



Oversight and Governance

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Published 20 July 2018

AUDIT AND GOVERNANCE COMMITTEE

Monday 30 July 2018
3.00 pm
Council House, Plymouth

Members:

Councillor Kate Taylor, Chair
Councillor Dr Mahony, Vice Chair
Councillors Mrs Pengelly, Stevens and Smith.

Independent Members:

Mr R Clarke
Mr I Stewart

Members are invited to attend the above meeting to consider the items of business overleaf.

For further information on attending Council meetings and how to engage in the democratic process please follow this link - [Get Involved](#)

Tracey Lee
Chief Executive

Audit and Governance Committee

Agenda

1. Apologies

To receive apologies for non-attendance submitted by Committee Members.

2. Declarations of Interest

Members will be asked to make any declarations of interest in respect of items on this Agenda.

3. Minutes

(Pages 1 - 8)

To confirm the minutes of the meeting held on 31 May 2018.

4. Chair's Urgent Business

To receive reports on business which, in the opinion of the Chair, should be brought forward for urgent consideration.

5. Statement of Accounts 2017/18 - To Follow

6. Annual Report to Those Charged with Governance - To Follow

7. Internal Audit Interim Follow-Up Report

(Pages 9 - 12)

8. Operational Risk Monitoring Report

(Pages 13 - 16)

9. Risk and Opportunity Management Annual Report

(Pages 17 - 60)

10. Counter Fraud Report

(Pages 61 - 70)

11. Delegated Decision Publication Dates

(Pages 71 - 72)

12. Key Decision Threshold and Forward Plan

(Pages 73 - 82)

13. Lord Mayoralty Update

14. Tracking Resolutions

(Pages 83 - 84)

15. Work Programme

(Pages 85 - 90)

The committee will receive the work programme.

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Audit and Governance Committee

Thursday 31 May 2018

PRESENT:

Councillor Kate Taylor, in the Chair.
Councillor Dr Mahony, Vice Chair.
Councillors Mrs Pengelly, Pete Smith and Stevens.

Co-opted Representatives: Mr Clarke and Mr Stewart.

Also in attendance: Lisa Clampin (External auditor), Brenda Davis (Audit Manager), Glenda Favor-Ankersen (Head of Electoral Services), Chris Flower (Finance Business Partner), Andrew Hardingham (Interim Joint Strategic Director Transformation and Change), Carolyn Haynes (Financial Controller), Julie Hosking (Corporate Risk Advisor), Robert Hutchins (Head of Devon Audit Partnership), Tracey Lee (Chief Executive), Sian Millard (Oversight & Governance Manager), Helen Rickman (Democratic Adviser) and Sue Rouse (Senior Project Manager).

The meeting started at 10.00 am and finished at 11.30 am.

Note: At a future meeting, the committee will consider the accuracy of these draft minutes, so they may be subject to change. Please check the minutes of that meeting to confirm whether these minutes have been amended.

1. To Note the Appointment of the Chair and appoint a Vice Chair

The Committee noted the appointment of Councillor Kate Taylor as Chair and appointed Councillor Dr Mahony as Vice Chair of the Audit Committee for the municipal year 2018-2019.

2. Declarations of Interest

The following declaration of interest was made in accordance with the code of conduct:

Name	Subject	Reason	Interest
Councillor Kate Taylor	Annual Governance Statement	Employee of Livewell SW	Personal

3. Minutes

The minutes of the meeting held on 15 March 2018 were approved as an accurate record.

4. Chair's Urgent Business

There were no items of Chair's urgent business.

5. **Terms of Reference**

Siân Millard (Oversight & Governance Manager) presented the Terms of Reference item and advised Members that the terms of reference had been updated to reflect the new Audit & Governance Committee.

It was confirmed that the requirement for Independent Members of the Committee remained, as stated in the Council's constitution, despite the inclusion of the remit of the constitutional review group. There was provision for three Independent Members on the Audit & Governance Committee however there was currently one vacancy.

Members noted the Terms of Reference for the Audit & Governance Committee.

6. **Independent Remuneration Panel Review - to follow**

Siân Millard (Oversight & Governance Manager) presented the Independent Remuneration Panel (IRP) Review item to Members and highlighted the following:

- (a) the IRP was asked by the new administration to undertake a review; specific details were included in the 'to follow' report;
- (b) the IRP had been scheduled to meet on 13 and 14 June 2018 with recommendations due to go full Council on 25 June 2018;
- (c) the quorum for the IRP is three Independent Members however Audit & Governance Committee were invited to consider appointing Ms Jane Hopkinson as an additional Independent Member bringing the total number of panel members to four.

