

Cherwell District Council

Accounts, Audit and Risk Committee

3 December 2014

Second Quarter Risk Review

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 second quarter of 2014/15 and highlight any emerging issues for consideration.

1.0 Recommendations

The meeting is recommended to:

- 1.1 review the second quarter 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 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. 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 two Risk Review (Appendix 1) and Risk Heat Map (Appendix 2)
- issues outstanding from 2013/14 Risk Audit

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 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.

3.2 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. 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.

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. Two further risks are currently being crafted for JMT agreement and will be reported in quarter three:-

- Land Assets / Asset Management Programme
- Banbury Developments

Second Quarter Risk Review

3.3 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 two included.

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

Risk Type	Risk Ref	Risk Name	Comments/Actions
Strategic	S12	CDC Local Plan – County SHMA	Risk closed Quarter 2 Impact of SHMA led to modifications to increase Local Plan to 22,800 (2011-2031) – now complete
Strategic	S07	Customer Service Improvements	↑ Increase in residual risk scores SNC staffing issues are being closely monitored as the team lost 2 FTE from the start November, and will subsequently lose .91 from 7.2 FTE operational CSO by start of December. Posts are currently being advertised and we intend recruiting for a start date early December. However to train these staff as well as continue to work on delivery for The Forum will have a detrimental effect on performance. It may be possible to use CDC resources as an interim measure and this will be explored. Probability scores have increased to reflect this position

Risk Type	Risk Ref	Risk Name	Comments/Actions
Corporate	C06	Member Decision Making	<p>↑ Increase in residual risk scores</p> <p>There was an instance at SNC of a Committee decision being taken other than on a fully informed basis because some key information was omitted from a report that was not signed off by a JMT member.</p> <p>It is appropriate to increase the score at this stage pending the further mitigation referred to in the update on actions having proven effect.</p>

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 and will be further reviewed as part of the 2015/16 Service/Business planning process. The need for Operational risk training to support staff through the process of identification of new risks, evaluation of those risks and inclusion onto service risk registers has been recognised and training is being sourced.

3.7 Issues outstanding from 2013/14 Risk Audit – Price Waterhouse Coopers (PWC)

Recommendations from the audit, with resolutions, are detailed below:-

Audit Recommendation	Resolution
Review of Operational Risks	Operational Risk Review is planned for quarter three to align with the Service Planning process
Standardise format for Service Risk Registers	<p>This issue will be addressed in the Operational Risk Review 2014/15</p> <p>We are currently testing risk data capture using SharePoint</p>

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 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 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 Banbury Developments, Communications and Performance.

Document Information

Appendix No	Title
Appendix 1	Quarter 2 Risk Register 2014/15
Appendix 2	Quarter 2 Heat Map
Background Papers	
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