



CAMBRIDGE CITY COUNCIL

RISK MANAGEMENT STRATEGY

Revised April 2009

RISK MANAGEMENT STRATEGY

1.0 What is Risk Management?

1.1 Cambridge City Council recognises risk as the threat that an event or action will adversely affect our ability to achieve our objectives. We use the risk management process to identify, evaluate and control risks. The Strategy has critical links to the following areas: -

- Our Medium Term Objectives
- Our Corporate Governance Arrangements
- Our Community Focus
- Our Organisational Structures and Processes
- Our Standards of Conduct
- Our Service delivery arrangements
- Our Medium Term Strategy
- Our Annual Governance Statement

2.0 What are the Constituent Parts of our Risk Management Strategy?

2.1 The following elements are included in the Strategy: -

- A shared awareness and understanding within the authority of:
 - The nature and extent of the risks it faces
 - The extent and categories of risks regarded as acceptable
 - The likelihood and potential impacts of the risk materialising
 - Our ability to reduce the impact on the organisation of risks that do materialise
- Regular and ongoing monitoring and reporting of risks including early warning mechanisms.
- Appropriate assessment of the cost of operating particular controls relative to the benefit obtained in managing the related risk.
- Annual review of the effectiveness of the systems of internal control in place, the results of which are reported publicly including an account of action that it is taking to address any significant concerns.

2.2 The process is ongoing and is embedded in our culture delivering consistently higher levels of performance and improvement. We are not concerned to eliminate risk but aim to understand risk and manage it more effectively.

3.0 The Benefits of Good Risk Management

3.1 In following the approach to risk management set out in this strategy the Council seeks to minimize the risks affecting the residents of, and visitors to Cambridge. The key benefits of our approach to risk management will be: -

- Increased focus on what needs to be done (and not done) to meet objectives.
- More satisfied stakeholders
- Better management of change programmes
- Supporting innovation
- Fewer complaints
- Greater control of insurance costs
- Potential quality improvements in service delivery
- Enhanced ability to justify actions taken
- Improved performance and management
- Protects and enhances the reputation of Cambridge City Council
- Reduced incidence of mistakes
- Supports the CIPFA/SOLACE framework
- External assurance

4.0 What are the Major Issues facing Cambridge City Council?

4.1 Good risk management is particularly important given some of the major issues impacting on Cambridge. Primarily these reflect the Council's Medium Term Objectives. To successfully deliver these objectives will require a broad set of skills and competencies including effective risk management. The more significant issues, which the Council presently faces, include:

- The impact of the economic downturn on Council services and income streams and our ability to deliver our aspirations for growth
- A challenging financial environment caused not just by the downturn but also the impact of the government's concessionary fares funding policy.

Whilst responding to these agendas we are also managing a range of complex projects and initiatives including the

