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## Risk management policy



**CHEL TENHAM**  
BOROUGH COUNCIL

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| 1.4                   | 01/04/2012          | Confidential risks and new score card   |
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**This document has been distributed to;**

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# Introduction to risk management cut out and keep section

The council believes that risks need to be managed, rather than avoided and that a rigorous approach to all aspects of risk management is an integral part of good management practice. Through having a sound risk management process we will ensure:

- That the council continues to achieve its objectives and outcomes and sustainable improvement in services;
- That the council is developing and maintaining a safe and healthy environment for the public, and for its employees; and
- That the council reduces the number and cost of insurance claims.
- That by mitigating risk we will make processes safer and more effective which in turn will reduce costs and make us more efficient.

## **Risk is defined in line with ISO 31000:2009 Risk Management Principles and Guidelines.**

There are many definitions of risk and risk management. The contemporary definition set out in ISO 3100 is that risk is the “effect of uncertainty on objectives” where uncertainty can be either positive or negative.

Risk Management is defined as ‘the culture processes and structures directed towards realising opportunities whilst managing adverse effects’. Its purpose is not to eliminate risk, but to understand it so as to take advantage of the upside and minimise the downside.

Everyone has a role to play in our risk management policy. Combining shared leadership with a team approach will help contribute to the success of integrated risk management.

## **Our expectations / commitments**

- Senior Leadership team will own and maintain the corporate risk register which will be updated on a monthly basis.
- Directors will ensure that there is an up to date divisional risk register for their divisions using the template on the intranet. This should be reviewed at least quarterly at the divisional management team meetings. **Any divisional risk that has a score of 16 or greater will be referred to SLT** for consideration for inclusion on the Corporate Risk Register
- Service Managers will document risks to meeting their team objectives.
- All committee reports that require a decision should be accompanied by a risk assessment
- All project and programme managers will assess the strategic and operational risks associated with the programme or project objectives.
- We will ensure that partnership working is part of our risk management approach; partnerships should identify the risks to achieving their objectives and the council will document the risks to working in partnerships.

# Part One – Our approach to risk

## 1. Introduction

1.1 The aim of this policy is to set out Cheltenham Borough Council's approach to risk and the management of risk. It is presented in three parts; the first is our approach to risk management; the second outlines the process for risk management and the third part sets out roles and responsibilities.

1.2 The council believes that risk needs to be managed, rather than avoided and that a rigorous approach to all aspects of risk management is an integral part of good management practice. Through having a sound risk management process we will ensure:

- That the council continues to achieve its objectives and outcomes and sustainable improvement in services;
- That the council is developing and maintaining a safe and healthy environment for the public, and for its employees; and
- That the council reduces the number and cost of insurance claims.

1.3 Risk is defined as

*“An uncertain event or set of events which, should it occur, will have an effect upon the achievement of objectives, within the lifetime of the objective.”*

1.4 Risk can be both negative and positive, but it tends to be the negative side that we focus on and score. This is because some things can be harmful, such as putting lives at risk or a cost to an individual or the organisation in financial terms

1.5 Negative risk is represented by potential events that could harm the project. In general, these risks are to be avoided and can be measured in terms of impact and likelihood. Positive risk, on the other hand, refers to risk that we initiate because we see a potential opportunity, along with a potential for failure.

1.6 There are two examples of positive risks. The risk could either be a positive experience, or the reason for taking the risk has rewards that are well worth it. For example the risk could make us feel or perform better, or by taking a different option we could improve exceed corporate objectives, improve efficiency, reduce costs or improve income by a greater amount than was originally identified. See also section 8 about monitoring and managing risk.

1.7 Risk management is

*“The activities required to identify and control exposure (negative risk) to uncertainty which may impact on the achievement of objectives”. Or/and to use Positive risks to help us exceed our objectives.*

1.8 From these two definitions, we can see that risk management is focused on the risk to meeting our objectives.

1.9 Given the definitions above, the council will assess, monitor and manage risks to the achievement of its objectives, including:

- Our corporate objectives – as set out in our corporate strategy;
- Divisional objectives;
- Service team objectives;
- Project and programme objectives; and

1.10 This policy sets out how we will identify, assess and manage risks, how we will report risk and how we will support risk management.



