Risk Management Strategy

November 2018

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1. Introduction

The purpose of this document is to outline an overall approach to risk management that addresses the risks, both negative and positive, facing the Council in achieving its objectives and which will facilitate the effective recognition and management of such risks. The approach has been designed to support Members and officers in fulfilling their risk management responsibilities in a consistent manner.

Risk management will be embedded within the daily operations of the Council, from strategy and policy formulation through to business planning, general management and operational processes. It will also be applied where the Council works in partnership with other organisations to ensure that partnership risks are identified and managed appropriately.

Through understanding risks, decision-makers will be better able to evaluate the impact of a particular decision or action on the achievement of the Council's objectives.

Risk management will not focus upon risk avoidance, but on the identification and management of an acceptable level of risk. It is the Council's aim to proactively identify, understand and manage the risks inherent in our services and associated with our plans, policies and strategies, so as to support responsible, informed risk taking and as a consequence, aim to improve value for money. The Council will not support reckless risk taking.

The Council will seek to learn from other organisations where appropriate and to keep up to date with best practice in risk management.

2. Risk Management Objectives

The Council is committed to establishing and maintaining a consistent risk management approach throughout its decision making and operational processes.

The Council's risk management objectives are to:

- Ensure that the risks that could prevent the Council achieving its objectives are identified and appropriately managed.
- Ensure that risk management is clearly and consistently applied and evidenced throughout the Council.
- Raise awareness of the principles and benefits involved in the risk management process, and to obtain staff and Member commitment to the principles of risk management and control
- Inform policy and operational decisions through the identification of risks and their likely impact.
- Ensure compliance with statutory requirements.
- Ensure safety and wellbeing of staff, Members and customers.

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These objectives will be achieved by:

- Defining clear roles, responsibilities and accountability for risk management.
- Maintaining documented risk management procedures and provision of guidance and training to Members and staff.
- Considering risk management implications in reports and decision making processes.
- Maintaining strategic and operational risk registers that identify and rank all significant risks facing the Council, which will assist the Council achieve its objectives through pro-active risk management.

3. Assessment

This will involve consideration of all potential risks facing the Council, with risks broken down into strategic risks, which could impact on the achievement of the Council's objectives, and operational (service) risks which could impact upon service delivery or the achievement of service objectives.

Identified risks will be assessed on the basis of the likelihood of the risk materialising and the impact to the Council should the risk materialise. This will include an assessment of both the inherent risk i.e. the level of risk prior to mitigating actions and controls being applied and the residual risk i.e. the level of risk considering the mitigating actions and controls in place. The Council's specified risk matrix will be used to score each risk.

Where the risk carries more than one risk type e.g. financial and compliance; the primary risk factor will be used to ensure the risk is managed within the Council's risk appetite.

4. Risk Appetite

The Council will define its risk appetite across designated risk types i.e. strategic, delivery, financial and compliance. Appropriate mitigating actions and controls will be put into place to ensure that residual risk scores are within the risk appetite for the primary risk type.

5. Risk Registers

The Strategic Risk Register will be approved by Cabinet annually and reviewed quarterly through the Risk Management Group. Quarterly monitoring reports will be provided to the Audit Committee as resolved by Cabinet

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Operational Risk Registers will be maintained by Heads of Service and will be reviewed at least quarterly. Where an operational risk materialises to a level where it becomes a potential strategic risk this will be escalated to the Risk Management Group for consideration.

All risks will be allocated a 'Risk Owner' who will be responsible for ensuring that the risk is appropriately managed.

6. Governance

There will be clear accountability for risks. This will be achieved through an annual report to Cabinet on risk management, an Annual Governance Statement signed by the Chief Executive and the Leader of the Council, and by making the Council's risks and risk management process open to regular Internal Audit and external inspection (e.g. by the Council's external auditors). The Audit Committee will be responsible for monitoring the Council's risk management arrangements.

An annual review of this Strategy will be undertaken to ensure it remains current and up to date and reflects current best practice in risk management. Recommendations will be made to the Cabinet if it is considered that any improvements or amendments are required.

Members of the Cabinet will be briefed regularly to ensure they are aware of significant risks affecting their portfolios and any improvements in controls which are proposed.

The Risk Management Group will meet regularly to ensure that risk management processes are being applied consistently, to promote risk management throughout all services and to ensure continuous improvement in risk and opportunity management.

The Internal Audit section will focus audit work on significant risks, as identified by management, and will audit the risk management process across the whole Council to provide assurance on its effectiveness.