

DRAFT

Risk Management Strategy 2023 – 26

1. Introduction:

- 1.1 Risk Management is the identification, assessment and prioritisation of risks followed by the coordinated and economical application of resources to minimise, monitor and control the probability or impact of unfortunate events/threats. Risk management can also play an important role in maximising the realisation of opportunities.
- 1.2 Cambridgeshire County Council does not seek to reduce all risk to the minimum possible level, as this would not be a proportionate use of scarce resources. Instead, our risk management processes aim to manage risk in a proportionate manner, relative to the severity of the risk.
- 1.3 Effective risk management is a critical part of good organisational governance, and as such the Council seeks to continually monitor, adapt and improve its risk management framework to address external and internal changes.
- 1.4 While the Council's Risk Management Policy and Toolkit documents define a clear and consistent approach to risk management across the organisation, this Strategy captures the development activity that the Council will undertake to ensure that its policy and procedures for risk management reflect best practice; are communicated effectively across the organisation; and are effectively complied with in practice.

2. Context:

- 2.1 This Strategy and Action Plan has been developed following a Risk Maturity Assessment undertaken by the Cambridgeshire County Council Internal Audit & Risk Management service in April 2023, in line with Institute for Internal Auditors (IIA) guidance.

2.2 This assessment involved benchmarking the Council's risk management processes against a model framework, to identify any gaps in current arrangements as well as to help plan and prioritise actions to further enhance and embed effective risk management at Cambridgeshire.

2.3 The table below shows the maturity of risk management arrangements at Cambridgeshire County Council, as identified by the Risk Maturity Assessment in April 2023:

Risk Stages	Definition	No. areas at this level
1. Risk enabled	<i>Risk management and internal controls fully embedded into the operations.</i>	9 (56%)
2. Risk managed	<i>Enterprise approach to risk management developed and communicated.</i>	0
3. Risk defined	<i>Strategy and policies in place and communicated. Risk appetite defined.</i>	6 (38%)
4. Risk aware	<i>Scattered silo approach to risk management.</i>	1 (6%)
5. Risk naive	<i>No formal approach defined to risk management.</i>	0

2.4 The assessment identified that while 56% of areas reviewed at the Council were assessed as being 'risk enabled', the highest level of risk maturity in the framework, there was room for further development and improvement of some areas of the Council's risk management processes, particularly with regards to compliance with some areas of corporate risk management policy and the need for co-ordinated risk training for Council officers and members.

2.5 This Strategy has been prepared in response to the findings of the risk maturity assessment, with reference to the updated guidance document *The Orange Book: Management of Risk – Principles & Concepts* (April 2023) published by the UK Government. The elements of Cambridgeshire County Council's risk strategy outlined below are aligned to the five key principles set out in the Orange Book.

3. Objectives:

3.1 The chief objective of this Risk Strategy is to outline the key actions that will be undertaken by Cambridgeshire County Council to move to a consistently 'risk

enabled’ level of risk management maturity, reflecting that ‘risk management and internal controls are fully embedded into the organisation’s operations’.

3.2 These actions are captured throughout the document and in the Risk Management Action Plan at Annex A.

4. Risk Management Strategy

4.1 Key Principles

4.1.1 The elements of Cambridgeshire County Council’s risk strategy are aligned to the five key principles set out in the Orange Book: governance and leadership; integration; collaboration and best information; risk management process; and continuous improvement.

4.2 Principle 1: Governance & Leadership

“Risk management shall be an essential part of governance and leadership, and fundamental to how the organisation is directed, managed and controlled at all levels.”

4.2.1 At Cambridgeshire County Council, roles and responsibilities for risk management are set out in the Risk Management Policy & Toolkit. The CLT Risk & Assurance Group meets quarterly to scrutinise the Corporate Risk Register, and to consider reports on emerging risks and sources of assurance over risk. The Corporate and Directorate Risk Registers are regularly reported to Committee, and risk management activity is owned by management with guidance, advice and support provided by the Head of Internal Audit & Risk Management.

