

November 2020April 2019 - Risk Management Policy



**CHEL TENHAM**  
BOROUGH COUNCIL

[www.cheltenham.gov.uk](http://www.cheltenham.gov.uk)

Document control

Document Location;S:\Corporate\Risk\riskmanagementpolicy

Reviewed by; Audit Committee and Corporate Governance Group

Version Number	Version Date	Summary of Changes
1.0	14/02/2009	New Policy
1.2	19/04/2011	revised policy
1.3	23/01/2012	Draft Revised policy
1.4	01/04/2012	Confidential risks and new score card
1.5	01/04/2013	Additional requirement re commissioning
1.6	26/03/2014	Audit Committee
107	25/03/2015	Audit Committee
1.08	23/03/2016	Audit Committee
1.09	22/03/2017	Audit Committee
1.10	24/03/2018	Audit Committee
1.11	24/07/2019	Audit Committee
1.124	24/11/1107/202019	Audit Committee

This document <del>has-will</del> been distributed to;	
Public website, Audit committee and Cabinet	1.0
Public website, Audit Committee and Cabinet	12 /04/2011
Audit Committee (agreed) All CBC staff, Public website and Cabinet members	21/03/2012
Audit Committee All CBC staff, Public website and Cabinet members	21/03/ 2013
Audit Committee All CBC staff, Public website and Cabinet members	26/03/2014
Audit Committee All CBC staff, Public website and Cabinet members	26/03/2015
Audit Committee All CBC staff, Public website and Cabinet members	01/04/2016
Audit Committee All CBC staff, Public website and Cabinet members	01/04/2017
Audit Committee All CBC staff, Public website and Cabinet members	24/07/2019

Audit Committee All CBC staff, Public website and Cabinet members	1224/07/2020
--	--------------

## **Index**

	<b>Page</b>
<b>Introduction</b>	<b>4</b>
<b>Part One – Our approach to risk</b>	<b>5</b>
<b>Part Two – Process &amp; Guidance</b>	<b>10</b>
<b>Part Three – Roles &amp; Responsibilities</b>	<b>14</b>
<b>Appendix 1 – Scorecards</b>	<b>17</b>

## Cheltenham Borough Council - Our Approach to Risk Management

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**

- The ~~Corporate Management Team~~ ~~Corporate Management~~ Executive 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-directorate~~ or project risk register for their ~~divisions-teams~~ using ~~the template on the intranet~~ our risk management system. This should be reviewed at least quarterly ~~management team meetings~~. Any ~~divisional-directorate~~ or project risk that has a score of 16 or greater will be referred to CMT-ELT 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.
  - That by mitigating risk we will make processes safer and more effective which in turn will reduce costs and make us more efficient.
- 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 enhance our performance or reputation, 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;
  - ~~Directorate~~ ~~visional~~ 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/residents
- 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/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 ~~Directorate~~ ~~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 must relate 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 on the intranet.

**2.10 Defining and scoring risk**

**2.10.10** 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.)

**2.10.11** 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**

**2.13.12** 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 ~~eight~~ ~~four~~ options on how to control the risk;

- Reduce the risk
- Accept the risk
- Transfer the risk to a third party
- Avoid the risk
- Prepare a contingent plan
- Share the risk
- Enhance the risk
- Exploit the risk ~~Close the risk~~

Formatted: No bullets or numbering

Formatted: No bullets or numbering

Formatted: Font color: Auto

Formatted: No bullets or numbering

Formatted: Indent: Left: 0 cm, Hanging: 0.5 cm

~~2.162.13~~ 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

~~2.182.14~~ As risk management is an integral part of good management all identified risks should be recorded and managed through either the ~~Divisional~~~~Directorate~~ Risk Register or the Corporate Risk Register. Corporate Risks are monitored monthly and ~~Divisional~~~~Directorate~~ Risk Registers will be monitored quarterly at routine ~~Divisional~~~~Directorate~~ Team meetings. Any ~~divisional~~~~Directorate~~ risk that has a score of 16 or greater will be referred to ~~CMT-ELT~~ for consideration for inclusion on the Corporate Risk Register

~~2.192.15~~ The Corporate Risk Register is available to all elected Members and employees through the intranet and is collectively monitored and managed by the ~~Corporate Management Team~~~~Executive Leadership Team~~

## ~~2.20~~ Recording risk

~~2.212.16~~ The risk registers should be used to inform decision making and resource allocation and should be updated as required to meet agreed monitoring arrangements.

