Risk Management Strategy 2014 - 2017

Managing the Risk and Realising the Opportunity

"To achieve the Corporate Plan requires us all to be risk managers, each with:
- § *courage to take informed risks;*
- § *improved ability to recognise where, when and how to take up opportunities and also minimise negative risk impacts;*
- § *confidence to demonstrate that risks and opportunities have been managed.*

Once we have done this we will have the right culture as an organisation and each of us will naturally practice risk management with the outcome that we are known and trusted as an organisation who seek to reduce potential pitfalls and deliver quality services."

Penny Thompson, CBE,
Chief Executive, Brighton & Hove City Council

<u>Purpose of the Risk Management Strategy 2014 - 2017</u>

The council's Risk Management Strategy exists to co-ordinate activities to direct and control an organisation with regard to risk[1].

To accord with best practice the council's approach aims to get the right balance between innovation and change on the one hand, and the avoidance of shocks and crises on the other. This is why it can be useful to refer to risk management also as ROM (Risk & Opportunity Management).

Our approach to Risk Management will be proportionate to the needs, size and complexity of the council and appropriately recognise the impact on the public of council services and functions to help build trust particularly as we move towards more collaboration, altered service delivery at the council and across our public sector partners, financial challenge and legislative change.

Risk Management helps the council to achieve its objectives and demonstrate the council's values as illustrated in the table below.

Our Values	Benefits in managing risk effectively include:
Respect – Embrace diversity with kindness and consideration and recognise the value of everyone.	- Risk Management process enables risks to be recorded and escalated by all connected with council service delivery - Facilitated risk management consultancy enables all participants to hear and voice opinions to set out issues openly and achieve consensus on the relative importance of each
Collaboration – Work together and contribute to the creation of helpful and successful teams and partnerships across the council and beyond	- Enables joined up work with external parties such as strategic city partners; contractors delivering services on behalf of the council - City wide focus on significant risks and opportunities understand across public sector organisations in the city and shared risk management process used to direct resources and focus effort.

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[1] Based on Risk Management: Principles & Guidelines ISO 31000:2009 which defines Risk as '*the effect on uncertainty on objectives*' and further expands that *'an effect is a positive or negative deviation from what is expected'.*

Our Values	Benefits in managing risk effectively include:
Efficiency – Work in a way that makes best use of our resources, always looking at alternative ways of getting stuff done and asking 'How can I improve that?'	- Better focus on business objectives which affect achievement of the Council's priorities as detailed in its Corporate Plan for 2011-15 - Improved strategic, operational and financial management through risk aware culture and opportunity management
Openness – Evaluate and communicate with honesty about our service and self, whenever appropriate. Accept where we have to change in order to improve	- Better and transparent decision making informed by risk and opportunity management - Business Plans and Project methods informed by assessment of risks and opportunities and recorded in a risk register - Personal accountability to manage risks and performance successfully through Performance & Accountability strand for culture change programme
Creativity – Have ideas that challenge the 'tried and tested', use evidence of what works, listen to feedback and come up with different solutions	- Increased ability to assess and take up opportunities which are likely to succeed, including through collaborative work with partners and external parties - Opportunity Management training available through Learning & Development Programme
Customer Focus – Adopt our 'Customer Promise' to colleagues, partners, members and customers. We will; Be easy to reach - Be clear and treat you with respect - Listen and act to get things done	- Risk Category Customer/Citizen; Social enables recording of risks and opportunities relating to customers in business plan risk registers which are monitored by the council's performance management process - Confidence to change practice and methods of service delivery to improve outcomes for the city

Risk Management is a robust, systematic and documented process which contributes to the council's Corporate Governance Framework and enables it to have an overview of how 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) is managed and responds to better protect the council and the community of Brighton and Hove[2].

Aims of the Risk Management Strategy

To bring openness, transparency and consistency in understanding what risks and uncertainties the Council, working with other organisations in the city, is facing.

To identify and prioritise issues and plan to deliver improvements to effectively manage negative risks; or enhance positive opportunities to achieve the Council's objectives and city outcomes.

