

Subject: Risk & Opportunity Management (ROM) Annual Report 2010/11 and Risk Management Programme 2011/12

Date of Meeting: 27 September 2011

REPORT OF: Director of Finance

Contact Officer: Name: Jackie Algar Tel: 29-1273
E-mail: Jackie.algar@brighton-hove.gov.uk

Wards Affected: All

1. SUMMARY AND POLICY CONTEXT:

- 1.1 The Cabinet approved a three year Risk & Opportunity Management (ROM) Strategy 2008-11 on 10 July 2008 and each year an annual ROM programme detailed activities to deliver the ROM Strategy. The ROM Strategy is due to be refreshed and replaced with a Risk Management (RM) Standard by March 2012.
- 1.2 This report provides an annual report of progress against the approved annual ROM Programme 2010/11 to help inform the Audit Committee's opinion on the effectiveness of risk management and internal control.
- 1.3 The proposed Risk Management programme detailing actions in 2011/12 is submitted for approval.

2. RECOMMENDATIONS:

The Audit Committee are requested to:

- 2.1 Note progress against the annual ROM programme 2010/11 at Appendix 1.
- 2.2 Approve the annual RM programme 2011/12 at Appendix 2.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 The ROM Strategy 2008-11 has served the council well during its currency but a number of significant changes have occurred both within the council and across the public sector which will lead to a refinement of the risk management approach and require a clear plan to be developed of how risk management will help the organisation from 2012/13 onwards.
- 3.2 Work is underway to develop a Risk Management Standard to provide a clear risk management focus to provide assurance that risks which affect the success of achieving the council's objectives are being managed and the internal control environment is functioning well.

4. CONSULTATION

- 4.1 The ROM Strategy and the ROM methodology have been the subject of extensive internal consultation and shared with external bodies, e.g. Southdowns NHS Trust and other local authorities.
- 4.2 Consultation will take place on the new Risk Management Standard for 2012/13 onwards.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 Effective Risk Management of risks, which affect the council's successful achievement of its objectives, ensures that all potential financial impacts are properly considered and that likely financial outcomes are reflected in medium term financial plans and budget strategies, which are continually updated to reflect changing assumptions and likelihood of risk.

The council's Section 151 Officer also has regard to risk assessments in developing the medium term financial strategy and budget strategy. Section 25 of the Local Government Act 2003 requires the Chief Finance Officer of a local authority to report on the robustness of the estimates included in the budget and the adequacy of the reserves and contingencies for which the budget provides. The Chief Finance Officer must be satisfied that the budget estimates contain adequate provision for those items of expenditure which might reasonably be expected to occur in the financial year.

Finance Officer consulted Anne Silley.

Date: 12 September 2011

Legal Implications:

- 5.2 There are no legal implications arising directly from this report. Consideration of the council's Risk Management arrangements is one of the functions of the Audit Committee, and approving the risk management programme for 2011/12 (see recommendation 2.2 above) is therefore within its remit.

Legal Officer consulted Oliver Dixon Date: 12 September 2011

Equalities Implications:

- 5.3 There are no direct implications. The Risk Management package of the Strategy/Standard and Tools will address and promote the risk management aspects of equalities

Sustainability Implications:

- 5.4 There are no direct implications. The Risk Management package of the Strategy/Standard and Tools will address and promote the risk management aspects of sustainability.

Crime & Disorder Implications:

- 5.5 There are no direct implications.

Risk and Opportunity Management Implications:

- 5.6 Risk Management and the annual programmes are focussed on improving the quality and consistency of risk management of the council's activities.