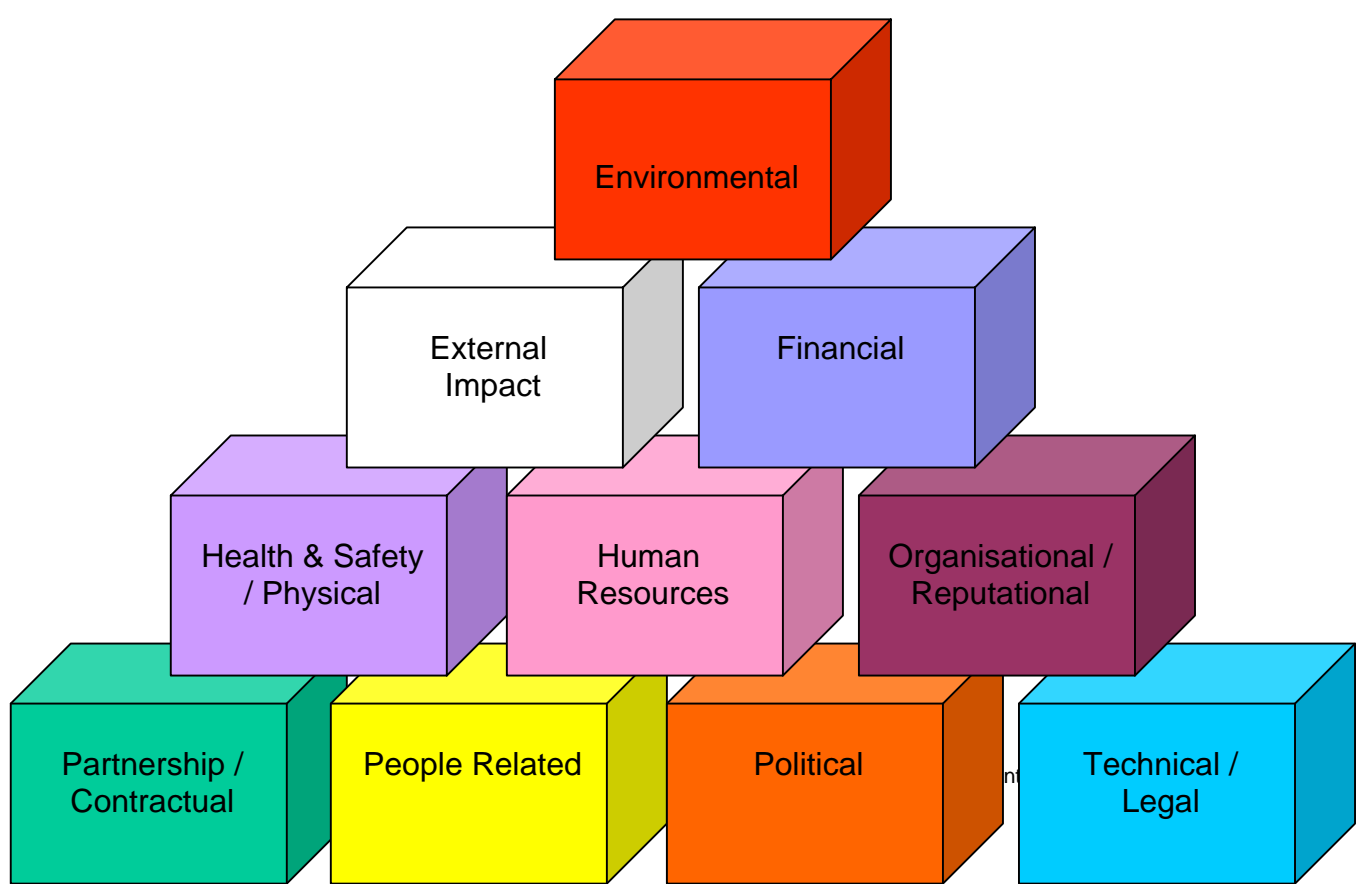
- Customer Access Strategy
- Implementation of a corporate Electronic Document & Records Management System
- Decent Homes Project
- Guildhall Project
- Delivery of the Local Area Agreement and the introduction of the new Comprehensive Area Assessment regime
- Review of Project Management Guidelines
- Folk Festival Action Plan (Incl. Procurement Issues)

The totality of all of these illustrates the diversity, scale and complexity of initiatives currently being managed by Cambridge City Council.

5.0 The Range of Risks Facing Cambridge City Council

5.1 Cambridge is faced with both strategic / corporate and operational / service risks that could impact on the achievement of our Medium Term Objectives and the day-to-day delivery of the Council's services.