Members discussed the following

- (d) the proposal, detailed in the report, for four Assistant Cabinet Members as well as their expected role;
- (e) the timeframe involved in getting the report of the Independent Remuneration Panel to Council for 25 June 2018 deadline;
- (f) concerns regarding the wording in the final bullet point of the report which read: 'to make any other recommendations the Panel would like to make to Council in relation to their broader considerations about Member Allowances'. It was considered that the scope of this was very broad;
- (g) if the Independent Remuneration Panel Members had any experience in dealing with remuneration for people who weren't employees of an organisation;
- (h) if checks on political independence and neutrality had been undertaken for all Independent Members.

Audit & Governance Members agreed:

1. to note the terms of reference for the Independent Remuneration Panel's June 2018 review of Member Allowances;
2. to approve the appointment of Ms Jane Hopkinson to the Panel, per its delegated authority from Council at 18 May Annual General Meeting.

7. **Elections Debrief**

Tracey Lee (Chief Executive), Glenda Favor-Ankersen (Head of Electoral Services) and Sue Rouse (Senior Project Manager) presented the Elections Debrief highlighting the following points to Members:

- (a) the elections project was initially monitored by the Constitutional Review Group (CRG) however since the merge of CRG and Audit Committee resulting in the creation of the Audit & Governance Committee, updates were to be directed to this meeting;
- (b) Mr Dave Smith, an independent inspector, who was brought in as a result of several issues with the elections in 2017, provided the Council with several recommendations in order to address concerns and ensure the adequacy of the elections process. It was confirmed that in response to the recommendations made by Mr Smith, resilience in the team had been enhanced through additional capacity; improvements in elections documentation and more effective processes; a focus upon training and staff meeting national standards of certification for elections law and registration; the contact centre has taken on some tasks from the elections team, using their skills and expertise in customer service by dealing with basic enquiries about the electoral register;
- (c) the Electoral Commission was present at the Life Centre on election night on Thursday 3 May 2018 and confirmed they were satisfied with the Council's processes, the venue, that fact that count staff were easily identifiable due to coloured id badges and how the Returning Officer had conducted the election overall. It was raised however that further training was required for count staff to improve consistency, particularly around the process for verifying ballot papers;
- (d) the Electoral Services team was now in the process of preparing for the full canvas of the electoral register which will start in July 2018; statutory letters, Household Enquiry Form (HEF) and Invitation To Register (ITR) are required to be sent to all households in Plymouth;
- (e) there was also a statutory requirement to undertake a Polling District and Polling Place review every five years. Plymouth City Council last conducted a review in November 2014 and therefore was now undertaking a full review starting 1 October 2018 and finishing before the publication of the 2019/2020 Electoral Register. The review will set out the proposals for changes to Plymouth City's polling districts and locations as part of a review carried out as required by the Electoral Registration and Administration Act 2013. The review

was not a review of electoral areas, only the polling districts and the polling places. There was no requirement to change any existing arrangements.

Members raised the following points:

- (f) there was an issue at a polling station in Devonport whereby signs were mistakenly taken down too early prior to the closing of the poll; this was rectified quickly and was considered a vast improvement from the elections team in terms of a quick response; it was confirmed that training would be refined and that this incident would be used as an example of what not to do on election day;
- (g) an issue occurred at a polling station at a school whereby a van was parked in the carpark of the school emblazoned with political posters; it was confirmed that this issue was dealt with and a letter would be sent out to all polling stations confirming the requirement to keep polling stations free from political influence;
- (h) Members questioned the future role of the Audit & Governance Committee in overseeing the elections process; it was confirmed that the Audit & Governance Committee may like to be informed at the start of an electoral process as well as at the end to give an update. The Polling Place Review may also be of interest to the Audit and Governance Committee.

Members agreed –

- 1. to note the update on the Elections Debrief;
- 2. to update the Audit and Governance Work Programme to include:
 - The Elections Process
 - The Polling Place Review

8. **Internal Audit Annual Report 2017/18**

Rob Hutchins (Head of Devon Audit Partnership) and Brenda Davis (Audit Manager) presented the Internal Audit Annual Report 2017/18. Members were advised that overall, based on work performed during 2017/18, the Head of Internal Audit's Opinion was of 'significant' assurance' in relation to the Council's internal control framework.

Members highlighted the issue of some student accommodation providers letting out rooms over the summer period to non-students or those not in training. It was considered that this was a concern to a number of people in the local community and there was also a possibility that the Council was losing money on council tax payments. In response Members were advised that the Council was obtaining legal guidance, specifically with regards to the charging of council tax.

It was agreed that –

- 1. the Audit & Governance Committee note that overall and based on work performed during 2017/18, and that of our experience from previous years' audit, the Head of Internal Audit's Opinion is of 'Significant Assurance' on the

adequacy and effectiveness of the Authority's internal control framework;

2. Members note the performance and achievements of the Internal Audit Team during 2017/18;
3. Andrew Hardingham (Strategic Director for Transformation & Change) to work with Brenda Davis (Audit Manager) to put together a programme identifying specific areas of the council where improvements were required and for this to be reported back to the Audit & Governance Committee with the appropriate Managers in attendance.

