

**Subject:** Risk Management Strategy 2014 - 2017  
**Date of Meeting:** 20 March 2014  
**Report of:** Executive Director, Finance & Resources  
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**Ward(s) affected:** All

**FOR GENERAL RELEASE**

**1. PURPOSE OF REPORT AND POLICY CONTEXT**

1.1 This report proposes for approval the city council's approach to Risk Management over the next three years, 2014 – 2017, to replace the Risk Management Strategy 2013. It is formed of:

- Appendix 1 Risk Management Strategy 2014 – 2017;
- Appendix 2 Risk Management Programme by year (2014 – 2017).

1.2 Approval for the Risk Management Strategy and associated documents is the responsibility of Policy & Resources Committee; ongoing monitoring of the effectiveness to deliver the Strategy is within the role of the Audit & Standards Committee.

**2. RECOMMENDATIONS:**

That the Policy & Resources Committee:

- 2.1 Approve the Risk Management Strategy 2014 – 2017 (Appendix 1); and the Risk Management Programme by year (Appendix 2).
- 2.2 Delegate authority to the Executive Director, Finance & Resources to alter the risk management process (which is published on the intranet 'the Wave') as necessary so that it is kept up to date with changing requirements and best practice.
- 2.3 Note that any changes made to the risk management process will be reported as part of the risk management annual progress report to the Audit & Standards Committee.
- 2.4 Note that the Audit & Standards Committee will monitor the performance and progress in the implementation of the Risk Management Strategy over the next three years.

### **3. CONTEXT/ BACKGROUND INFORMATION**

3.1 A structured and embedded approach to risk management is an essential of effective corporate governance. It ensures the council can make decisions and put arrangements in place to meet its purpose, ambition and priorities as set out in the Corporate Plan. Risk Management contributes to creating the right culture and processes, combined with structures within an organisation, to better assure success through a dynamic risk aware culture which:

- Identifies and manages new or emerging circumstances to protect and ensure the safety of decisions, service design, innovation and service delivery;
- Enables officers to use risk management to successfully take up opportunities, whilst minimising negative risks in services that the council delivers or commissions;
- Improves personal accountability for risk management.

3.2 The council's approach to risk management will continue to work towards achievement of the international standard for risk management, ISO 31000: 2009, 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".

3.3 The Risk Management Strategy 2014 - 2017 sets out four objectives:

1. Modernising the Council by using risk management;
2. Enable a risk aware culture which manages risks and takes up opportunities;
3. Continually improve and embed risk management into the existing processes of the council;
4. Work to increase the capability of services to plan for unexpected events; meet service expectations; and manage business activities.

3.4 Subject to the approval of the Policy & Resources Committee it is intended that the strategy (Appendix 1) will span a three year period in order to reduce administration and enable focus on achievement of outcomes whilst setting out a programme of risk management work (Appendix 2) to be undertaken.

3.5 Progress on the annual programme of risk management work will be reported to the Audit & Standards Committee together with any changes to the approved risk management process (available on the intranet 'the Wave') which have been authorised under delegated authority by the Executive Director, Finance & Resources.

3.6 Many aspects of the council's approach have not altered, such as:

- The risk management process which is widely used and understood within the council<sup>1</sup> and enables linkages with city partners' own risk management processes;
- Integration of risk management into existing methods, processes and frameworks;

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<sup>1</sup> In January 2014, a conclusion of substantial assurance was given by Internal Audit after testing Risk Management - Service Level Arrangements (2013/14) as part of business planning.

- 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).

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 The city council could decide to update the Risk Management Strategy each year (as for 2012; and 2013) but experience of the annual approach has shown that little change to the risk management process was required, and more focus could be directed to progress reporting over the longer term as part of corporate governance arrangements.

#### **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 The work to establish Risk Management is 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.

#### **6. CONCLUSION**

- 6.1 The Risk Management Strategy 2014 - 2017 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 the council's objectives.
- 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 and would not enable a proactive and well understood approach to prioritising issues to enable decisions on the most appropriate course of action.

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

##### Financial Implications:

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

*Finance Officer Consulted: James Hengeveld*

*Date: 14 /02/14*

##### Legal Implications:

- 7.2 Effective risk management systems will enable better identification of risks, promote their effective management and therefore minimise the council's exposure to legal challenge or financial and/or reputational damage.

*Lawyer Consulted: Oliver Dixon*

*Date: 10/02/14*

Equalities Implications:

- 7.3 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:

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

Any Other Significant Implications:

- 7.5 None.

**SUPPORTING DOCUMENTATION**

**Appendices:**

1. Appendix 1 – Risk Management Strategy 2014 – 2017.
2. Appendix 2 - Risk Management Programme by year (2014 – 2017).

**Documents in Members' Rooms**

1. None.

**Background Documents**

1. International standard for risk management, ISO 31000: 2009.