Strategic Objectives & Aims for Risk Management 2014 – 2017

The Risk Management Strategy will seek to achieve objectives in the following four key areas:
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

For each key area, a summary of the current position is set out below in 'Where we are now?' then, in Appendix 2, proposed actions over the next three years are detailed.

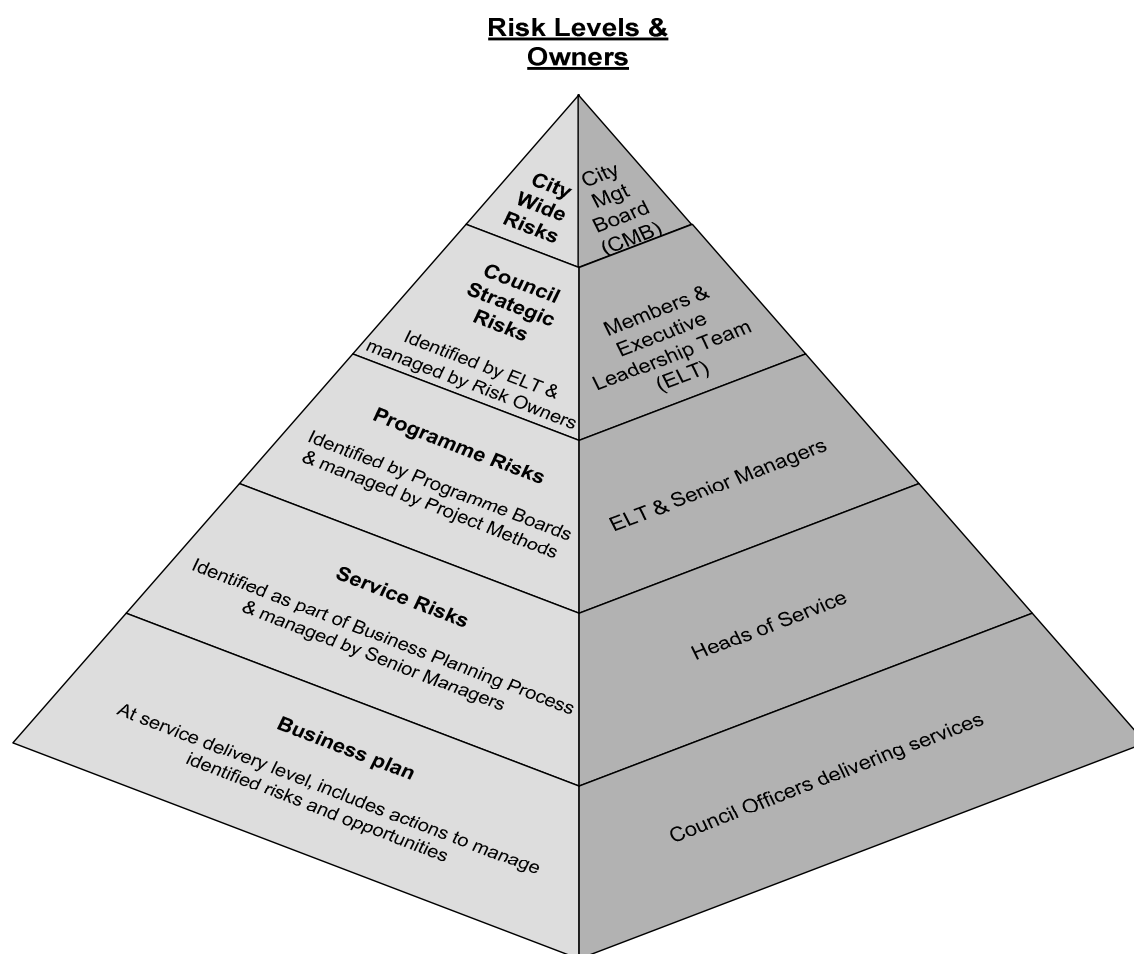**Strategic Objective 1. Modernising the council by using risk management**. Strategic Aim: The council will use risk management to enable open and transparent decisions; prioritise resources; and improve performance management to achieve outcomes

Where are we now?