9. **Annual Governance Statement 2017/18**

Julie Hosking (Corporate Risk Advisor) presented the Annual Governance Statement 2017/18.

Members were highlighted to the Council's statutory requirement to produce an Annual Governance Statement and its responsibility in providing a continuous review of the effectiveness of the organisation's internal control and risk management.

Members discussed the following:

- (a) who was responsible for monitoring health and safety, specifically with regards to vibrations as recently some grass cutters had to be returned due to the level of vibrations; it was confirmed that this was monitored by service managers and the health & safety department;
- (b) on page 54 of the agenda pack the statement refers to the Audit Committee having two independent members however it was considered that this was misleading as there were currently two serving independent members as well as one vacancy; this would be amended accordingly in the statement;
- (c) the importance of data security and actions taken to prevent further potential losses; it was confirmed that this would be covered in the Information Governance Report which was currently being prepared by Officers and would be submitted to Committee once available;
- (d) if further information could be provided on the whistleblowing policy and if the policy was fit for purpose; it was confirmed that the whistleblowing policy was due for review and could be added to the Council's staffroom webpage in order to heighten awareness.

It was agreed that the Audit & Governance Committee –

- (1) note the processes adopted for the production of the 2017/18 Annual Governance Statement;
- (2) approve the adequacy and effectiveness of the proposed Code of Corporate Governance;
- (3) endorse the adequacy and effectiveness of the system of internal audit;

- (4) approve and Annual Governance Statement prior to signature by the Leader, Chief Executive and Interim Strategic Director for Transformation & Change (S.151 Officer);
- (5) amend the Annual Governance Statement 2017/18 to clarify that the Audit & Governance Committee currently had two independent Members however there was a vacancy for 1 further Independent Member.

10. **Draft Statement of Accounts 2017/18**

Carolyn Haynes (Financial Controller) presented the Draft Statement of Accounts 2017/18 and advised Members that they were due to be published by the Council today (31 May 2018) and would be available for public inspection for 30 days as of 1 June 2018.

The Audit & Governance Committee noted the report and the 'authorised for issue' date (26 July 2018) for the Draft Statement of Accounts 2017/18.

11. **Annual Report on Treasury Management Activities 2017/18**

Chris Flower (Finance Business Partner) presented the Annual Report on Treasury Management Activities 2017/18.

The following points were highlighted to Members:

- (a) as a result of the European Directive, Markets in Financial Instruments Directive (MiFID II), from 3 January 2018 Local Authorities were automatically treated as retail clients but could 'opt up' to professional client status, providing certain criteria was met - Plymouth had met the conditions to opt up to professional status and had done so to maintain its MiFID II status;
- (b) the Council's Treasury Management Board has determined it was more cost effective to borrow short term loans instead of fixing in at higher long term rates;
- (c) during 2017/18 the Council's investment and cash balances ranged between £70-£100 million due to timing differences between income and expenditure
- (d) the Council confirmed compliance with its Prudential Indicators for 2017/18 which were set out in February 2017 as part of the Council's Treasury Management Strategy.

The Audit & Governance Committee agreed:

1. to note the Treasury Management Annual Report 2017/18;
2. to refer the Treasury Management Annual Report 2017/18 to Full Council for approval.

12. **BDO Verbal Update**

Lisa Clampin (BDO) presented the BDO verbal update and advised Members that the interim audit had been completed and her colleagues were working towards sign off which was required at the end of July 2018.

Members noted the update.

13. **Work Programme**

Members discussed the work programme for 2018/19 and agreed to add the following items:

- The Elections Process;
- The Polling Place Review;
- Internal Audit Annual Report – Manager specific issues ‘requiring improvement’

Under this item the Chair advised Members of her intention to move future Audit & Governance Committee meetings to Mondays at 4pm. The Democratic Support Adviser informed Members that new dates would be emailed and subsequently updated on the Council’s website.

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PLYMOUTH CITY COUNCIL

Subject: Internal Audit Interim Follow-Up Report
Committee: Audit and Governance Committee
Date: 30 July 2018
Cabinet Member: Councillor Lowry
CMT Member: Andrew Hardingham (Strategic Director
Transformation & Change)
Author: Robert Hutchins, Head of Devon Audit Partnership
Brenda Davis, Audit Manager
Contact details Tel: 01752 306710
email: robert.hutchins@devonaudit.gov.uk
brenda.davis@devonaudit.gov.uk
Ref: Your ref. AUD/BD
Key Decision: No
Part: I

Purpose of the report:

At the Audit and Governance Committee on 31 May 2018 members were presented with the 2017/18 Internal Audit Annual report which provided a summary of the work undertaken by Devon Audit Partnership during 2017/18 along with an audit opinion on the adequacy of internal control.

