Back up of systems Process and standards (compliance regime) Achieved ISO 22301	3	4	12	ICT Project Team established	Formal auditing, ICT Health check and benchmarking with best in private and public sector.		
C04	01/04/2013	Common	Martin Henry		Resources	Corporate Fraud	Lack of corporate governance and control results in fraud from either within or outside the councils heightened by the transfer of staff to the Single Fraud Investigation Service (SFIS) from February 2015.	Legal & Professional	4	4	16	A Joint Corporate Fraud Team has been agreed at CDC and SNC and a senior investigating officer appointed to the new structure.		Professionally qualified finance staff. Communication of anti-fraud messages. Specific corporate fraud resource within the Councils. Fraud risk assessments carried out periodically. Audit Committee at SNC. Accounts, Audit and Risk Committee at CDC Benefit fraud campaigns advertised. Benefit fraud identification and convictions communicated to the local press. Internal controls processes and procedures (segregation of duties, checking of information etc.) Periodic checking of data (single person discounts, Audit Commission data matching etc.) Membership of National Anti Fraud Network. Role of S151 and monitoring officers. Fraud detection & prevention corporate policies in place such as Whistle Blowing and Anti-fraud & Corruption Policy. Standard agenda items on Accounts, Audit and Risk Committee and Audit Committee. Use of internal and external audit as part of planned programme and on an ad-hoc basis as required.	3	4	12	No update on actions required	The role and responsibilities of the Board will be clarified having regard to the actions and priorities arising out of the Asset Strategy.	Risk reviewed, no changes to scores or controls	
C05	01/04/2013	Common	Jo Pitman	Lou Tustian	Resources	Managing Data and Information	Poor data quality or lack of relevant information results in poor decision making	Legal & Professional	4	4	16	Review of performance framework undertaken during quarter 3 Managing data and Information is linked to one of the transformation workstreams.		Audit and data quality health checks Annual target setting process Annual PMF review Data quality policies in place	3	3	9		Audit, data quality checks as part of performance management framework.	Risk reviewed and no change during quarter 2. During Quarter 4 a review of the data quality policy in line with Workstream 5 will commence. Workstream 5 is 'Strategic Information Requirements' across both councils.	
C06	01/04/2013	Common	Kevin Lane		Resources	Member Decision Making	That members do not have access to information and support to make effective decisions	Legal & Professional	4	4	16	Member reporting template for both Councils includes mandatory insertion of legal implications arising from the recommended decision. Requirement for JMT member sign off of Committee reports has been reinforced at JMT. Induction training for SNC members and new members at CDC plus planning training at both Councils in May.		Attendance of professionally qualified and experienced officers at all Member decision taking meetings. Business Planning meetings at Executive and Cabinet. Council Constitutions. Member Development Programmes. Legislative requirements. Call in processes. Sign off of Council/Executive/Cabinet/Committee reports by JMT member	3	4	12		No decision has been made by either Council which is inconsistent with the policy framework or legal requirements	Controls remain effective to mitigate risk. Delay in CDC Accounts, Audit and Risk Committee approving statement of accounts due to inconsistent advice provided to meeting by external audit.	