5.2 The categories of risks have been defined as follows: -



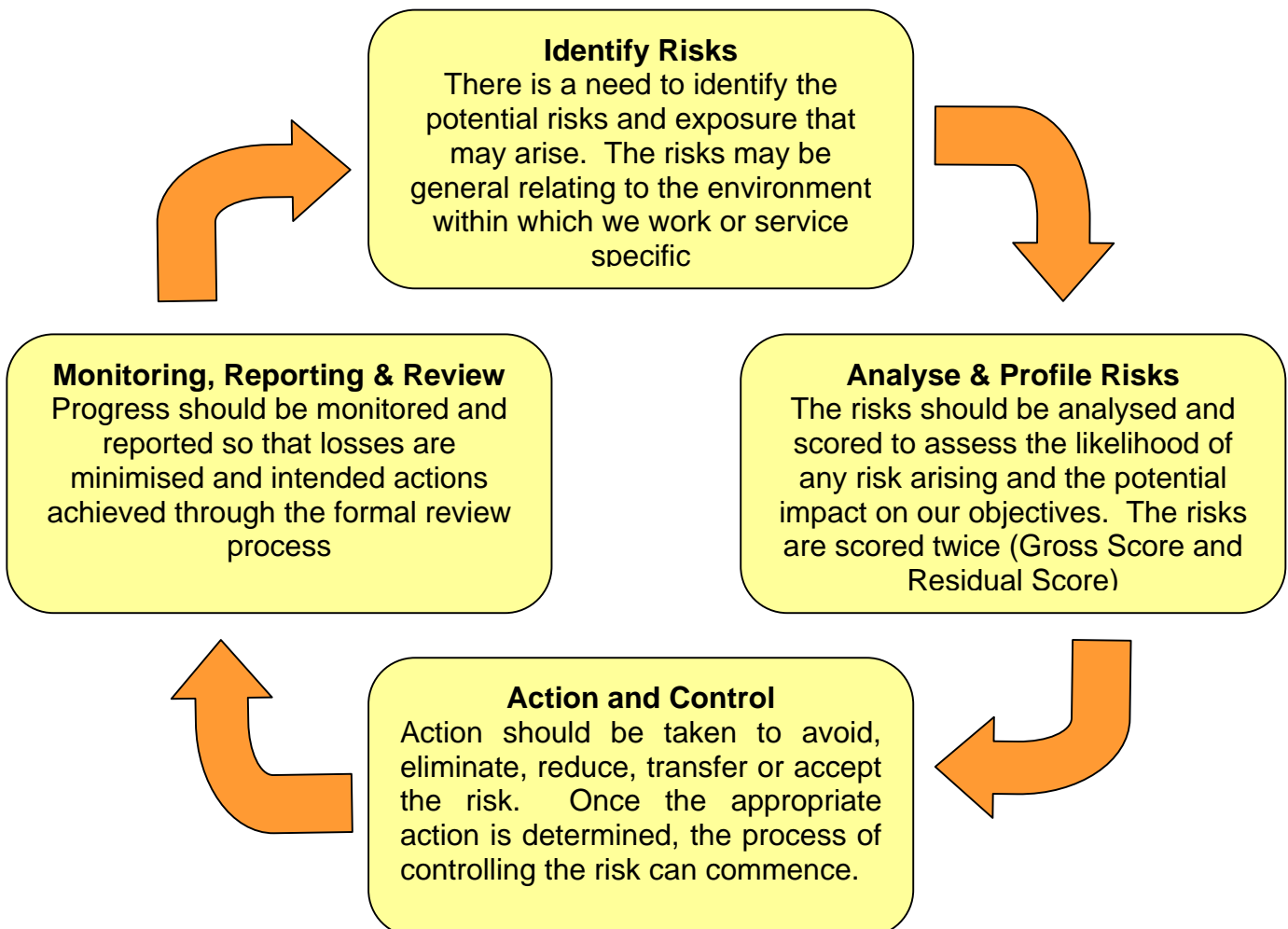
Risk Category	Description
<i>Environmental</i>	Risks relating to the environmental consequences of the council's strategic objectives (e.g. recycling, emissions, etc.) or the impact of ongoing operations (e.g. pollution, noise, energy efficiency).
<i>External Impact</i>	The risks relating to our ability to meet the effects of changes in demographic, residential or social economic trends; lack of development; crime and disorder problems.
<i>Financial</i>	Risks associated with ensuring good financial governance within Cambridge City Council; internal and external audit requirements; failure to prioritise and allocate resources effectively; poor contract management; initiative overload
<i>Health & safety / Physical</i>	The need to ensure that our physical assets do not pose any risks to staff or members of the public (e.g. fire hazards, health and safety, etc); safeguarding and accounting for physical assets. To ensure compliance with the Civil Contingencies Act 2004.
<i>Human Resources</i>	Risks associated with the professional competence of staff; lack of training and development; over reliance on key personnel; ineffective change/project management; recruitment and selection issues
<i>Organisational / Reputational</i>	The need to robustly review our service and deliver continuous improvement; avoiding bad public and media relations
<i>Partnership / Contractual</i>	Those risks associated with the failure of our contractors / partners to deliver services to an agreed cost and quality specification; compliance with procurement policies (internal/external); ensuring open and fair competition.
<i>People Related</i>	Meet the changing needs and expectations of our customers and citizens; ensuring appropriate consultation; manage equalities / social exclusion.

