

Risk Management Policy

Document control

Version	Author	Date	Summary of changes
V0.1d	Jonathan Tully	14/03/17	First draft
V0.2d	Jonathan Tully	05/04/17	Update following initial feedback
V0.3d	Jonathan Tully	13/04/17	Change of committee structure and procedural updates
V0.4d	Jonathan Tully	21/06/17	Update following CMT review

1. Introduction by Chief Executive

East Cambridgeshire District Council seeks to ensure that services, delivered either directly or through others, are of a high quality, provide value for money and meet evidenced need. We are a complex organisation that works with a wide variety of other organisations in different and varying ways. As a result we need to ensure that the way we act, plan and deliver is carefully thought through both on an individual and a corporate basis.

We have a clear set of objectives which demonstrate our commitment to ensuring that the District remains one of the best places to live in the country. These are:

- To be financially self-sufficient and provide services driven by and built around the needs of our customers.
- To enable and deliver commercial and economic growth to ensure that East Cambridgeshire continues to be a place where people want to live, work, invest and visit.

The Council has six Priorities¹ which set out the main areas where we will concentrate our work using a four year Corporate Plan, which is supported through service and team plans.

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 Governance.

The Accounts and Audit Regulations 2015 state:

A relevant authority must ensure that it has a sound system of internal control which

(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;

(b) ensures that the financial and operational management of the authority is effective; and

(c) includes effective arrangements for the management of risk.

This Risk Management Policy is fully supported by Members, the Chief Executive and the Corporate 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.

Risk management is about improving our ability to deliver our strategic objectives by managing our threats, enhancing our opportunities and creating an environment that adds value to ongoing operational activities.

I am committed to the effective management of risk at all levels of this Council. This policy, together with the Risk Management Framework, is an important part of ensuring that effective risk management takes place.

John Hill
Chief Executive

¹ <https://www.eastcamb.gov.uk/sites/default/files/Corporate%20plan%20final%20version.pdf>

2. What is risk?

The council's definition of risk is:

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

3. Risk Management Objective

Risk management is the process by which risks are identified, evaluated and controlled. It is a key element of the council's governance framework.

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. In practice this means that the council has taken steps to ensure that risks do not prevent the council achieving its corporate priorities or objectives.

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
- Members 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 Council 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.

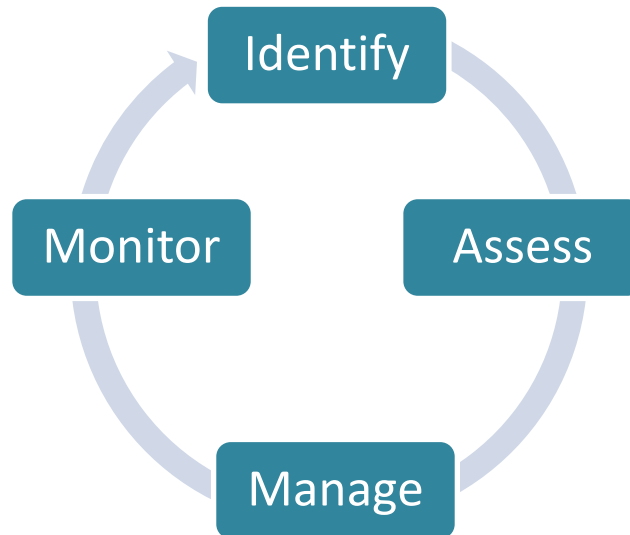
The Council has defined the maximum level of residual risk which it is prepared to accept as a maximum risk score of 15 in line with the scoring matrix attached at **appendix A** (for corporate priority risks).

6. Benefits of Risk Management

- Alerts members and officers to the key risks which might prevent the achievement of the council's plans, in order that timely mitigation can be developed to either prevent the risks occurring or to manage them effectively if they do occur.
- Risk management at the point of decision making should ensure that members and officers are fully aware of any key risk issues associated with proposals being considered.
- 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.
- Provides assurance to members 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.
- Allows the council to take informed decisions about exploiting opportunities and innovation, ensuring that we get the right balance between rewards and risks.

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 Framework, which is regularly reviewed by Corporate Management Team (CMT). The Framework provides managers with detailed guidance on the application of the risk management process.

The Framework can be located on the intranet [[insert link here](#)].

Additionally individual business processes, such as decision making, project management will provide 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 dependent upon the degree of knowledge of the approach and its application by officers and members.

The Council is committed to ensuring that all members, 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. 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.

Appendix A

The table illustrates how risks are scored and the Council's risk appetite:

Further guidance is documented in the Risk Management Framework:

Impact	Very High	5	5	10	15	20	25
	High	4	4	8	12	16	20
	Medium	3	3	6	9	12	15
	Low	2	2	4	6	8	10
	Negligible	1	1	2	3	4	5
			1	2	3	4	5
			Very rare	Unlikely	Possible	Likely	Very Likely
Likelihood							

Colour	Score	Detail
Red	16 and above	This is in excess of the Council's risk appetite. Action is needed to redress, with regular monitoring. In exceptional circumstances residual risk in excess of the risk appetite can be approved if it is agreed that it is impractical or impossible to reduce the risk level below 16. Such risks should be escalated through the management reporting line to Corporate Management Team, Resources and Finance Committee and Council.
Amber	5 to 15	Likely to cause the Council some difficulties – six monthly monitoring
Green	1 to 4	Low risk. Monitor as necessary