4.2.2 The Council has identified the following next steps to strengthen the leadership and governance around risk management:

Action:	Owner:	Due Date:
All Committees should receive a copy of the relevant Directorate Risk Register (DRR) in the first six months of 2023/24.	CLT	30 th September 2023
Internal Audit & Risk Management will develop a risk management e-learning module that can be made available to all staff. This will particularly include guidance on how to escalate risks between different management levels/risk registers. Once this is completed, it will be publicised internally via the intranet and to targeted staff including budget managers.	Head of Internal Audit & Risk Management	31 st March 2024

A risk management training session will be planned for Members, with all Members encouraged to attend.	Head of Internal Audit & Risk Management	31 st March 2024
Internal Audit will review how corporate risks link into the new Strategic Framework.	Head of Internal Audit & Risk Management	31 st March 2024
An annual communications plan will be developed for risk management, to raise awareness among staff of the existence of the Risk Management Policy and Toolkit via the staff intranet, Friday Focus and other internal communication channels	Head of Internal Audit & Risk Management	31 st March 2025

4.3 Principle 2: Integration

“Risk management shall be an integral part of all organisational activities to support decision-making in achieving objectives.”

4.3.1 At Cambridgeshire County Council, the Risk Management Policy & Toolkit outline how risk management activity should be incorporated into all aspects of organisational decision-making.

4.3.2 The Council has identified the following next steps to strengthen the integration of risk management processes:

Action:	Owner:	Due Date:
The Council should review how risk information is presented as part of decision-making processes and identify any areas for improvement, as part of the development of decision-making guidance to improve quality of report writing.	Service Director: Legal & Governance	30 th September 2023
New project management procedures to include guidance on the routine management of risk for corporate projects.	Service Director Policy & Communities	31 st October 2023
A process should be put in place to ensure all significant new revenue and capital projects are routinely and consistently assessed for risk as part of new project management procedures.	Service Director Policy & Communities	31 st October 2023

Internal Audit to re-introduce the Corporate Risk Group on a quarterly basis with Risk Champion from each Directorate. This should ensure a wider range of perspectives are brought to bear on the CRR and will re-establish compliance with the Risk Management Toolkit.	Head of Internal Audit & Risk Management	31 st March 2024
The Council should consider integrating the Corporate Risk group with an equivalent network of Performance Champions or similar.	Executive Director: Strategy & Partnerships	31 st March 2025
The Council should consider integrating risk reporting alongside the performance/financial reporting received by Committees, to give a more holistic overview of the Council's performance.	Executive Director: Strategy & Partnerships	31 st March 2025

4.4 Principle 3: Collaboration and Best Information

“Risk management shall be collaborative and informed by the best available information and expertise.”

4.4.1 At Cambridgeshire County Council, the Risk Management Policy and Toolkit set out guidance on managing risk across partnerships, contracts and other relationships with third party organisations.

4.4.2 The Council has identified the following next steps to strengthen the risk management processes around collaborative, partnership and third party working and to ensure risk management is informed by the best available information:

Action:	Owner:	Due Date:
Review the guidance set out in the Risk Management Policy and Toolkit to update the guidance provided on managing risk across partnerships, contracts and other relationships with third party organisations.	Head of Internal Audit & Risk Management	COMPLETE
Corporate risk owners to review their risks to ensure all controls include details of the way(s) in which the risk owner obtains assurance that controls are a) in place and b) operating effectively. Where there are no assurances, these areas should be targeted for additional review to provide assurance that controls are indeed operating as expected.	CLT	31 st March 2024

Risk management arrangements for partnerships and collaborative working arrangements to be set out in the updated Partnerships Advice & Guidance document following review.	Service Director Policy & Communities	30 th September 2023
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4.5 Principle 4: Risk Management Processes

“Risk management processes shall be structured to include:

- a) risk identification and assessment to determine and prioritise how the risks should be managed;*
- b) the selection, design and implementation of risk treatment options that support achievement of intended outcomes and manage risks to an acceptable level;*
- c) the design and operation of integrated, insightful and informative risk monitoring; and*
- d) timely, accurate and useful risk reporting to enhance the quality of decision-making and to support management and oversight bodies in meeting their responsibilities.”*

4.5.1 At Cambridgeshire County Council, the Risk Management Policy and Toolkit set out a clear approach to identifying and assessing risk, treating risk, and risk monitoring and reporting. The Council has set a defined risk appetite and risk matrix to support a consistent approach to risk across the organisation. The Policy and Toolkit are reviewed regularly and approved by the Strategy & Resources Committee. Risk assurance reviews are conducted by staff from within the Internal Audit & Risk Management service.