<i>Political</i>	Linked to the possible failure to deliver our Medium Term Objectives or Central Government policy; community planning errors or omissions. Could include political policy changes locally or nationally.
<i>Technical / Legal</i>	Dealing with technological change and the ability to use technology to address changing demands; disaster recovery planning; poor security and data management. The need to ensure our actions are lawful; compliance with legislation. The ability to meet the legislative demands affecting us; breaches of legislation (UK and EU).

5.4 The above categories represent a brief outline of the major elements of risk facing Cambridge City Council. It is important to review the above risks and their potential impact on each other as well as trying to alleviate the individual categories of risk.

6.0 The Risk Management Process

6.1 There are a number of critical steps in the process of identifying and managing risk within Cambridge City Council's activities. These are as follows: -



- 6.2 Risk management is a continuous process and the incidence of risk is kept under review to see whether it has changed over time.
- 6.3 Within the Council, officers and Members, supported by the Councils Risk Management Framework and Risk Register, undertake the processes outlined above.
- 6.4 It is vital that everybody understands the role that they play in effective risk management, with every employee and Member of Cambridge City Council being responsible for ensuring effective risk management. The roles and responsibilities have been outlined in Appendix A

7 Monitoring and Reviewing Processes

- 7.1 A framework of monitoring and reporting has been established and incorporated into the existing corporate decision making cycle (shown in appendix B).

At key stages within the cycle, milestone formal monitoring, review and reporting occur.

There are 5 key stages within the cycle with milestone monitoring and review activity includes:

- Ensuring updates to the register are made in line with a communicated deadline
- RMG examines the top risks and aged actions by directorate
- CMT review the corporate risks in relation to the associated top service risks and the aged actions for those corporate risks
- Members receive details of the relevant risks through existing documents e.g. service plans, MTS etc

The corporate decision making cycle is shown diagrammatically at Appendix C

Group/Individual Roles and Responsibilities

	Elected Members	Corporate Management Team	Risk Management Group	Risk Management / Internal Audit	Support services (e.g. corporate strategy, finance, human resources, legal, health and safety, emergency planning)	Service Managers	Cambridge City Council Partners
Framework, Strategy and Process	Agreeing the framework, strategy and process determined by officers	Approving the framework, strategy and process	Determining the framework, strategy and process	Produce and co-ordinate the framework, strategy and process for discussion with RMG	Providing advice and support	Supporting the framework, strategy and process	
Identifying, Analysing and Profiling Risk	Ensuring Risk Identification etc considered as part of Service Planning framework	Identifying, Analysing and Profiling strategic and cross-cutting risks	Providing advice and support	Providing advice, support and training	Providing advice and support	Identifying, analyzing and profiling service risks – update risk register – link to service planning process	Identifying and maintaining awareness of risks (Fed into the formal CCC RM process)
Determining Action on Risk		Determining action on strategic and cross-cutting risks Delegating responsibility for control	Providing advice and support	Providing advice, support and training	Providing advice and support	Determining action on service risks Delegating responsibility for control	
Controlling Risk			Providing advice and support	Providing advice, support and training	Providing advice and support		Controlling partnership risks

