

Appendix 1

# OLDHAM METROPOLITAN BOROUGH COUNCIL

## **Risk Management Strategy**

November 2019

<b>Section</b>		<b>Page No's</b>
	<b>RISK MANAGEMENT STRATEGY</b>	
<b>1</b>	<b>Introduction</b>	<b>3</b>
<b>2</b>	<b>Risk Management Objectives</b>	<b>3</b>
<b>3</b>	<b>Risk Assessments</b>	<b>4</b>
<b>4</b>	<b>Risk Appetite</b>	<b>4</b>
<b>5</b>	<b>Risk Register</b>	<b>4</b>
<b>6</b>	<b>Governance</b>	<b>5</b>

# **1 Introduction**

- 1.1 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 risks. The approach has been designed to support Members and officers in fulfilling their risk management responsibilities in a consistent manner.
- 1.2 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.
- 1.3 Through understanding risks, decision-makers will be better able to evaluate the impact of a decision or action on the achievement of the Councils objectives.
- 1.4 Risk management will not focus upon risk avoidance, but on the identification and management of an acceptable level of risk. It is the Councils aim to proactively identify, understand and manage the risks inherent in our services and associated with our plans, policies and strategies, to support responsible, informed risk taking and as a consequence, aim to improve value for money. The Council will not support reckless risk taking.
- 1.5 The Council will seek to learn from other organisations where appropriate and to keep up to date with the best practice in risk management.

# **2 Risk Management Objectives**

- 2.1 Oldham Council is committed to establishing and maintaining a consistent risk management approach throughout its decision making and operational processes.
- 2.2 The Councils risk management objectives are to;
  - Ensure that risks that could prevent the Council achieving its objectives are identified and appropriately managed
  - Ensure that risk management is clearly and consistently applied throughout the Council
  - Raise awareness of the principles and benefits involved in the risk management process
  - 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

2.3 These objectives will be achieved by;

- Maintaining documented risk management procedures
- Considering risk management implications in reports and decision-making processes.
- Maintaining strategic and project-based 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 Risk Assessment**

- 3.1 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 Councils objectives, and operational risks which could impact upon service delivery or the achievement of service objectives.
- 3.2 Identified risks will be assessed based on 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.
- 3.3 Where the risk carried 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 Councils risk appetite.

### **4 Risk Appetite**

- 4.1 The Council will define its risk appetite across designated risk types i.e. economic, reputational, financial, legal, operational, and regulatory. Appropriate mitigating actions and controls will be put in place to ensure that residual risk scores are within the risk appetite for the primary risk type.

### **5 Risk Registers**

- 5.1 The Strategic Risk Register will be approved by the Audit Committee half yearly. Monitoring reports will be provided to the Audit Committee, where required.
- 5.2 Operational Risk Registers will be maintained in individual services and be reviewed as part of the Business Planning Process. Where an operational risk materialises to a level where it becomes a potential strategic risk this will be escalated to the Head of Corporate Governance for consideration.
- 5.3 Risks will be allocated a "Risk Owner" who will be responsible for ensuring that the risk is appropriately managed.

## **6 Governance**

6.1 There will be clear accountability for all risks. This will be achieved by:

- The production of an Annual Governance Statement signed by the Chief Executive and Leader of the Council at the end of each financial year.
- Making the Council's risks and risk management process open to regular Internal Audit and external inspections (e.g. by the Council's external auditors).

The Audit Committee will be responsible for monitoring the Council's risk management arrangements.

6.2 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 Cabinet if it is considered that any improvements or amendments are required.

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

6.4 Service Directors will update their operational risk registers as part of the Business Planning Process. To ensure that risks are identified then these will be reviewed by the Head of Corporate Governance.

6.5 The Internal Audit section will audit the process, to ensure effectiveness across the whole Council.