Cambridge City and South Cambridgeshire Local Strategic Partnership
Board Meeting on 21 April 2010

Paper on: A Risk Management Policy for the LSP

1.0 Purpose and Aim

1.1 This document sets out the Risk Management Policy of the Cambridge and South Cambridgeshire Local Strategic Partnership (LSP).

1.2 The key aim of this policy is to embed risk management across and through the work of the partnership, creating an environment in which risk management is commonplace.

2.0 Background

2.1 The document, which builds upon the approach to risk management agreed by Cambridgeshire Together on 15 September 2008, demonstrates how partners will manage risks associated with working in partnership through the LSP. It sets out an approach to identifying, analysing and controlling strategic and operational risks and thereafter carrying out ongoing assessment of management processes to minimise those risk exposures.

2.2 Risk management is defined as: the culture, processes and structure which come together to optimise the management of potential opportunities and threats to an organisation's objectives.

2.3 Risk management categorises risk into two broad types:

- Strategic risks - those risks that affect the ability of the partnership to deliver against its aims and objectives.

- Operational risks - those risks that threaten the delivery of core services.

2.4 Risk management is not limited to the control of adverse risks but is also about informed acceptance of risks. An organisation or partnership that avoids risk is unlikely to be innovative in service delivery and less likely to be regarded as an excellent performer. Risks must be managed but not controlled to an extent that flair and innovation is stifled.

2.5 For the LSP to demonstrate sound governance and management of its strategic objectives it should have processes in place to identify, manage and monitor threats to the realisation of those objectives.

2.6 The benefits of a robust risk management policy are:

a. Reduction, control or transfer of risks that threaten front line service provision;

b. Increased effectiveness and better quality services for the organisation's customers;

c. Ability to detect risks to services and divert budgetary funding as required ensuring service provision is not impaired;

d. Ability to innovate with increased awareness of potential pitfalls;

e. Delivery of best value through risk managed services;

f. Increased ability to manage change;

g. Ability to focus on what needs to be done to meet objectives;

h. Protection of reputation.

2.7 The management of risk is the responsibility of everyone who contributes toward the partnership's objectives and resources. These risks need to be evaluated and controlled in order to minimise uncertainties. The approaches that are available to manage risk include:

a. Transfer
b. Retention
c. Exploitation
d. Reduction
e. Avoidance

2.8 Risk management is included within the Audit Commission's key lines of enquiry for the use of resources element of CAA under the proposed KLOE 2.4: "The Organisation has effective risk management which covers partnership working".

3.0 Risk Management Process

3.1 The risk management process includes:

a. Oversight and scrutiny of risk management processes.

b. Identification of key risks to which the LSP is exposed at partnership and partner organisation level.

c. Identification of management techniques and action plans to mitigate the exposure caused by key risks.

d. Development of contingency plans for the eventuality of the risk materialising.

e. Procedures to monitor and review the key risks and ensure new risks are identified as they arise.

f. Reports on progress made with the management of key risks.

3.2 To enable both key strategic and operational risks to be identified in a consistent manner the following risk contexts will be considered in relation to all goals or services being risk assessed:

a. Professional/Operational: those associated with the particular nature of each sector (for example, concerns over community policing or concerns about the effects of climate change).

b. Financial/Commercial: those associated with financial planning and control and the adequacy of risk financing policy.

c. Health, Safety and Welfare/Human Resources: issues related to breaches of legislation and the welfare of both employees and customers.

d. Information Management: risk exposures associated with managing information including issues of data protection and freedom of information.

e. Technological: risks related to IT/communications systems.

f. Project risks: those related to the management and delivery of projects.

g. Contractual: those associated with the failure of contractors/partners to deliver services or products to the agreed cost and specification. Possibly also applicable to services provided by the LAA to external organisations where relevant.

h. Partnerships: those associated with the failure of partnerships to deliver services.

i. Physical: those related to fire, security and accident protection (for example hazards/risks associated with buildings, vehicles, plant and equipment).

j. Environmental: those relating to pollution, noise and energy efficiency.

k. Business Continuity: those associated with the ability to continue delivering the services to the customer to an acceptable level following the occurrence of an incident (for example the ability to continue educating children following a serious fire at a school).

l. Reputation: those associated with the image of the LAA as an operating concept and the perception that the public has of the services it provides.

m. Political: those associated with failure to deliver either local or central government policy, or to meet the local administration's targets.

n. Legal/Statutory: those associated with failure to meet legal requirements (statutory and other).

