

Annual Risk Management Report

Cambridgeshire County Council

2023/24

1. Background:

- 1.1 Risk Management is the process by which the Council understands and proactively considers the principal uncertainties and overall risks facing the organisation. Through effective risk management, we aim to optimise success by minimising threats. The objective is to ensure that risks that might impact upon the Council achieving its plans are identified and managed on a timely basis and in a proportionate manner.
- 1.2 The Accounts & Audit (England) Regulations 2015 require the authority to have a sound system of internal control, which includes effective arrangements for the management of risk. Robust risk management is an essential element of good organisational governance and a sound internal control system.
- 1.3 This Annual Risk Management Report provides an overview of key risk management processes and developments at Cambridgeshire County Council over the past 12 months. It supports the authority's Annual Governance Statement and the Code of Corporate Governance, as well as detailing the future areas of focus for further developing and enhancing risk management systems at the Council.

2. Risk Management Policy

- 2.1 In 2023, the Council's Risk Management Policy and supporting guidance including the Risk Management Procedures and Risk Management Short Guide document were subject to a comprehensive review by the Internal Audit & Risk Management team. The Risk Management Policy was refreshed, and the other guidance has been combined into a single Risk Management Toolkit.
- 2.2 The core risk management systems, processes, and risk appetite in place at Cambridgeshire did not change significantly as a result of this review. Instead the aim was to streamline and clarify existing guidance and make the Council's risk policies and procedures more accessible for officers. The updated Risk Management Policy was reviewed and approved by the Strategy, Resources & Performance Committee on 11th July 2023.
- 2.3 The Risk Management Policy is attached to this report as Annex B.

3. Risk Management Strategy

- 3.1 Following an assessment of the Council's risk maturity against an established risk maturity model published by the Institute of Internal Auditors (IIA), the Council's Internal Audit & Risk Management team developed a Risk Strategy 2023 – 6. This Strategy outlined key actions to be taken to address areas where the Council's risk management should be further developed.
- 3.2 The Strategy was reviewed and approved by Strategy, Resources & Performance Committee on 11th July 2023.
- 3.3 The Risk Strategy has been refreshed and updated for 2024/5, noting the actions which have been completed and adding in some new actions to be completed in year. This reflects the service's intentions to keep the Strategy as a live document and to regularly review and update the document.
- 3.4 Throughout the 2023/4 financial year, the Internal Audit & Risk Management team has been co-ordinating the implementation of actions within the Strategy. Some of the key actions completed in 2023/4 include:
- The Corporate Risk Group was reestablished in November 2023. This group comprises risk champions from various directorate and serves as platform for sharing diverse perspectives, challenging risk assessments, and ensuring consistency in the Council's response to risks. The Corporate Risk Group meets roughly quarterly, with meetings held in November 2023 and February and May 2024.
 - To enhance the consideration of risk in decision making processes, the Service Director of Legal and Governance conducted a comprehensive review of the Committee report template and associated guidance. The revised template, launched in November 2023, places a greater emphasis on providing sufficient information on risk management in all reports presented to committees.
 - The Internal Audit & Risk Management team have worked with colleagues in Strategy and Partnerships to provide input on the new Project Management Framework and Partnerships Governance Guidance, with a particular focus on ensuring that these documents support robust risk management in all the Council's projects and partnerships.
- 3.5 Full detail of completed actions and updates to the Risk Strategy can be found at Annex C to this report.

4. Cambridgeshire County Council Corporate Risk Register

- 4.1 The Corporate Risk Register has been updated throughout the year and presented to CLT, the Strategy and Resources Committee and Audit & Accounts Committee at regular intervals.

- 4.2 There were no new risks added to the Corporate Risk Register in 2023/4, and no risks were removed.
- 4.3 A copy of the current Corporate Risk Register is attached to this report at Annex A, with the exception of Risk 8 'Risk that the Council is a victim of Cyber Crime', which is attached as a separate confidential annex.
- 4.4 Please note, on the risk matrices, "RA" denotes the Council's maximum risk appetite of 15, which is a set maximum appetite for all risks. Where risk owners have identified a target risk below this risk appetite level, this is denoted with a "T".
- 4.5 Corporate Risk Register Overview
- 4.5.1 The following table gives an overview of the current status of the risks on the corporate risk register, including information on the current risk scoring compared to the scores at the previous report to Committee, and the direction of travel for each risk.
- 4.5.2 Please note that as discussed at the October meeting of Strategy, Resources and Performance Committee, the direction of travel for each risk is now shown as a RAG rating: red indicating that the risk has increased; amber indicating no change; and green indicating that the risk has decreased.