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C07	01/04/2015	SNC	Chris Stratford	Chris Stratford	Resources	Moat Lane Relocation and Change (MLR)	Car Parking provision in Towcester	Customer Citizen / Service Delivery / Operational	4	3	12	Development proposed to commence mid Sep 2015 subject to pre-development negotiations and contract finalisation, and satisfying of minor planning conditions.		Report received and considered by members. Decision made to proceed with initial phase for the development of 60 car parking spaces on Northampton Road. All Environment Agency planning issues resolved, and subject to satisfying minor planning conditions associated with development of site, construction to commence middle of Sep 2015. Project board advised of latest, and will continue to monitor.	3	3	9			This has yet to commence on site due to issues agreeing the crossover required by the contractor to access the works. A risk mitigation meeting has been proposed.	
C09	01/04/2015	SNC	Kevin Lane	Kevin Lane	Resources	High proportion of new members	Whole council elections lead to a high influx of new members who are initially unfamiliar and uninformed thereby having a negative effect on decision making quality	Legal & Professional	4	4	16	Induction training in May with more topic based training scheduled. Planning training also in May. Provision of IT tablets to all members enabling self research		Requirement to attend induction training to be imposed via political groups. Record of induction attendance to be retained. No member entitled to sit on Development Control Committee or Licensing Sub Committee without prior mandatory training	3	4	12		No successful legal challenge has been made to any decision by the Council alleging misapplication of law or policy by any members.	No evident adverse impact on quality of decision making to date.	
C10	01/04/2013	Common	Jo Pitman	Janet Ferris	Resources	Communications	Failures to manage internal and external communications results in reputational damage to the council or reduced performance/staff morale	Reputation / Communication	4	4	16	Social media training for Members has now taken place		Centralised press office function Members attributed and sign of press releases Communications strategy in place Members media training Social Media Policy Specific communications plans in place for major projects	3	3	9		SNC Members communications panel SNC Portfolio Holder for communications CDC member lead for communications Quarterly performance reporting CDC annual satisfaction survey includes comprehensive communications section	Risk reviewed for Q2 and no changes to risk scores or controls required.	
C11	01/04/2013	Common	Jo Pitman	Caroline French	Resources	Equalities	Failure to comply with equalities legislation results in legal challenge, costs and reputation damage	Legal & Professional	4	4	16	Equality Action Plan being published 2015/16		Rolling programme of equality assessments Equality policy and corporate plan in place Equalities requirements to be identified in service plans Equalities training available for staff and members Equalities awareness programme at CDC (knowing our communities)	4	4	16	2015/16 Equality Action Plan published Interim reporting process for Stop Hate UK reporting implemented.	Annual update to Cabinet and Executive. Quarterly performance reporting. EIA rolling programme and action plan. Virtual steering group to co-ordinate work.	Each Council maintains its controls through Equality Action Plans and EIA rolling Plans linked to service planning and quarterly performance reports. This quarter has highlighted 2 areas of concern: 1/ Thames Valley Police's Police and Crime Commissioner has stopped the use of third party hate crime reporting through Stop Hate UK and commissioned the Milton Keynes Equality Council to complete this work. As this is not due to go live until December 2015, an interim process has been published redirecting all reports to the Corporate Policy Officer. 2/ The second area relates specifically to SNC: details of this will be reported to SNC Audit Committee on 3 December 2015. These concerns have resulted in an increase in residual risk scores (Probability from 3 to 4)	