	Elected Members	Corporate Management Team	Corporate Risk Management Group	Risk Management / Internal Audit	Support services (e.g. corporate strategy, finance, human resources, legal, health and safety, emergency planning)	Service Managers	Cambridge City Council Partners
Monitoring and reporting on progress	Reviewing the effectiveness of the risk management process	Monitoring progress on managing strategic and cross-cutting risks and reviewing the implementation of the risk management framework, strategy and process Reporting to elected Members	Co-coordinating the results for reporting to the Corporate Management Team and elected Members	Co-coordinating the results for reporting to the Corporate Management Team and elected Members	Providing advice and support	Monitoring progress on managing service risks Reporting to the departmental management team	Monitoring progress on partnership risks (advise appropriate persons to ensure this is captured in CCC RM process)
Reporting to external stakeholders on risk	Reporting to external stakeholders on the framework, strategy, process and effectiveness	Reporting to external stakeholders on the framework, strategy, process and effectiveness		Preparing draft reports for the Corporate Management Team and elected Members to issue			

Elected Members

Members have the role of overseeing the effective management of risk by officers. In effect this means that they will agree the Strategy, framework and process put forward by officers. They will also review the effectiveness of risk management.

They may also be involved in providing reports to stakeholders on the effectiveness of the risk management framework, strategy and process.

Corporate Management Team

Corporate Management Team are pivotal to the risk management process as they set the risk appetite for the organisation through the projects, initiatives and cross cutting activities that they endorse and champion.

Risk Management Group

The Risk Management Groups key role is to determine the Risk Management Framework, Strategy and Process. It is also a key source of guidance, advice, challenge and support.

Risk Management Team

The Risk Management team is responsible for the implementation of the integrated framework, Strategy and process on behalf of the Council and its Corporate Management Team. This team is essentially fulfilling a controlling and facilitation role – to ensure the processes are implemented and to offer guidance and advice.

Supporting Services

Other support functions, e.g. finance, human resources, health and safety, legal, IT, will also have a role in providing support and advice.

Service Managers

Service Managers are responsible for managing their Service Risks and ensuring that risk activity and targets are achieved and updated on a timely basis.

Partners

Cambridge City Council works with a wide range of partners in delivering its services. It is important that those partners are brought into the risk management framework. At times it will be appropriate for partnerships / shared services to be undertaken. However, it is essential that accountabilities are adequately determined and that Cambridge City Council does not overlook any risks that may fall on it arising from its part in a joint venture. Even where there is transfer of operational risks, for example under a PFI, there will undoubtedly be some residual risks falling on the authority. It is **not** possible to outsource the risk management process.

The Council is currently working with neighbouring authorities to review the LAA Risk Management process.

Internal Audit

The Internal Audit team provides independent assurance on the effectiveness of controls within the Council. In order to do this, the annual audit plan is designed to review key risks, as identified within the corporate risk register.

Internal Audit supported the embedding of the risk management process, and now provides evaluation of the risk management process and works with management to monitor actions against identified risks. Internal Audit also utilizes the risk register for monitoring management agreed actions from audit reports.

As part of the production and presentation of the annual Head of Internal Audit Opinion to the Civic Affairs committee, Internal Audit comments on the appropriateness of the risk management process within the Council; as well as identifying areas of low assurance and associated actions required.