3.3   Carried out at LSP Board level the risk management process will normally involve four key stages:

- Identify key risk exposures
- Analyse likelihood and impact level
- Control the risk and contingency plan for risk exposure/occurrence
- Review and report upon progress

3.4   The LSP Board will consider the key risks facing it in relation to its priorities for the year ahead as well as the level of likelihood/impact above which a risk requires direct and urgent management. These risks will be recorded on the Risk Register, scored in terms of likelihood and impact and recorded upon the Risk Matrix.

3.5   A template Risk Register and Risk Matrix can be found at Appendix A and B.

3.6   Risks carried forward from previous exercises will include the reference.

3.7   Quantitative and qualitative measures will be used to assess each key risk. It is recognised that this approach requires some subjectivity.

3.8   In order to assess risk appetite the following issues will be considered:

a. capacity to manage the risk should it occur;
b. potential impacts upon delivery and financial resources;
c. capacity to take action to reduce / remove the risk;
d. the effect that managing one risk may have on another;
e. partnership tolerance levels.

The taking of controlled risks is in the interest of the partnership, as it strives to deliver innovative approaches to delivery and the achievement of core objectives and priorities, providing these risks are within levels of agreed tolerance.

3.9   Once risks are identified and prioritised the LSP Board will allocate each risk to an appropriate risk owner who would be responsible for putting control measures in place.

3.10   The risk owner will monitor progress, update the action plan and report to the LSP Board.

4.0   Implementation of Process

4.1   The management of risk will take place in a systematic and programmed manner beginning at the strategic level and then cascading down through the LSP's agreed structures.

4.2   At the strategic level the following actions will be implemented:

➲ Establishment of an LSP Risk Register to be reviewed on at least a six-monthly basis at LSP Board meetings.

➲ Cambridge City Council and South Cambridgeshire District Council to hold the responsibility for risk accountability.

➲ Inclusion of risk management within LSP action plans.

➲ Training events where required and appropriate.

4.3   Risks will be assessed and scored in terms of likelihood and impact and then plotted on a matrix so that the relationship between risks in terms of their severity is clearly visible. Those risks considered to be high will be designated as critical and assigned to risk owners accordingly.

5.0   Roles and Responsibilities

5.1   In order to achieve effective and embedded risk management the processes need to be integrated with existing management arrangements and provide a planned mechanism for assurance over the management of key strategic risks. There are a number of interdependences between strategic and operational objectives, management processes and governance requirements that form the basis of an auditable corporate assurance statement.

5.2   The table below identifies the key roles and responsibilities for risk management:

Who	Role
Local Strategic Partnership Board	To ensure that risks affecting the partnerships are identified and effectively managed. Receive and comment upon risk management action plans from risk owners. Report to appropriate scrutiny committees.
Risk Owners	To prepare and manage risk action plans in relation to risks for which they are responsible. Report on progress to the LSP Board.
District-level Scrutiny Committee(s)	To scrutinise the risk management arrangements of the LSP, receive reports and comment upon risk management processes and action plans as part of the annual report process.

6.0   Monitoring, Review and Reporting

6.1   The process of risk management is seen as one of constant evolution, it requires a system in place, which allows for the regular identification, analysis, management and review of risk management issues.

6.2   The LSP Board's annual report to the district-level scrutiny committee(s) will include reference to the LSP's identified risks and information on how they are being managed.

6.3   This policy will be reviewed annually as part of the LSPs annual report.