4.5.2 The Council has identified the following next steps to further develop Cambridgeshire County Council’s risk management processes:

Action:	Owner:	Due Date:
Risk Management Policy and Toolkit to be reviewed and updated. Specifically this will include: incorporating the role of the new CLT Risk and Assurance workshops, and including a copy of the Terms of Reference for the group; reducing the requirement for Directorate Risk Register reporting to Committee to six monthly; updating guidance on the use of a single corporate system for risk management; and updating documentation where job titles/organisational structures have changed.	Head of Internal Audit & Risk Management	COMPLETE

<p>The Strategy and Resources Committee has previously suggested that there should be a mechanism outside the current system to differentiate the severity of risks ranked on the 5x5 risk matrix. The Head of Internal Audit and Risk Management in consultation with CLT to reconsider other matrices, which includes weighting and other factors to help assess severity and importance.</p>	<p>Head of Internal Audit & Risk Management</p>	<p>31st March 2024</p>
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4.6 Principle 5: Continual Improvement

“Risk management shall be continually improved through learning and experience.”

4.6.1 At Cambridgeshire County Council, the Head of Internal Audit & Risk Management prepares an annual report on risk management which is presented to CLT, Strategy and Resources Committee and the Audit & Accounts Committee. This considers the risk management environment at the Council and areas for further improvement and development.

4.6.2 This Risk Strategy document outlines the Council’s planned approach to developing and improving its risk management framework over the next three years, and all the actions outlined in this Strategy support this principle. In particular, the following key actions are highlighted as supporting the principle of continuous improvement of risk management practice:

Action:	Owner:	Due Date:
<p>A full audit of risk management will be undertaken in 2023/24. This will include a detailed review of Directorate Risk Registers (DRR); consideration of how risk management processes serve to communicate risks from partners and suppliers; looking at how risk management performance is assessed; and a staff survey to gain a deeper understanding of how embedded risk management is across the organisation.</p>	<p>Head of Internal Audit & Risk Management</p>	<p>31st March 2024</p>
<p>Follow-up Risk Maturity Assessment to be conducted in 2024/25, to assess the development of the organisation’s risk maturity in light of the implementation of key actions from this Strategy.</p>	<p>Head of Internal Audit & Risk Management</p>	<p>31st March 2025</p>
<p>Council to consider commissioning an external review of risk management arrangements.</p>	<p>CLT</p>	<p>31st March 2026</p>

Full review and refresh of the Risk Strategy to be undertaken.	Head of Internal Audit & Risk Management	31 st March 2026
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5. Implementation of the Strategy

- 5.1 The implementation of the Action Plan outlined in this Strategy document will be reported by the Head of Internal Audit & Risk Management to Corporate Leadership Team Risk and Assurance meetings on a six-monthly basis. The implementation of actions will also be reflected in the Annual Risk Report to Strategy & Resources Committee and Audit & Accounts Committee.
- 5.2 The Risk Management Strategy is not intended to be a static document. The Strategy and Action Plan will be informally updated on an ongoing basis by the Head of Internal Audit & Risk Management, taking into account the findings of internal audit reviews, the developing risk environment, and feedback from management and Members.
- 5.3 A full formal refresh of the Strategy will be undertaken in 2025/26 at the latest, at which point it will be re-presented to CLT, Strategy and Resources Committee and the Audit & Accounts Committee.

