

Cheltenham Borough Council
Audit Committee – 26th March 2014
Risk Management Policy - review

Accountable member	Cabinet Member Corporate Services, Councillor Jon Walklett
Accountable officer	Director of Resources, Mark Sheldon
Ward(s) affected	None
Key Decision	Yes/No
Executive summary	<p>The Audit Committee approved the current Risk Management Policy in March 2013 this is due for a further review in April 2014.</p> <p>Audit Committee considered the methodology for carrying out the review for the Risk Management Policy for 2014/15 at their meeting on the 15 January 2014. This review has now been completed and a draft revised policy is attached at appendix 3 for consideration.</p>
Recommendations	<ol style="list-style-type: none"> 1. To make any additional recommendations 2. To approve the Risk Management Policy for 2014.

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>Contact officer: Mark Sheldon</p> <p>Email: mark.sheldon@cheltenham.gov.uk</p> <p>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</p> <p>Email: peter.lewis@teWKesbury.com.uk</p> <p>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</p> <p>Email: donna.sheffield@cheltenham.gov.uk</p> <p>Tel: 01242 774972</p>

Key risks	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.
Corporate and community plan Implications	None
Environmental and climate change implications	None

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** Audit Committee agreed that all elected Members should be contacted for their views on the Risk Management Policy for 2014 and that a questionnaire would be sent out to gather their comments.
- 1.4** A questionnaire was agreed with the Audit Committee Chairman and a copy was sent to every elected Member with a copy of the current Risk Management Policy.
- 1.5** The questionnaire considered the following key areas
- **Leadership** – Do you consider that there is a wide cultural awareness of the risk management process at Cheltenham amongst members and officers?
 - **Risk governance structures** – Do you understand the roles and responsibilities of officers and members regarding the management of risk?
 - **Establishing risk management at the strategic level** – Do you consider that the Risk Management Policy has helped in this respect?
 - **Accountability and transparency** – The Audit Committee provides a broad based audit role across all areas of the council that includes the management of risk. Do you consider that there is anything that the council could do to improve accountability and make more information on risk management available?
 - **Risk Score Card** – The risk score card is used as a guide to assess impact and likelihood of any identified risk. Do you consider the scenarios and the scoring ranges to be helpful?

Risk Management Policy review 2014 – Survey results

- 1.6** Four elected Members completed questionnaires and the comments were collated (Appendix 2) and considered by officers.
- 1.7** A number of the comments related to Member awareness of the risk management process, these have been discussed with the Democratic Services Manager who will include additional

risk awareness training within the Member induction programme following the elections in May 2014 . An invite to this training session will also be extended to existing Members.

- 1.8 The on-line Risk Awareness training product will be updated to reflect the new Risk Management Policy and will be available to elected members and employees from Mid-April
- 1.9 All of the other comments were used to amend the Risk Management Policy (Appendix 3) these are highlighted by track changes.
- 1.10 Elected Members were also asked to consider the Scorecard to make any suggestions they feel necessary in relation to each criteria (or for any new criteria) for:-
 - Financial
 - Capacity
 - VFM
 - H&S and wellbeing
 - Business continuity
 - Contractual Governance
 - Reputation
 - Customer satisfaction
 - Governance
 - Performance forecasting
 - Corporate Strategy
- 1.11 Amendments to some of the wording was made to make each Impact criterion more consistent and additional Criterion have been added to the Critical categories including reputation.
- 1.12 Another suggestion was to amend the Likelihood description for a risk being scored between 0 and 5% to something other than Almost Impossible. The word Minimal has been suggested.

2. Alternative options considered

- 2.1 None

3. Consultation and feedback

- 3.1 The Senior Leadership Team and The Corporate Governance Group routinely were consulted and support the suggested approach to the review.

4. Performance management – monitoring and review

- 4.1 The Senior Leadership Team and The Corporate Governance Group will be briefed on the outcome of the review.

Report author	Contact officer: Bryan Parsons Email: bryan.parsons@cheltenham.gov.uk Tel: 01242 264189
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Appendices	<ol style="list-style-type: none">1. Risk Assessment2. Risk Management Policy - Challenge questionnaire3. Draft 2014 Risk Management Policy
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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 of Resources	15/01/2014	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>											