C12	01/04/2013	Common	Jo Pitman	Dave Bennett	Resources	Health and Safety	Failure to comply with health and safety legislation leads to injury, sickness, absence and litigation against the council	Legal & Professional	4	5	20	SNC are registered to the international standard BS OHSAS 18001 Occupational Health and Safety Standard, and ISO 14001 Environmental Standard. CDC were audited by their external auditors BM Trada their as a result have been certified to international standard BS OHSAS 18001 Occupational Health and Safety Standard, and ISO 14001 Environmental Standard.		Both Councils have shared policies, procedures, and arrangements in place to mitigate the risks of accidents to staff, members of the public and contractors that may be affected by the Councils actions	2	5	10		Both Councils are now credited to both the IMS health and safety and the environmental standards which demonstrate a commitment to the development and improvement across the organisation with on-going external audits to ensure that the levels regarding each standard continues not only to be maintained but improved.	Both Councils are now certified to both the IMS health and safety and the environmental standards. These standards demonstrate a commitment to the development and improvement across the organisation with on-going external audits to ensure that the levels regarding each standard continues not only to be maintained but improved. Residual risk probability has been reduced accordingly (from 3 to 2)	
C13	01/04/2013	Common	Ian Davies	Jackie Fitzsimons	Community & Environment	Emergency Planning (EP)	That plans are not in place to ensure the Council responds effectively in the event of a civil emergency and local residents are not supported. This could result in casualties, unnecessary hardship, impact on the local environment, costs and reputation.	Customer Citizen / Service Delivery / Operational	3	4	12	Reviewing arrangements for review and updating and to secure improved coordination of this and the Business Continuity Plans (BCP)		Emergency plan reviewed quarterly and on activation. Team established to monitor and ensure all elements are covered. Added resilience from cover between CDC and SNC	2	4	8	Plans to improve access to plan out of hours ; control room at SNC now agreed;	Oxfordshire County Council (OCC) EP Division have accepted our EP as being sufficient and suitable. OCC have also led on desk top studies of implementation.	Work still on-going to complete action plan and progress on control rooms made	
C14	01/04/2015	Common	Ian Davies	Nicola Riley	Community & Environment	Safeguarding	Failure to:- Identify safeguarding concerns and issues; use agreed protocols for escalating safeguarding concerns; use diverse community intelligence to best effect internally and externally.	Political / Social / Economic	4	4	16	Internal "See It Report It" process established and operational		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	3	4	12		The established "See It Report It" process has controls and monitoring arrangements for different levels in the organisation for assurance purposes	See it Report it is embedding at CDC. Intelligence gathering / trend spotting not yet underway but software purchase being considered as part of Workstream 7. Plans to roll out to SNC in Q3	

