

**Cheltenham Borough Council**  
**Audit Committee – 22 March 2017**  
**Annual Risk Management Report and Policy review**

<b>Accountable member</b>	Cabinet Member Corporate Services, Councillor Roger Whyborn
<b>Accountable officer</b>	Director Resources and Corporate Projects, Mark Sheldon
<b>Executive summary</b>	The Audit Committee approved the current Risk Management Policy March 2016 and requested an annual report to provide Members with an update on the Council's risk management activities.
<b>Recommendations</b>	That Audit Committee;  <b>Consider and approve the Risk Management Policy for 2017-18 at Appendix 2</b>

<b>Financial implications</b>	No direct legal implications arise from this report  <i>Contact officer: Paul Jones Section 151 officer Email: Tel:</i>  <i><u><a href="mailto:Paul.Jones@cheltenham.gov.uk">Paul.Jones@cheltenham.gov.uk</a></u></i>  <i>Tel: 01242 775154</i>
<b>Legal implications</b>	No direct legal implications arise from this report  Contact officer: Peter Lewis  Tel: 01684 272012
<b>HR implications (including learning and organisational development)</b>	No direct legal implications arise from this report  Contact officer: Georgie Pugh, HR Business Partner  Email: <a href="mailto:Georgie.Pugh@cheltenham.gov.uk">Georgie Pugh@cheltenham.gov.uk</a>  Tel: 01242 775215
<b>Property implications</b>	<i>There are no direct property implications from the Risk management policy except that the Property Services Team will use the policy in their project work.</i>  Contact officer: David Roberts  <i>Tel: 01242 264151</i>  <i>Email: <a href="mailto:david.roberts@cheltenham.gov.uk">david.roberts@cheltenham.gov.uk</a></i>
<b>Key risks</b>	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.

<b>Corporate and community plan Implications</b>	None
<b>Environmental and climate change implications</b>	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 governance framework and links with 5 of the 7 core principles of the Council's new Code of Corporate Governance;
- Defining outcomes in terms of sustainable, economic, social and environmental benefits
  - Determining the interventions the necessary to optimise the achievement of the intended outcomes
  - Developing the entity's capacity, including the capability of its leadership and the individuals within it
  - Managing risks and performance through robust internal control and strong public financial management
  - Implementing good practices in transparency, reporting, and audit to deliver effective accountability
- 1.3** The Councils Risk Management Policy sets out the approach to risk management including the roles and responsibilities for Officers and elected Members. The policy also details the processes in place to manage risks at corporate, divisional and project levels.
- 1.4** The Councils ICT services are managed through a partnership agreement; this includes the identification of risk and threats to our IT infrastructure and data, this is managed in accordance to the requirements of the Public Sector Network framework. They are therefore not covered by the CBC Risk Management Policy but there are mechanisms in place to transfer or share risks between partners.
- 1.5** In the past year, additional work has been completed to support the risk management process and help embed good practice across the council.
- 1.6** In November 2016 all Service managers and Directors were invited to attend a Risk Management Workshop to consider the operational application of the Councils Risk Management Policy. The external training organisation "Amberwing" who specialise in risk management, they considered the content of the CBC policy and the ability of staff to be able to apply it when working on projects and delivering the Councils objectives
- 1.7** "Amberwing" commented on the Policy, saying that they felt it was complete and more than adequate for the council's needs. The Risk Management Policy was last updated and approved by Audit Committee in March 2016 following a wide ranging review involving all elected Members and senior officers. The policy confirmed the Council's risk management process and links to the Council's Corporate Plan and provided guidance on risk management approach and scoring.
- 1.8** The revised policy was made available 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 to all officers and elected Members through the risk management page on the intranet.

- 1.9** The Council has an on-line web based risk management module which records all corporate risk which can be used by all employees and Members helping to make risk management transparent.