Members discussed the report and requested a detailed report to a future meeting updating the Committee on the “improvements required” areas highlighted. To provide the assurance that Members required, Devon Audit Partnership have undertaken follow up audit reviews, wherever possible, or discussed progress with relevant officers and the results from this process are contained in this report

Corporate Plan

The internal audit service assists the Council in delivering robust standards of public accountability and probity in the use of public funds and has a role in promoting high standards of service planning, performance monitoring and review throughout the organisation, together with ensuring compliance with the Council’s statutory obligations.

Our work supports delivery of the values and priorities set out in Corporate Plan by ensuring that resources are used wisely and service areas understand and deliver quality public services which meet customer and community needs and keep people safe.

**Implications for Medium Term Financial Plan and Resource Implications:
Including finance, human, IT and land**

None.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

The work of the internal audit service is an intrinsic element of the Council’s overall corporate governance, risk management and internal control framework.

Equality and Diversity

Has an Equality Impact Assessment been undertaken? No

Recommendations and Reasons for recommended action:

The Audit and Governance Committee:

- Note the findings within the report.

Alternative options considered and rejected:

None, as failure to maintain an adequate and effective system of internal audit would contravene the Accounts and Audit Regulations 2015.

Published work / information:

Internal Audit – Annual Report 2017/18 (May 2018)

Background papers:

None

Sign off:

Fin	akh.18. 19.53	Leg		Mon Off		HR		Assets		IT		Strat Proc	
Originating SMT Member Andrew Hardingham, Strategic Director Transformation & Change													
Has the Cabinet Member(s) agreed the contents of the report? No													

1.0 Introduction

- 1.1 At the May 2018 Audit and Governance Committee, members were provided with the Annual Internal Audit report for the Council. Appendix I of that report provided a summary of the audits undertaken during 2017/18 and where a “high” or “good” standard of audit opinion has been provided we confirmed that, overall, sound controls were in place to mitigate exposure to risks identified; an opinion of “improvement required” was provided where issues had been identified during the audit process that required attention. As part of the audit process, management are required to respond to our findings to confirm what actions they will take to address the issues.
- 1.2 We reported that housing benefit overpayment debt had increased and that although this is a national issue, an action plan had been put in place which should deliver improvements. Members asked that we provide an update on progress with implementation of that action plan.
- 1.3 Another area identified by Members as being of particular interest is Legal Care Proceedings (Children) which was also reported with an assurance opinion of “improvement required.
- 1.4 Our follow-up work has commenced but is not yet complete. The final outcomes will be reported to Audit and Governance Committee in October but this interim report provides Members with an update from our work to date.

2.0 Housing Benefit Overpayments Interim Summary

- 2.1 The process for promptly identifying housing benefit overpayments (HBOP) has improved following the introduction in October 2017 of the DWP’s Verify Earnings & Pensions Service (VEP); the replacement for the Real Time Information Service (RTI). The VEP continues to use HMRC data to alert LAs of relevant changes in a claimant’s circumstances, but this data is now being made available on a daily basis as opposed to monthly under the RTI enabling potential overpayments to be identified at an earlier stage.
- 2.2 Performance reports highlight a notable improvement in the number of cases with a recovery hold in place pending further investigation. When DAP reviewed HBOP in June 2017 there were over 1500 accounts on hold; one year on sees that number reduced by 85%.
- 2.3 Whilst HBOP’s can be recovered from ongoing housing benefit entitlement, when a claimant’s benefit ends it can prove difficult to continue recovery. In April 2018 the DWP introduced a Housing Benefit Debt Service where debtors no longer in receipt of housing benefit are data-matched against HMRC records with a view to providing the LA with employment details. The department are now able to use the information provided to recover from earnings in cases where debtors fail to agree or maintain a repayment arrangement.
- 2.4 By 2020 it is expected that much of the housing benefit caseload would have migrated to the DWP’s Universal Credit. Where recovery is being made from ongoing housing benefit there is a risk that it will be difficult to continue recovering when Universal Credit is in payment as a LA debt is just 14th in the recovery priority list behind debts such as utilities. However, given that there is a significant emphasis on helping Universal Credit claimants into work it is anticipated that the Housing Benefit Debt Service will continue to provide information which will assist recovery from those successful in obtaining employment.

