

Subject:	Risk & Opportunity Management Strategy & Programme 2008-2011
Date of Meeting:	10 July 2008
Report of:	Director of Strategy & Governance
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Key Decision:	Yes Forward Plan Reference: CAB 2171
Wards Affected:	All

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

- 1.1 The council has had an approved Risk Management Strategy since 1998, it is reviewed annually and periodically redesigned to ensure it meets our current needs & reflects changes to our operating environment. The last 3 year strategy was approved 13 July 2005 by Policy & Resources Committee to cover the period 2005-2008. There are a number of reasons for significantly improving the council's already successful risk management approach and convert it into a Risk & Opportunity Management (ROM) strategy for the period 2008 – 2011.

2. RECOMMENDATIONS:

- (1) That the Cabinet approve the ROM Strategy (Appendix 1) & ROM Programme (Appendix 1.A)
- (2) That the Cabinet delegate authority to the Risk & Opportunity Manager and officer ROM Champion to alter the ROM Toolkit as necessary.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 It is timely to review the council's risk management strategy and develop it further into a Risk & Opportunity Management (ROM) Strategy as:
- the profile of risk management in all its dimensions has grown and it has been seen to support the organization to manage change and new ventures, often to take up opportunities of doing things differently whilst minimizing negative aspects

- the maturity of risk management practised at the council enables development of approaches to consider both the negative effects of “down side” risks and positive “upside” risks and to evolve to ROM
- Value for Money (VFM) involves ensuring that resources are best directed and innovation or alternative methods of service delivery are explored. ROM links to the achievement of VFM and the specific council objective to “make better use of public money”
- the new constitution at the council needs to be reflected and alterations made to the risk management reporting lines and risk management responsibilities
- there is increased emphasis on the opportunity side of risk management and a recommendation from the Audit Commission to improve the council’s approach¹
- the Audit Commission themselves will increasingly consider risk and opportunity management in a similar way, e.g. as a method to determine the inspection focus for Comprehensive Area Assessment from 2009.

3.2 In 2008 there will be a new British Standard for Risk Management, BS31100, which has been designed to provide “a basis for understanding, developing, implementing and maintaining proportionate effective risk management within the organization in order to enhance an organisation’s likelihood of successfully achieving its objectives”. Best practice advice from the draft British Standard has been incorporated as appropriate into the council’s ROM approach set out in this ROM Strategy & Programme and will be integrated further once the British Standard is published.

3.3 H.M. Government has established a new Risk and Regulatory Advisory Council (RRAC) which will work to understand and promote proportionate responses to public risk, and will look at a variety of topics, e.g. systemic risk aversion and aspects of corporate governance. This council will closely monitor developments and use findings and best practice to influence our risk & opportunity management approach.

4. CONSULTATION

4.1 The ROM Strategy, including the ROM Programme (Appendix 1A) and ROM methodology have been the subject to direct consultation with all Directors, by e-mail comments have been sought from the Officers’ Governance Board, the Risk Management Steering Group and other key officers.

¹ Recommendation in The Audit Commission’s 2006-2007 Annual Audit & Inspection Letter

- 4.2 The council has developed and will continually improve a ROM toolkit including the Risk Matrix and methodology. It was the result of joint work between the Risk Manager of Southdowns NHS Trust and the council's Risk & Opportunity Manager, the Head of Health & Safety and the Business Continuity Manager to produce a shared risk matrix to better enable cross-organisation management of risks & opportunities.
- 4.3 External to the council, risk professionals in other local authorities have been e-mailed and have discussed the ROM Strategy.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 The potential funding or resources required to deliver the ROM programme initiatives for which funding has been identified are detailed in the ROM Programme (Appendix 1.A). Risk & Opportunity Management includes the identification of financial implications in risk assessment, promotes effective management of financial risks and contributes to Value For Money. This Strategy will assist the council to comply with Corporate Governance Standards and will feed into the Statement of Internal Control/ Annual Assurance Statement published in the annual accounts
.Finance Officer consulted: Anne Silley 16 May 08

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. Legal Officer consulted: Oliver Dixon 15 May 08

Equalities Implications:

- 5.3 There are no direct implications. The ROM package will address and promote the risk management aspects of equalities. Equalities is one of the ROM categories to be considered when undertaking an assessment.

Sustainability Implications:

- 5.4 There are no direct implications. The ROM package will address and promote the risk management aspects of sustainability and will be measured by the Audit Commission's Use of Resources assessment.

Crime & Disorder Implications:

- 5.5 There are no direct implications. The risk management process enables better identification of crime and disorder implications and promotes their effective management.

Risk & Opportunity Management Implications:

- 5.6 This Strategy is focussed on improving the quality and consistency of risk & opportunity management of the council's activities. The Risk & Opportunity Manager has completed a risk assessment of the risks & opportunities presented by the ROM Strategy.

Corporate/Citywide Implications

- 5.7 There are no direct implications, however effective risk management systems will enable better identification of corporate/citywide implications and promote their effective management.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 The council could decide to remain with a renewed version of the existing Risk Management Strategy (which focuses on negative risks) instead of approving a Risk & Opportunity Management Strategy. This would not address the Audit Commission's recommendation (ref. R5) in the Use of Resources Audit Judgements 2007 that "The council should review its risk management arrangements to overtly consider how it deals with positive risks as well as negative ones".
- 6.2 The council could decide not to have any approved Risk & Opportunity Management Strategy or Risk Management Strategy but this would not satisfy the Audit Commission in the Use of Resources assessment.

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 The ROM Strategy contains a package of ROM elements, the strategy itself (Appendix 1) and a yearly delivery plan of actions (Appendix 1.A) to enable & demonstrate to decision makers how effectively ROM is embedded in council activities and across its partnership working.
- 7.2 As the ROM Toolkit will be continually updated as a result of developments, needs and user feedback, delegated authority is sought for the Risk & Opportunity Manager to alter it as necessary and refer to the Risk Officer Champion.

SUPPORTING DOCUMENTATION

Appendices:

1. A) ROM Strategy outlining the council's overall strategic approach and operational arrangements.

1.A) A ROM Programme which details the key strategic actions to be taken in 2008 – 2009 to deliver effective ROM.

Documents in Members' Rooms

1. None.

Background Documents

1. Audit Commission documents - Annual Audit Letter 2006/2007 & Use of Resources criteria and judgement.
2. Use of Resources criteria 2007/8, 2008/9 – Audit Commission.
3. Draft British Standard BS31100.