~~2.222.17~~ ~~Divisional~~~~Directorate~~ Risk Registers are the responsibility of Directors with the individual risks being assigned to officers within the division (or across ~~departments~~~~divisions~~ where appropriate.)

~~2.232.18~~ Any new risk must be agreed by ~~CMT~~~~Directors / Managers~~ 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 CMT.~~

## 3. Risk registers & reporting risk

### The corporate risk register

- 3.1 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.
- 3.2 The Section 151 officer is responsible for ensuring that the Council has an effective Risk Management Policy
- 3.3 ~~Executive Leadership~~ ~~Corporate Management~~ Team will own and maintain the Corporate Risk Register and associated actions which will be considered and updated by them on a monthly basis.
- 3.4 A copy of the updated corporate risk register will be provided informally to Cabinet Members following review by ~~CMT-ELT~~ so that they can discuss the risks with the risk owners or managers.
- 3.5 A copy of the Corporate Risk Register will be published on the Transparency page of the Councils website immediately following ~~CMT-ELT~~ and Informal Cabinet reviews.

Formatted: No bullets or numbering

Formatted: Indent: Left: 0 cm, Hanging: 1.2 cm, No bullets or numbering



~~3.6 At every ELT 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 risks and issue that they feel could impact on the Council. These risks issues are discussed and if necessary new risks are added either to the Project/Divisional Risk Register or the Corporate Risk Register~~

~~3.7~~3.6 People identifying Risks and Issues need to understand the difference between them. We must identify "risks" as "risks" and not call them "issues" to do so only causes confusion. The key difference is that an "issue" has already occurred and a "risk" is a potential issue that may or may not happen and can impact the project positively or negatively. We plan in advance and work out mitigation plans for high-impact risks. A risk can become an issue, but issue is not risk – it has already happened. For all issues at hand, we need to act immediately to resolve them.

~~3.8~~3.7 The corporate risk register will provide the necessary assurance for the annual governance statement.

~~3.9~~3.8 An annual report (~~March~~) followed up by a six monthly risk monitoring report (~~September~~) to Cabinet

~~3.10~~3.9 Risk management reporting should be co-ordinated with continuous routine performance monitoring.

~~3.11~~3.10 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.

### **3.12 ~~Divisional~~Directorate, service area and programme/project team risk registers**

~~3.13~~3.11 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~~Directorate risk register that captures the risks to the delivery of its objectives.

~~3.14~~3.12 Each service team, project/programme may also have a risk register which capture risks to their respective objectives. The important thing is to make sure that risk is discussed and debated at management teams and that risks are then identified and managed.

~~3.15~~3.13 It is also important to note that those particularly high scoring ~~divisional~~Directorate 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~~Directorate or project risk is 16 or over then it must be brought to the attention of ~~CMT~~ELT for consideration for inclusion on the Corporate risk Register.

~~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.~~

### **Reporting risks**

~~3.16~~3.14 Monthly risk monitoring reports will be presented to the ~~Corporate Management Team~~Executive 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;

Formatted: No bullets or numbering

- 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

### 4.4 Risk management co-ordination

4.24.1 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.

4.34.2 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

4.54.3 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.

4.64.4 Risk Management training for staff and elected Members will be delivered through an elearning tool on the ~~learning gateway~~ Learning Management System.

4.74.5 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

4.94.6 The risk management culture within the council must support open and frank discussion on risks to the Council. 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.

4.104.7 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.

4.114.8 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.