Corporate / Citywide Implications:

- 5.7 There are no direct implications

SUPPORTING DOCUMENTATION**Appendices:**

1. Progress against the annual ROM programme 2010/11
2. Risk Management programme 2011/12

Documents in Members' Rooms

1. None

Background Documents

1. ROM Strategy 2008-2011
2. ROM Toolkit (I DO RM)

A) IMPROVE RISK & OPPORTUNITY MANAGEMENT (“upside” or positive risk taking)		ROM Strategy Rationale/outcome	Target Date	Lead Officer	Target Date/Progress
A)1	Review existing and develop risk management tools & techniques to integrate with existing and developing business systems for the re-structured council and partnership delivery arrangements	Proactively encourage opportunity taking (using ROM techniques) and minimisation of downside/negative risks	Officer Time (to be absorbed within the existing staff arrangements)	Jackie Algar	<u>Achieved</u> - Target date was May 11
A) 2	Link risk management to new structure of council and partners delivery and provide risk management advice and service	To ensure that ROM is embedded in delivery of business	Officer Time (to be absorbed within the existing staff arrangements)	Jackie Algar	<u>Achieved</u> - Target date was Dec 10 onwards
A) 3	Produce & seek Cabinet approval of a current & updated risk management approach through new “Risk Management Standard 2011”	To improve the capacity of the organisation to practice ROM effectively	Officer Time (to be absorbed within the existing staff arrangements)	Jackie Algar	<u>Not Achieved</u> - Target date was Apr 11 The degree of change in the council’s operating models and structures has meant that the new Risk Management Standard 2011 will be submitted to Cabinet by March 2012.

B) TO PROVIDE TRAINING FOR MEMBERS AND OFFICERS IN RISK & OPPORTUNITY MANAGEMENT		ROM Strategy Rationale/outcome	Resources Required	Target Date	Lead Officer
B)1	Develop training offer for officers as part of Leadership & Development approach	To improve the capacity of the organisation to practice ROM effectively	Officer Time (to be absorbed within the existing staff arrangements)	Jackie Algar	<p><u>Partially Achieved</u> - Target date was May 11</p> <p>Project Mgt e-learning InLoGov commissioning training in October & December 2011.</p> <p>Continued provision of risk workshops as requested & offered as part of business planning.</p> <p>Work in progress with Learning & Development Team to firm up risk management offer.</p>
B)2	Provide risk management overview training for Members	To improve the capacity of the organisation to practice ROM effectively	Officer Time (to be absorbed within the existing staff arrangements)	Jackie Algar	<p><u>Achieved</u> - Target Date was May 11 onwards</p> <p>Members' Handbook updated for new and returning Members in April/May 11.</p> <p>Audit Committee Training June 11.</p>

B)3	Facilitate ROM overview of Corporate Risk Register for Cabinet Members	To ensure Cabinet Members are aware of the identified corporate risks and mitigating actions	Officer Time (to be absorbed within the existing staff arrangements)	Jackie Algar	<p><u>Achieved</u> – Target date was ongoing</p> <p>In the Spring 2011, the Director of Finance facilitated two reviews of the Strategic Risk Register with Cabinet. Content and format of Strategic Risk Register improved to reflect the input from Cabinet.</p>
C) ENHANCE LINKS WITH PARTNERS ON RISK & OPPORTUNITY MANAGEMENT		ROM Strategy Rationale/outcome	Resources Required	Target Date	Lead Officer
C) 1	Establish good links with partner organisations to share risk management approach	To work better with partners to avoid duplication of effort & enhance successful outcomes	Officer Time (to be absorbed within the existing staff arrangements)	Jackie Algar	<p><u>Achieved</u> - Target date of October 11</p> <p>City partners' risk registers analysed. In May 2011 the Public Service Board agreed to develop a city wide Risk Register to identify risks affecting achievement of Sustainable Community Strategy objectives. Session scheduled for 12 September 2011.</p>