**1.11** Everyone has a role to play in our risk management policy. Combining shared leadership with a team approach will help contribute to the success of integrated risk management. More information on roles and responsibilities is given in part 3.

## **2. Identifying, assessing and managing risks**

**2.1** The council will take a rounded view on what constitutes a risk. The starting point is that a risk could be anything, from an internal or external source, that poses a threat to the achievement of our objectives.

**2.2** In terms of external sources, changing circumstances can have a significant impact on our ability to deliver our objectives. The environment we operate in is not stable and is in constant flux. Good risk management is about trying to anticipate these changes and put in place actions to respond to the resulting risks by minimising the likelihood and/or impact. Our view of the source of external risks could include the following:

- Local and national political change
- Local and national economic circumstance
- Social change
- Technological change
- Climate change
- Legislative change
- Environment
- Complying with equality considerations
- Change in the organisational structure for local government
- Changing expectations/needs from customer/citizens
- Change in how we are resourced
- Recommendations from assessment or review

**2.3** In terms of internal source of risks, the ability of the council to continue to deliver its objectives is dependent on the following:

- Finance - sufficient finances in place to deliver service;
- Human resource - enough skilled, competent, experienced, healthy, motivated staff in the right place at the right time to deliver the service;
- Premises - the most appropriate environment from which to deliver the service;
- Technology – the most appropriate form of technology to support service delivery;
- Procurement – the most appropriate service/resource provider in place to deliver the service objectives (if service out-sourced);
- Legal/Contractual – the most appropriate form of contract to guide service delivery;
- Partners – commitment from appropriate other partners (both internal and external) to deliver the service;
- Changing priorities – a stable environment in terms of organisation priorities, clear objectives and manageable level of complexity;
- Information – an exchange of reliable information (internal and external) that is accurate and timely on which decisions can be fairly and correctly based.
- Safety and security of assets.

- 2.4** It is also worthwhile noting that because we have adopted a commissioning approach whereby the council may deliver services through different organisational models, and then we must ensure that these arrangements are included within our risk management processes. These risks can then be included in the same register as all other risks to the delivery of the objective. When it is necessary to the achievement of an objective to procure products and services, the risk/s to the objective if the procurement process fails should also be identified and managed. When these ownership and management mechanisms have been defined risk owners need to ensure that effective monitoring and governance controls are in place to protect council assets.
- 2.5** When we commission the delivery of a service or enter into a shared service agreement, providers are obliged to have a range of risk management processes in place, should they identify a significant risk that may have an impact on the Council they must advise the Client officer. The Client officer will then decide on the best course of action. e.g. include on either the Corporate or Divisional Risk Registers.
- 2.6** In addition we would expect all programme and project managers to assess the strategic and operational risks associated with the programme or project objectives before the project is selected and approved. Risks should be reviewed as the project proceeds and included within the Corporate Risk Register if the risk is likely to impact upon the authority as a whole.
- 2.7** All committee reports that require a decision should contain a description of the options available and a risk assessment for each of them. These risks are to the objectives of the report topic.
- 2.8** Risk management should not be seen as a separate management function; it is a core part of good management.
- 2.9** The council have separate and detailed Health and Safety policies that provide advice about how this type of risks should be identified and managed. They can be found at [safety policies and guidance | corporate pages on CBCi](#)
- 2.10 Defining and scoring risk**
- 2.11** Once risks have been identified using the information given above, the council would like risks to be defined in a consistent way using the “cause and effect” approach (see Part 2, 5.3 for more information). Risks will be then scored for impact and likelihood using the risk scorecard. (The risk score is the multiplication of impact and likelihood.)
- 2.12** The initial score will be based on current circumstances and referred to as the ‘original’ score. After controls have been actioned, the risk will be scored again. This score will be referred to as the ‘current’ score.
- 2.13 Tolerance and controls**
- 2.14** The scored risk can then be assessed against the council’s tolerance levels. Currently we have three levels which set out the council’s attitude to that particular risk. The three tolerance levels are coloured red, amber and green. Risks that are scored in the red and amber areas (7 and above) will require action.
- 2.15** The council then has four options on how to control the risk;
- Reduce the risk
  - Accept the risk
  - Transfer the risk to a third party
  - Close the risk
- 2.16** The decision on how to control the risk will be made by the risk owner or an appropriate senior officer depending on where the score falls in the tolerance areas and the costs associated with the control.
- 2.17 Monitoring and managing risk**