1. The council recognises that it operates in an uncertain world, where the people, environment and communities of the city may be at risk. It has had a Risk Management Strategy since 1998 and has a dedicated resource, the Risk Manager, to co-ordinate activity.

2. It recognises risk management as a living framework with a risk management process (see Appendix 3) which is a tested, understood and shared method to review priorities or challenge performance towards achievement of

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[2] See **Brighton & Hove City Council Corporate Plan 2011 -2015** for council priorities, and **Brighton & Hove Sustainable Community Strategy**

outcomes[3]. This applies across all levels of its activities as illustrated in the diagram below

**Risk Levels &
Owners**

City
Mgt
Board
(CMB)

**City
Wide
Risks**

**Council
Strategic
Risks**

Identified by ELT &
managed by Risk Owners

Members &
Executive
Leadership Team
(ELT)

Programme Risks

Identified by Programme Boards
& managed by Project Methods

ELT & Senior Managers

Service Risks

Identified as part of Business Planning Process
& managed by Senior Managers

Heads of Service

Business plan

At service delivery level, includes actions to manage
identified risks and opportunities

Council Officers delivering services

3. Programmes to modernise the council are overseen by the Modernisation Board[4] and adopt the risk management process which provides transparency and consistency for each, as part of the project management process.

4. The assessment and reporting of risks is well established:
   - The Executive Leadership Team (ELT) review the Strategic Risk Register every six months
   - The Strategic Risk Register is discussed and reported to elected Council Members at the Leaders' Group, the Chairs/Opposition Spokesperson meetings
   - The Audit & Standards Committee monitor the Strategic Risk Register, Strategic Risk Management Action Plans which receive focus, by way of questioning the Risk Owners

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[3] The Council and city partners have been informed by the risk management process to begin drafting a city wide risk register and in 2012 worked together using risk management methodology to inform performance challenge aimed at improving outcomes on city issues.
[4] The Modernisation Board is a senior officer Board chaired by the Chief Executive to oversee programmes to deliver Corporate Plan objective 4 Modernising the council

- Risk Management is linked to other corporate governance reporting arrangements and informs processes across the council which determine action and allocate resources

Strategic Objective 2. Enable a risk aware culture which manages risks and takes up opportunities
Strategic Aim: The council, and in its work with partners, uses risk management to be better at anticipating and/or responding to changes affecting our operating environment

Where are we now?

1. Through reports to and agreement of the **City Management Board** (CMB), formed of the Chief Executives of the public sector organisations across the city, work has begun to identify city wide risks and develop a risk register which will link to the city wide performance reporting (the city wide performance and risk management framework). This work is facilitated by the council's Risk Manager, and CMB have authorised representatives from their organisations to form a city wide risk representatives group to develop Risk Management Action Plans[5].

2. Council Members are informed by risk and opportunity implications in reports submitted for decision making, the Risk Management Strategy is approved by **Policy & Resources Committee**; the practical application of the Risk Management process to the most important uncertainties faced by the council are assessed by the **ELT** and reported to the **Audit & Standards Committee** for monitoring on a six monthly basis via reports for information to the **Leaders' Group** and **Spokesperson/Opposition Chairs Group.**

3. The council's business planning process considers service objectives, linked to the Corporate Plan, and requires Heads of Service and their management team to apply the risk management process to create a risk register before allocating actions and targets to teams and individuals. Each business unit at the council has access to advice, and facilitation, if required from the Risk Manager to ensure consistency and provide challenge and quality control. Internal Audit tested Service Level Risk Management Arrangements for 2013/14 and concluded a substantial level of assurance.

4. The council's Risk Management Strategy work is informed by and is supported by specialist risk discipline work as provided by the civil contingencies team (emergency response and business continuity planning; public health; financial planning including insurance; and health and safety.

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[5] E.g. in 2014/15 city wide risk CW15 Taking all opportunities to attract available monies for the city and share resources

Background – HM Government is forecasting to continue to reduce grant funding over the next spending review period and thus local public agencies must be reduced, become more efficient or find alternative funding in order to maintain the health and well being of city residents and in supporting the city's infrastructure underpinning the business economy. **Potential Risk Scenario –** The health and well being of resident declines, the economic prosperity and employment resilience of the city reduces unless City partners think creatively; are committed to sharing resources for the benefit of the city; and take all available steps to attract available monies.