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C15	01/02/2014	Common	Ian Davies	Nicola Riley	Community & Environment	Safeguarding Children	Failure to follow our policies and procedures in relation to safeguarding children or raising concerns about children and young people welfare	Political / Social / Economic	4	5	20	New Safeguarding lead in place. Section 11 for SNC completed for 2014. December 2015 deadline for next return CDC underway deadline 1/12/14 -completed and submitted on time. Annual return due in December 2015 New simplified training pathway being established for all staff using some e-training, some face to face.		Clear lines of responsibility established. Safeguarding Policy and procedures in place Information on the intranet on how to escalate a concern Staff training - at SNC this is being rolled out using new NCC e-training module. 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	2	5	10	Independent Review undertaken	Safeguarding champions to promote the welfare of children and be a point of contact for cascading information Annual Audit of activity JMT and LSP also have specific actions and/ or meeting times JATAC (Joint Agency Tactical and Co-Ordination Meeting) at CDC where issues of CSE are currently discussed with partner agencies.	Independent review undertaken. Work underway to map training needs within both organisations and develop a corporate training log.	
Page 43	01/04/2014	Common	Ed Potter		Community & Environment	Waste Framework Directive	Failure to meet new legislation coming into effect on 01/01/2015 will increase cost of recycling for both authorities, reduce service delivery and increase customer dissatisfaction (New Legislation requires LA to collect glass, paper, plastics and metals separately unless it is Technically Economically Environmentally not Practical (TEEP) to do so.)	Environment	3	4	12	Environment Agency gathering data on Councils regarding TEEP in April 2015. If there are concerns the EA will be in touch.	01/01/2015	Working with other Authorities using the Waste and Resources Action Programme (WRAP) Route Map.	1	4	4		Cabinet / Executive Reports	Risk reviewed - no changes to risk controls or scores	
P01	01/04/2013	SNC	Ian Davies	Jackie Fitzsimons	Community & Environment	SNC Community Safety Partnership	The partnership doesn't add value to the work of the Council Undertakes projects that don't align with strategic objectives of the Council. Council is unable to influence the partnership's agenda. Leading to failure to achieve corporate objectives and loss of reputation	Customer Citizen / Service Delivery / Operational	3	3	9	Recent withdrawal of Police and Crime Commissioner funding for the Partnership means that there is a significant funding gap and the sustainability of the partnership "as is" is questionable; Report to CSP in September and will be addressed by Public Protection shared services		Elected member representation at CSP Board level. Partnership has a clear strategy with measurable targets: clear and informative performance management document produced each month. Local action plans for multi-agency groups in Towcester and Brackley areas.	4	2	8		Report to SNC CSP in September and will be addressed by Public Protection shared services business case CSP Forward Plan established. Regular (monthly) updates on performance reported to the CSP.	No change from Q1 but shared services business case progressing	
P02	01/04/2013	SNC	Ian Davies	Jackie Fitzsimons	Community & Environment	Police and Crime Commissioner (PCC) (Northamptonshire)	The Council fails to engage/influence the PCC/ PCP Doesn't add value to partnership work of the Council PCC commissions projects that don't align with strategic objectives of the Council. Loss/reduction of funding to Community Safety. Becomes isolated from PCC leading to failure to achieve corporate objectives and loss of reputation	Political / Social / Economic	3	3	9	Recent withdrawal of Police and Crime Commissioner funding for the Partnership means that there is a significant funding gap and the sustainability of the partnership "as is", is questionable; report to CSP in September and will be addressed by Public Protection shared services		Effective local Community Safety Partnership (CSP) meetings Elected member representation at Police and Crime Panels (PCP) Elected Member representation at Northamptonshire Board Elected Member representation at CSP Alignment with PCC Policing Plan Elected membership in accordance with agreed PCP Steering Group Policy	4	2	8		Report to SNC CSP in September	Risk reviewed no change to risk scores A report went to CSP and a number of options were discussed. SNC and Daventry District Council are working together to decide on the best option in the context of the shared Public Protection business case.	
P03	01/04/2013	CDC	Ian Davies	Jackie Fitzsimons	Community & Environment	CDC Community Safety Partnership (CSCP)	The partnership doesn't add value to the work of the council, undertakes projects that don't align with strategic objectives or the Council is unable to influence the partnership's agenda. Leading to failure to achieve corporate objectives and loss of reputation	Political / Social / Economic	3	3	9	CSCP is re writing action plans to include Prevent and CSE		Attendance at CSCP meetings Funding secured 2015-16 OSCB business plan approved PCC priorities updated	2	2	4		PCC / OCC to audit spending CSP reports to OSCP and subject to CDC , PCC and PCP scrutiny	The risk has been reviewed and there are no changes this quarter	