- 2.18 As risk management is an integral part of good management all identified risks should be recorded and managed through either the Divisional Risk Register or the Corporate Risk Register. Corporate Risks are monitored monthly and Divisional Risk Registers will be monitored quarterly at routine Divisional Team meetings. **Any divisional risk that has a score of 16 or greater will be referred to SLT** for consideration for inclusion on the Corporate Risk Register
- 2.19 The Corporate Risk Register is available to all elected Members and employees through the intranet and is collectively monitored and managed by the Senior Leadership Team.
- 2.20 **Recording risk**
- 2.21 The risk registers should be used to inform decision making and resource allocation and should be updated as required to meet agreed monitoring arrangements.
- 2.22 Divisional Risk Registers are the responsibility of Directors with the individual risks being assigned to officers within the division (or across divisions where appropriate.)
- 2.23 Any new risk must be agreed by SLT before being added to the register. Risks cannot be deleted from the register unless they have agreed that it can be closed. Mitigating actions and deadlines can be updated by the risk owner at anytime prior to the monthly review at SLT.

### 3. Risk registers & reporting risk

#### 3.1 The corporate risk register

- 3.2 The 'corporate risk register' contains strategic risks to the organisation
- The longer-term risks to the delivery of outcomes (ambitions) are described within the Corporate Strategy. The outcomes are linked directly to specific improvement actions which again are described within the Corporate Strategy but are individually risk assessed and managed within the Corporate Risk Register.
  - Headline risks associated with exceptional circumstances.
- 3.3 Senior Leadership Team will own and maintain the corporate risk register and associated actions which will be considered and updated by them on a monthly basis.. A copy of the updated corporate risk register will be provided informally to Cabinet Members following review by SLT so that they can discuss the risks with the risk owners or managers.
- 3.4 At every SLT meeting there is a standard agenda item that is called *Is it Safe* this provides all of the Directors with an opportunity to raise any new issue that they feel could have an impact on the Council. These issues are discussed and if necessary new risks are added either to the Divisional Risk Register or the Corporate Risk Register
- 3.5 The corporate risk register will provide the necessary assurance for the annual governance statement.
- 3.6 An annual report (March) followed up by a six monthly risk monitoring report (September) to Cabinet
- 3.7 Risk management reporting should be co-ordinated with continuous routine performance monitoring.
- 3.8 All corporate confidential risks will be recorded in the normal way but they will be redacted either in full or in part from the corporate risk register so as to protect any personal data, prevent the disclosure of legally privileged information or exempt from publication any other information which should be so exempted. Further guidance on confidential risk can be found at paragraph 9.3.
- 3.9 **Divisional, service area and team risk registers**
- 3.10 Each division needs to take a proactive approach to risk management making sure that it is embedded as a part of the good management of the division. Each division should compile and maintain a divisional risk register that captures the risks to the delivery of its objectives.



- 3.11** Each service team, project/programme may also have a risk register which capture risks to their respective objectives. The important issue is to make sure that risk is discussed and debated at management teams and that risks are then identified and managed.
- 3.12** It is also important to note that those particularly high scoring divisional risks will not necessarily have a place on the corporate risk register unless it has a direct impact on our corporate objectives. In this case, the cause or effect may be different and the impact and likelihood scores must be scored appropriately. If the overall score for a divisional or project risk is 16 or over then it must be brought to the attention of SLT for consideration for inclusion on the Corporate risk Register.
- 3.13** It is possible that the same risk will appear in more than one register. The impact or likelihood may be different against the different objectives and should therefore be scored accordingly. Where actions to control a risk fall to another division, it is that division's responsibility to implement that action and the risk owner's responsibility to remain updated and manage the risk accordingly.

### **3.14 Reporting risks**

**3.15** Monthly risk monitoring reports will be presented to the Senior Leadership Team, and informally to Cabinet Members for discussion with Risk Owners. There will be an annual report to Cabinet and to Audit Committee which will include:

- The most significant corporate risks faced by the council;
- The associated management actions which are considered urgent;
- The resource implications of any management actions; and
- An overview of how significant risks may affect the Council's ability to meet its ambitions.