Table 1: Corporate Risk Register Overview, June 2024

Risk	Residual Risk Score March 24	Residual Risk Score June 24	Direction of Travel (RAG)	Last Reviewed
1. Risk that the Council's arrangements for safeguarding vulnerable adults fail.	15	15	A	17/06/24
2. Risk of failure of the Council's arrangements to safeguard vulnerable children and young people.	15	15	A	20/06/24
3. Risk that the Council does not have enough budget to deliver agreed short and medium term corporate objectives.	12	12	A	18/06/24
4. Risk that a serious incident occurs, preventing services from operating and /or requiring a major/critical incident response.	12	12	A	18/06/24

APPENDIX 1

5. Risk of failure of corporate governance.	10	10	A	17/06/24
6. Risk that the Council's workforce is not able to meet business need.	15	15	A	11/06/24
7. Risk of failure to deliver key Council services.	10	10	A	17/06/24
8. Risk that the Council is a victim of cyber crime.	15	15	A	26/06/24
9. Risk that the Council fails to comply with Information Governance legislation and industry standards	12	12	A	10/05/24
10. Risk of failure of key contracts.	12	12	A	12/06/24
11. Risk of failure of collaborative working.	12	12	A	31/05/24
12. Risk of Climate Change.	16	16	A	25/06/24

4.5.3 Since the previous report to Strategy Resources & Performance Committee in March 2024, no risks have seen changes to their scores compared to the previous reporting period across all corporate risk register.

4.5.4 It should be noted that the lack of reduction in risk scores does not reflect a lack of activity to proactively manage and mitigate key corporate risks; rather, it reflects the current level of risk held by UK public authorities, including Cambridgeshire County Council. The Council continues to actively manage and mitigate risks, as evidenced by the ongoing efforts and initiatives outlined in this Annual Risk Management Report and the supporting Risk Strategy at Annex C.

4.6 Risk 12: Risk of Climate Change:

4.6.1 Corporate Risk 12 has been reviewed and the risk owner has proposed that this will be retitled and refocused on the risk that Climate Change presents to the Council, its resources, delivery of its services and statutory duties. The updated risk assessment has been updated to reflect the actions the Council is currently taking on the delivery of the Climate Change and Environment Strategy and how its implementation is being integrated within the Council's Business Planning, Service Planning and Performance frameworks.

4.6.2 Further risk assessment will be undertaken during 2024/25 in relation to future potential impact on the Council as well as the impact on the County and its communities. The result of this risk assessment will be used to update this Corporate Risk. This risk will continue to be monitored on a six-monthly basis by the Corporate Risk Group and the Climate Change and Environment Programme. This will support reports that will be provided to Committees in the future.

5. CLT Risk & Assurance Meetings

- 5.1 Cambridgeshire's Corporate Leadership Team carry out regular Risk & Assurance meetings. These formal meetings have a dedicated Terms of Reference intended to ensure regular detailed senior management oversight of the corporate and directorate risk registers, to reflect on feedback from Committee and to develop corporate oversight of risk and key independent assurances.
- 5.2 The CLT Risk & Assurance group met regularly throughout the 2023/4 financial year, with meetings in July, October, and March. Every meeting included detailed scrutiny of the Corporate Risk Register and escalation of any directorate risks, with a single Directorate Risk Register being submitted for a deep dive review at each meeting.
- 5.3 In both the October 2023 and March 2024 meetings, the CLT Risk & Assurance group undertook a comprehensive review of the risk scoring matrices used by the council. While considering alternative weighted approaches that placed greater emphasis on either the impact or likelihood scores, the group decided to retain the current 5x5 linear model. Those decision was based on the belief that changing the risk scoring methodology could potentially disrupt the ongoing effort to embed and communicate the council's risk management approach consistently across the organisation.
- 5.4 At the June 2024 meeting of the CLT Risk & Assurance Group, CLT reviewed the Council's risk appetite and risk appetite statements, considering how the Council defines and communicates the level of risk it is prepared to tolerate or accept in the pursuit of its strategic objectives.
- 5.5 Risk is also considered at general CLT meetings. In line with the Risk Management Toolkit, escalation of urgent and emerging risks should not be delayed by the quarterly cycle of CLT Risk & Assurance meetings, and urgent items on risk can be taken at any regular meeting of CLT.