### **Strategic risk management**

- 1.10** 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. Risk can be defined as the possibility of something happening, or not happening, that would have an impact on our ability to meet strategic or operational objectives.
- 1.11** The Council understands the importance of effective risk management and the importance of an embedded risk management process. This;
- helps to deliver strategic objectives and corporate priorities
  - enables better decision making
  - facilitates effective control of budgets
  - promotes better corporate governance
  - Generates better value for money.
- 1.12** The identification and assessment of risk is part of the annual Corporate Strategy and Action Planning process. The Council's Senior Management Team considers and reviews strategic risks on a monthly basis. Both of these activities include the development of risk mitigation actions designed to reduce the likelihood and/or consequences of adverse events occurring. By understanding risks, the council can be more confident about undertaking ventures which produce larger gains, such as jointly providing services with other councils.
- 1.13** The council's approach to risk management is overseen by the Audit Committee. This committee annually reviews the Risk Management Policy, considers internal audits reports on risk management, and also receives reports from external audit on the budget, accounts, grants and Value for Money.
- 1.14** In the future each of the Councils in the Publica Partnership will need to review how risk assessment processes can be aligned and applied to corporate objectives, programme projects and work streams. At present the Risk Management Policy paragraphs 2.5 and 2.6 state that;
- *When we commission the delivery of a service or enter into a shared service/inter authority agreement, providers are expected to have a range of risk management processes in place in accordance with any agreement with the Council, 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.*
  - *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.*
- 1.15** 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.
- 1.16** The 2016/17 Corporate Strategy set out our intended milestones, performance indicators and risks associated with delivering the Outcomes and the risks associated with their delivery. The

Risk Management Policy states the need for a Corporate Risk Register (CRR) to identify risks associated with the achievement of the Council's aims and objectives within the Corporate Strategy. The 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 discuss 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, the Task Force Risk and Accountability Group or project management team. 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 CRR. 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. Any risk with a score of less than 16 can still be reported to SLT if the Risk Owner considers that they should be made aware of it.
- 1.18** A copy of the Corporate Risk Register which was reviewed by SLT on the 14 March will be circulated at the meeting. An on-line copy of the most up to date CRR is available at any time to any employee or elected Member through the link on the Intranet.

### **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** Intranet reminders with links to the Risk Management Policy, Score Card and on-line training material have been published
- 1.21** A half day training workshop was provided to all officers who have responsibility for Risk ownership or management
- 1.22** 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 from this training module are attached. (Appendix 4)

### **Transparency**

- 1.23** The Council's Intranet has a dedicated Risk Management webpage with guidance and links to the Risk management policy, the Scorecard, training material and the CRR
- 1.24** All Council committee reports that require a decision must have a risk assessment to support the decision making process, these reports with the risks are published

The Corporate Risk Register is reviewed monthly at SLT and made available to Cabinet Members it is then published within the Transparency section of the Council's website.

### **Policy review**

- 1.25** 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.
- 1.26** The Risk Management Policy was last reviewed and approved by the Audit Committee in March 2016.
- 1.27** The Risk Management Policy has been reviewed and considered by SLT Governance Board in February, there were no substantive recommendations for

**1.28** 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 2017-18 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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<b>Appendices</b>	<ol style="list-style-type: none"><li>1. Risk Assessment</li><li>2. Risk Management Policy</li><li>3. Corporate Risk Register (to be circulated at meeting)</li><li>4. Risk Management training slides from Learning Gateway</li></ol>

## 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	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 Corporate Resources and Corporate Projects	22/03/2017	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.	31/3/2017	Corporate Governance, Risk and Compliance Officer	
	If the Council does not agree an aligned Risk Management Policy with the 2020 Joint Management Board then there is a risk	Director Corporate Resources and Corporate Projects	22/03/2017	4	2	8	Reduce	Discuss with 2020 partners the development of a shared Corporate Risk Management Policy	31/3/2017	Corporate Governance, Risk and Compliance Officer	

	that the risk assessment will become inconsistent										
<b>Explanatory notes</b> <b>Impact</b> – 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) <b>Likelihood</b> – 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) <b>Control</b> - Either: Reduce / Accept / Transfer to 3rd party / Close											