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P04	01/04/2013	CDC	Ian Davies	Jackie Fitzsimons	Community & Environment	Police and Crime Commissioner (PCC) (Thames Valley)	The Council fails to engage/influence the PCC/ PCP Doesn't add value to partnership work of the council PCC commissions projects that don't align with strategic objectives of the council. Loss/reduction of funding to Community Safety. Becomes isolated from PCC leading to failure to achieve corporate objectives and loss of reputation	Political / Social / Economic	3	3	9	PCC funding in place for 2015/16		Effective local Community Safety Partnership meetings Elected member representation at Police and Crime Panels (PCP) Elected Member representation at Oxfordshire Board (OSCP) arrangements. Elected Member representation at CSP Alignment with PCC Policing Plan Elected membership in accordance with agreed PCP Steering Group Policy	2	2	4		PCC subject to scrutiny by PCP. CDC chair of CSP sits on PCP	Risk reviewed and no changes to scores This risk was previously common to both Authorities but has now been separated into individual risks to reflect different structures.	
P05	01/04/2013	CDC	Adrian Colwell		Development	Oxfordshire LEP (OLEP)	The partnership doesn't add value to the work of the council, undertakes projects that don't align with strategic objectives or the council is unable to influence the partnership's agenda.	Political / Social / Economic	4	4	16	Engagement on inward investment , EU projects and SEP refresh		Partnership Work Programme / Forward Plan, Resource provision for Partnership work, Senior management and Member Involvement	3	4	12		Portfolio briefing Growth Board Regular liaison meetings with OLEP	EU Funding awarded awaited. Extends services of Eco Development Team with business advisers for Business. Content of Banbury Vision discussed with OXLEP.	
P06	01/04/2013	SNC	Ian Davies	Nicola Riley	Community & Environment	Health and Wellbeing Partnership	Failure of the new partnership arrangements results in South Northamptonshire Council not being able to meet its safe and healthy objectives.	Political / Social / Economic	4	3	12	Board and Locality Forum both meet quarterly. Healthier Northamptonshire programme has been set up to support priorities. Increased focus on integration of Health and Social Services and on Transitional funding. SNC Health and Wellbeing forum established and well received.		All staff at both Councils are involved in an awareness session	3	3	9		Spending in localities is determined by the Board. There is limited opportunity for Districts to directly influence.	Health and Wellbeing Forum meeting regularly and a blueprint for future health services provision is being developed with partners. Risk reviewed and no change to scores.	
P07	Now individual risks for each Council 01/04/15	CDC	Ian Davies	Nicola Riley	Community & Environment	Health and Wellbeing Partnership	Failure of the new partnership arrangements results in Cherwell District Council not being able to meet its safe and healthy objectives.	Political / Social / Economic	4	3	12	Senior Officer engagement at Countywide Health and wellbeing board. Oxfordshire County Council public health and Oxfordshire Clinical Commissioning Group (OCCG) both members of the Local Strategic Partnership		Engagement with County Council structures Oxfordshire has a clear structure and acknowledges the need for the District Council's direct contribution. Financial constraints to the delivery of the Health & Wellbeing Board action plan	3	3	9		Spending in localities is determined by the Board. There is limited opportunity for Districts to directly influence.	Community Partnerships network considering future health services provision. Risk reviewed and no change to scores.	
P08	01/04/2013	Common	Adrian Colwell		Development	South Midlands LEP (SEMLEP)	The partnership doesn't add value to the work of the councils, undertakes projects that don't align with strategic objectives or the council is unable to influence the partnership's agenda.	Political / Social / Economic	4	4	16	Participate in all SEMLEP activities. Both Councils support of 'Velocity' rollout to support business growth Engagement in Chief Exec Group, Rural Group & ED Officers Convened Conference on Better Regulation EU funding bids lodged		Partnership Work Programme / Forward Plan, Resource provision for Partnership work, Senior management and Member Involvement	3	4	12		EU Funding awarded awaited. Extends services of Eco Development Team with business advisers for Business. Content of Banbury Vision discussed with OXLEP.		
P09	01/04/2013	SNC	Adrian Colwell		Development	SNC Joint Planning Unit (JPU)	Failure to effectively manage the council's partnership with the JPU results in a failure to adopt a sound local plan. This relates to strategic risk s10 as without a sound local plan the long term strategic objectives of the council will be jeopardised and there is a potential negative impact on the council's reputation.	Political / Social / Economic	4	4	16	JPU scaled back following adoption of Joint Core Strategy		Partnership governance arrangements in place Working groups to support technical issues are in place (with both member and officer input) Retained QC for legal advice	3	3	9		Cabinet and Planning Policy and Regeneration Strategy Committee	JPU role is reduced. SNC focus is on preparation of Local Plan Part 2 for South Northants. 'Issues and Options' to be reported in January 2016. New Local Development Scheme to be reported to Committee in December 2015.	