Risk management reporting should be co-ordinated with continuous routine performance monitoring.

## **4. Supporting risk management**

### **4.1 Risk management co-ordination**

**4.2** The risk management policy, including any guidance notes, will be reviewed once a year by the Audit Committee and the responsible Director and when necessary, updated to incorporate further development in risk management processes and/or organisational change.

**4.3** Where the council has established groups who have responsibility for risk, they should include detail about their role in the terms of reference or constitution for the group.

### **4.4 Training**

**4.5** The requirement for risk management training which will ensure that elected members and officers have the skills required to identify, evaluate, control and monitor the risks associated with the services they provide, or govern should be identified through the appraisal process.

**4.6** Risk Management training for staff and elected Members will be delivered through an elearning tool on the learning gateway

**4.7** Where required, training in corporate governance, of which risk management is a part, should be identified through the induction process for all new employees and members.

### **4.8 Communication**

**4.9** The risk management culture within the council must support open and frank discussion on issues that could put the Council at risk. Risk Owners and Risk Managers must provide opportunities to employees and members not normally involved with risk management with the opportunity for comment and challenge.

- 4.10 Risk should be considered at least quarterly by management team and service team meetings as part of good management practice. When necessary, new and emerging risks, significant change and where control actions are significantly succeeding or failing should be discussed.
- 4.11 It is the responsibility of the risk owner to communicate and discuss risk and control actions with other relevant officers, including those from other divisions.
- 4.12 If the cause of a risk or the failure of an objective or activity has the potential to impact on another objective or activity, it is the duty of the responsible officer to communicate that cause or failure to the owner of the effected objective or action.
- 4.13 Information and guidance on risk management will be available to all employees with computer access via the intranet and shared drive. Employees without computer access should speak to their manager for a printed copy.
- 4.14 Employees will be kept up to date on risk management progress and good practice through management meetings, team briefings and the intranet.

## Part 2 - Process & Guidance

### 5. How to identify and define risks

- 5.1 Identifying risks is about asking:
- what could happen that would impact on the objective?
  - when and where could it happen?
  - how and why could it happen?
  - how can we prevent or minimise the impact or likelihood of this happening?
- 5.2 What risks are identified and who you involve in the process will depend on whether you are looking at a specific team area or at a more strategic, organisational level. It is best practice to involve others in identifying risk as this gives you different perspectives on the same situation. Those involved must be clear about what objective is being risk assessed. Approaches to identify risks can include:
- Brainstorming on possible risks in a facilitated session;
  - Mapping out the processes and procedures; asking staff to identify risks at each stage;
  - Drawing up a checklist of risks and asking for feedback.
- 5.3 Risks should then be defined using the 'if ..... then ....' (or the cause and effect or likelihood and impact) approach and given a reference number.
- 5.4 Risks should be specific and worded carefully and concisely and should not consist of a single word.
- 5.5 Risks should be outcome based and if one cause creates several impacts, each impact should be identified separately. This is because each might result in a different score and control.

### 6. How to score risk

- 6.1 The council has produced a scorecard to help risk owners score the risk by assessing impact and likelihood (effect & cause).

#### Impact

- 6.2 To help assess the impact (effect), we have identified a scale of impact from 1 to 5;
- 1) Negligible
  - 2) Low

- 3) Moderate
- 4) Major
- 5) Critical

**6.3** Risk owners are encouraged to decide the scale of the impact by considering what type of impact the risk has on the objective, using the risk types Financial, Employee, Capacity, VFM, H&S and wellbeing, Business continuity, Contractual Governance, Reputation, Customer satisfaction, Governance, Performance forecasting and Corporate Strategy. . A full description of impact type and scoring is detailed in the 'impact scorecard' which should be used when assessing risk.

