

CAMBRIDGESHIRE COUNTY COUNCIL

RISK MANAGEMENT POLICY

1. INTRODUCTION

We want Cambridgeshire to be the best county in England in which to live and work. We aim to deliver this vision by focusing on our priorities:

- develop the local economy for the benefit of all
- help people live healthy and independent lives
- support and protect vulnerable people

We are a large, complex organisation and we need to ensure the way we act, plan and deliver is carefully thought through both on an individual and a corporate basis.

We have a plan for achieving this vision and, as an organisation, we need to make sure we are ready for the challenge.

There are many factors which might prevent the Council achieving its plans, therefore we seek to use a risk management approach in all of our key business processes with the aim of identifying, assessing and managing any key risks we might face. This approach is a fundamental element of the Council's Code of Corporate Governance.

The Risk Management Policy is fully supported by the Council, the Chief Executive and the Strategic Management Team, who are accountable for the effective management of risk within the Council. On a daily basis all officers of the Council have a responsibility to recognise and manage risk in accordance with this Policy.

The Accounts and Audit Regulations, 2003 state:

- The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.

(Additionally, the Civil Contingencies Act, 2004 places a statutory duty on local authorities to establish business continuity management arrangements to ensure that they can continue to deliver business critical services if business disruption occurs. The Emergency Planning Camweb site <http://camweb/cd/cst/demmembserve/cemt/bcp/default.htm> details the Council's approach to business continuity management which is a key aspect of effective risk management)

2. WHAT IS RISK?

The Council's definition of risk is:

“Factors, events and circumstances that may prevent or detract from the achievement of the Council's corporate and service plan priorities”.

3. RISK MANAGEMENT OBJECTIVE

The Council will operate an effective system of risk management which will seek to ensure that risks which might prevent the Council achieving its plans are identified and managed on a timely basis in a proportionate manner.

4. RISK MANAGEMENT PRINCIPLES

- The risk management process should be consistent across the Council, clear and straightforward and result in timely information that helps informed decision making;
- Risk management should operate within a culture of transparency and openness where risk identification is encouraged and risks are escalated where necessary to the level of management best placed to manage them effectively;
- Risk management arrangements should be dynamic, flexible and responsive to changes in the risk environment;
- The response to risk should be mindful of risk level and the relationship between the cost of risk reduction and the benefit accruing, i.e. the concept of proportionality;
- Risk management should be embedded in everyday business processes;
- Officers of the Council should be aware of, and operate, the Council's risk management approach where appropriate;
- Councillors should be aware of the Council's risk management approach and of the need for the decision making process to be informed by robust risk assessment, with General Purpose Committee members being involved in the identification of risk on an annual basis;

5. APPETITE FOR RISK

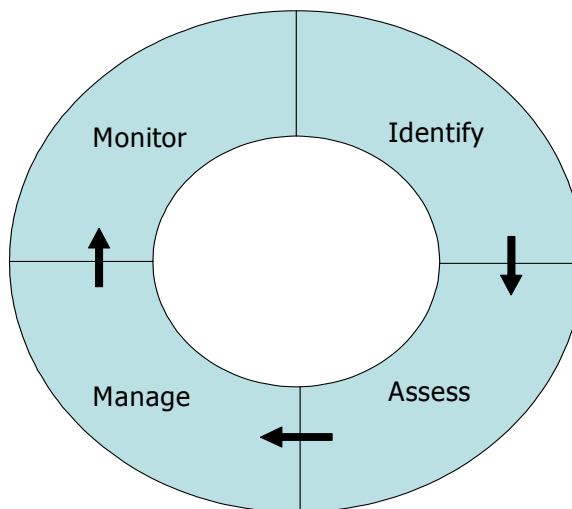
As an organisation with limited resources it is inappropriate for the Council to seek to mitigate all of the risk it faces. The Council therefore aims to manage risk in a manner which is proportionate to the risk faced based on the experience and expertise of its senior managers. However, the General Purpose Committee has defined the maximum level of residual risk which it is prepared to accept as a maximum risk score of 15 as per the Scoring Matrix attached at Appendix A.

6. BENEFITS OF RISK MANAGEMENT

- Risk management alerts councillors and officers to the key risks which might prevent the achievement of the Council's plans, in order that timely mitigation can be developed either to prevent the risks occurring or to manage them effectively if they do occur.
- Risk management at the point of decision making should ensure that councillors and officers are fully aware of any key risk issues associated with proposals being considered.
- Risk management leads to greater risk awareness and an improved and cost effective control environment, which should mean fewer incidents and other control failures and better service outcomes.
- Risk management provides assurance to councillors and officers on the adequacy of arrangements for the conduct of business. It demonstrates openness and accountability to various regulatory bodies and stakeholders more widely.

7 RISK MANAGEMENT APPROACH

The risk management approach adopted by the Council is based on identifying, assessing, managing and monitoring risks at all levels across the Council:



The detailed stages of the Council's risk management approach are recorded in the Risk Management Procedure document which is reviewed by Strategic Management Team on an annual basis. The Procedure document provides managers with detailed guidance on the application of the risk management process.

The Risk Management Procedures document can be located on Camweb at

<http://camweb/lgss/lpg/audit/risk-management.htm>

Additionally individual business processes, such as decision making, council planning and project management will include guidance on the management of risk within those processes.

8 AWARENESS AND DEVELOPMENT

The Council recognises that the effectiveness of its risk management approach will be dependant upon the degree of knowledge of the approach and its application by officers and councillors.

The Council is committed to ensuring that all councillors, officers and partners where appropriate, have sufficient knowledge of the Council's risk management approach to fulfil their responsibilities for managing risk. This will be delivered through formal training programmes, risk workshops, briefings and internal communication channels.

9 CONCLUSION

The Council will face risks to the achievement of its plans. Compliance with the risk management approach detailed in this Policy should ensure that the key risks faced are recognised and effective measures are taken to manage them in accordance with the defined risk appetite.

RISK MANAGEMENT SCORING MATRIX

VERY HIGH	5	10	15	20	25
HIGH	4	8	12	16	20
MEDIUM	3	6	9	12	15
LOW	2	4	6	8	10
NEGLIGIBLE	1	2	3	4	5
IMPACT LIKELIHOOD	VERY RARE	UNLIKELY	POSSIBLE	LIKELY	VERY LIKELY

Red: excess of Council's risk appetite
action needed to redress, quarterly monitoring

Amber: likely to cause the Council some difficulties
quarterly monitoring

Green: monitor as necessary