6. Directorate Risk Registers

- 6.1 Directorate Management Teams maintain their own risk registers and formally consider risk on a regular basis. Directorate risk registers are due to be reported to the relevant Committee on a routine basis, and are also scrutinised at CLT Risk & Assurance meetings.
- 6.2 To streamline the reporting process for directorate risk registers (DRRs), the Internal Audit & Risk Management team has developed a standardised template for presenting DRRs to the relevant committees. This template approved by the CLT Risk and Assurance group, aims to promote consistency in the information provided to Committees when DRRs are reported.

- 6.3 The CLT Risk & Assurance Group meeting in February 2024 also clarified the arrangements by which DRRs should be reported to Committee, particularly for Directorates whose activity does not align to the scope of a single Committee (e.g. Place & Sustainability).

7. Risk Management System

- 7.1 The Council's current corporate risk management system is GRACE (Governance, Risk & Control Evaluation), which is a system shared with Milton Keynes Council, formerly part of the shared LGSS Internal Audit & Risk Management service. GRACE is a specialist risk management and audit software which was developed for use within the UK public sector. As the system is shared between the two Councils, access to the system is relatively low cost, and the Council has a corporate license permitting unlimited number of user licenses for the system.
- 7.2 Cambridgeshire was given notice by Milton Keynes Council in May 2024 of their intention to terminate this shared system arrangement. As such, during the 2024/5 financial year the Council will need to assess its requirements for a risk management system and its options for re-procuring a stand-alone system.

8. Role of Internal Audit & Risk Management service

- 8.1 The Head of Internal Audit & Risk Management at Cambridgeshire County Council has a role encompassing both Internal Audit and Risk Management support. Responsibility and accountability for implementing risk management activity is retained by management at Cambridgeshire County Council, including the assessment, control and mitigation of risk. The role of the Internal Audit & Risk Management service is to provide advice, support and facilitation for this process, rather than to undertake risk management activity directly, in order to maintain its independence.
- 8.2 As such, throughout 2023/24 the Internal Audit & Risk Management service has provided advice and guidance to services across the organisation on risk management; supported the update and review of corporate and directorate risk registers; and has facilitated risk workshops and both the CLT Risk and Assurance meetings and the Corporate Risk Group.
- 8.3 To enhance risk awareness and understanding among Members, a dedicated risk management training session was organised on September 14th 2023 and led by the Head of Internal Audit & Risk Management. This session covered the fundamental of risk management, the council's risk management policies and processes, and the role of Members in Overseeing risk management. A recording of the training is also available to all Members on an ongoing basis, via the Learning & Development portal.

- 8.4 The Internal Audit & Risk Management team is also developing eLearning on risk management. The initial draft of this training has now been provided to the Learning & Development team who will work with Risk Management to deliver a series of online learning modules which will be accessible to all staff, covering the following key areas:
- Introduction to risk management and risk management terminology
 - How to develop a risk register
 - Risk monitoring and the escalation and de-escalation of risks
 - Systems for risk management at Cambridgeshire
 - Case study looking at when risk management goes wrong
- 8.5 Recognising the need for dedicated resource to drive continuous improvement in risk management process, plans were put forward during the Business Planning process to introduce a designated Corporate Risk Manager position in the Internal Audit & Risk Management team for the 2024/25 financial year. This post went out to advert in May, with applications closing on the 23rd June.

9. Looking Forward and Next Steps:

- 9.1 The next steps for further developing and enhancing the effectiveness of risk management activity at Cambridgeshire County Council are set out in the updated Risk Management Strategy, which is attached at Annex C. The elements of Cambridgeshire County Council's Risk Strategy are aligned to the five key principles set out in the document *The Orange Book: Management of Risk – Principles & Concepts* (April 2023) published by the UK Government. These principles are: governance and leadership; integration; collaboration and best information; risk management process; and continuous improvement.
- 9.2 Some of the key actions for implementation in the 2024/25 year include:
- Implementing the new Corporate Risk Manager role to provide greater support and resilience for risk management activity, and using this role to re-implement a regular programme of risk assurance reviews within the Internal Audit & Risk Management service, to provide detailed assurance over the management of individual risks within the Corporate Risk Register.
 - Developing a template to support officers in self-assessing the strength of controls in place to manage risks.
 - Delivering the e-learning module on risk management which can be made available to all staff. Once completed this will be publicised internally via the intranet and to targeted staff.

APPENDIX 1

- Developing the links between risk management, performance management and financial management
- A full Internal Audit review of risk management to be undertaken.

9.3 Progress with implementation of the Risk Strategy will be reported to CLT Risk and Assurance meetings and on to Strategy & Resources and Audit & Accounts Committee. Implementation of the actions outlined in the Risk Strategy will support the Council in moving towards a consistently 'risk enabled' approach to risk management.