**Likelihood**

**6.4** To help the risk owner assess the likelihood score (cause), we have identified 6 categories of likelihood that the risk will occur during the lifetime of the objective. These are:

| <i>Score</i> | <i>Likelihood</i> | <i>Probability</i> | <i>Action</i>                                  |
|--------------|-------------------|--------------------|--|
| 1            | Almost impossible | 0-5%               | Awareness of risk, no action                   |
| 2            | Very low          | 6-15%              | Action to ensure likelihood does not increase  |
| 3            | Low               | 16-30%             | Preventative action required                   |
| 4            | Moderate          | 31-60%             | Minimise probability and/or impact             |
| 5            | High              | 61-90%             | Minimise probability and/or impact immediately |
| 6            | Very high         | >90%               | Plans made in advance must be carried out.     |

**Risk score**

**6.5** The risk score is a multiplication of impact and likelihood.

**6.6** On occasion it is possible to have a risk that proposes more than one score of impact, e.g. a single cause that could have minimal cost implications, maximum cost implications or anywhere in between. In this instance, we advise that you score and manage the risk according to the most likely scenario. Using the areas of tolerance may also help.

**7. Selecting a risk control and understanding tolerance**

**7.1** The scored risk can then be assessed against the council's tolerance levels. Currently we have three levels which set out the council's attitude to that particular risk. The three tolerance levels are coloured red, amber and green. Risks that are scored in the red and amber areas (above 7) will require action.

| <i>Score</i> | <i>Colour</i> | <i>Action/need to apply control</i>                                 | <i>Responsibility</i> |
|--------------|---------------|---|-----------------------|
| 1-6          | Green         | Acceptable, subject to monitoring.                                  | Risk owner            |
| 7-15         | Amber         | Needs active management   | Risk owner            |
| 16-24        | Red           | Requires urgent attention   | Risk owner            |
| 25 - 30      | Red           | Requires urgent attention and routine discussion with Cabinet Leads | Risk Owner            |

**7.2** The decision on how to control the risk will be made by the risk owner or an appropriate senior officer depending on where the score falls in the tolerance areas and the costs associated with the control.

**7.3** The council has four options on how to control the risk;

| <i>Control</i> | <i>Description</i>                                | <i>Tolerance area</i> |
|----------------|---|-----------------------|
| Reduce         | The impact and/or likelihood needs to be reduced. | Amber or red          |

|          |  |                |
|----------|--|----------------|
| Accept   | Impact and/or likelihood is at an acceptable level, it is impossible to reduce or is more cost effective to take the risk in not treating.         | Amber or green |
| Transfer | Some of the risk is better controlled by an external partner. However some of the risk will remain (e.g. reputation) and that needs to be managed. | Any            |
| Close    | The risk has been terminated or is exceptionally low.  | Green          |

## 8. Monitoring and managing risk

8.1 As risk management is an integral part of good management our view is that risks should be reviewed at least quarterly and revised as and when actions prove to be successful or unsuccessful and when new information becomes available.

| <i>Progress of action</i>        | <i>Further action</i>  |
|----------------------------------|--|
| Positive but by a small margin   | Current action not as effective as first hoped. Make changes or think of new action. |
| Positive by a significant margin | Current action successful – redirect resources.                                      |
| Negative                         | Current action unsuccessful. Need new action.  |

8.2 The identification of risk may raise the question not to pursue a course of action. If this decision is made, it must be clearly documented.

8.3 The identification of risk may raise a success or positive learning point. This should be communicated to those who may benefit.

8.4 Actions to mitigate the risk need to be identified early and the monitoring must consider if they are being effective. If they are not then the project team, programme board or SLT need to identify new mitigating actions.

## 9. Risk registers

9.1 All risks will be recorded in either a Divisional Risk Register or a Corporate Risk register.

9.2 A risk register will record:

- Risks identified - to an objective, including a reference code and specified using "if...& then...";
- Original risk assessment and score based on impact and likelihood;
- Risk owner;
- Date raised;
- Control applied;
- Actions to control the risk;
- The officer responsible for the action;
- An indication as to whether the mitigating actions are on target
- The action status including progress notes;
- Current risk assessment and score once the action has been implemented.
- The date the risk was last reviewed

### **9.3 Confidential Risk**

- 9.4** The Corporate Risk Register is a public document and is reported to Cabinet and Audit Committees. These reports may contain risks that contain confidential information and have been determined as being an “exempt item” under Schedule 12A of the Local Government Act 1972,
- 9.5** All corporate confidential risks will be recorded in the normal way but they will be redacted either in full or in part from the corporate risk register to ensure compliance with the Data Compliance Act, to protect any personal or sensitive data and the divulgence of any legal strategy.
- 9.6** Advice on the wording and inclusion of any confidential risks within the Corporate Risk Register must be sought from One legal.
- 9.7** The Senior Leadership Team may decide that they require additional assurance in respect of a particular confidential risk because it is not in the public domain, in which case it can be referred to the Corporate Governance group. Where they are referred they will be discussed with the risk owner and the outcome referred back to the SLT.
- 9.8** A process chart relating to the management of confidential risks is available on the Intranets Risk Management page.