4.124.9 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.

4.134.10 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.

4.144.11 Employees will be kept up to date on risk management progress and good practice through management meetings, team briefings and the intranet.

Formatted: No bullets or numbering

Formatted: No bullets or numbering

Formatted: No bullets or numbering

## 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 - ~~Minor~~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 ~~5~~6 categories of likelihood that the risk will occur during the lifetime of the objective. These are:

<b>Score</b>	<b>Likelihood</b>	<b>Probability</b>	
1	Rare	0-9%	Less than 10% chance of occurrence

<u>2</u>	<u>Unlikely</u>	<u>10-34%</u>	<u>10% to 34% chance of occurrence</u>
<u>3</u>	<u>Possible</u>	<u>35-64%</u>	<u>35% to 64% chance of occurrence</u>
<u>4</u>	<u>Likely</u>	<u>65-89%</u>	<u>65% to 89% chance of occurrence</u>
<u>5</u>	<u>Almost Certain</u>	<u>90-100%</u>	<u>90% or greater chance of occurrence</u>

Formatted: Indent: Left: 0 cm, First line: 0 cm

## 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.

<b>Score</b>	<b>Colour</b>	<b>Action/need to apply control</b>	<b>Responsibility</b>
1-6	Green	Acceptable, subject to monitoring.	Risk owner
7-15	Amber	Needs active management	Risk owner
16- <del>25</del> <u>4</u>	Red	Requires <del>close</del> <u>urgent</u> attention	Risk owner / <u>ELT</u>
<del>25-</del> <u>30</u>	<del>Red</del>	<del>Requires urgent attention and routine discussion with Cabinet</del> <u>Leads</u>	<del>Risk Owner</del>

Formatted: Font: Bold

Formatted: Font color: Red

- 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~~eight options on how to control the risk;

<b>Control</b>	<b>Description</b>
<u>Accept</u>	<u>The Accept option means that CBC 'takes a chance' that the risk will occur, with its full impact if it did.</u>
<u>Avoid</u>	<u>Avoid a threat is about making the uncertain situation certain by removing the risk. This can be achieving by removing the cause of a threat.</u>
<u>Contingent plan</u>	<u>This option involves preparing contingent plans now, but not taking action now. Accept but make a plan for what we will do if situation changes.</u>
<u>Reduce</u>	<u>This option chooses definite action now to change the probability and/or impact of the risk. The term mitigate is relevant when discussing reduction.</u>
<u>Share</u>	<u>Share is different to transfer as it seeks for multiple partners to share the risk on a pain /gain basis.</u>
<u>Transfer</u>	<u>Transfer the risk is an option that aims to pass part of the responsibility to a third party. Insurance is the classic form of transfer.</u>
<u>Enhance</u>	<u>Making the opportunity more likely to occur.</u>

Exploit	Exploit an opportunity to gain positive impacts from the risk.
---------	--

## 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 by ~~Corporate Management~~ Executive Leadership Team and revised as and when actions prove to be successful or unsuccessful and when new information becomes available.

<b><i>Progress of action</i></b>	<b><i>Further action</i></b>
High	Current action successful – redirect resources
Medium	Current action not as effective as first hoped make changes or think of new action.
Low	Current action unsuccessful need new action.

Formatted: Font: Bold, Font color: Auto

Formatted: Font color: Auto

Formatted: Font color: Auto

Formatted: Font color: Auto

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 CMT need to identify new mitigating actions.

## 9. Risk registers

9.1 All risks will be recorded on the 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;
- ~~Controls - & 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

9.4.9.3 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,

Formatted: Indent: Left: 0 cm, Hanging: 1.2 cm, No bullets or numbering

- ~~9.59.4~~ 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 relevant legislation, to protect any personal or commercially sensitive data and the divulgence of any confidential legal advice.
- ~~9.69.5~~ Advice on the wording and inclusion of any confidential risks within the Corporate Risk Register must be sought from One Legal.
- ~~9.79.6~~ The Corporate Management 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 CMT.
- ~~9.89.7~~ 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

~~10.510.4~~ 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.