RISK HEAT MAP : INHERENT RISK

Likelihood (Probability)

Q2 : 2015/16		Remote (1)	Unlikely (2)	Possible (3)	Probable (4)	Highly Probably (5)
Impact	Catastrophic (5)	5	10	15 S17 : CDC Build! ® Programme	20 S01 : Policy & Legislative Change S09 : SNC Local Plan S11 : CDC Local Plan C01 : Business Continuity C12 : Health and Safety C15: Safeguarding Children	25 S06 : SNC HS2
	Major (4)	4	8	12 S03 : Capital Investment S10 : CDC Brighter Futures S13 : CDC Bicester Town Centre Dev S14 : CDC Graven Hill C13 : Emergency Planning C16 : Waste Framework Directive	16 S02 : Financial Resilience S05 : SNC Managing Growth S08 : SNC Silverstone Master Plan S12 : CDC NW Bicester (Eco Town) S15 : CDC Horton Hospital S16 : Joint Working (2 & 3-Way) S18 : CDC Banbury Development S19 : CDC Asset Management S20 : Dry Recycling Contract C02 : CDC ICT Loss of Systems C03 : SNC ICT Loss of Systems C04 : Corporate Fraud C05 : Managing Data/Information C06 : Member Decision Making C09 : SNC High proportion new Members C10 : Communications C11 : Equalities C14 : Safeguarding P05: CDC Oxfordshire LEP P08 : South Midlands LEP P09 : SNC Joint Planning Unit	20
	Moderate (3)	3	6	9 P01 : SNC Community Safety P'ship P02 : SNC Police Crime Commissioner P03 : CDC Community Safety P'ship P04 : CDC Police Crime Commissioner	12 S07 : Customer Service Improvement (including channel shift) C07 : SNC Car Parking Towcester P06 : SNC Health & Wellbeing Board P07 : CDC Health & Wellbeing Board	15
	Minor (2)	2	4	6	8	10
	Insignificant (1)	1	2	3	4	5

RISK HEAT MAP : RESIDUAL RISK

Arrows indicate direction of travel compared with Q1 2015

Likelihood (Probability)

Q2 : 2015/16		Remote (1)	Unlikely (2)	Possible (3)	Probable (4)	Highly Probably (5)
Impact	Catastrophic (5)	5	10 ⇔ C15 : Safeguarding Children ↓ C12 : Health and Safety	15	20	25
	Major (4)	4 ⇔ C16 : Waste Framework Directive	8 ⇔ S19 : Asset Management ⇔ C13 : Emergency Planning	12 ⇔ S01 : Policy & Legislative Change ⇔ S02 : Financial Resilience ⇔ S09 : SNC Local Plan ⇔ S11 : CDC Local Plan ⇔ S17 : CDC Build! @ Programme ⇔ S18 : CDC Banbury Development ⇔ S20 : Dry Recycling Contract ⇔ C03 : SNC ICT Loss of Systems ⇔ C04 : Corporate Fraud ⇔ C06 : Member Decision Making ⇔ C09 : SNC High proportion new Members ⇔ C14 : Safeguarding ⇔ P05 : CDC Oxfordshire LEP ⇔ P08 : South Midlands LEP	16 ↑ C11 : Equalities	20
	Moderate (3)	3	6 ⇔ S03 : Capital Investment ⇔ S05 : SNC Managing Growth	9 ⇔ S07 : Customer Service Improvement ⇔ S10 : CDC Brighter Futures ⇔ S12 : CDC NW Bicester (Eco Town) ⇔ S13 : CDC Bicester Town Centre ⇔ S14 : CDC Graven Hill, Bicester ⇔ S15 : CDC Horton Hospital ⇔ S16 : Joint Working 2 & 3-Way ⇔ C02 : CDC ICT Loss of Systems ⇔ C05 : Managing Data & Information ⇔ C07 : SNC Car Parking Towcester ⇔ C10 : Communications ⇔ P06 : SNC Health & Wellbeing Board ⇔ P07 : CDC Health & Wellbeing Board ⇔ P09 : SNC Joint Planning Unit	12 ⇔ C01 : Business Continuity	15
	Minor (2)	2	4 ⇔ S08 : SNC Silverstone Masterplan ⇔ P03 : CDC Community Safety P'ship ⇔ P04 : CDC Police & Crime Comm	6 ⇔ S06 : SNC HS2	8 ⇔ P01 : SNC Community Safety P'ship ⇔ P02 : SNC Police & Crime Comm	10
	Insignificant (1)	1	2	3	4	5