## **Part 3 - Roles and Responsibilities**

Everyone has a role to play in our risk management policy. Combining shared leadership with a team approach will help contribute to the success of integrated risk management.

### **10. Elected members**

- 10.1** All elected members have risk management responsibility; they should promote the desired culture essential for successful risk management, acknowledging risk management as a strategic and operational tool to further the council’s objectives. All should feel secure that, by identifying risk in their area, they are doing so within a corporate framework that is robust and easily understood.
- 10.2** The risk assessment included in all reports, that require a decision, that are brought to council, cabinet and committees should be used to inform decision making and should be revisited to ensure the risks are being managed.
- 10.3** They will also participate in training workshops to maintain an up-to-date understanding of how CBC manages risk.

### **10.4 Audit Committee**

- 10.5** Audit Committee will endorse the council’s corporate risk management policy, and at least annually, monitor and review the effectiveness of risk management systems and its contribution to corporate governance arrangements.
- 10.6** Audit Committee will also seek assurance from the internal audit team that risks are being managed in an appropriate manner and by the terms of this policy.

### **10.7 Cabinet and council**

- 10.8** The Cabinet will approve the Risk management policy.

- 10.9 Cabinet and Council, as decision-making bodies, will be made aware of risks associated with any decision taken to them. They will have the responsibility to ensure that any risks to a report or project they sign off are managed and should request a revision of previously identified risks as and when necessary.
- 10.10 The Corporate Risk Register will be reported to Cabinet on a quarterly basis so that they can monitor the progress of mitigating action.
- 10.11 The corporate services cabinet member has risk management identified as part of their portfolio. They will have responsibility to ensure that their cabinet colleagues consider risk when setting policy and making decisions. These risks should be revisited to identify how they are being managed.
- 10.12 Individual cabinet members should seek assurance that the risk management process is being met in reference to their respective portfolios through discussions with Directors.

## 11. Officer responsibilities

- 11.1 The **Chief Executive** and **Executive Board** have strategic responsibility for the risk management policy and collectively oversee the council's effective management of risk. In their role as 'coach', they will advise and support Directors, Senior Managers, Programme and Project Managers to ensure that risk is managed consistently and in line with this policy.
- 11.2 The Executive Board are responsible for setting tolerance levels. The risk owner is empowered by Executive Board to make decisions about the control of the risk, depending on the risk score and what tolerance area it falls within.
- 11.3 They will consider corporate risk as part of developing and implementing the council business plan and corporate strategies, projects and programmes.
- 11.4 The **Senior Leadership Team** are collectively responsible for the management of risks recorded on the Corporate Risk Register
- 11.5 Directors are responsible for managing risks to the delivery of the objectives of their own division, jointly with their service managers. These risks will be managed in accordance with this policy, using the risk register template attached.
- 11.6 The **Director of Resources** is responsible for minimising the overall cost of insurance claims which do arise and supporting the risk management programme by supplying any advice and data to the Board.
- 11.7 The **Director of Resources** is responsible for monitoring the implementation and effectiveness of this risk management policy and for reviewing compliance with controls introduced by all other directors to collectively manage risks through the Senior Management Team. Any responsibilities delegated to internal audit will be covered in the annual internal audit programme.
- 11.8 The **Audit Partnership Manager** is responsible for ensuring that where corporate risks are identified in the Annual Audit Plan they are cross referenced to the Corporate Risk Register.
- 11.9 The **Client officer** for Shared or Commissioned Service(s) will be responsible for ensuring that any external organisation that provides a service(s) for the Council will have a documented Risks Management Process that is appropriate for the size and complexity of that organisation.
- 11.10 The Client Officer will ensure that any external organisations risk management process covered in 11.9 will include the process for that organisation to inform the Council of any risk that either impacts or could impact on the Council.
- 11.11 The Client Officer will make the Senior Leadership Team aware of any risk that could score 16 or above on the CBC score card or in their mind would have a significant risks to CBCs finances or reputation.
- 11.12 **The Corporate Governance Group**
- 11.13 The Corporate Governance Group (CGG) is consulted on proposed amendments to the Risk management policy and the Corporate Risk Register.



