Cheltenham Borough Council
Audit Committee – 25 March 2014

Annual Risk Management Report
And
Policy review

Accountable member	Cabinet Member Corporate Services, Councillor Jon Walklett
Accountable officer	Director Resources, Mark Sheldon
Executive summary	The Audit Committee approved the current Risk Management Policy March 2014 and requested an annual report to provide Members with an update on the Council's risk management activities.
Recommendations	**That Audit Committee;** 1. **Note the risk management work undertaken during 2014/15.** 2. **Approve the Risk management Policy for 2015-16. Appendix 2** 3. **Approve the amendments to the Risk management Scorecard Appendix 3**

Financial implications	The identification and assessment of financial risk is a key element in the governance process of managing the council's decision making and financial exposure. The scorecard ensures a consistent approach and transparent methodology for assessing financial risk. The policy and risk management process is well embedded which helps to ensure robust management of financial risk. Contact officer: Mark Sheldon Email: mark.sheldon@cheltenham.gov.uk Tel: 01242 264123
Legal implications	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. Contact officer: peter.lewis@tewkesbury.gov.uk Tel: 01684 272012

HR implications (including learning and organisational development)	The HR implications are as detailed in this report. Contact officer: Carmel Togher Email: carmel.togher@cheltenham.gov.uk Tel: 01242 775215
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   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 2014 following a wide ranging review involving all elected Members and Senior officers. 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 revised policy was rolled out to officers at Senior Leadership Team, Corporate Governance Group and at Divisional Management Team meetings. All policy, guidance and advice documents were updated and made 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 transparent.

Strategic risk management

1.7   The challenges facing Cheltenham Borough Council continue to intensify and the way that we meet these challenges creates the potential for increased opportunities and risk. The way that we address and mitigate the risks requires effective governance arrangements.

1.8   In November 2014 the results of the LGA Peer Challenge Review were reported to Cabinet with a recommendation that we consider a fundamental review risk management. There was a detailed review of the Risk Management Policy in March 2014 involving Members and Senior

Officers, It is generally accepted by the Peer Review Team and by our Internal and External Auditors that the policy and guidance that we have is sound and fit for purpose.

1.9   Grant Thornton Forensic team have recently reported to Audit Committee on the overspend on the Art gallery and museum project. The report did not make any specific recommendations with regard to revising the risk management policy. However officers have re-considered the policy and the supporting scorecard and do feel that there is scope for extending the criteria within the scorecard to assist with the assessment of impact in relation to four additional criteria that relate directly to the Corporate Strategy Outcomes;

1.   Environmental outcome

2.   Economic outcome

3.   Community outcome

4.   Business transformation outcome

1.10   These amendments will assist officers in identifying risks of this nature within large scale projects. Audit Committee are requested that they consider these suggested amendments and approve the revised score card (Appendix 3)

1.11   Internal Audit are currently carrying out their supplementary review on the overspend at the Art Gallery And Museum Project, this will include a consideration of how the Policy and guidance was applied by officers and Members, the outcome of this will be reported to Audit Committee and if there are any recommendations concerning risk management they can be addressed then.

1.12   The 2020 Vision Programme will be developing proposals for how we could share services with our partner Councils to make the efficiency savings needed by each council to maintain high quality services for their residents, and for their effective governance and decision making.

1.13   In the near future each of the Councils and the 2020 Programme will need to review how risk assessment processes can be aligned and applied to corporate objectives, and programme projects and work streams.

1.14   If the outcome of this review leads to any recommendations for amendments to the Councils Risk Management Policy to bring about a greater alignment of risk management they will be reported to Audit Committee for consideration and then to Cabinet for approval.

1.15   The Risk Management Policy states the need for a Corporate Risk Register to identify risks associated with the achievement of the Council's aims and objectives within the Corporate Strategy. The 2014/15 Corporate Strategy sets out our intended milestones, performance indicators and risks associated with delivering the Outcomes.

1.16   The Corporate Risk Register (CRR) provides information on the risk description, scores, mitigation and the owners and managers. The CRR is reviewed by the Senior Leadership Team with copies provided to Cabinet every month. Directors discus their risks with Cabinet Portfolio holders during their 1-2-1 meetings.

1.17   The on-line risk management module records all of the council's corporate and Task Force risks which are initially identified by Directors and Service Managers; these are managed by an SLT appointed Risk Owner and Risk Manager or by the Task Force Risk and Accountability Group. 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 and recorded on 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.

1.18 As at 25/2/2015 there were 17 risks on the Corporate Risk Register compared to 22 in February 2014. During the period from April 2014 to February 2015, 9 corporate risks were deemed to have been managed to the point where they had become acceptable and either closed and a further 2 risks were transferred by the Senior Management Team back to the division for ongoing management.

Training

1.19 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.

1.20 Following the Peer Review an external training provider was commissioned to deliver additional awareness training in October 2014 to all Directors and Service Managers, to ensure that everyone was aware of the risk management processes.

1.21 The on-line 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

1.22 Planned Improvements

1.23 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

1.24 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.

1.25 The Risk Management Policy was last reviewed and approved by the Audit Committee in March 2014.

1.26 The Risk Management Policy has been reviewed and considered by Corporate Governance Group and the Senior Leadership Team in February 2015, there were no recommendations for amendments. It is therefore recommended that Audit Committee also consider the policy and make any recommendations that it feels necessary or re-approve it for the 2015-16 year.

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. Risk management Policy
	3. Risk Management training slides from Learning Gateway
	4. Risk Scorecard

Risk Assessment   **Appendix 1**

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likeli-hood 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 Corporate Resources	25/03/2015	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.	31/3/2015	Corporate Governance, Risk and Compliance Officer	

Explanatory notes

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)

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)

Control - Either: Reduce / Accept / Transfer to 3rd party / Close