

<b>Subject:</b>	<b>Risk Management Strategy 2012</b>		
<b>Date of Meeting:</b>	<b>9 February 2012 21 February 2012 (Audit Committee)</b>		
<b>Report of:</b>	<b>Director of Finance</b>		
<b>Lead Cabinet Member:</b>	<b>Leader</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Jackie Algar</b>	<b>Tel: 29-1273</b>
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<b>Key Decision:</b>	<b>No</b>	<b>Forward Plan No:</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE****1. SUMMARY AND POLICY CONTEXT:**

- 1.1 This report sets out a new Risk Management Strategy for 2012, which is intended to provide for the next three years, to replace the current Risk & Opportunity Management Strategy 2008 – 2011.
- 1.2 Approval for the Risk Management Strategy is the responsibility of Cabinet, ongoing monitoring of the effectiveness of actions to deliver the Strategy is the role of the Audit Committee.

**2. RECOMMENDATIONS:**

- 2.1 That Cabinet approve the Risk Management Strategy 2012.
- 2.2 That Cabinet delegate authority to the Director of Finance to alter the Risk & Management methodology as necessary so that the Risk Management Strategy is kept up to date with changing requirements and best practice.

**3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**

- 3.1 Risk Management forms a key component of the council's overall governance arrangements. Brighton & Hove City Council ("the council") has practiced Risk Management since its formation as a unitary council in 1997. The more recent approach was set out in the Risk & Opportunity Management Strategy 2008 - 2011.
- 3.2 This full review of the council's approach needs to take into account the significant changes which impact on the council and its operating environment, including:
  - Government change and policy direction;
  - Significant organisational change – both within the council and other organisations;

- Enhanced need to explore potential for alternative means of public service delivery;
  - Recognition of increased need to prioritise, use and channel available resources appropriately to provide outcomes for the local community.
- 3.3 The Strategy will work towards achievement of the international standard for risk management, ISO 31000, which defines risk as the “*effect of uncertainty on objectives*”, and further expands that “an *effect* is a positive or negative deviation from what is expected.”
- 3.4 Some aspects of the council’s approach have not altered, such as:
- the methodology employed, which is widely used and understood;
  - integration of risk management into existing processes and frameworks;
  - continuing to use risk management to support the approach to managing both negative risks (such as threats or issues which could prevent achievement of objectives) and positive opportunities (such as those connected with innovation and working with others creatively to achieve objectives).
- 3.5 The main changes are to update the roles and responsibilities for risk management to reflect the council’s structure and implementation of commissioning. This is contained in Element 1 of the Strategy.

#### **4. COMMUNITY ENGAGEMENT AND CONSULTATION**

- 4.1 The work to establish Risk Management as a key element of the council’s Performance & Risk Management Framework has involved cross-discipline work and through work on the City wide Risk Register has involved consultation with external partners. Risk Management is a key part of Commissioning and Partnership Commissioning Strategies and will be available to all parties who work with the City Council.

#### **5. FINANCIAL & OTHER IMPLICATIONS:**

##### Financial Implications:

- 5.1 The Risk Management Strategy will assist the authority to comply with Corporate Governance Standards and will contribute to authority’s control and risk management assessment for the Annual Governance Statement within the Financial Statements.

The Risk Management Strategy will support the city wide Performance & Risk Management Framework.

*Finance Officer Consulted: Anne Silley*

*Date: 11/01/2012*

#### Legal Implications:

- 5.2 There are no legal implications arising directly from this report. However effective risk management systems will enable better identification of legal risks, promote their effective management and therefore minimise the council's exposure to potential liability.

*Lawyer Consulted:*

*Oliver Dixon*

*Date: 15/11/2011*

#### Equalities Implications:

- 5.3 The council's operating model puts customers at the heart of our activities. The Risk Management methodology includes consideration of and a process to manage equalities implications.

#### Sustainability Implications:

- 5.4 Sustainability means protecting and enhancing the environment, meeting social needs and promoting economic success and risk management will be applied to each of these.

#### Crime & Disorder Implications:

- 5.5 There are no direct Crime & Disorder implications.

#### Risk and Opportunity Management Implications:

- 5.6 The Risk Management Strategy is focussed on improving the quality and consistency of risk & opportunity management of the council's activities

#### Public Health Implications:

- 5.7 The Risk Management methodology accords with that used by the NHS and is used to inform public health decision making and projects.

#### Corporate / Citywide Implications:

- 5.8 There are no direct citywide implications.

### **6. EVALUATION OF ANY ALTERNATIVE OPTION(S):**

- 6.1 The city council could decide to simply refresh and extend the existing Risk and Opportunity Management Strategy (2008-2011) approach but this would not reflect the structure of the council and the challenges of the current time.
- 6.2 The city council could decide not to have any approved Risk Management Strategy but this would not accord with best practice for corporate governance.

## **7. REASONS FOR REPORT RECOMMENDATIONS**

- 7.1 The Risk Management Strategy sets out the council's approach to managing risk and uncertainty so that it is understood and applied to contribute to more successful outcomes and delivery of council objectives.
- 7.2 As the Risk Management Toolkit will be continually updated as a result of developments, needs and user feedback, delegated authority is sought for the Director of Finance to alter it as necessary.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. None.

### **Documents in Members' Rooms**

1. Risk Management Strategy 2012.

### **Background Documents**

1. International Standard 35000 Risk Management.