3.0 Legal Care Proceedings Interim Summary

- 3.1 The 2017/18 review of Care Proceedings related solely to Plymouth City Council and in the course of that work we met with managers from both legal and social care teams and concluded that the teams work closely together to identify and verify those cases where the threshold for proceedings has been met.
- 3.2 Keeping children and young people protected is a key priority within the Corporate Plan and the recommendations made in our original report serve to strengthen further the quality and timeliness of case work to ensure that children and young people are safeguarded.
- 3.3 Initial findings demonstrate that positive actions have been taken in response to our recommendations including:
- Awareness raising;
 - Development of a new monitoring tool;
 - Improvements to record keeping;
 - Ensuring all necessary information is made available in a timely manner to the Legal Team prior to legal planning meetings.
- 3.4 The volume of casework for both legal and social care teams continues to be challenging but as confirmed in the recent Ofsted report, senior leaders are committed to improving outcomes for children and have taken action to review staffing structures. Additional funding has been provided to setup two new social care teams, however these teams are not yet fully recruited or being deployed in the exact roles for which they are intended. It is however anticipated that by December 2018 both teams will be fully resourced and deployed as intended with the additional capacity enabling any outstanding recommendations to be addressed.

PLYMOUTH CITY COUNCIL

Subject:	Operational Risk & Opportunity Management Update Report
Committee:	Audit and Governance Committee
Date:	30 July 2018
Cabinet Member:	Councillor Lowry
CMT Member:	Giles Perritt, Assistant Chief Executive
Author:	Julie Hosking, Corporate Risk Advisor
Contact details	Tel: 01752 304495 Julie.hosking@plymouth.gov.uk
Ref:	PR/JKH
Key Decision:	No
Part:	I

Purpose of the report:

To support the delivery of the City's vision and to enable the provision of high quality services to the citizens and communities of Plymouth it is imperative that effective risk management arrangements are in place. A fundamental element of Corporate Governance, a risk managed approach to decision making will enable the council to achieve its objectives and deliver services more efficiently and cost effectively.

The management of risk principles and processes equally apply at operational level, supporting improved performance, integration with corporate planning, projects, change programmes and partnerships.

This report now outlines the continuing progress being made across Services in delivering Operational Risk and Opportunity Registers in line with the Council's shared vision and priorities.

The total number of operational risks now reported has increased from 112 to 121, comprising of 1 high (red) risk, 76 medium (amber) risks and 44 low (green) risks.

The Councils Corporate Plan 2016/19:

Operational Risk and Opportunity Registers are aligned to Corporate Plan Performance Framework Outcomes. This ensures that appropriate links are identified with individual risks where control action contributes to delivery of a key corporate objective.

**Implications for Medium Term Financial Plan and Resource Implications:
Including finance, human, IT and land**

None arising specifically from this report but control measures identified in risk and opportunity registers could have financial or resource implications.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

None arising specifically from this report but community safety and health and safety issues and risks are taken into account in the preparation of risk and opportunity registers.

Equality and Diversity

Has an Equality Impact Assessment been undertaken? Not required.

Recommendations and Reasons for recommended action:

The Audit Committee is recommended to:

- Note and endorse the current position with regard to operational risk and opportunity management.

Alternative options considered and rejected:

Effective risk management processes are an essential element of internal control and as such are an important element of good corporate governance. For this reason alternative options are not applicable.

Published work / information:

Previous Operational Risk Monitoring Reports to the Audit and Governance Committee

Background papers:

Plymouth City Council’s Risk & Opportunity Management Strategy

Title	Part I	Part II	Exemption Paragraph Number						
			1	2	3	4	5	6	7

Sign off:

Fin	PI18.19. 46	Leg	30868 /1607	Mon Off		HR		Assets		IT		Strat Proc	
Originating SMT Member: Assistant Chief Executive													
Has the Cabinet Member(s) agreed the contents of the report? Yes													

1.0 Introduction

1.1 The position with regard to Operational Risk Register monitoring was last reported to this Committee on 7 December 2017 and this report now provides a summary of the latest monitoring exercise covering the position as at July 2018.

2.0 Background

2.1 Plymouth City Council’s Risk and Opportunity Management Strategy is continuously reviewed each year and updated to ensure it remains fit for purpose.

2.2 To comply with the Risk and Opportunity Management Strategy each Directorate must implement a robust process of managing risks to corporate, service, project and partnership objectives for which they have responsibility.

2.3 To support the promotion and co-ordination of risk management each Directorate/Service has a dedicated Risk Champion. Risk Champions represent their Directorate/Service at the Operational Risk Management Group which is now chaired by the Oversight and Governance Manager following the retirement of the Head of Assurance.

2.4 The good progress made towards achievement of this outlined in this report should provide Members with assurance that operational risks are being identified effectively, mitigation actions put in place and Operational Risk and Opportunity Registers monitored routinely alongside the delivery of objectives.

3.0 Operational Risk and Opportunity Registers and Analysis of Risks Identified

3.1 The corporate risk management process to enable service level Operational Risk and Opportunity Registers to be linked to the Corporate Plan is now embedded across the Council.

