

Accounts, Audit and Risk Committee

Risk Management - Second Quarter Review

5 December 2012

Report of Policy and Performance Officer

PURPOSE OF REPORT

To update the Committee on the management of Strategic, Corporate and Partnership risks during the second 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 2 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.
- 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 regularly reviewed in management meetings. 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 2 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 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. 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 2 2012/13 Strategic, Corporate and Partnerships Risk Review

Strategic, corporate and partnership risks are reviewed regularly 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.

At the last meeting of the Committee members highlighted their view that the risk register should be a living document subject to ongoing revision. The committee expressed some concern at the perceived lack of revision and amendments since the previous report and officers undertook to remind colleagues of the importance of regular updates to the risks highlighted and consideration of new and emerging risks.

For this report "risk owners" have spent time going through the risks and updating and amending them to reflect the current situation. This has not led to any changes to the residual scores but will hopefully give Members the assurance that this exercise is given the requisite amount of time and consideration required.

1.6 Risk Register 2012/13

Appendix 1 shows the risk register for 2012/13 at Q2.

1.7 Reporting Arrangements

As part of a review of the Performance Management Framework and reviewing our reporting arrangements we would like to include consideration of the risks and the risk reporting.

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 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. The areas below which have been updated and amended since the last report are worthy of bringing to the attention of members at this meeting

- Corporate Risk RC02 Member Decision making
New regulations have been introduced re Executive Decision taking but the legislation is still in part unclear. However the Legal view is that while the risk of a decision being taken which is not in compliance with the new legislation is reasonably high, the likelihood of a legal challenge being made is low. Therefore the rating remains the same.

- Corporate Risk RC04 Joint Working
Under controls the Joint Arrangements Steering Group has been added that works in relation to joint working between Cherwell and South Northants Council and again between Cherwell, South Northants and Stratford District Councils. (RC04f and g).

As the number of shared services progress the impact of different terms and conditions is becoming an increasing concern to employees and their trade union. Although not a legal risk, consideration is being given to the best solution to address these issues in future.

- Partnership Risk RP09 Local Enterprise Partnership
An additional control was added RP09d - Funding available from CLG/DfT to support growth and infrastructure provision.

Implications

Financial:	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. Comments provided by Karen Curtin Head of Finance and procurement, 01295 221551
Legal:	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. Comments checked by Kevin Lane Head of Law and Governance
Risk Management:	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. Comments checked by Shirley Vaughan, Policy and Performance Officer 01327 322375

Wards Affected

All

Corporate Plan Themes

All

Document Information

Appendix No	Title
Appendix 1	Risk Register Q2 2012/13
Background Papers	
None	
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