

**Subject:** Risk & Opportunity Management (ROM) Annual Report 2009/10 and Programme 2010/11

**Date of Meeting:** 28 September 2010

**REPORT OF:** Director of Finance & Resources

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**Wards Affected:**

### 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 details activities to deliver the ROM Strategy.

1.2 This report provides an annual report of progress against the approved annual ROM Programme 2009/10 to help inform the Audit Committee's opinion on the effectiveness of risk management and internal control.

1.3 The annual ROM programme detailing actions in 2010/11 is submitted for approval.

### 2. RECOMMENDATIONS:

The Audit Committee are requested to:

2.1 Note progress against the annual ROM programme 2009/10 (appendix 1).

2.2 Approve the annual ROM programme 2010/11 (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 during 2009/10 a number of significant changes have occurred 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 2011 onwards. Some examples of the significant changes during 2009/10 are:

- Increasingly difficult financial climate
- Government change and policy direction
- Regulation and assessment change – particularly the abolition of the Comprehensive Area Assessment, which included the Use of Resources judgement that specifically judged the council’s performance on risk management and internal control
- Significant organisational change – both within the council and other organisations
- Enhance need to explore potential for alternative means of public service delivery
- Recognition of increased need to prioritise, use and channel available resources appropriately to provide outcomes for the local community

To effectively manage these changes will require 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. This key role in Corporate Governance is one remit of the Audit Committee.

- 3.2 Whilst the risk management approach of the council will continue to aim for best practice, the British Standard BS31100 and now the International Standard for Risk Management BS31000, the annual ROM programme for 2010/11 (appendix 2) and the soon to be drafted Risk Management Strategy for 2011 onwards will use best practice standards to focus on the current and significant challenges in order to provide assurance on the resilience of the council and its arrangements to meet outcomes for the local community of Brighton & Hove.

#### **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 Strategy 2011 onwards will take place from early 2011.

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

##### **Financial Implications:**

- 5.1 Effective Risk & Opportunity Management of risks & opportunities affecting 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.... Mike Bentley            15 September 2010

**Legal Implications:**

- 5.2        There are no legal implications arising directly from this report. Consideration of the council's Risk & Opportunity Management arrangements is one of the functions of the Audit Committee.

Legal Officer consulted .... Oliver Dixon            14 September 2010

**Equalities Implications:**

- 5.3        There are no direct implications. The ROM package will address and promote the risk management aspects of equalities

**Sustainability Implications:**

- 5.4        There are no direct implications. The ROM package 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        The ROM Strategy and the annual ROM programme is focussed on improving the quality and consistency of risk & opportunity 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 2009/10
2.        ROM programme 2010/11

**Documents in Members' Rooms**

1.        None

**Background Documents**

1. ROM Strategy 2008-2011
2. ROM Toolkit (I DO RM)
3. British Standard for Risk Management BS31100
- 4, International Standards for Risk Management ISO31000