Item

RISK MANAGEMENT STRATEGY & FRAMEWORK

To:
Civic Affairs Committee [7th February 2024]

Report by:

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Wards affected:
All

1. Introduction / Executive Summary

1.1 This report introduces the revised Risk Management Strategy & Framework for consideration by the Civic Affairs Committee (a combined document in Appendix A).

1.2 It is best practice that Committee oversees our Risk Management Strategy & Framework; and the integration of risk management into the governance and decision-making processes, to help provide assurance our Annual Governance Statement is an adequate reflection of our risk environment.

1.3 The Committee previously reviewed our Strategy & Framework in September 2021. Internal Audit regularly review the document to professional guidance. It is best practice for the Committee to be aware of significant updates.

2.   Recommendations

2.1   Civic Affairs Committee is asked to note and comment on the revised Risk Management Strategy & Framework (Appendix A), and agree that Officers can continue to make subsequent minor updates and amendments.

3.   Background

3.1   The Council has a toolkit to manage risk which comprises:

Risk Management Strategy	This sets out the aims of an effective Risk Management System at the Council.
Risk Management Framework	This sets outs the tools and techniques which are used.

3.2   The Risk Management Strategy & Framework was previously approved by Civic Affairs in September 2021 with subsequent minor amendments being made, as detailed in the version control summary.

Risk Framework Developments

3.3 We have implemented lots of improvements to our Framework since adopting our previous Strategy. Examples include:

Development	Description
Intranet	We have developed an Intranet Page that contains a suite of risk tools, training, and briefings on topical issues to help managers.
Reporting	We have revised our approach to reporting risk management to our Corporate Management Teams and Leadership Teams. Our revised approach helps coach officers on topical issues and shares knowledge between Strategic and Operational Registers. We regularly benchmark to professional sources of emerging risk. This gap analysis helps provide assurance that our registers contain topical risks.
Performance	We started measuring the level of risk management compliance. A key metric was the volume of risks reviewed in a quarter. Following our engagement, we increased this from 44% to 95% in 2023, providing assurance that risk management is embedded in the organisation.
Professional recognition	We were a finalist in the 2023 ALARM Rising Star category, which recognised the improvements made in the Council. This was a significant achievement as we were competing against much larger Public Sector Organisations.
New system	We migrated over 200 risks onto a new risk management system and configured it to align with our new organizational structure. Our successful project management included training for 70 system users and developing a suite of self-service training videos.

3.4 Following the recent organisational restructure and an upgrade to the risk management system (4Risk) a more detailed review of the Risk Management Strategy & Framework was required to reflect these changes and strengthen risk management activity.

3.5 The following aspects of the Risk Management Strategy & Framework have been updated:

Area Updated	Description
Terminology	All management posts/group names have been updated to reflect the terminology adopted following the Senior Management Review.
Risk Appetite Statement	This has been enhanced, including proposals to adopt risk appetite levels for each risk category.
Risk Escalation	Enhanced guidance is provided on when risks should be escalated from the Project Management system (PM3) to 4Risk or from the Operational to Strategic risk registers.
Risk Categories	We are proposing to introduce multiple category risk scoring.
Inherent Risk Scores	We are proposing to undertake a retrospective exercise to capture the inherent risk score for all risks to improved evaluation over the effective of risk controls
Roles & Responsibilities	these have been updated and enhanced. We plan to establish a Risk Management Group
Partnership & Cross Cutting Risks	We acknowledge the need for intelligent clients to ensure the ownership, monitoring, escalation and assurance of partnership and cross-cutting risks.

3.6 The revised Strategy and Framework aims to support an agile, transformational approach to risk management.

3.7 We also reviewed professional guidance to ensure that any relevant updates since the last review in 2021 were incorporated.

3.8 The Leadership Team have reviewed and commented on the revised version and their comments are reflected in the attached version of the Risk Management Strategy & Framework for your approval.

4. Implications

(a) Financial Implications

None.

(b) Staffing Implications

None.

(c) Equality and Poverty Implications

None.

(d) Net Zero Carbon, Climate Change and Environmental Implications

None.

(e) Procurement Implications

None.

(f) Community Safety Implications

None.

5. Consultation and communication considerations

Not applicable.

6. Background papers

Background papers used in the preparation of this report:

- Risk Management Strategy & Framework – September 2021
- Orange Book - Management of Risk: Principles and Concepts (Revised Feb 2020)
- Risk Appetite Guidance Note (October 2020)
- Association of Local Authority Risk Management (ALARM) toolkit 2021

7. Appendices

- Risk Management Strategy & Framework

8. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Jonathan Tully, Head of Shared Internal Audit Service, tel: 01223 - 458180, email: jonathan.tully@cambridge.gov.uk.