Appendix 2

CAMBRIDGESHIRE COUNTY COUNCIL

RISK MANAGEMENT POLICY

1.   INTRODUCTION

We want Cambridgeshire to be a great place to call home, and we will achieve this vision by focussing on delivering the outcomes that make the biggest difference for our communities.

The Council is 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 take a long-term and strategic view of how the Council needs to transform.

There are many factors which might prevent the Council achieving its plans. We therefore adopt 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.

Risk management in public sector organisations is not a statutory requirement however the Council recognises it is an essential component of good governance and organisational culture. The Chartered Institute of Public Finance and Accountancy (CIPFA) advises that risk management promotes innovation in support of strategic objectives and service delivery; opening the door to the possibility of taking risks to achieve positive outcomes.

Consequently, the Council has determined its risk appetite and implemented a Risk Management Policy and supporting framework.

The Risk Management Policy is fully supported by the Council, the Chief Executive and the Cambridgeshire Corporate Leadership Team (CCLT) 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 (BCM) arrangements to ensure that they can

continue to deliver business critical services if business disruption occurs. The Emergency Planning Camweb site details the Council's approach to business continuity management which is a key aspect of effective risk management)

2.   WHAT IS RISK?

"A risk is an **uncertain** event which, should it occur, will have an effect on the achievement of objectives."

Risk management is the identification, assessement 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

- To maximise the realisation of opportunities

3.   RISK MANAGEMENT OBJECTIVE

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

4.   RISK MANAGEMENT PRINCIPLES

- The risk management process should be consistent and proportionate across the Council and result in timely information that helps informed decision making;

- Risk management should operate within a culture of transparency and openness where risk identification and risk escalation, as appropriate, are encouraged;

- Risk management arrangements should be dynamic, flexible and responsive to changes in the risk environment;

- When managing risk, the cost of any controls should be robustly assessed against the impact of the risk, i.e. the concept of proportionality;

- Risk management should be embedded in everyday business processes.

5.   APPETITE FOR RISK

As an organisation with limited resources it is not proportionate for the Council to seek to fully mitigate all of the risk it faces. The Council therefore aims to manage risk in a manner which is proportionate to the risk faced.

The Council 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. The

matrix itself is supported by descriptors, over 5 elements, for the impact element of the risk at Appendix B. The impact score selected will be the highest score for any of the descriptor elements.

6.   BENEFITS OF RISK MANAGEMENT

- The identification of key risks which might prevent the achievement of the Council's plans. This allows timely and proportionate action to be taken to either prevent the risks occurring or to manage them effectively if they do occur.

- The development and delivery of robust and proportionate action plans, to streamline and strengthen the control environment and in turn, enhance the governance of the organization.

- To ensure that decision makers are fully aware of any key risk issues associated with proposals being considered at the point of decision making.

- To demonstrate openness and accountability to various regulatory bodies and stakeholders more widely, as well as an assurance to those charged with ensuring the effective governance of the organisation.

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.

Detailed guidance on the application of the risk management approach is set out in the Council's Risk Management Procedures. The Procedure document can be located on Camweb at: Risk Management | sharepoint.lgss.local

Additionally individual business processes, such as decision making and project management, should provide guidance on the management of risk within those processes.

8   RISK ESCALATION PROCESS

Identified risks within directorate risk registers may need to be escalated for inclusion into the cambridgeshire corporate risk register. Risks will need to be escalated if:

- The risk remains red (above the agreed risk appetite) after all available mitigations have been implemented, and;
- The relevant director deems the risk to be a significant risk to the organisation as a whole

To escalate a risk to the cambridgeshire corporate risk register: first the relevant directorate management team must agree that the risk meets the escalation criteria

above and recommend it goes forward to be included within the cambridgeshire corporate risk register.

In practice this will be the next available corporate leadership team (CLT) meeting and, if agreed, the relevant director will advise the Head of Audit & Risk of the new corporate risk to enable immediate updating of the risk management software and to ensure the new risk is monitored and reported in line with the risk management procedures.

A risk may be de-escalated from the cambridgeshire corporate risk register to directorate risk registers if CLT and Audit and Accounts Committee consider that the risk can be managed within a directorate's risk register.

Similarly, there may be times when a service level risk needs to be escalated to the directorate risk register. This should be managed through Directorate Management Team meetings.

9   TRAINING 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.   This will be supported through the delivery of formal training programmes, risk workshops, briefings and internal communication channels.

10   CONCLUSION

Compliance with the risk management approach detailed in this policy will ensure that the key risks faced by the Council are recognised and effective measures are taken to manage them in accordance with the defined risk appetite.

RISK MANAGEMENT SCORING MATRIX

IMPACT / LIKELIHOOD	VERY RARE	UNLIKELY	POSSIBLE	LIKELY	VERY LIKELY
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

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

The following descriptors are designed to assist the scoring of the impact of a risk:

	Negligible (1)	Low (2)	Medium (3)	High (4)	Very High (5)
Legal and Regulatory	Minor civil litigation or regulatory criticism	Minor regulatory enforcement	Major civil litigation and/or local public enquiry	Major civil litigation setting precedent and/or national public enquiry	Section 151 or government intervention or criminal charges
Financial	0-10%	10-40%	40-60%	60-90%	90%+
Service provision	Insignificant disruption to service delivery	Minor disruption to service delivery	Moderate direct effect on service delivery	Major disruption to service delivery	Critical long term disruption to service delivery
People and Safeguarding	No injuries	Low level of minor injuries	Significant level of minor injuries of employees and/or instances of mistreatment or abuse of individuals for whom the Council has a responsibility	Serious injury of an employee and/or serious mistreatment or abuse of an individual for whom the Council has a responsibility	Death of an employee or individual for whom the Council has a responsibility or serious mistreatment or abuse resulting in criminal charges
Reputation	No reputational impact	Minimal negative local media reporting	Significant negative front page reports/editorial comment in the local media	Sustained negative coverage in local media or negative reporting in the national media	Significant and sustained local opposition to the Council's policies and/or sustained negative media reporting in national media

Please note – these descriptors are a guide and there maybe exceptions depending on the type of risk.