

Brighton & Hove City Council's Risk & Opportunity Management (ROM) Strategy 2008 – 2011

Overview

- 1.1 Risk & Opportunity Management is about maximizing opportunities for improvement and innovation, whilst identifying and managing any significant business risks which threaten successful achievement of objectives.
- 1.2 The council's priorities and those agreed with our partners as part of delivery of the Local Area Agreement will primarily determine consideration of risks and opportunities.
- 1.3 In some cases, there may be risks & opportunities which arise from other determinants, e.g. legislative duty or best practice, and these will be considered as appropriate by the ROM Strategy approach.
- 1.4 Managing risks & opportunities effectively can lead to:
 - **POSITIVE** outcomes, e.g. achievement and the take up of opportunities ("upside risks") which contribute further to achievement of our objectives
 - OR**
 - **NEGATIVE** impacts ("downside risks") being minimized so that our stated goals or planned actions are achieved
- 1.5 Brighton & Hove City Council's definition of risk management is:
"the culture, processes & structure which come together to optimise the management of potential opportunities and adverse effects."¹
- 1.6 ROM supports the well-being of the organization². It:
 - is at the core of decision-making and business planning processes
 - can be used to forewarn us of barriers to the achievement of our strategic objectives whilst enabling effective consideration of the likelihood of success of opportunities that we identify
 - protects and secures our assets and physical resources

How We Do Risk & Opportunity Management

- 2.1 Our approach to risk will enable our organization, and workforce to have good systems in place to support positive approaches to managing risk, rather than defensive ones, and to enhance opportunities.

"The corporate approach that an organization takes overwhelmingly influences the practices of its workforce"³

¹ this is done by "the assessment of the probability of an event and its consequences" (definition according to industry Risk Management Standard ISO/IEC Guide 73).

² Risk & Opportunity Management is a dimension of corporate governance at the council, i.e. way in which the local authority directs and controls its functions and relates to its communities

³ Independence, choice and risk: a guide to best practice in supported decision making – Dept of Health, May 2007

- 2.2 ROM will interlink with existing business systems such as business planning, performance management, VFM processes and project management so that risk & opportunities are considered and consistently reported to the management level and inform decisions and actions.
- 2.3 A toolkit and training will be provided to assist those with responsibility for ROM so that:
- the “risk appetite” of the council is consistently understood (i.e. the level of risk that is acceptable) and escalation of risks to the management level above is carried out in an ordered way
 - risk registers are completed on significant risks to enable an overall risk picture of the council’s risk exposure
 - decision makers can be assured that the council’s strategic objectives and business stand a good chance of being successful
 - managers are equipped to identify, record, escalate, monitor and self-audit risks.
- 2.4 An annual ROM Programme will detail the key strategic actions, improvements and developments to the council’s ROM approach to ensure effective delivery of this strategy & progress monitoring (*attached at Appendix 1.A*).
- 3. Who does this ROM Strategy apply to and how will it be applied?**
- 3.1 All connected with the delivery of services for Brighton & Hove City Council should and are already making key decisions about risk and opportunity as an integral part of what they do on a regular basis.
- 3.2 However, there are some specified roles & responsibilities for particular groups which are set out in Table 1 below.

Table 1 Roles & Responsibilities for Risk & Opportunity Management

Who	Roles & Responsibilities	How
Budget holders and/or lead officers involved in delivery of projects/ change	<ul style="list-style-type: none"> • identify, assess and report risks & opportunities which affect their service areas • practice risk & opportunity management in their day to day activities • identify the need for escalation of negative risks or missed opportunities through their line manager (risks scored red & amber should be reported upwards) 	<ol style="list-style-type: none"> 1. As part of business planning risks will be reviewed on a six monthly basis and a risk register produced 2. Exception reports will be made throughout the year as part of PDPS meetings with line managers 3. Where managers and staff are undertaking significant changes or new projects, a ROM approach should be evidenced
Contractors, Partners’ Employees	<ul style="list-style-type: none"> • comply with their own organisation’s Risk & Opportunity Management arrangements • to be aware of the council’s Risk 	<ol style="list-style-type: none"> 1. Contractors and Partners will be provided with a summary booklet outlining their roles and responsibilities

Who	Roles & Responsibilities	How
	<p>& Opportunity Management Ethos and how it is practised</p> <ul style="list-style-type: none"> • alert their council contact of any risks or opportunities that they have identified which affect council activities 	<ol style="list-style-type: none"> 2. Council managers should discuss risks and opportunities regularly with their contacts and inform their line manager who may request a risk register be produced 3. A risk register will be submitted as part of the business planning procedures and timetable
<p>Assistant Directors and Heads of Service</p>	<ul style="list-style-type: none"> • oversee the effective implementation of risk & opportunity management within their service area within the agreed principles and framework, but adapt their risk controls to suit their individual business needs • consider recorded “amber” and “red” risks and require an effective risk register to be produced and maintained • reflect significant changes to business objectives and resultant risks & opportunities and plan to address them as necessary in divisional and Directorate Plans • each Assistant Director or Head of Service to bring any escalated negative risks or missed opportunities to DMT’s attention for rating in the departmental Risk Register 	<ol style="list-style-type: none"> 1. Discuss ROM with those reporting to them to verify the risks & opportunities described and the risk scores allocated to them 2. Ensure that business plans include a risk register across the range of functions and services that are delivered 3. Require staff and managers to identify and record risks as part of the PDPS meetings 4. For new projects or innovations, apply the ROM methods and/or seek the involvement of the Risk & Opportunity Manager
<p>Each Director</p>	<ul style="list-style-type: none"> • ultimately responsible for the management of all directorate risks & opportunities and maintenance of a sound system of internal control • ensure that risks & opportunities are fully considered in all strategic decision making processes • provide leadership to promote the right culture in their Directorate and with partners to encourage well thought through 	<ol style="list-style-type: none"> 1. Focus on risk & opportunity management during their 121s with officers in their directorate and require any remedial action to be taken 2. Ensure that all risks on their Directorate Plan are reviewed on a regular basis with their Departmental Management Team (suggested that this done at the same time as quarterly performance reports)