**11.14** The Senior Leadership Team can request that the CGG review and challenge any risk or group of risks to ensure that they are being recorded, scored and monitored correctly. This additional review process which can be found on the intranet relates to confidential risks and is designed to provide additional assurance to SLT and the risk owners that they are being managed correctly.

## **12. Service managers**

**12.1** **Service managers** are responsible for identifying and managing risks to the objectives of their service team in line with this policy. The council encourages managers to identify, understand and manage risk, and learn how to accept risk within the applicable tolerance level.

**12.2** They should ensure that their teams carry out risk assessment, where appropriate, as a routine part of service planning and project management, including reporting to members.

## **13. All council employees**

**13.1** The identification of risk relies on input from teams and individuals.

**13.2** A 'Risk Owner' is the owner of a risk and will manage that risk accordingly. This will involve maintaining awareness of how control actions are progressing.

**13.3** All actions identified to control a risk will be assigned to an individual officer who will be called the action 'Responsible Officer'.

Risk Scorecard Risk Owners and Managers must use the following score card as a guide to accessing the impact and Likelihood of any identified risk;

| Effect     | Risk Category          | Impacts  | Score |
|------------|------------------------|--|-------|
|            |                        | <p><b>Please note</b><br/> <b>When drafting a risk description always describe the cause and effect i.e If... then ...</b></p> |       |
| Negligible | Financial              | Risk (<£50K Capital) or (Revenue <£25K p.a.) Define the value and period, in relation to revenue.                              | 1     |
|            | Employee               | Low morale is contained within team and managed.   |       |
|            | Capacity               | Short term capacity issue not affecting service delivery.  |       |
|            | VFM                    | Negligible impact on value for money. (Revenue <£25K p.a.)   |       |
|            | H&S wellbeing          | Risk to personal health & safety and general wellbeing.  |       |
|            | Business continuity    | Brief interruption of service provision.   |       |
|            | Contractual Governance | Minor breakdown of shared services or contracts.   |       |
|            | Reputation             | Negligible media coverage/minor complaints.  |       |
|            | Customer satisfaction  | Minimal impact on delivery customer needs.   |       |
|            | Governance             | Poor governance/Internal/ control but zero impact on outcomes.   |       |
|            | Performance            | Targets are missed with no impact on objectives/outcomes.  |       |
| Low        | Finance                | Risk (£50K to £200K Capital) or (Revenue £25K to £50K p.a.) Define the value and period, in relation to revenue.               | 2     |
|            | Employee               | Some hostility from staff and minor non-cooperation.   |       |
|            | Capacity               | Short term capacity issue affecting service provision (define term with risk description).                                     |       |
|            | VFM                    | Low impact on value for money. (Revenue £25K to £50K p.a.)   |       |
|            | H&S and wellbeing      | Risk to personal health & safety may result in broken bones and short term illnesses.  |       |
|            | Business Continuity    | Slightly reduced service provision with marginal disruption.   |       |
|            | Contractual Governance | Some breakdown or shared services or contracts with disruption.  |       |
|            | Reputation             | Adverse local media/negative local opinion/formal complaints.  |       |
|            | Customer satisfaction  | Some customer needs or expectations may not be met either in time or quality.  |       |
|            | Governance             | Governance/Internal/ control has been missed/misunderstood/not up to date resulting in poor decision making.                   |       |
|            | Performance            | Targets are missed with low impact on objectives/outcomes.   |       |
| Moderate   | Finance                | Risk (£200K to £1M Capital) or (Revenue £50K to £200K p.a.) Define the value and period, in relation to revenue.               | 3     |
|            | Employee               | Industrial action in the short term/staff leaving.   |       |
|            | Capacity               | Medium term capacity issues affecting service (define term within risk description).   |       |
|            | VFM                    | Moderate impact on value for money. (Revenue £50K to £200K p.a.)   |       |
|            | H&S and wellbeing      | Risk to personal health & safety includes sustained or major illness of 1 or more people.                                      |       |
|            | Business Continuity    | Services suspended in short term with noticeable disruption.   |       |
|            | Contractual Governance | Collapse of at least one aspect of shared service or contract with moderate disruption or temporary suspended service.         |       |
|            | Reputation             | Adverse local & media/members questioned.  |       |
|            | Customer satisfaction  | Key customer needs or expectations may not be met either in time or quality.   |       |
|            | Governance             | Governance/Internal/ control arrangements failed leading to non-compliance with legislation and policy.                        |       |
|            | Performance            | Targets are missed with impact on objectives/outcomes.   |       |

