

Cheltenham Borough Council
Audit Committee – 26 March 2014
Annual Risk Management Report

Accountable member	Cabinet Member Corporate Services, Councillor Jon Walklett
Accountable officer	Director of Resources, Mark Sheldon
Executive summary	The Audit Committee approved the current Risk Management Policy March 2013 and requested an annual report to provide Members with an update on the Council's risk management activities.
Recommendations	To endorse the risk management work undertaken during 2013/14.

Financial implications	<p>The identification and assessment of financial risk is a key element in the process of managing the council's financial exposure. The scorecard ensures a consistent approach and transparent methodology for assessing financial risk.</p> <p>The policy and risk management process is well embedded which helps to ensure robust management of financial risk.</p> <p>Contact officer: Mark Sheldon , Email: mark.sheldon@cheltenham.gov.uk Tel: 01242 264123</p>
Legal implications	<p>None specifically arising from the recommendations. In general terms, the existence and application of an effective risk management policy assists prudent decision making which is less susceptible to legal challenge.</p> <p>Contact officer: Peter Lewis Email: peter.lewis@tewkesbury.com.uk Tel: 01684 272012</p>
HR implications (including learning and organisational development)	<p>There are no direct HR implications in this report.</p> <p>Contact officer: Donna Sheffield Email: donna.sheffield@cheltenham.gov.uk Tel: 01242 774972</p>
Property Implications	<p>None specifically arising from the recommendations.</p> <p>Contact officer: David Roberts Email: david.roberts@cheltenham.gov.uk Tel: 01242 264151</p>
Key risks	<p>The lack of a robust approach to the management of risks and opportunities could result in ill-informed decision making and non-achievement of the Council's aims and objectives at both a strategic and service level.</p>
Corporate and community plan Implications	None

Environmental and climate change implications	None
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1. Background

- 1.1 Risk management is the culture, process and structures that are directed towards effective management of potential opportunities and threats to the Council achieving its priorities and objectives.
- 1.2 Risk management is a key element of the Council's corporate governance framework. It is one of the six core principles of the Council's Code of Governance - 'taking informed transparent decisions which are subject to effective scrutiny and risk management'.
- 1.3 In the past year, additional work has been completed to support the risk management process and help embed good practice across the Council.
- 1.4 The Risk Management Policy was updated and approved by Audit Committee in March 2013. The policy confirmed the Council's risk management appetite and objectives; links to the Council's Corporate Plan; and provides guidance on risk management approach and scoring.
- 1.5 The approach was rolled out to officers at Senior Leadership Team, Corporate Governance Group and at Divisional Management Team meetings. All policy, guidance and advice documents are available through the risk management page on the intranet.
- 1.6 The Council has an on-line web based risk management module which records all Corporate and Divisional risk which can be viewed by all employees and Members helping to make risk management more transparent.

Strategic risk management

- 1.7 The Risk Management Policy states the need for a formal review of the Corporate Risk Register to identify risks associated with the achievement of the Council's aims and objectives within the Corporate Strategy. The 2013/14 Corporate Strategy sets out our intended milestones, performance indicators and risks associated with the 10 outcomes.
- 1.8 The Corporate Risk Register (CRR) Appendix 2 has a high-level dashboard that provides information on the risk scores, trends and profile. The CRR is reviewed by the Senior Leadership Team with a formal report to Cabinet every 6 months. A copy is also provided to Cabinet members following every SLT review to aide their discussions with Directors. An updated copy of the corporate risk register will be provided at this meeting which will include any revisions made by SLT on the 25th March 2014.
- 1.9 The on-line risk management module records all of the council's corporate risks which are initially identified by Directors and Service Managers, these are managed by an SLT appointed Risk Owner and Risk Manager. Any divisional or project risk with a score of 16 or above must be referred to the Senior Leadership Team, they then consider if it should be escalated to the Corporate Risk Register. These corporate risks can also be referred back to the divisional or project risk registers if SLT consider the risks to be under control and less of a risk to the wider organisation.
- 1.10 As at 25/2/2013 there were 21 risks on the Corporate Risk Register compared to 22 in February 2014. During the period from April 2013 to February 2014, ten corporate risks were deemed to have been managed to the point where they had become acceptable and closed and a further 2 risks were transferred by the Senior Management Team back to the division for ongoing management.

Training

- 1.11 As part of awareness training for officers, risk management presentations have been completed at Senior Leadership Team and Divisional Management Team meetings to promote the Risk Management Policy and approach.
- 1.12 The risk awareness training was updated to reflect the new policy and scorecard and this is available to all employees and Members through the Learning Gateway. A copy of the screen prints are attached at appendix 3 for Members awareness
- 1.13 All Directors and Service Managers are requested to undertake the on-line training every three years, regular communiqués are also issued to managers to promote risk management good practice.

Planned Improvements

- 1.14 The on-line risk management module can be developed further to include risks associated with key projects. These risks are currently managed by the project manager and reported to the programme board. It is hoped that sufficient resources can be found to include these within the same reporting process for Corporate and Divisional risk.

Policy review

- 1.15 The Risk Management Policy was reviewed and approved by the Audit Committee in March 2013.
- 1.16 At the full Council meeting on the 7 October 2013 during the debate on the ICT PSN issue, there was a request that the Risk Management Policy and Risk scorecard should be reviewed. This review was carried out during February 2014 and the outcome will be covered in the separate report on the Risk Management Policy.

2. Alternative options considered

- 2.1 None

3. Consultation and feedback

- 3.1 The Senior Leadership Team and The Corporate Governance Group routinely consulted on the content of the risk registers.

4. Performance management – monitoring and review

- 4.1 The Senior Leadership Team and The Corporate Governance Group routinely monitor risks in line with the Risk Management Policy.

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Appendices	1. Risk Assessment 2. Corporate Risk Register 3. Risk Management training slides from Learning Gateway

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If the council does not have a robust and effective risk management approach to the management of risks and opportunities then it could result in ill-informed decision making and non-achievement of the Council's aims and objectives at both a strategic and service level.	Director Resources	26/03/2014	4	2	8	Reduce	Ensure that the Councils Risk Management Policy is kept up to date and that the processes supporting it are robust and delivered by the decision-makers.	31/3/2014	Corporate Governance, Risk and Compliance Officer	
<p>Explanatory notes</p> <p>Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)</p> <p>Likelihood – how likely is it that the risk will occur on a scale of 1-6 (1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)</p> <p>Control - Either: Reduce / Accept / Transfer to 3rd party / Close</p>											