

To: **Audit & Governance Committee 23rd March**
City Executive Board 31st March 2010

Item No:

Report of: Head of Finance

Title of Report: Risk Management Strategy and Operating Framework

Summary and Recommendations

Purpose of report: To obtain approval of the new Risk Management Strategy and to note the adoption of the new Risk Management Operating Framework

Key decision: No

Executive lead member: Cllr Bob Price

Report approved by:

Finance: Sarah Fogden

Legal: Jeremy Thomas

Policy Framework:

Recommendation(s):

The **Audit and Governance Committee** is asked to:

- a) **comment** to City Executive Board on the Risk Management Strategy
- b) **note** the adoption of the new Risk Management Operating Framework.

The **City Executive Board** is asked to:

- a) **agree and approve** the new Risk Management Strategy
- b) **note** the adoption of the new Risk Management Operating Framework.

Summary

1. This report outlines the changes made to the Risk Management Strategy and the background to these changes.
2. The Risk Management Strategy is submitted to the Audit and Governance Committee (A&GC) for **comment** to the City Executive Board. The City Executive Board (CEB) is asked to **agree** and **approve** the new Risk Management Strategy.
3. The A&GC and the CEB are asked to **note** the adoption of the Risk Management Operating Framework.

4. Background

Oxford City Council has had in place a robust Risk Management Strategy. It is a requirement of the current Strategy that the Council reviews the Strategy on an at least annual basis.

The Risk Management Strategy has been reviewed and updated to reflect changes in regulatory requirements, industry best practice, and importantly from lessons learnt and best practice from within Oxford City Council.

The result is the creation of two documents:

a) The Risk Management Strategy

This defines the approach that Oxford City Council takes towards the Management of Risk across the organisation, including across organisational boundaries.

The City Executive Board is accountable for approving this document on an annual basis after the Audit & Governance committee have been consulted.

b) The Risk Management Operating Framework

The purpose of the Risk Management Operating Framework is to outline how Oxford City Council will deliver the Risk Management Strategy.

The Corporate Management Team is accountable for approving this document on an annual basis. The City Executive Board and Audit & Governance committee are asked to note the adoption of the Operating Framework by the Corporate Management Team on an annual basis.

5. Changes to the Risk Management Strategy

Key changes to the Strategy:

- 5.1 Update to regulatory requirements (section 6)

- 5.2 Clarification of approach to managing risks including the Risk Management Cycle (section 9.1)
- 5.3 Update to Risk Matrix. The Risk Matrix has been fully reviewed and has been amended to three categories, Red, Amber and Green removing the fourth Yellow Category. The boundaries of each category has also been reviewed and amended (section 9.4)
- 5.4 Improved management and clarity to the flow of risks between risk registers (section 10)
- 5.5 Enhanced process for ensuring consistency and challenge across all risk registers. Including establishment of a Risk Group to support this. Formalisation of the role of risk within the Directorate meetings and within Directors 1:1 meetings with Service Heads. (section 11)
- 5.6 Formalisation of the approach to benchmark Oxford City Council against best practice (section 11.1)
- 5.7 Formalisation and update to the reporting of risk registers to Boards
- 5.8 Changes to the approval of the Strategy. Accountability for approval rests with the CEB, where previously it rested with the A&GC. A&GC role is to comment on the Strategy for the CEB.
- 5.9 Update to the approach of managing risks with Partnerships. With the creation of a new Partnership Risk Log. The log will contain all risks relevant to Oxford City Council from Risk Logs of Significant Partnerships. The Partnership Risk Log feeds information into the Service Risk Registers or Corporate Risk Register. (section 12)
- 5.10 Consistency of approach is given to the management of risks in significant contracts and procurements as well as within programmes and projects. (section 13 and 14).

6. Key elements in the Risk Management Operating Framework:

The Operating Framework aligns with the new Risk Management Strategy and with all the key changes noted above. The additional key elements of the Operating Framework include:

- 6.1 Change to the format of Risk Registers. Bringing consistency to all Risk Registers used across the Council (including Corporate Risk Register, Service Risk Registers, Programme Risk registers). (Section 4.6)
- 6.2 Adoption of a unique referencing system to be able to track and monitor the flow and escalation of risks in the Council. (section 4.6.1)
- 6.3 Improvement to the management of action plans with a more robust format for capturing and monitoring actions (section 4.7)

- 6.4 Clarity is given to how risks may flow through the organisation from one risk register to another and the points at which escalation must be considered (section 4.9)
- 6.5 Improved and clarified reporting requirements for Risk Management (section 5 and 5.1)
- 6.6 Enhanced process for ensuring consistency and challenge across all risk registers (section 5.2)

7. Level of risk

The changes reflect the increasingly robust approach that Oxford City Council takes towards the management of risk within the organisation. It builds on the body of work that Oxford City Council has been undertaking to improve and embed risk management across the organisation and across organisational boundaries.

8. Climate change / environmental impact

No impact.

9. Equalities impact

No impact.

10. Financial Implications

No impact.

11. Legal Implications.

No impact.

12. Recommendation:

The **Audit and Governance Committee** is asked to:

- a) **comment** to City Executive Board on the Risk Management Strategy
- b) **note** the adoption of the new Risk Management Operating Framework.

The **City Executive Board** is asked to:

- a) **agree and approve** the new Risk Management Strategy
- b) **note** the adoption of the new Risk Management Framework.

Name and contact details of author:

Jo Hargreaves, Risk Manager, e: Jhargreaves@oxford.gov.uk, t: 01865 252265, m: 07971 197643

List of background papers:

Draft Risk Management Operating Framework March 10 V8
Draft Risk Strategy V07

Version number: 0.5