3.2 Service Directors and Heads of Service are identifying risks that may prevent them from delivering on their key service objectives and, by monitoring these risks on a regular basis, will be tracking the effectiveness of mitigation controls.

3.3 Risk identification has been further enhanced by the business planning process introduced across the organisation in February and implemented in March 2018. This process has resulted in the increase in the number of reported risks.

3.4 As the risk identification process includes quantification through a probability/impact assessment, services should also be able to identify key risks and prioritise their use of scarce resources more effectively.

4.0 Red Risk

4.1 Detail on the red risk reported is shown below:-

<p>Delivering Council services within the envelope of the resources provided in 2017-20 Medium Term Financial Strategy (MTFS)</p>	<p>The Council declared a £2.411m overspend as part of the 2017/18 outturn. This was an increase in the forecast overspend at the end of quarter three - to £1.494m. A breakeven position was declared by the application of capital receipts to the council's Minimum Revenue Provision and use of funds from section 106</p>
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	obligations.
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<p>Comments/Mitigation: Higher profile of Council's finances at both CMT and Cabinet. Budget presented to senior officers and members in scoreboard format delivering greater transparency and challenge. MTFS working group meets regularly to manage the budget process. Corporate Management Team has the MTFS as a standing agenda item. Progress reported within monthly finance reporting to Cabinet Members. Continued Member engagement in Budget process and Medium Term Financial Plan setting process by having regular Member briefings.</p>

5.0 Risk and Opportunity Register Information

- 5.1 Operational Risk and Opportunity Registers record mitigation actions and controls for all risks identified together with a named risk owner in each case.
- 5.2 Risks scored 5 and under are considered to be managed to an acceptable level and have been removed from registers and archived in line with the Risk and Opportunity Management Strategy.
- 5.3 More detailed information on individual services' risk and opportunity registers can be obtained from the Corporate Risk Advisor, departmental risk champions or Heads of Service.

6.0 Conclusion

- 6.1 The Council's success in dealing with the risks it faces can have a major impact on the achievement of key promises and objectives and ultimately, therefore, on the level of service to the community.
- 6.2 The Council recognises that it is operating in a climate of unprecedented financial pressure and that it needs to substantially reduce operating costs and ensure maximum possible investment in achieving its objectives and therefore needs to be innovative, resourceful, customer focused and provide greater value for money. The achievement of delivery plan actions to deliver budget savings continues to be closely monitored by Services with regular reporting on a risk rated basis to the Corporate Management Team.
- 6.3 One of the responsibilities of the Audit and Governance Committee is to seek and receive assurances that the Council has an effective internal control framework in place which includes arrangements for the management of risk at both strategic and operational level.
- 6.4 The Risk and Opportunity Management Strategy will provide staff with a process for identifying threats or risks that includes becoming more outcome focussed.
- 6.5 The Operational Risk Management Group is continuing to work with departmental Risk Champions to further develop consistent application of risk management considerations across all operations of the Council.
- 6.6 The next operational risk report will be presented to Audit and Governance Committee in December 2018.

PLYMOUTH CITY COUNCIL

Subject:	Risk and Opportunity Management – Annual Report
Committee:	Audit & Governance Committee
Date:	30 July 2018
Cabinet Member:	Councillor Lowry
CMT Member:	Giles Perritt (Assistant Chief Executive)
Author:	Julie Hosking, Corporate Risk Advisor
Contact details	Tel: 01752 304495 email: julie.hosking@plymouth.gov.uk
Ref:	PR/JKH
Key Decision:	No
Part:	I

Purpose of the report:

This report summarises the work carried out during 2017/18 to develop the Council's approach to risk and opportunity management and covers:

- Risk & Opportunity Management Strategy
- Corporate and Operational Risk Management Groups
- Plymouth City Council/NEW Devon CCG Joint Risk Register
- Performance and Risk
- Internal Audit Report
- Focus for 2018/2019

The Corporate Plan 2016 - 19:

Maintaining sound systems of internal control and risk management enables the council to monitor and review the key risks that may prevent it from achieving its corporate and service objectives.

**Implications for Medium Term Financial Plan and Resource Implications:
Including finance, human, IT and land**

None arising specifically from this report.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

- The Risk and Opportunity Management Strategy specifically supports the council's overall governance arrangements

Equality and Diversity

Has an Equality Impact Assessment been undertaken? Not required.

Recommendations and Reasons for recommended action:

That Audit and Governance Committee Note the following:

- Risk and Opportunity Management Annual Report.
- Risk and Opportunity Management Strategy 2018-20.
- Internal Audit Risk Management Follow-up Report 2017/18.

Alternative options considered and rejected:

Effective risk management processes are an essential element of internal control and as such are an important element of good corporate governance. For this reason alternative options are not applicable.