The Importance of an Integrated Approach

In essence, the framework detailed above should provide a consistent, integrated top-down meets bottom-up approach to risk management – embedding it into Strategy and operations

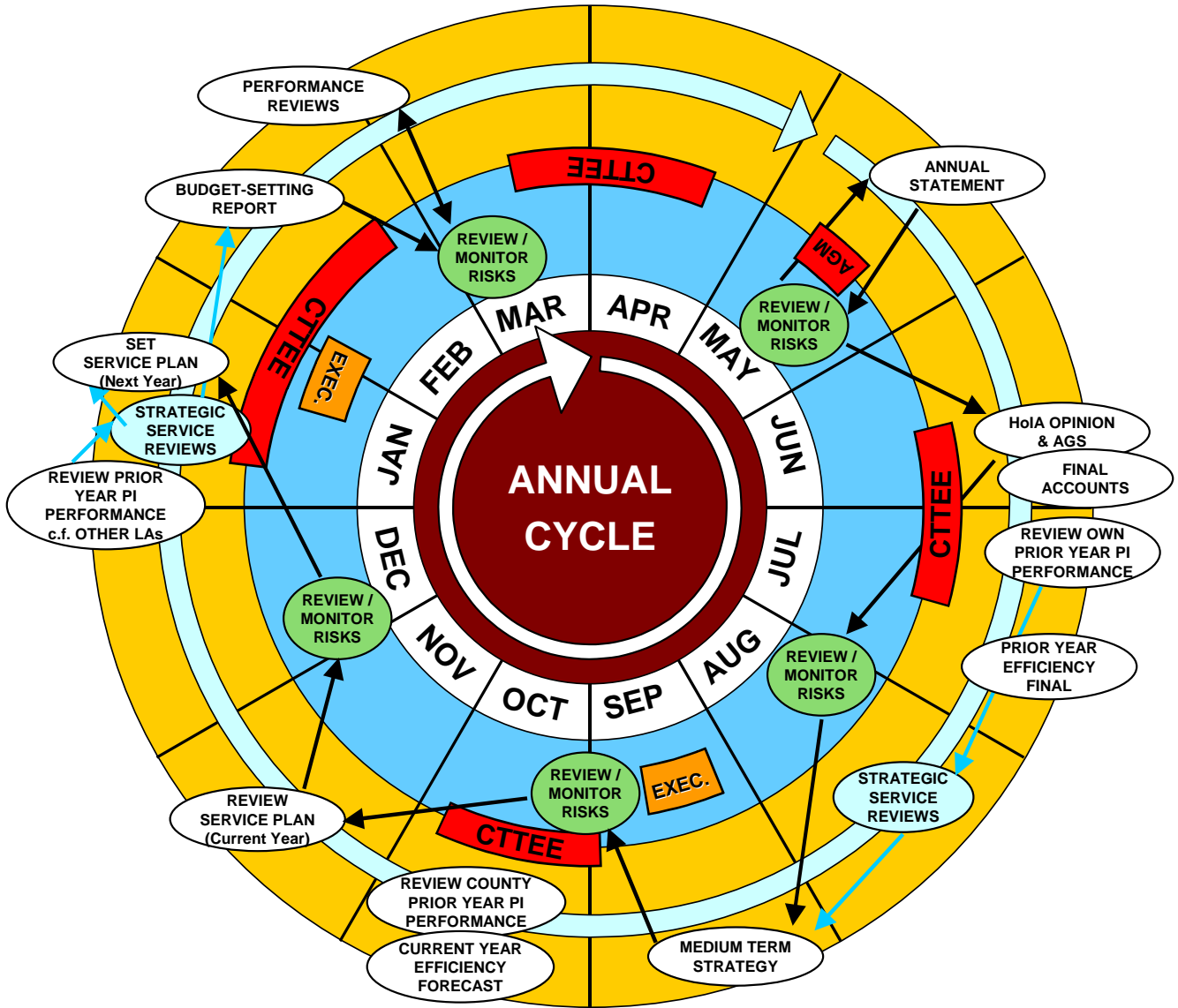
Risk Management must continue to be integrated and play a key role in the decision making process in the future.