~~10.610.5~~ 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~~ Overview and Scrutiny

The Overview and Scrutiny Committee may request to review the risk register at any time and scrutiny task groups may want to examine any risks relating to a particular project. Any recommendations from scrutiny would be made to Cabinet or Council as appropriate.

### ~~10.8~~ Cabinet and Council

~~10.910.6~~ The Cabinet will approve the Risk Management Policy.

~~10.1010.7~~ 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.

Formatted: No bullets or numbering

Formatted: No bullets or numbering

Formatted: Indent: Left: 0 cm, Hanging: 1.2 cm, No bullets or numbering

~~40.14~~~~10.8~~ The Corporate Risk Register is provided informally to Cabinet Members so that they can monitor them and the progress of mitigating action.

~~40.14~~~~10.9~~ The Corporate Services Cabinet Member has risk management identified as part of their portfolio. They 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.

~~40.14~~~~10.10~~ Individual cabinet members should seek assurance that the risk management process is being met in reference to their respective portfolios through discussions with Directors.

~~40.14~~~~10.11~~ Cabinet Members can suggest new risks and discuss the management of any risk with the appropriate Director or Risk Owner

## 11. Officer responsibilities

- 11.1 The **Chief Executive** and **Executive Leadership Team** 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 Leadership Team are responsible for setting tolerance levels. The risk owner is empowered by Executive Leadership Team 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 ~~Corporate Management~~**Executive 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 **Executive Director People and Change** 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 **Executive Director People and Change** 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 Corporate 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 appropriate ~~Corporate Management~~Executive Leadership Team Lead Commissioner 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.'

#### **The Governance Board**

- 11.12 The Governance Board is consulted on proposed amendments to the Risk Management Policy and the Corporate Risk Register.
- 11.13 The ~~Corporate Management~~Executive Leadership Team can request that the Governance Board 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 CMT-ELT and the risk owners that they are being managed correctly.

### **12. Programme and Project Managers**

- 12.1 Ensure there is a process for identifying, managing and communicating risks to programme and project objectives and benefits
- 12.2 Ensure that programme and project teams carry out regular risk assessment
- 12.3 Ensure that any risk scoring 16 or above (CBC score card) is escalated to CMT-ELT Governance Board and considered for inclusion on the Corporate Risk Register. Managers have the discretion to bring to the attention of their Director or Risk Owner any risk scoring below 16 if they consider that there is a need for CMT-ELT Governance Board to be made aware of it.

### **13. Service managers**

- 13.1 **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.
- 13.2 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.
- 13.3 Ensure that any risk scoring 16 or above (CBC score card) is escalated to CMT-Governance BoardELT and considered for inclusion on the Corporate Risk Register. Managers have the discretion to bring to the attention of their Director or Risk Owner any risk scoring below 16 if they consider that there is a need for CMT-Governance BoardELT to be made aware of it.

### **14. All council employees**

- 14.1 The identification of risk relies on input from teams and individuals.
- 14.2 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.
- 14.3 All actions identified to control a risk will be assigned to an individual officer who will be called the 'Risk Manager'.