Published work / information:

Previous Annual Reports to the Audit Committee

Background papers:

Title	Part I	Part II	Exemption Paragraph Number							
			1	2	3	4	5	6	7	

Sign off:

Fin	PI18.19. 48	Leg		Mon Off		HR		Assets		IT		Strat Proc	
Originating SMT Member , Oversight and Governance Manager													
Has the Cabinet Member(s) agreed the contents of the report? Yes													

1.0 Introduction

1.1 This report summarises the work carried out during 2017/18 to further develop the Council's approach to risk and opportunity management.

1.2 The review covers:

- Risk & Opportunity Management Strategy
- Corporate and Operational Risk Management Groups
- Plymouth City Council/NEW Devon CCG Joint Risk Register
- Performance and Risk
- Internal Audit Report
- Focus for 2018/2019

2.0 Risk and Opportunity Management Strategy

2.1 The Risk and Opportunity Management Strategy provides a comprehensive framework and process designed to support Members and officers in ensuring that the Council is able to discharge its risk management responsibilities fully.

2.2 The strategy is reviewed annually to ensure it remains current and fit for purpose. A copy of the latest version is attached at Appendix A.

3.0 Corporate and Operational Risk Management Groups

3.1 The Corporate Management Team (CMT) acts as the Corporate Risk Management Group (CRMG) with responsibility for the strategic risk and opportunity register and the overall risk and opportunity management strategy.

3.2 Service Directors have engaged fully in the risk management process in taking ownership of the strategic risk and opportunity register both formally at CRMG meetings and throughout the year in proposing amendments to the register in line with changing circumstances and priorities for the Council.

3.3 Relevant Cabinet Members have also been engaged in considering and challenging risk management monitoring reports.

3.4 Matters of day to day operational risk management are the responsibility of the Operational Risk Management Group (ORMG) which comprises of risk champions from each directorate and/or service.

3.5 The ORMG met every 6-8 weeks during 2017/18 to review and monitor operational risk and opportunity risk registers to promote and develop a consistent approach to risk and opportunity management, and also to consider bids from departments to the risk management fund towards risk reduction initiatives.

3.6 The risk management fund is used as a pump-priming fund to enable departments to implement risk reduction initiatives in areas such as physical security improvements (fire/intruder alarms, CCTV etc.) training and health and safety.

3.7 A list of those projects supported by the fund in 2017/18 is provided at the end of this report.

4.0 Plymouth City Council/NEW Devon CCG Joint Risk Register

- 4.1 The Head of Integrated Finance presented the first joint integrated risk register to Audit Committee in March 2017.
- 4.2 The joint integrated framework is the first of its kind in the country and is the result of 18 months collaboration between both partners. The framework provides a common infrastructure for delivering, maintaining and governing risk management within the integrated commissioning function.
- 4.3 Members of the Finance and Assurance Review Group (FARG) monitor compliance with each organisation's published standards and controls and review risks on the Integrated Commissioning Risk Register
- 4.4 Future updates of the integrated risk register will be brought to this Committee together with the Strategic Risk Register update.

5.0 Performance and Risk

- 5.1 The former Head of Assurance reported to Audit Committee in March 2018 that joint working is well underway with Performance Advisors in the Chief Executive Office to enhance performance and risk reporting.
- 5.2 Performance scorecards continue to be reviewed against risk registers to identify any gaps in reporting.
- 5.3 Performance Advisors and the Corporate Risk Advisor are working together to identify themes and gaps in KPI and risk reporting and attend Director and Senior Management Team meetings so these can be discussed in more detail at a senior level for each department.
- 5.4 In addition, the risk narrative in the Corporate Plan has been improved to add value to the quality of performance and risk information provided.
- 5.5 Alignment has been further enhanced by the business planning process introduced across the organisation in February and implemented in March 2018.
- 5.6 To further support this alignment, on 1 June 2018 the Corporate Risk Advisor moved from the Finance Department to the Chief Executive's Office and now sits within the newly titled Performance and Risk Team. The Oversight and Governance Manager has risk oversight responsibility to ensure delivery of risk management at a strategic level and will Chair future meetings of the ORMG.

6.0 Internal Audit Report

- 6.1 Devon Audit Partnership undertook a follow up audit review of risk management arrangements in March 2018. A copy of the report is attached at Appendix B.
- 6.2 Whilst the audit opinion has not changed from the previous review in 2016/17, the direction of travel has improved to reflect the progress described in paragraph 5 above regarding Performance and Risk.

6.3 It is anticipated that the next review will show an improved audit opinion from the current level of 'working' to 'embedded and integrated' to reflect the business planning process which was successfully rolled out in February.

7.0 Focus for 2018/19

7.1 Continue to support departments to identify risks to achievement of objectives contained within their business plans.

7.2 Develop service specific risk appetite statements to support the business planning process.

8.0 Conclusion

8.1 There is good evidence of the development of a risk management culture within the Council with proactive engagement of Members, Directors and Heads of Service, and senior operational managers.

