

**Reviewing Cheltenham Borough Council's
Risk Management Arrangements 2014/15
Replies and management response**

| 1. Leadership – Do you consider that there is a wide cultural awareness of the risk management process at Cheltenham amongst members and officers? | | | | |
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| Name | Yes | No | Comment | Management response |
| Cllr 1 | Yes | No | Awareness – yes Understanding – No | Look to provide additional training for all Members following May elections. |
| Cllr 2 | | No | My impression is that there is not a wide awareness beyond those who have been closely involved i.e. members of the Audit Committee and Cabinet. | Look to provide additional training for all Members following May elections. |
| Cllr 3 | | | I am not convinced there is a 'wide cultural awareness' amongst members of the risk management process. However, in general, I think that members have a sufficient understanding of their own role (e.g. in considering risk when making decisions in full Council) and the various routes they could use to raise specific risk-based issues (e.g. through scrutiny or audit committee). | Look to provide additional training for all Members following May elections. |
| Cllr 4 | | No | Members, unless they use risk management in their 'day job' are poorly educated, some clueless. Officer awareness appears to vary from 'excellent' to 'barely comprehending the subject', resulting in a certain amount of box ticking and also risk aversion in places where it is inappropriate. | More training/refresher training to be delivered in May |
| Staff responses | Yes | | Service considered that there was a wide cultural awareness/understanding of risk at a senior level but there was a need to make more staff aware of the process. | More training/refresher training to be delivered with elected members in May |

| 2. Risk governance structures – Do you understand the roles and responsibilities of officers and members regarding the management risk? | | | |
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| Cllr 1 | Yes | | |
| Cllr 2 | Yes | But possibly not fully. | Look to provide additional training for all Members following May elections. |
| Cllr 3 | | <p>Part 3 of the risk management policy defines the responsibilities of the various bodies (CGG, SLT, Audit Committee etc) concisely. One minor point: the responsibilities of the CGG are currently shown under the heading 'member responsibilities' and it should be moved to the 'officer responsibilities' heading.</p> <p>The two-level structure of a corporate risk register and divisional risk register is sensible.</p> <p>As more services are shared, commissioned or outsourced, it may be worth reviewing how we handle and manage risks that arise in those services. For example, the risk of Ubico not meeting its service level agreement is technically Ubico's risk not CBC's risk. However, CBC may still suffer reputational damage because the public holds us responsible, which we need to manage.</p> <p>Part 3 of the risk management policy (roles and responsibilities) needs updating to better fit the commissioned service model. For example, paragraph 12 talks about the responsibilities of service managers, but it is not clear to me whether, for example, a service manager in Ubico is responsible for identifying risks to CBC or whether this rests with the CBC commissioning officer.</p> <p>When a risk has been escalated from a divisional risk register to the corporate risk register it tends to stay</p> | <p>Policy amended;</p> <p>No Action</p> <p>Shared Services are currently covered within paras 2.5 the word <i>should</i> amended to <i>must</i> advise Client officer</p> <p>Risk Score card amended for Impact categories from joint to Shared service to improve clarity</p> <p>Additional paragraphs added 11.9, 11.10 11.11 regarding the role and responsibilities of the Client Officer</p> <p>Risks are occasionally moved from the CRR to Divisional risk registers an example of this is PCI</p> |

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| | | | there until it is closed. This seems an overly rigid approach: I would like to see more instances of a risk being 'demoted' from the corporate register back to a divisional register for ongoing lower-level attention once its score has reduced sufficiently. | applications. SLT will be asked to consider this action more often. |
| 4 | | | Probably not as well as I should in terms of 'who does what'. It is apparent that risk owners and risk managers are less proactive than they should be, whilst risk administration staff are taking too much upon themselves. Hard to say which is cause and which is effect. | Look to provide additional training for all Members following May elections. |
| Staff responses | Yes | | The issue of Risk Ownership and more regular reporting to Cabinet and the role of Audit committee was identified as being unclear. | Discussion at Audit Committee and Corporate Governance Group to consider process and Terms of Reference. |
| 3. Establishing risk management at the strategic level – Do you consider that the Risk Management Policy has helped in this respect? | | | | |
| Cllr 1 | Yes | | | |
| Cllr 2 | Yes | | | |
| Cllr 3 | | | <p>Of the various committees of council, only Cabinet now takes the corporate risk register as a standing item. Although backbench members can in theory seek out the corporate risk register to view it, I suspect that very few do so in practice.</p> <p>At one point, the risk register was brought as a standing item to scrutiny (specifically the EBI committee), which allowed at least some backbench members the ability to view and challenge risks on a regular basis. Audit Committee now looks at specific risks (e.g. when raised in internal audit reports) as well as broader governance and policy issues, but the risk register is no longer considered in the round. One consequence of this is that members can't ask 'what's missing'? As a</p> | <p>Policy amended to provide for a 6 monthly report with a copy of the CRR to Audit Committee Annual report to Audit Committee September half year copy of Risk Register to Cabinet Paras 3.3, 3.5 and 3.6</p> |