All these disciplines have close contact with services to provide operational risk.

5. Risk and opportunity management considerations have been applied to the Community Engagement work being led by the council, and involving the community groups across the city.

6. Risk Management training is available to **all council officers** through information on the intranet (the Wave) and bespoke e-learning

Strategic Objective 3. Continually improve and embed risk management into the existing processes of the council
Strategic Aim: The council, and in its work with partners, uses risk management to be better at anticipating and/or responding to changes affecting our operating environment

Where are we now?

1. The risk management process is continually reviewed as part of application of risk management during creation of risk registers, project plans and from its work with partners.

2 The council's Risk Manager is well connected with learning organisations on risk management and is the public sector risk representative of the Institute of Risk Management[6].

3. The council's Learning & Development Programme offers risk management training for officers and a bespoke e-learning package is available on the council's intranet.

Strategic Objective 4. Work to increase the capability of services to plan for unexpected events; meet service expectations; and manage business activities
Strategic Aim: Council services are resilient to unexpected event(s) and able to provide assurance on business continuity readiness.

Where are we now?

1. The council has a dedicated team, the Civil Contingencies Team, to lead and assist services to prepare for unexpected events.

2. A Senior Civil Contingencies Officer co-ordinates activity, provides direction and works with services to oversee production of business continuity plans which consistently identify and plan to mitigate business continuity threats which may impact on service delivery.

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[6] Two half day meetings per year at the CIPFA Better Governance Forum Advisory Panel.

3. Business Continuity Plans and the guidance are regularly updated, the latest revision was in December 2013.

4. The Council has made arrangements for temporary accommodation for re-location of services in the event of service disruption. This is tested in real and practice situations, and improvements are made as necessary.

Further information is set out in Appendix 2 which details proposed actions over the next three years.

Strategic Objective & Aim	2014/15 and *Outcome Measures*	2015/16	2016/17
1. Modernising the council The council will use risk management to enable open and transparent decisions; prioritise resources; and improve performance management to achieve outcomes.	1. Work with Performance Team to maximise the use of Interplan software to integrate links between risks into business plans at service delivery level *Outcome measure: relevant officers in services access risk register as part of their 2014/15 business plan via Interplan; and additionally all business plans with integrated risk registers are available for all officers via the intranet (the Wave)* 2. Work with the Performance Team to deliver Interplan training programme for managers and nominated staff to introduce linking of risk management actions to performance reporting *Outcome measure: Interplan performance reports are used to track actions and input from officers across all business plans including actions to manage risks* 3. The council's Learning Development Programme currently offers risk management training which will be continued, but the offer will be extended by integrating risk management within Induction; and Being a Manager courses *Outcome measure: Number of sessions; attendees and feedback forms monitored as part of Learning & Development programme reports* 4. Provide an overview of Modernisation Programme risk registers, regularly updated by responsible officers and quality checked by the Risk Manager, to receive consideration *Outcome measure: Programme plan actions include those to address risk and opportunities and are performance managed*	As for 2014/15 plus: a) Improve links between financial management information, performance management information and risk management information	As for 2015/16 plus: b)Improve links with city wide partners on city wide risks on aspects of financial management which affect delivery of council services

Strategic Objective & Aim	2014/15 and *Outcome Measures*	2015/16	2016/17
2. Enable a risk aware culture which manages risks and takes up opportunities. The council, and in its work with partners, uses risk management to be better at anticipating and/or responding to changes affecting our operating environment.	1. Promote method to enable accountability, escalation methods and understanding of risk reporting; and where there are unexpected outcomes or failures from taking risks and opportunities, be accountable and learn and improve Outcome measure: Track communications and report number of escalated risks and actions agreed by the Officers' Governance Board[7] 2. Continue with partnership working to identify and develop the city wide risk approach; and also seek further commitment across organisations and sectors to reflect risk and opportunity in the governance and management arrangements that support major change across organisations *Outcome measure: City Management Board receive and consider regular updates on risk management action plans and city wide risks within City Performance Plan reports* *Outcome measure: Major Change projects across organisations are informed by a shared risk management process and risk register* 3. Review the risk management process and incorporate improvements from practice and initiatives in other sectors to enable a risk process and culture that reflects the council's activities and partners across the sectors with which it relates to; and assist work to enable better 'collaboration between communities, the Third Sector and the council to improve the design and delivery of public services, and maximise the impact of public investment' *Outcome measure: Revisions to Risk Management process to improve cross-organisational focus reported at year end*	As for 2014/15 plus: a) Improve links between financial management information, performance management information and risk management information	As for 2015/16 plus: b) City Management Board priority and resource setting informed by consideration of risks and opportunities and regularly monitor progress

