

Accounts, Audit and Risk Committee

Risk Management: A risk management strategy for Cherwell District and South Northamptonshire Councils

19 March 2012

Report of the Corporate Performance Manager

PURPOSE OF REPORT

To agree the joint approach to risk management across the Cherwell and South Northamptonshire Joint Management Team and set the risk strategy for Cherwell District Council. .

This report is public

Recommendations

The Accounts, Audit and Risk Committee is recommended:

- (1) To consider the proposed approach and identify any issues or additional elements to be included.
- (2) To agree Appendix 1 as the risk strategy for Cherwell District Council 2012/13

Executive Summary

- 1.1 Cherwell District Council has a strong track record with regards to risk management and reviews its approach on an annual basis. For the 2012/13 review the context has changed and the impact of the new Joint Management Team needs to be taken into account in terms of how best to manage risk in the future.
- 1.2 As part of this review it was proposed that both Councils adopt a joint risk management strategy and set of risk business processes, whilst at the same time maintaining separate risk registers. The aim of this approach is to maintain the interests and sovereignty of each council but streamline risk processes and ensure they are consistent, understood across both councils and firmly embedded. This approach was endorsed by the committee at their meeting in January 2012 and the draft strategy has been open for comment and feedback. Appendix a1 represents the final draft of the strategy taking into consideration feedback received.

1.3 In summary this report sets out the following:

- A short summary of the rationale for developing a shared approach to risk management across the two councils and the process by which the strategy was drafted.
- A risk management strategy to be used across Cherwell District and South Northamptonshire Councils (appendix 1).

Proposals

1.4 Harmonising approaches to risk

The Joint Management Team shared between Cherwell and South Northamptonshire Councils was implemented in October 2011. To support this team a number of core business processes and governance arrangements need to be harmonised in order to ensure business processes are as efficient and coherent as possible. During November and December a review of risk management processes at both organisations has been undertaken and as a result it is proposed that a shared risk management strategy is developed.

This is based on the following rationale:

- A shared approach to risk management will ensure consistency across both councils
- A shared approach will ensure risks are identified as part of a clear business process
- A single suite of templates and a single assessment model will ensure data is comparable and of higher quality across both councils
- A single approach will reduce the resources required to manage risk but ensure both councils can maintain sovereign risk registers as not all risks will be common to both authorities
- Where risks are identified as shared they can be managed through the same single process and be clearly identified as shared.

Given this context a draft shared risk management strategy has been drafted and consulted upon. The final version is now ready for adoption.

1.5 Developing a joint risk management strategy

The joint risk management strategy is attached at appendix 1. This strategy is comprehensive and proposes risk management arrangements for both organisations. The strategy ensures that each council remains sovereign and is able to maintain council specific risk registers. The strategy clearly outlines risk appetite, an approach to identifying and assessing risk and clear roles and responsibilities for risk management at both the officer and Member level.

The objectives set out in the risk management strategy are to:

- maintain a register that identifies, assesses and ranks all significant risks and opportunities facing both councils, which will assist the councils in

achieving their objectives through pro-active risk management

- rate all significant risks in terms of likelihood of occurrence and potential impact upon the councils and ensure effective controls are in place to mitigate significant risks
- allocate clear roles, responsibilities and accountability for risk management
- facilitate compliance with best practice in corporate governance, which will support the Annual Governance Statements (issued with the annual statement of accounts)
- raise awareness of the principles and benefits involved in the risk management process, and to obtain staff and Member commitment to the principles of risk management and control

1.6 Reporting Arrangements for 2012/13

As for 2011/12 it is proposed that Account, Audit and Risk Committee review the risk register on a quarterly basis. In addition the Executive will continue to receive quarterly risk updates as part of the integrated risk and performance reports.

The Joint Management Team will review risks on a quarterly basis and take a fundamental look at risk on an annual basis. At the operational level the Corporate Performance Team will keep an on-going check on risk and escalate any issues arising. Service managers will also be expected to review operational risks on a quarterly basis and the Corporate Performance Team will quality assure this process.

1.7 Additional Information

In addition to the shared risk management strategy a suite of documents, training and support will be offered to ensure the new approach to risk management is embedded.

1.8 Review

The success of the new arrangements will be reviewed after a six month period. Additional assurance will be provided through the annual process of internal audit which will take place in the third quarter of 2012/13.

Conclusion

- 1.9 Cherwell District Council has a strong track record of effective risk management. The proposed shared risk management strategy retains many of the current risk management arrangements, including the scoring system, the integration between risk and performance and the core responsibilities of the Accounts, Audit and Risk Committee, the Executive and the Joint Management Team.

A joint approach to risk identification, assessment and management across the two councils is essential in order to ensure that the Joint Management Team is able to manage risks effectively, consistently and equitably across both councils. A shared approach will also mitigate against any potential inconsistencies or data quality issues.

The councils remain sovereign bodies and the proposed approach enables distinct risk registers to be held. However, it also ensures that where shared risks are identified they will be clearly identified as such and managed in the same way across both councils.

Background Information

- 2.1 As part of the development of the joint risk management strategy both councils existing practices have been reviewed. Where good practice exists (from either authority) it has been retained. In addition good practice from elsewhere has been reviewed and incorporated.
- 2.2 Performance Plus will continue to be used to record all types of risk (i.e. strategic and operational).
- 2.3 As part of its corporate management role the Joint Management Team will review risks on a quarterly basis. In addition a risk workshop will be held on an annual basis (in the final quarter of the year) to identify any emerging risks or changing requirements in terms of risk management. The Corporate Performance Team will keep risk management issues under review and highlight them to the Joint Management Team and Accounts, Audit and Risk committee as any emerge.
- 2.4 As well as a risk strategy supporting guidance and training will be offered, including a risk management handbook and quick guide to risk. In addition a single set of templates will be agreed and a shared glossary/overview of frequently used terms.

Key Issues for Consideration/Reasons for Decision and Options

- 3.1 The Council's approach to risk management has been reviewed in the context of a Joint Management Team across Cherwell and South Northamptonshire Councils. It is recommended that harmonising the approach to risk management is undertaken and to begin this process a shared risk management strategy has been proposed.

The following options have been identified. The approach in the recommendations is believed to be the best way forward.

Option One

1. To consider the proposed approach and identify any issues or additional elements to be included.
2. To agree Appendix 1 as the risk strategy for Cherwell District Council 2012/13

Implications

Financial:	There are no direct financial implications arising from this report. Comments checked by Karen Curtin, Head of Finance,
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 Nigel Bell, Team Leader – Planning & Litigation, 01295 221687
Risk Management:	The lead officer responsible for risk reporting is the author of this report. Comments checked by Ros Holloway, Performance and Risk Officer, 01295 221578

Wards Affected

All

Corporate Plan Themes

All

Document Information

Appendix No	Title
Appendix 1	Joint Risk Management Strategy
Background Papers	
None	
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