

Accounts, Audit and Risk Committee

Risk Management First Quarter Review

19 September 2012

Report of Corporate Performance Manager

PURPOSE OF REPORT

To update the Committee on the management of Strategic, Corporate and Partnership risks during the first quarter of 2012/13 and highlight any emerging issues for consideration.

This report is public

Recommendations

The Accounts, Audit and Risk Committee is recommended to:

- (1) Review the Quarter 1 Strategic, Corporate and Partnership Risk Register. (Appendix 1)

Executive Summary

- 1.1 Last year the Council undertook a fundamental review of its risks and associated reporting requirements. This provided the opportunity to consider the underlying principles of the overall approach to managing risk. The review also resulted in a streamlined set of core strategic, corporate and partnership risks and the requirement that operational risks are monitored at individual service level. These core risks are now monitored on a monthly basis.
- 1.2 As part of this review the Council established a high level strategic risk register which integrated performance and risk reporting using Performance Plus, the Council's corporate performance management system. Risks are reviewed monthly and monitored by the Joint Management Team. There is effective oversight by members through the Executive and the Accounts, Audit and Risk Committee.
- 1.3 In summary this report sets out the following:
 - The principles by which the Council manages risk (paragraph 1.4)
 - The quarter 1 risk report review (paragraph 1.5).
 - The risk register for 2012/13 (paragraph 1.6 and appendix 1).
 - Risk reporting arrangements (paragraph 1.7)
 - A summary of the overall position/status of strategic, corporate and partnership risks affecting the Council Paragraph 1.10

1.4 Underlying Principles of Risk Management

The following principles continue to be used for the management of risk:

Core Risks: These are the core set of risks that are recorded in the Council's Risk Register. They are monitored and reported through the corporate Performance Management Framework. They are also monitored by JMT on a monthly basis, and by the Executive and Accounts, Audit and Risk Committee on a quarterly basis. These risks are defined as strategic, corporate and partnership risks (see 'types of risk' below).

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 net 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 four types of risk. Those defined as strategic, corporate or partnership are held on the Council's core risk register. Operational risks are managed at service and directorate level and not corporately through the performance management framework.

Our definitions are as follows;

- **Strategic risks:** those which 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:** those relating to corporate systems or processes that underpin the organisation's overall governance, operation and ability to deliver services.
- **Partnership risks:** those relating to a partnership meeting its objectives or delivering agreed services/ projects.
- **Operational risks:** those which are specific to the delivery of individual services/service performance or specific projects.

This report concentrates upon the strategic, corporate and partnership risks.

1.5 Quarter 1 2012/13 Strategic, Corporate and Partnerships Risk Review

Strategic, corporate and partnership risks are reviewed on a monthly basis and reported via the performance and risk management framework to the Executive on a quarterly basis. The contents of the risk register as a whole are reviewed at least annually to ensure its contents reflect current priorities and circumstances.

No risks have changed over this quarter and therefore there are no particular issues or highlights to be raised.

1.6 Risk Register 2012/13

Appendix 1 shows the risk register for 2012/13 at Q1.

1.7 Reporting Arrangements

For 2012/13 the Quarter 1 performance was reported to the Executive on 5 September 2012. After consultation with the lead member for Performance and Customers it was agreed that a review would take place between Heads of Service and their lead members to determine what measures and risks would be reported to Executive going forward and at what intervals. .

As part of this process of reviewing our reporting arrangements we would like to include consideration of the risks and the risk reporting. We intend to re-establish a risks working group to meet on a quarterly basis to consider the range of risks and determine whether they are being effectively managed and mitigated. This group has existed in the past and we will consider whether to re-instate the original process or to re-engineer a new process, better aligned to our performance review process as it is developed.

The performance of all the risks on the Strategic/Corporate/Partnerships Risk Register will continue to be reported to the Accounts, Audit and Risk Committee on a quarterly basis as outlined below:

1.8 Operational Risks

Operational risks are not included in the strategic, corporate and partnerships risk register. These risks are managed and monitored locally at directorate and service level. However, managers are able to use the same performance and risk monitoring system as they do for strategic risks. As with service performance indicators, any issues arising from these operational risks may be escalated via the performance and risk reports to the Joint Management Team. In the event of this occurring they would also be reported to the Executive, and Accounts, Audit and Risk Committee in their quarterly reports. Operational risks are reviewed on a quarterly basis.

1.9 Risks shared with South Northamptonshire Council

It should be noted that both Cherwell District and South Northamptonshire I Councils remain sovereign bodies and as such not all risks will be shared. Where shared risks do exist they will be clearly identified.

The councils will however have a common approach to risk management, underpinned by a single risk management strategy> Each Council will however retain its own separate risk register which will include shared risk where they exist.

As part of the business planning process for 2013/14 strategic, corporate and partnerships risks will be reviewed by JMT. Operational risks for 2013/14 will be identified in departmental service plans.

Conclusion

- 1.10 The risk strategy that was agreed in January is being implemented and we are looking at ways to improve how we manage and consider risk. As mentioned at section 1.7 we are considering implementing a corporate risk management working group, with responsibility for ensuring that risks are effectively managed and mitigations are in place and appropriate. Progress on these matters will be reported to this committee at the next meeting.

There are no particular issues or items to be noted in this quarter.

Background Information

- 2.1 The Council has a single Performance and Risk Management Framework in Performance Plus which integrates the reporting processes for performance and risk and embeds the Risk Strategy.
- 2.2 Performance Plus has also been available for managers to use to store their operational risks. Monitoring of operational risk remains a service/directorate responsibility but where risk needs to be escalated to the strategic risk register JMT will have the opportunity to do so as part of their monthly review of performance and risk.

Implications

Financial:	<p>There are no direct financial implications on this report. Any financial implications that affect financial resources are picked up within the individual risks overviews and mitigations.</p> <p>Comments provided by Karen Curtin, Head of Finance and procurement, 01295 221551</p>
Legal:	<p>There are no direct legal implications arising from this report but the Council has to ensure it is aware of any risks to its delivering what is required by law.</p> <p>Comments checked by Nigel Bell, Team Leader – Planning & Litigation, 01295 221687</p>
Risk Management:	<p>The report details the work that we are doing to manage our risks and this report is the work of the lead officer responsible for risk reporting.</p>

Comments checked by Ros Holloway, Performance and Risk Officer, 01295 2211751

Wards Affected

All

Corporate Plan Themes

All

Document Information

Appendix No	Title
Appendix 1	Risk Register Q1 2012/13
Background Papers	
1. Quarter 3 report to Accounts, Audit and Risk Committee	
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