**Appendix 1 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 <i>Please note When drafting a risk description always describe the cause and effect i.e If... then ...</i>	
Negligible	Financial	Risk (<£50K Capital) or (Revenue <£25K p.a.) Define the value and period, in relation to revenue.	
	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.	
	<b>Risks specific to delivery of Corporate Strategy</b>		
	Environmental outcome	Negligible impact on our environmental outcome - Cheltenham's environmental quality and heritage is protected, maintained and enhanced	
	Economic outcome	Negligible impact on our economic outcome - Sustain and grow Cheltenham's economic and cultural vitality	
Community outcome	Negligible impact on our community economy - People live in strong, safe and healthy communities		
Business transformation outcome	Negligible impact on our business transformation outcome - Transform our council so it can continue to enable delivery our outcomes for Cheltenham and its residents		
	<b>Risk Category</b>	<b>Impacts</b>	
Minor	Finance	Risk (£50K to £200K Capital) or (Revenue £25K to £50K p.a.) Define the value and period, in relation to revenue.	
	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.	
	<b>Risks specific to delivery of Corporate Strategy</b>		
	Environmental outcome	Low impact on our environmental outcome - Cheltenham's environmental quality and heritage is protected, maintained and enhanced	
	Economic outcome	Low impact on our economic outcome - Sustain and grow Cheltenham's economic and cultural vitality	
Community outcome	Low impact on our community economy - People live in strong, safe and healthy communities		
Business transformation outcome	Low impact on our business transformation outcome - Transform our council so it can continue to enable delivery our outcomes for Cheltenham and its residents		

	<b>Risk Category</b>	<b>Impacts</b>	
<b>Moderate</b>	Finance	Risk (£200K to £1M Capital) or (Revenue £50K to £200K p.a.) Define the value and period, in relation to revenue.	
	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.	
	<b>Risks specific to delivery of Corporate Strategy</b>		
	Environmental outcome	Moderate impact on our environmental outcome - Cheltenham's environmental quality and heritage is protected, maintained and enhanced	
	Economic outcome	Moderate impact on our economic outcome - Sustain and grow Cheltenham's economic and cultural vitality	
Community outcome	Moderate impact on our community economy - People live in strong, safe and healthy communities		
Business transformation outcome	Moderate impact on our business transformation outcome - Transform our council so it can continue to enable delivery our outcomes for Cheltenham and its residents		
	<b>Risk Category</b>	<b>Impacts</b>	
<b>Major</b>	Finance	Risk (>£1M to £2M Capital) or (Revenue £200K to £500K p.a.) Define the value and period, in relation to revenue.	
	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.	
	<b>Risks specific to delivery of Corporate Strategy</b>		
	Environmental outcome	Major impact on our environmental outcome - Cheltenham's environmental quality and heritage is protected, maintained and enhanced	
	Economic outcome	Major impact on our economic outcome - Sustain and grow Cheltenham's economic and cultural vitality	
Community outcome	Major impact on our community economy - People live in strong, safe and healthy communities		
Business transformation outcome	Major impact on our business transformation outcome - Transform our council so it can continue to enable delivery our outcomes for Cheltenham and its residents		

	Risk Category	Impacts	
Critical	Finance	Risk (>£2M Capital) or (>Revenue £500K p.a.) The value and period, in relation to revenue	
	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	
	<b>Risks specific to delivery of Corporate Strategy</b>		
	Environmental outcome	A Critical impact on our ability to deliver our environmental outcome - Cheltenham's environmental quality and heritage is protected, maintained and enhanced	
	Economic outcome	A Critical impact on our ability to deliver our economic outcome - Sustain and grow Cheltenham's economic and cultural vitality	
	Community outcome	A Critical impact on our ability to deliver our community economy - People live in strong, safe and healthy communities	
Business transformation outcome	A Critical impact on our ability to deliver our business transformation outcome - Transform our council so it can continue to enable delivery our outcomes for Cheltenham and its residents		

## Likelihood scorecard

Score	Likelihood	Probability	
1	Rare	0-9%	Less than 10% chance of occurrence
2	Unlikely	10-34%	10% to 34% chance of occurrence
3	Possible	35-64%	35% to 64% chance of occurrence
4	Likely	65-89%	65% to 89% chance of occurrence
5	Almost Certain	90-100%	90% or greater chance of occurrence

The total risk score is the multiplication of impact and likelihood when the risk score has been defined consideration must be given as to the best way to manage it, the following table should be used as a guide.

<i>Code</i>	<i>Risk score</i>	<i>Risk Management view</i>
Red	16 – 25	Must be managed by ELT to reduce risk scores
Amber	7 – 15	Seek to improve the risk score in the short/medium term
Green	1 – 6	Tolerate and monitor within the department