C) 2	Review risk management aspects of Corporate Governance Arrangements across the range of city service delivery with which the council is connected	To contribute towards successful city wide outcomes	Officer Time (to be absorbed within the existing staff arrangements)	Jackie Algar	<p><u>Partially Achieved</u> - Target Date of June 11</p> <p>Risk Management input accepted into emerging Commissioning Model for council and supporting Performance & Risk Management Framework. Work continues.</p>
D) TO IMPROVE RISK REPORTING ARRANGEMENTS		ROM Strategy Rationale/outcome	Resources Required	Target Date	Lead Officer
D) 1	Fully use risk management software to enhance the council's ability to record risks, inform analysis, highlight areas and provide an overview of risks and opportunities, particularly for reporting to Audit Committee	To assist the Audit Committee to form an opinion on the effectiveness of the Risk Management & Internal Control environment	To be confirmed	Jackie Algar	<p><u>Partially Achieved</u> - Target Date was July 11</p> <p>The use of Interplan software has been agreed to co-ordinate the council's new delivery structures. Work is ongoing to enable more complete recording of risk registers across services.</p>

D) 2	Share and report risk registers as appropriate with other organisations to increase business resilience , inform joint working & achievement of shared objectives, in order to provide assurance across the range of service delivery methods	To assist the Audit Committee to form an opinion on the effectiveness of the Risk Management & Internal Control environment	Officer Time (to be absorbed within the existing staff arrangements)	Various Officers & Jackie Algar	<p><u>Achieved</u> – Target Date was ongoing</p> <p>Review of available partners risk registers from PSB and reported to PSB May/June 11 and gained agreement for city wide risk register to be drafted.</p>
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A) IMPROVE RISK MANAGEMENT (both “downside” negative and “upside” positive risks)		Rationale/outcome	Resources Required	Target Date	Lead Officer
A)1	Review existing and develop risk management tools & techniques to suit Commissioning Framework delivery	Proactively encourage opportunity taking (using ROM techniques) and minimisation of downside/negative risks	Officer Time (to be absorbed within the existing staff arrangements)	Mar 12	Jackie Algar
A) 2	Link risk management to structure of council and organisations with whom the council works to enable provision of risk management advice and service	To embed Risk Management in the delivery of services for the city	Officer Time (to be absorbed within the existing staff arrangements)	May 11 onwards	Jackie Algar
A) 3	Produce & seek Cabinet approval of a current & updated risk management approach through new “Risk Management Standard 2012”	To improve the capacity of the organisation to practice RM effectively	Officer Time (to be absorbed within the existing staff arrangements)	Mar 12	Jackie Algar
B) TO PROVIDE TRAINING FOR MEMBERS AND OFFICERS IN RISK MANAGEMENT		Rationale/outcome	Resources Required	Target Date	Lead Officer
B)1	Provide training for officers as part of the Learning & Development Programme and extend training offer to outside organisations	To improve the capacity of the organisation to practice Risk Management effectively	Officer Time (to be absorbed within the existing staff arrangements)	Apr 11 onwards	Jackie Algar

B)2	Provide risk management overview training for Members and information on the Strategic Risk Register	To improve the capacity of the organisation to practice Risk Management effectively	Officer Time (to be absorbed within the existing staff arrangements)	May 11 onwards	Jackie Algar
C) ENHANCE LINKS WITH PARTNERS ON RISK MANAGEMENT		Rationale/outcome	Resources Required	Target Date	Lead Officer
C) 1	Establish good links with partner organisations to share risk management approach	To work better with partners and other organisations to deliver the council's commissioning framework and city outcomes	Officer Time (to be absorbed within the existing staff arrangements)	Mar 12	Jackie Algar
D) TO IMPROVE RISK REPORTING ARRANGEMENTS		ROM Strategy Rationale/outcome	Resources Required	Target Date	Lead Officer
D) 1	Fully use risk management software to enhance the council's ability to record risks, inform analysis, highlight areas and provide an overview of risks and opportunities, particularly for reporting to Audit Committee	To assist the Audit Committee to form an opinion on the effectiveness of the Risk Management & Internal Control environment	To be confirmed	Mar 12	Jackie Algar & Paula Black
D) 2	Share and report risk registers as appropriate with other organisations to increase business resilience , inform joint working & achievement of shared objectives, in order to provide assurance across the range of service delivery methods	To assist the Audit Committee to form an opinion on the effectiveness of the Risk Management & Internal Control environment	Officer Time (to be absorbed within the existing staff arrangements)	Various Officers	Jackie Algar