

Cherwell District Council

Accounts, Audit and Risk Committee

25 JUNE 2014

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| Fourth Quarter Risk Review |
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Report of Head of Transformation and Corporate Performance Manager

This report is public

Purpose of report

To update the Committee on the management of Strategic, Corporate and Partnership Risks during the final quarter of 2013/14 and highlight any emerging issues for consideration.

1.0 Recommendations

The meeting is recommended:

- 1.1 To review the Quarter 4 Strategic, Corporate and Partnership Risk Register and identify any issues for further consideration.

2.0 Introduction

- 2.1 The Council sets out its approach to managing risk in its Risk and Opportunities Management Strategy. This document is reviewed and updated on an annual basis 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 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. However, a formal review is undertaken in the final quarter of the year to refresh the strategic risk register and identify any new or emerging risks or opportunities.

2.3 In summary this report sets out the following:

- The principles by which the Council manages risk
- The quarter 4 risk review (Appendix 1)
- Quarter 4 Risk Heat Map (Appendix 2)
- The proposed timetable for reporting risks to the Executive and the Accounts Audit and Risk Committee 2011/2012.

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.

3.2 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 risk register. Operational risks are managed at the service and directorate level and not corporately through the strategic risk register. 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.

3.3 The Council's Risk and Opportunities 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. The strategy has been in operation since then and has ensured that the joint management team uses a single approach to risk management. Risks are clearly identified as South Northants, Cherwell or shared and managed to reflect this status.

The strategy has been reviewed as part of an annual process and minor adjustments have been made. These reflect the recommendations made as part of the audit and changes to the information management and data collection system that underpins the process.

As part of the business planning process for 2014/15 strategic, corporate and partnerships are currently being reviewed/finalised by JMT.

Fourth Quarter Risk Review

3.4 The risk register is attached as appendix 1. The register has been reviewed by the risk owners and members of JMT. Each risk has commentary for quarter four included.

3.5 Changes to the full risk register during this quarter are summarised below:-

| Risk Type | Risk Ref | Risk Name | Comments/Actions |
|-------------|----------|--|--|
| Strategic | S01 | Policy & Legislative Change | Risk score has been increased to reflect the increased likelihood of further successful challenges to planning appeals |
| | S06 | Moat Lane Development | The reduction in risk rating in Q3 has been maintained. Risk is to be closed 31/03/2014 and replaced with new risks(s) as agreed with project Board and Sponsor |
| | S18 | 3 Way Working | This is a new risk created to reflect impact of organisational change in relation to three way working |
| Corporate | C01 | Business Continuity | During Quarter 2 the risk rating escalated during transfer of the BCP to Head of Community Services. Risk reduced during Q3 and has been maintained during Q4 and the Business Continuity Strategy has now been refreshed and ICT arrangements are now complete. |
| | C13 | Safeguarding Children | New risk introduced this quarter - Only by keeping the profile of safeguarding high within the authority will we keep the likelihood of issues to a minimum |
| Partnership | P06 | Oxfordshire Waste Management Partnership | Oxfordshire Waste Partnership is dissolving as a formal partnership, although will still meet infrequently and informally during 2014/15. Risk closed 31/03/2014 |

3.5 **Operational Risks**

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. As with service performance indicators, any issues arising from these operational risks may be escalated via the monthly performance and risk reports to the Corporate 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.

3.6 Whilst operational risks have been identified through the development of service plans for 2014/15, operational risk training sessions are being scheduled for Quarter 2 to further support staff to identify and add operational risks to the Operational Risk registers.

3.7 **Future Reporting Arrangements**

For 2014/15 the reporting of the Strategic, Corporate and Partnerships Risk Register will continue to be integrated into the quarterly performance report to the Executive, as set out below:

- 2013/14 Year end review 01 September 2014
- Quarter 1- 01 September 2014
- Quarter 2- 01 December 2014
- Quarter 3- 02 March 2015
- Quarter 4- 06 July 2015

It is also proposed that the performance of all the risks on the Strategic/Corporate/Partnerships Risk Register is reported to the Accounts, Audit and Risk Committee on a quarterly basis as outlined below:

- 2013/14 Year end review 25 June 2014
- Quarter 1- 17 September 2014
- Quarter 2- 03 December 2014
- Quarter 3- 25 March 2015
- Quarter 4- 24 June 2015

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 One To support the current approach and having considered the Strategic, Corporate and Partnership risks, report any concerns arising to the Executive.

Option Two To reject the current approach and proposals and report any concerns arising to the Executive.

5.0 Consultation

CDC Accounts, Audit and Risk Committee Both committees have been consulted
SNC Audit Committee 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 request 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 strategy.

7.0 Implications

Financial and Resource Implications

7.1 There are no specific financial implications arising from this report.

Comments checked by: Tim Madden, Head of Finance and Procurement,
Tel: 0300 003 0106, E-mail: tim.madden@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

Key Decision: No

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

Wards Affected

All

Links to Corporate Plan and Policy Framework

All strategic priorities

Lead Councillor

Councillor Turner: Lead member for Customers and Performance

Document Information

| Appendix No | Title |
|---------------------|--|
| Appendix 1 | Quarter 4 Risk Register 2013/14 |
| Appendix 2 | Quarter 4 Heat Map |
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| Background Papers | |
| | Risk Audit 2012/13 |
| Report Author | Louise Tustian, Senior Performance & Improvement Officer |
| Contact Information | Louise.tustian2@cherwellandsouthnorthants.gov.uk 01295 221786 |