Monitoring and Reviewing Process

	Key Stage 1	Key Stage 2	Key Stage 3	Key Stage 4	Key Stage 5
	<i>Looking Forward:</i> HIAO, AGS	<i>Looking Forward:</i> Medium Term Strategy	<i>Looking Forward:</i> Service Plans	<i>Looking Forward:</i> Annual Budget / Performance Reviews	<i>Looking Forward:</i> Annual Statement
	<i>Looking Back:</i> Annual Statement	<i>Looking Back:</i> HIAO, AGS	<i>Looking Back:</i> Medium Term Strategy	<i>Looking Back:</i> Service Plans	<i>Looking Back:</i> Annual Budget / Performance Reviews
Service Managers	Review Risks for Service Area including: - Risk Scores, Actions due & complete, Controls	Review Risks for Service Area including: - Risk Scores, Actions due & complete, Controls	Review Risks for Service Area including: - Risk Scores, Actions due & complete, Controls	Review Risks for Service Area including: - Risk Scores, Actions due & complete, Controls	Review Risks for Service Area including: - Risk Scores, Actions due & complete, Controls
Risk Management Group	Review top risks by directorate Review aged actions by directorate Review top Project and H&S Risks	Review top risks by directorate Review aged actions by directorate Review top Project and H&S Risks	Review top risks by directorate Review aged actions by directorate Review top Project and H&S Risks	Review top risks by directorate Review aged actions by directorate Review top Project and H&S Risks	Review top risks by directorate Review aged actions by directorate Review top Project and H&S Risks
Corporate Management Team	Review top corporate risks and associated service risks. Review aged actions by	Review top corporate risks and associated service risks. Review aged actions by	Review top corporate risks and associated service risks. Review aged actions by	Review top corporate risks and associated service risks. Review aged actions by	Review top corporate risks and associated service risks. Review aged actions by

	corporate risk.	corporate risk.	corporate risk.	corporate risk.	corporate risk.
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	<i>Looking Back:</i> Annual Statement	<i>Looking Back:</i> HIAO, AGS	<i>Looking Back:</i> Medium Term Strategy	<i>Looking Back:</i> Service Plans	<i>Looking Back:</i> Annual Budget / Performance Reviews
CMT and Executive	Review Annual Governance Statement, HIAO. Review of Significant Risks. AGS signed off by CEX.	Review MTS projects. Review top financial risks.	Review of most significant risks mapped against directorate. Review of most significant risks mapped against projects	Review Budget Papers. Review of Significant risks	Review most significant risks mapped against Medium Term Objective.
Members	Civic Affairs receive presentation on risks within Annual Governance Statement. AGS signed off by Leader of the Council.	Risk incorporated in the MTS that is sent to all Members	Key Service Risks highlighted through Service Plans	Key risks incorporated into the Final Budget Papers	Relevant risk details are incorporated into the papers for Council AGM

Corporate Decision-Making Cycle



Ref: MTS Appendix A

Reflects the completion of the Councils corporate risk and assurance framework

Identifies clear points during the year when risks will be reviewed as part of the context for key corporate decisions.

Cambridge City Council – Risk Management Strategy

Glossary of Key Terms

Assurance	An evaluated opinion, based on evidence gained from review.
Exposure	The consequences, as a combination of severity and likelihood, which may be experienced by the organisation if a specific risk is realised.
Gross Score	The exposure arising from a specific risk before any action has been taken to manage it. (Worst-case scenario). The score is calculated by multiplying likelihood by severity without controls
Likelihood	The probability or chance of the risk occurring.
Operational Risk	Potential risks that managers and officers encounter during their business planning and day-to-day service delivery
Profiling Risk	The evaluation of risk with regard to the severity if the risk is realised, and the likelihood of the risk being realised.
Residual Score	The exposure arising from a specific risk after action has been taken to manage it and making the assumption that the action is effective. The score is calculated by multiplying likelihood by severity with controls in place.
Risk	Risk is the uncertainty of outcome, whether a positive opportunity or a negative threat, of action and events. It is the combination of likelihood and severity.
Risk Management	All the processes involved identifying, analysing and profiling risks, assigning ownership, taking actions to mitigate or anticipate theme and monitoring and reviewing progress.
Severity	The probable effect on the Organisation / Service if the risk occurs
Strategic Risk	Potential risks that may prevent the organisation achieving its aims and Medium Term Objectives.