

**1. Introduction**

The purpose of this document is to outline an overall approach to risk management that addresses the risks facing the Council in achieving its objectives, and which will facilitate the effective recognition and management of such risks.

Risk management will be embedded within the daily operations of the Council, from strategy and policy formulation through to business planning and general management 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.

Risk management is increasingly recognised as being concerned with both the positive and negative aspects of risk; that is to say opportunities as well as threats.

This strategy therefore applies to risk from both perspectives.

**2. Objectives of the Strategy**

- To maintain a risk register that identifies and ranks all significant risks facing the Council, which will assist the Council achieve its objectives through pro-active risk management,
- To rank all risks in terms of likelihood of occurrence and potential impact upon the Council,
- To allocate clear roles, responsibilities and accountability for risk management,
- To facilitate compliance with best practice in corporate governance, which will support the Annual Governance Statement which will be issued with the annual statement of accounts,
- To 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.

**3. Assessment and Review**

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, corporate risks which could impact across more than one service, and service risks which could impact upon the ability of service units to deliver their services or to achieve their service objectives.

All risks will be clearly defined together with the controls that currently exist to manage them. Consideration of the adequacy of the present control system will avoid duplication of resources as several of the identified risks may already prove to be effectively controlled.

It is important that the internal systems and procedures in place are adequate to manage the identified risk. Where control weaknesses are identified, these should be noted so that action can be taken to remedy such weaknesses.

The risk register will be reviewed and updated at least on a quarterly basis.

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.

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

#### **4. Risk Ranking**

All risks will be rated for the likelihood that they may occur and their potential impact. This will allow for risks to be ranked and prioritised, as not all risks represent equal significance to the Council.

#### **5. Action Plan**

Once risks have been identified and ranked, the next step is to control and manage them. This will involve the consideration of cost-effective action, which will be judged against risk rankings. The proposed action to be taken will then be mapped against the specified risk together with an implementation date, and a named person will be designated as responsible for 'owning' the risk.

#### **6. Risk Appetite**

The Council will use risk management to add value. It will aim to achieve a balance between under-managing risks (i.e. being unaware of risks and therefore having little or no control over them), and over-managing them (i.e. an obsessive level of management and control which could stifle innovation and creativity).

Appropriately managed and controlled risk-taking and innovation will be encouraged where it is in furtherance of the Council's objectives.

#### **7. Managing Risk & Opportunity Handbook**

The Council has established and will regularly update the Managing Risk & Opportunity handbook which sets out its detailed approach to risk management, and the processes and procedures to be followed.

#### **8. Benefits of Risk Management**

- Awareness of significant risks with priority ranking assisting in the efficient control of the risks,
- Recognition of responsibility and accountability for risks and associated existing controls and any actions required to improve controls,

- An aid to strategic and business planning,
- Identification of new opportunities,
- Action plan for the effective management of significant risks,
- An aid in effective partnership working.

## **9. Accountability**

There will be clear accountability for risks. This will be achieved through an annual public statement 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 Audit Commission as the Council's external auditors).

The Accounts, Audit and Risk Committee will be responsible for monitoring the Council's risk management arrangements, for undertaking an annual review of this Strategy to ensure it remains current and up to date and reflects current best practice in risk management, and for making recommendations to the Executive if it is considered that any improvements or amendments are required.

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

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

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