Full Risk Management Action Plan 2023 - 2026

Principle 1: Governance & Leadership	Owner:	Due Date:
All Committees should receive a copy of the relevant Directorate Risk Register (DRR) in the first six months of 2023/24.	CLT	30 th September 2023
Internal Audit will develop a risk management e-learning module that can be made available to all staff. This will particularly include guidance on how to escalate risks between different management levels/risk registers. Once this is completed, it will be publicised internally via the intranet and to targeted staff including budget managers.	Head of Internal Audit & Risk Management	31 st March 2024
A risk management training session will be planned for Members, with all Members encouraged to attend.	Head of Internal Audit & Risk Management	31 st March 2024
Internal Audit will review how corporate risks link into the new Strategic Framework.	Head of Internal Audit & Risk Management	31 st March 2024
An annual communications plan will be developed for risk management, to raise awareness among staff of the existence of the Risk Management Policy and Toolkit via the staff intranet, Friday Focus and other internal communication channels	Head of Internal Audit & Risk Management	31 st March 2025
Principle 2: Integration	Owner:	Due Date:
The Council should review how risk information is presented as part of decision-making processes and identify any areas for improvement, as part of the development of decision-making guidance to improve quality of report writing.	Service Director: Legal & Governance	30 th September 2023
New project management procedures to include guidance on the routine management of risk for corporate projects.	Service Director Policy & Communities	31 st October 2023

A process should be put in place to ensure all significant new revenue and capital projects are routinely and consistently assessed for risk as part of new project management procedures.	Service Director Policy & Communities	31 st October 2023
Internal Audit to re-introduce the Corporate Risk Group on a quarterly basis with Risk Champion from each Directorate. This should ensure a wider range of perspectives are brought to bear on the CRR and will re-establish compliance with the Risk Management Toolkit.	Head of Internal Audit & Risk Management	31 st March 2024
The Council should consider integrating the Corporate Risk group with an equivalent network of Performance Champions or similar.	Executive Director: Strategy & Partnerships	31 st March 2025
The Council should consider integrating risk reporting alongside the performance/financial reporting received by Committees, to give a more holistic overview of the Council's performance.	Executive Director: Strategy & Partnerships	31 st March 2025
Principle 3: Collaboration and Best Information	Owner:	Due Date:
Review the guidance set out in the Risk Management Policy and Toolkit to update the guidance provided on managing risk across partnerships, contracts and other relationships with third party organisations.	Head of Internal Audit & Risk Management	COMPLETE
Corporate risk owners to review their risks to ensure all controls include details of the way(s) in which the risk owner obtains assurance that controls are a) in place and b) operating effectively. Where there are no assurances, these areas should be targeted for additional review to provide assurance that controls are indeed operating as expected.	CLT	31 st March 2024
Risk management arrangements for partnerships and collaborative working arrangements to be set out in the updated Partnerships Advice & Guidance document following review.	Service Director Policy & Communities	30 th September 2023

Principle 4: Risk Management Processes	Owner:	Due Date:
Risk Management Policy and Toolkit to be reviewed and updated. Specifically this will include: incorporating the role of the new CLT Risk and Assurance workshops, and including a copy of the Terms of Reference for the group; reducing the requirement for Directorate Risk Register reporting to Committee to six monthly; updating guidance on the use of a single corporate system for risk management; and updating documentation where job titles/organisational structures have changed.	Head of Internal Audit & Risk Management	COMPLETE
The Strategy and Resources Committee has previously suggested that there should be a mechanism outside the current system to differentiate the severity of risks ranked on the 5x5 risk matrix. The Head of Internal Audit and Risk Management in consultation with CLT to reconsider other matrices, which includes weighting and other factors to help assess severity and importance.	Head of Internal Audit & Risk Management	31 st March 2024
Principle 5: Continual Improvement	Owner:	Due Date:
A full audit of risk management will be undertaken in 2023/24. This will include a detailed review of Directorate Risk Registers (DRR); consideration of how risk management processes serve to communicate risks from partners and suppliers; looking at how risk management performance is assessed; and a staff survey to gain a deeper understanding of how embedded risk management is across the organisation.	Head of Internal Audit & Risk Management	31 st March 2024
Follow-up Risk Maturity Assessment to be conducted in 2024/25, to assess the development of the organisation's risk maturity in light of the implementation of key actions from this Strategy.	Head of Internal Audit & Risk Management	31 st March 2025
Council to consider commissioning an external review of risk management arrangements.	CLT	31 st March 2026
Full review and refresh of the Risk Strategy to be undertaken.	Head of Internal Audit & Risk Management	31 st March 2026