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[7] Officers' Governance Board is a group of council officers meeting at least 4 times a year. It is chaired by the Executive Director, Finance & Resources with representation by the Head of Legal Services; the Principal Audit Manager; and the Risk Manager.

Strategic Objective & Aim	2014/15 and *Outcome Measures*	2015/16	2016/17
	4. Reinstate the Opportunity Management Training offer in the Learning & Development Programme *Outcome measure: Number of training sessions and attendees, and record of risk management actions*		
3. Continually improving and embedding risk management into the existing processes of the council. The council is a learning organisation and will combine its resources and effort to meet challenges and succeed from a risk aware position which is continually reviewed, to enable services to be delivered and manage uncertainty as best it can.	1. Work with Human Resources & Organisational Development to incorporate risk management further into the Learning & Development Programme to develop capability around performance including responsibilities for risk management so that we are all equipped with knowledge and awareness of how we are all risk managers each with: • courage to take informed risks; • improved ability to recognise where, when and how to take up opportunities and also minimise negative risk impacts; • confidence to demonstrate the risks and opportunities have been managed *Outcome measure: Risk Management awareness better recognised as a skill required of employees* 2. Work with the Performance Team to 'roll out' Interplan to services to enable 'real time' updates and reminders to update progress *Outcome measure: Relevant performance reports include risk management actions from start date of implementation*	As for 2014/15 plus: a) Work to investigate transferrable learning and risk management methodology from private sector partners b)Improve focus of risk management with council services that work with community and voluntary sector and develop joint initiatives as part of the council's Community Engagement Strategy 2015-16	As for 2015/16 plus: c) Incorporate lessons learned and skills shared between public and private sector bodies into council risk management process where appropriate d) Redevelop training delivery to focus on feedback received and focus on opportunity management whilst assuring management of negative risks.

Strategic Objective & Aim	2014/15 and *Outcome Measures*	2015/16	2016/17
4. Work to increase the capability of services to plan for unexpected events; meet service expectations; and manage business activities Council services are resilient to unexpected event(s) and able to provide assurance on its business continuity readiness.	1. Provide risk management advice to assist work between ICT and the Civil Contingencies Team to re-assess the links between service business continuity plans and IT Disaster Recovery arrangements. This will reflect ICT Governance requirements and the scale of organisational change as the council works towards achievement of Corporate Plan Objective 4, Modernising the Council *Outcome measure: ICT Disaster Recovery arrangements are made clear to services, and business plans and contingency arrangements are revised as necessary* *Outcome measure: Revised business continuity plans are tested, in key areas to be determined by ELT on the advice of the Civil Contingencies Team* 2. Provide risk management advice to assist work between the Civil Contingencies Team and the Performance Team to include actions from business continuity plans in the council's regular performance and risk management reporting using Interplan software system. *Outcome measure: Directorates and services undertake business continuity planning as part of their usual business and risk management planning activities. Information is 'real time' and accessible to all users of the system.* 3. Ensure that main programmes and projects delivering change are informed by a risk register; business continuity plan and project management arrangements and the impact of major changes on existing service arrangements are communicated and understood as part of the project management arrangements. *Outcome measure: Business Continuity is considered at all stages and at appropriate times in programme and project review.*	As for 2014/15 plus: a) Work to integrate business continuity planning as part of Learning & Development Programme	As for 2015/16 plus: b) Work to investigate links and business continuity impacts of major changes between public sector organisations in the city