Who	Roles & Responsibilities	How
	<p>risk & opportunity management</p>	<p>3. Escalate and report on any significant risks to TMT and Partnership Boards for inclusion in the Corporate Risk Register or the Partnership Risk Register</p>
<p>The Management Team (TMT)</p>	<ul style="list-style-type: none"> • manage the strategic risks faced by the council and are responsible for reviewing the corporate risk register • provide the leadership and support to promote a culture in which risks & opportunities are managed with confidence at the lowest appropriate level 	<ol style="list-style-type: none"> 1. Annually refresh the Corporate Risk Register, allocate leads at TMT (“the risk owners”) and review it on a six monthly basis 2. An integrated report on Performance & ROM to be reviewed on a quarterly basis 3. TMT Risk Owners to review, or delegate responsibility for, the Corporate Risk Management Action Plans to for the purposes of reporting to the Audit Committee 4. Ensure that any significant approved new project or changes have appropriate risk & opportunity management
<p>Cabinet Members</p>	<ul style="list-style-type: none"> • approve the Risk & Opportunity Management Strategy • require the risk & opportunity implication paragraphs in reports submitted for decision making to be completed & satisfy themselves on the information contained • make use of the comprehensive information on the council’s intranet and access training to assist in fulfillment of their responsibilities 	<ol style="list-style-type: none"> 1. Receive an annual update report on Risk & Opportunity Management 2. Receive opinion from the Audit Committee on the effectiveness of the council’s risk & opportunity management arrangements 3. Engage in training sessions and e-learning packages that the council provides to increase their understanding of the methods and practice of Risk & Opportunity Management

<p>The Audit Committee</p>	<ul style="list-style-type: none"> • responsible for delivering the requirements of the Accounts and Audit Regulations 2003 which state that “the council is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of its functions, and which includes arrangements for the management of risk”. • ensures independent assurance of the adequacy of the Risk & Opportunity Management framework and the associated control environment • oversees the risk & opportunity management arrangements in the Council 	<ol style="list-style-type: none"> 1. Annually receive the corporate risk register and Risk & Opportunity Management programme 2. Receive reports at least quarterly on risk & opportunity management arrangements and will where it considers appropriate, it will make recommendations to Cabinet 3. Annually provides assurance to Cabinet and other Members that the council has an effective system of Risk & Opportunity Management 4. Engage in training sessions and e-learning packages to equip them to increase their understanding of the methods and practice of Risk & Opportunity Management
<p>Risk Champions</p>	<ul style="list-style-type: none"> • there will be a nominated Member and a nominated officer at Director level who act as Risk & Opportunity Champions and be responsible for promoting the council’s Risk & Opportunity Management Strategy 	<ol style="list-style-type: none"> 1. Member Champion to sponsor & represent ROM at Cabinet 2. Officer Champion to sponsor & represent ROM at TMT

3.3 In addition there are a number of specific risk management related disciplines who have an expert role to provide assistance to others and are key contributors to the ROM programme e.g. audit & assurance, health & safety, business continuity, emergency planning and insurance. One representative of each of these disciplines attends a quarterly officer Risk Management Steering Group (RMSG) meeting to share issues and data and plan co-ordinated action. The group is jointly chaired by the Risk & Opportunity Manager and the Head of Audit & Assurance. The RMSG reports upwards to the Officers Governance Group and/or the Corporate Health & Safety Committee.

4. Requirements to demonstrate effective Risk & Opportunity Management

- 4.1 Risk Management is annually assessed by the Audit Commission as part of the council's Use of Resources inspection. The Audit Commission have identified a number of Key Lines of Enquiry (KLOEs) to establish the status of the council's Risk Management. The Risk Management score will be assessed as part of the Internal Control score for 2008 and in 2009 the Use of Resources inspection arrangements will alter so that Risk Management & Internal Control will be in "Managing the Business" block.
- 4.2 As Risk Management is an element of Corporate Governance, the council's Code of Corporate Governance will contain from 2008 an action plan to improve corporate governance (the Annual Governance Statement) which will be developed by the Officer Governance Board for sign off by the Leader and the Chief Executive.
- 4.3 From 2008 a British Standard for Risk Management, BS31100, will be introduced and whilst it mostly focuses on downside risk management the council will incorporate best practice from this British Standard into its overall ROM approach.