

Cherwell District Council

Accounts, Audit and Risk Committee

17 September 2014

First Quarter Risk Review

Report of Head of Transformation and Acting Performance and Insight Manager

This report is public

Purpose of report

To update the Committee on the management of Strategic, Corporate and Partnership Risks during the first quarter of 2014/15 and highlight any emerging issues for consideration.

1.0 Recommendations

The meeting is recommended:

- 1.1 To review the Quarter 1 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 annually 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
- Quarter 1 Risk Review (Appendix 1) and Risk Heat Map (Appendix 2)
- A summary of issues and progress arising from the 2013/14 Risk Audit as undertaken by Price Waterhouse Cooper (PWC)

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 the joint management team uses a single approach to risk management. Risks are clearly identified as Cherwell, South Northants, shared or 3 Way 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 were reviewed and updated by JMT to ensure its contents reflect current priorities and circumstances.

First 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 one included.

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

| Risk Type | Risk Ref | Risk Name | Comments/Actions |
|-----------|----------|---------------------------|---|
| Strategic | S04 | Moat Lane Roadworks | This is a new risk relating to Phase II Failure to obtain full and satisfactory Technical Approval of all aspects of the required road works in a timely manner may cause the planned programme to overrun and because this is linked to a Planning Condition (PC), the Community Building cannot be occupied until the road works are completed. The programme is currently two weeks over the planned PC Date for the road works |
| | S06 | HS2 | Risk scores, both probability and impact, reduced. Petition submitted to Parliament in May and on-going negotiations with HS2 Limited on mitigations required. Preparations for giving evidence to Parliamentary Bill continue although a date for being called is as yet unknown. |
| | S15 | Graven Hill, Bicester | New risk introduced - Failure to deliver the project results in severe loss of economic benefit, local dissatisfaction and damage to reputation Companies have now been set up. Business Plan and Finance Plan being monitored. Project deliverables on track at Q1 - S106 and land purchase scheduled for August |
| | S16 | Horton Hospital | Risk impact score reduced to moderate - revised terms of reference of the CPN agreed and to commence in 14/15. Oxfordshire Clinical Commissioning Group (OCCG) five year strategy emphasises better health and social care sector integration and extended care in community settings |
| | S18 | Build! | New risk introduced Failure to deliver the Build! Programme Build! ® is being delivered by a technical team including an Employers Agent, Clerk of Works, QS, Architect and Construction Manager. The team is supported by the Corporate Finance Team. A number of measures are in place and the project is delivered with an emphasis of continuous improvement which is demonstrable as the project evolves. |
| Corporate | C15 | Waste Framework Directive | New risk introduced. 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. Report for Executive / Cabinet scheduled for October to show current recycling collection is of high quality and that collection systems meets TEEP (New Legislation requires LA to collect glass, paper, plastics and metals separately unless it is Technically Economically Environmentally not Practical (TEEP) to do so.) |

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 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.

3.6 Operational risks have already been identified through the development of 2014/15 service plans. The need for Operational risk training to support staff through the process of identifying/adding/updating new risks to service risk registers has been identified and it is anticipated that this training will be undertaken during Quarters 2 and 3

3.7 Development and emerging issues resulting from 2013/14 Risk Audit

The Audit of Risk Management for 2013/14, undertaken by Price Waterhouse Coopers (PWC), has been completed and shows an improvement on 2012/13. The findings were positive with some recommendations for improvement. These recommendations, with resolutions, are detailed below:-

| Audit Recommendation | Resolution |
|--|--|
| Show how risks relate to Corporate Priorities | This has already been addressed in the Q1 Register shown in Appendix A (Priority column H). Key to Priorities shown below. |
| Formal review of Operational Risks (not undertaken in 13/14 as planned) | Not undertaken due to limited staff resource last year, however an Operational Risk Review is planned for 2014/15 |
| Standardise format for Service Risk Registers | This issue will be addressed in the Operational Risk Review 2014/15 |
| Description of Controls (operating effectiveness) – highlight differences between current and future controls on Risk Template | Risk template has been amended and will be used for all new risks moving forward |
| Recording late risk reviews and poor practice in order to offer support to risk owners – this has been already implemented. | This has been already implemented though will not appear on the Audit Report |

| Ref | Relates to CDC Corporate Priority | Ref | Relates to SNC Corporate Priority |
|------|--|------|--|
| CBP | All Priorities of the Business Plan | SBP | All Priorities of the Business Plan |
| CBP1 | District of Opportunity | SBP1 | Preserve What's Special |
| CBP2 | Safe Clean and Green | SBP2 | Protect our Quality of Life |
| CBP3 | Thriving Communities | SBP3 | Secure a Prosperous and Sustainable Future |
| CBP4 | Sound Budgets & Customer Focused Council | SBP4 | Enhance the Council's Performance |

Progress on these issues will be reported as part of future quarterly risk updates.

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

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 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:

Nicola Jackson, Corporate Finance Manager, Tel: 01295 221731, E-mail: nicola.jackson@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 Kieron Mallon: Lead Member for Performance & Communications

Document Information

| Appendix No | Title |
|---------------------|--|
| Appendix 1 | Quarter 1 Risk Register 2013/14 |
| Appendix 2 | Quarter 2 Heat Map |
| Background Papers | |
| Risk Audit 2013/14 | |
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