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| | | | consequence, I'm less sure than I used to be that the audit committee 'has an up to date understanding of the strategic risks facing the organisation' and it may be worth revisiting whether we should take a standing 6 monthly paper on risk register. | |
| Cllr 4 | Yes | | Cautious 'yes' on balance, though clearly in the light of my other answers we could realise more potential and achieve better outcomes. | Suggest more encouragement to Cabinet Members to consider already identified risks with their Owners and to propose new risks where they feel necessary. |
| Staff responses | Yes | | Suggestion that the use of risk registers are considered as part of the appraisal process for Service and Project managers. | Regular 1-2-1 are already in place for risk discussions. |
| 4. 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? | | | | |
| Cllr 1 | | | Accountability – ok Management info – a table detailing how current score compares with most recent (previous) score would indicate how risk is moving | This may be achievable and consideration will be given to amending templates |
| Cllr 2 | | | Possibly more training. | Look to provide additional training for all Members following May elections. |
| Cllr 3 | | | Sometimes risk assessments given to members can focus too much on the risks of not passing a recommendation, at the expense of risks that arise despite, or are caused by, passing the recommendation. Sometimes, there is a suspicion amongst members that this is deliberate, as a way of increasing the probability of unpopular or controversial recommendations being passed by Council. For example, Council debates on the JCS always include a risk assessment that describe the risks that arise from passing the recommendation. In general, this is not good risk management practice, and may be an indication of 'group think'. | SLT to consider response |

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| Cllr 4 | | | The primary need in my view is for risk owners and risk managers to be better 'educated' and more proactive in defining and scoring or risk. Too many 'unknown knowns' and some 'unknown unknowns' – is my perception. | To be covered in training needs assessment |
| Staff responses | Yes | | Suggestion that use of risk registers are considered as part of the appraisal process for Service and Project managers. Encourage more critical challenge to risks (description/actions and scores) from employees not involved in its management. | Risk score card has been updated. This will be promoted at Service Managers Group. Service managers will be encouraged to become their Directors critical friend in terms of challenging Corporate and divisional risks. |
| 5. Risk Score Card – The risk score card is used as a guide to access impact and likelihood of any identified risk. Do you consider the scenarios and the scoring ranges to be helpful? | | | | |
| Cllr J1 | ✓ | | However not sure how positive risks are scored. | Look to provide additional training for all Members following May elections. Will highlight what a positive risk is |
| Cllr 2 | ✓ | | | |
| Cllr 3 | | | The basic approach of defining Risk = Impact x Likelihood is correct. The current six-point scale for Likelihood is reasonable. However, some of the definitions probably need to change. Calling a risk with a likelihood of up to 5% 'almost impossible' is a significant overstatement. The current five-point scale for Impact is reasonable. However some of the thresholds need to be reviewed. For example, the current definition of 'negligible' includes risks with a financial risk of up to £100K capital and £50K revenue, which sounds like a non-negligible impact to me. | No Action Look for suggested description change - Minimal? Amendments made to Scorecard |

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| | | | <p>Defining risk treatment strategies based only on likelihood is wrong. For example, the definition of the 'almost impossible' (0-5%) risk currently has the default treatment of 'awareness of risk; no action'. However there may well be very low probability risks which have a sufficient impact that some risk mitigation is needed. For example, the risk of a building burning down is almost certainly less than 5% in any reasonable time period, but we may still want to take action against the risk by taking out fire insurance. More broadly, risk treatment strategies can only be reasonably selected based on impact and likelihood, not just one or the other.</p> | Amendments made to Scorecard |
| Cllr 4 | | | <p>The scoring system is good, although some of the scores actually applied appeared bizarre. Some risks poorly defined.</p> | Score reviewed and revised |
| Staff Responses | Yes | | <p>More guidance on the risk assessments</p> | <p>Policy, guidance and scorecard has been revised and updated.</p> |