Cherwell District Council

Accounts, Audit and Risk Committee

2 December 2015

Q2 Treasury Management Report

Report of the Head of Finance and Procurement

This report is public
Appendix 1 is exempt from publication by virtue of paragraph 3 of Schedule 12A of
Local Government Act 1972

Purpose of report

To receive information on treasury management performance and compliance with treasury management policy for 2015/16 for Quarter 2 as required by the Treasury Management Code of Practice.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the contents of the Quarter 2 (Q2) Treasury Report

2.0 Introduction

- 2.1 As part of our investment strategy and governance arrangements this committee considers the investment performance to date and our compliance with the Council's Treasury management Strategy with regard to counterparties being used.
- 2.2 The Code of Practice on Treasury Management approved by the Chartered Institute of Public Finance and Accountancy (CIPFA) and adopted in full by the Council in 2004, requires that a Treasury Management Strategy is produced prior to the beginning of the financial year to which it relates.
- 2.3 The Treasury Management Strategy is the cornerstone of proper treasury management, and is central to the operation, management reporting and performance assessment. The annual strategy for Cherwell District Council was approved at full Council on 23rd February 2015 and. The Council re-appointed Capita Asset Services (formerly Sector) as its Treasury Management advisor in January 2013.
- 2.4 The highest standard of stewardship of public funds remains of the utmost importance to the Council. This document details the Council's management of

investments and treasury management activities during the first 6 months of 2015/16.

3.0 Report Details

2015/16 Performance

- 3.1 As at the end of September the Council had £53.84m managed in-house (including Eco Town funds of £11.5m but excluding the outstanding Icelandic deposit) which fluctuates during the year. The Council regularly reviews each of these funds in light of the current economic climate, reducing balances in investments planned to fund the Capital Programme and the need to contribute to efficiency savings. Appendix 1 details the split of in-house funds per category and banking group.

Update on Cherwell's Treasury Performance

- 3.2 The Treasury Management Strategy for 2015/16, which includes the Annual Investment Strategy, was approved by the Council on 23rd February 2015 and It sets out the Council's investment priorities as being:

- Security of Capital; Liquidity; and Yield

- 3.3 The Council will aim to achieve the optimum return (yield) on investments commensurate with proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term to cover short term cash flow needs. However, the Council also seeks out value available in significantly higher rates in periods up to 12 months with highly credit rated financial institutions. The Council uses Capita's suggested creditworthiness approach, including sovereign credit rating and Credit Default Swap (CDS) overlay information provided by Sector (this applies in particular to nationalised and semi nationalised UK banks).

- 3.4 **During the quarter ended 30th September, Capita Asset Services highlighted:**

The latest revision of Q2 GDP growth estimates indicate that the recovery is strong and, increasingly, broad-based, though the headline growth figure, itself, was unchanged. Investment and exports grew strongly, with both making positive contributions to growth.

Household spending remained strong and appears to be at a sustainable level, having risen 0.7% in real terms in Q2. Retail sales volumes rose at a similar rate, but off-high street spending growth accelerated more strongly in nominal terms. Q3 has not started well, with retail sales only marginally stronger in July, leaving them relatively flat over the latest three months period. With consumer confidence moving to a fifteen year high in August, this should see sales improve.

The housing market is gathering pace, with mortgage approvals increasing. There has been some softening in prices recently, but with a scarcity of properties for sale and a rush among buyers to take advantage of low mortgage interest rate offers, prices should start picking up again after the summer holiday period.

The labour market has seen a slight decline in employment levels, though not enough to push the rate of unemployment higher and annual growth of average weekly earnings has slipped. It should be noted that monthly claimant count unemployment fell which should, in time, pull the ILO measure of unemployment lower.