|             |  |  |   |
|-------------|--|--|---|
| Major       | Finance  | Risk (>£1M to £2M Capital) or (Revenue £200K to £500K p.a.) Define the value and period, in relation to revenue.         | 4 |
|             | Employee   | Prolonged industrial action/significant number of staff leaving.   |   |
|             | Capacity   | Long term capacity issue affecting service delivery/reputation.  |   |
|             | VFM  | Major failure to provide value for money with major risk and external investigation. (Revenue £200K to £500K p.a.)       |   |
|             | H&S and wellbeing  | Risk to personal health & safety include loss of life/large scale illness.   |   |
|             | Business Continuity  | Service delivery suspended/Priority 1 and Priority 2 ICT systems suspended for long term with major disruption.          |   |
|             | Contractual Governance   | Shared service or contract delivery fails with major disruption.   |   |
|             | Reputation   | Major media coverage. High level of concern from elected members/officers/public with senior staff position threatened.  |   |
|             | Customer satisfaction  | Customer needs or expectations are not met with significant failing in service delivery.                                 |   |
|             | Governance   | Governance arrangements have failed with major reputation/legal implication and cost to recover.                         |   |
| Performance | Targets missed continuously major impact on objectives/outcomes.   |  |   |
| Critical    | Finance  | Risk (>£2M Capital) or (>Revenue £500K p.a.) The value and period, in relation to revenue.                               | 5 |
|             | Employee   | Prolonged industrial action/permanent loss of jobs resulting in inability to deliver services.                           |   |
|             | Capacity   | Long term capacity putting at risk personnel, assets, reputation and service delivery.                                   |   |
|             | VFM  | Critical failure to provide value for money with risk of external investigation and intervention. (>Revenue £500K p.a.)  |   |
|             | H&S and wellbeing  | Risk to personal health & safety includes possibility of multiple fatalities or serious injuries and illness.            |   |
|             | Business Continuity  | Total loss of services, ICT systems and other key assets.  |   |
|             | Contractual Governance   | Shared service and contract delivery fails, resulting in total loss of service or the decommissioning of delivery model. |   |
|             | Reputation   | Significant local/national media coverage with failure to meet regulatory standard resulting in loss/fine.               |   |
|             | Customer satisfaction  | Customer needs or expectations are not met because of complete failure in service delivery.                              |   |
|             | Governance   | Governance/Internal/ control arrangements failed with reputation/legal/cost implication.                                 |   |
| Performance | If there was a critical failure to deliver on delivery of objectives/outcomes or external investigation and intervention |  |   |

## Likelihood scorecard

| Probability | Likelihood Description | Likelihood |
|-------------|------------------------|------------|
| 0% - 5%     | Minimal                | <u>1</u>   |
| 5% - 15%    | Very low               | <u>2</u>   |
| 15% - 30%   | Low                    | <u>3</u>   |
| 30% - 60%   | Significant            | <u>4</u>   |
| 60% - 90%   | High                   | <u>5</u>   |
| > 90%       | Very high              | <u>6</u>   |

The total risk score is the multiplication of impact and likelihood

| Code  | Risk score | Risk Management view   |
|-------|------------|--|
| Red   | 25 - 30    | Must be managed by SLT to reduce risk scores as soon as possible, or agree a contingency plan                                      |
| Red   | 16 – 24    | Must be managed down to reduce risk scores as soon as possible, or agree a contingency plan and escalated to SLT for consideration |
| Amber | 7 – 15     | Seek to improve the risk score in the short/medium term or develop a contingency plan  |
| Green | 1 – 6      | Tolerate and monitor within the division   |

## Further information

This policy and process document, the full impact scorecard and registers are all available via the Intranet.