Inflation did edge higher in July but was probably a consequence of an earlier ending to summer sales causing clothing to drive the prices pick up. Inflation may turn negative in August, and may remain so for a few months, with petrol and diesel prices having downside potential on the back of falling oil prices. The cut in British Gas prices will come into effect in August and impact September's CPI, and this move could force other utility providers to take similar action.

The Bank of England's Monetary Policy Committee has not given firm indications that it is likely to raise interest rates in the near term, but there does seem to be a slightly more hawkish tone to comments. The Governor, Mark Carney, has fed some lines of encouragement when saying that he feels that the picture will become clearer by the year end, but only one member saw fit to vote for a rate hike at the August meeting. The turmoil in the markets and the likely delay in a US rate rise should ensure that a move in rates is unlikely until Q2 next year at the earliest.

- 3.5 Investment rates available in the market have continued at historically low levels. The average level of funds available for investment purposes up to September 2015 was £59.8m funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the Capital Programme and ECO Bicester.

3.6 **Investment performance for quarter ended 30th September 2015 was:**

Fund	Funds invested	Interest Budget as	Actual Interest	Variance	Rate of return*
In House	£53,840,000	£166,311	£176,304	£9,993	0.60%
Total	£53,840,000	£166,311	£176,304	£9,993	0.60%

**Rate of Return is calculated on an annualised basis*

- 3.7 At this point in the year we are currently projecting to be just ahead of budget. We have calculated the value of interest up to the end of September to include accrued interest on Gilts (only payable twice a year) and investments maturing after date.

Icelandic Investments

- 3.8 There is currently no further update in respect of funds remaining within Iceland. As reported previously, out of the £6.5m original capital investment £5.7m has been returned to the Council. The remaining capital balance of £729,000 along with

associated interest relating to the investment is still held within Iceland and is accruing interest on an annual basis.

We continue to work with the LGA and Bevan Brittan on the potential for transfer to the UK.

4.0 Conclusion and Reasons for Recommendations

- 4.1 This report details the Treasury Performance for the Council for the Six months ended 30 September 2015

5.0 Consultation

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: To request further information on the performance reported.

7.0 Implications

Financial and Resource Implications

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

Comments checked by:
George Hill, Corporate Finance Manager
george.hill@cherwellandsouthnorthants.gov.uk

Legal Implications

- 7.2 Presentation of this report is in line with the CIPFA Code of Practice.

Comments checked by:
Kevin Lane, Head of Law & Governance 0300 0030107
Kevin.Lane@cherwellandsouthnorthants.gov.uk

Risk Management Implications

- 7.3 It is essential that this report is considered by AARC as it demonstrates that the risk of not complying with the Council's Treasury Management Policy has been avoided

Comments checked by:
Jo Pitman, Head of Transformation
Jo.pitman@cherwellandsouthnorthants.gov.uk

Equality and Diversity

7.4 There are no equality and diversity implications from this report.

Comments checked by:

Jo Pitman, Head of Transformation

Jo.pitman@cherwellandsouthnorthants.gov.uk

8.0 Decision Information

Wards Affected

All wards are affected

Links to Corporate Plan and Policy Framework

Links to all elements of Corporate Plan

Lead Councillor

None

Document Information

Appendix No	Title
Appendix 1	Schedule of In-house investments per category and banking group.
Background Papers	
None	
Report Author	Paul Sutton, Head of Finance and Procurement
Contact Information	Paul.sutton@Cherwellandsouthnorthants.gov.uk

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Date	Agenda items
20 Jan	External Audit Progress Report and Annual Certification of Grants Claims
	Internal Audit Progress Report
	Anti Fraud and Corruption Strategy and Whistle Blowing Update
	Treasury Management Strategy
23 March	External Audit Progress Report and Audit Plan
	Internal Audit Progress Report and Audit Plan
	Anti Fraud and Corruption Strategy and Whistle Blowing Update
	Corporate Risk Register Q3
	Treasury Management Q3

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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