8.2 The Council has well-developed and proven risk management processes in place which have been integrated into business planning, budget and project management.

8.3 The Risk and Opportunity Management Annual Report should therefore give Audit and Governance Committee members assurance as to the adequacy and effectiveness of the internal control arrangements and, in particular, the contribution of risk and opportunity management to the overall governance framework.

RISK MANAGEMENT BIDS APPROVED 2017/18**1. Funding for independent analysis of the Plan for Libraries consultation**

For an independent company to conduct an impartial analysis of the Plan and reduce the risk of Judicial Review.

£2500**2. Headstone safety audit and training**

To carry out year 1 of 5 year rolling audit programme to ensure that memorials and headstones in the municipal cemeteries are in safe and stable condition.

£7500**3. Relocate CCTV monitoring equipment in Devonport Library**

To move monitoring equipment that was in full view of the public to a non-public area.

£695**4. CCTV installation at The Guildhall**

To install CCTV within the main hall areas of Plymouth's Guildhall to improve security during events.

£7500**5. Increased smoke detection at Southway Library**

For the installation of additional smoke detection devices.

£1950**6. Improvements to fire detection at Harewood House**

To install automatic fire detection devices on all escape routes and rooms leading onto escape routes.

£7500**7. Improvements to fire detection at Raglan Court**

As above.

£4703**8. Headstone safety audit (Year two)**

Funding for additional support to help reduce the time taken to carry out a full audit of all headstones from 5 to 3 years.

£7500**9. CCTV installation at The Ride, Plymstock**

To install two CCTV cameras to act as a deterrent and provide evidence in support of potential prosecution for fly tipping.

£4770**Total £44618**

RISK AND OPPORTUNITY MANAGEMENT STRATEGY 2018-2020



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EXECUTIVE SUMMARY

We live in very challenging times, but also one that provides us with real opportunities. We are a big, complex organisation, but one that needs to be continuously looking at how it can be more efficient and customer focused. Risk and Opportunity Management is both a statutory requirement and an indispensable element of corporate governance and good management. It has never been more important to have an effective Risk and Opportunity Management Strategy in place to ensure we are able to discharge our various functions and deliver public services efficiently and cost effectively.

Risk is unavoidable. It is an important part of life that allows us all to move forward and develop. Successful risk management is about ensuring that we have the correct level of control in place to provide sufficient protection from harm, without stifling our development. The Council's overriding attitude to risk is to operate in a culture of creativity and innovation, in which all key risks are identified in all areas of the business and are understood and proactively managed, rather than avoided. Risk and opportunity management therefore needs to be taken into the heart of the Council and our key partners. We need to have the structures and processes in place to ensure the risks and opportunities of daily Council activities are identified, assessed and addressed in a standard way. We do not shy away from risk but instead seek to proactively manage it. This will allow us not only to meet the needs of the community today, but also be prepared to meet future challenges.

The Council will record the significant risks identified as potential threats to the delivery of its objectives within Risk and Opportunity Registers and incorporate mitigation controls within action plans to include details of any opportunities that may arise from the successful management of each risk. Risks will be monitored every 6 months and findings reported via the Council's formal reporting process.

The benefits gained with a Risk and Opportunity Management Framework are improved strategic, operational and financial management, better decision making, improved compliance and, most importantly, improved customer service delivery and better outcomes for the citizens of Plymouth.

We embrace risk and opportunity management to support the delivery of our vision for the City and to enable the provision of high quality services to the citizens of Plymouth.

CLlr Tudor Evans (OBE)
Leader of the Council

Tracey Lee
Chief Executive

Giles Perritt
Assistant Chief Executive

THE RISK AND OPPORTUNITY MANAGEMENT STRATEGY

1. Definitions

What is a Risk?

Risk is most commonly held to mean “hazard” and something to be avoided but it has another face – that of opportunity. Improving public services requires innovation – seizing new opportunities and managing the risks involved. In this context risk is defined as uncertainty of outcome, whether positive opportunity or negative threat of actions and events. It is the combination of likelihood and impact, including perceived importance.

What is Risk and Opportunity Management?

Risk and Opportunity Management is the culture, processes and structures that are directed towards effective management of potential opportunities and threats to an organisation achieving its objectives and delivering services to the community.

This Strategy is intended to reaffirm and improve effective Risk and Opportunity Management in Plymouth, comply with good practice and in doing so, effectively manage potential opportunities and threats to the organisation achieving its objectives.

2. Types of risk - Strategic and Operational

Strategic risks affect or are created by our business strategy and strategic objectives. They can be defined as the uncertainties and untapped opportunities embedded in strategic intent and how well they are executed. As such, they are key matters for our Corporate Management Team and impinge on the whole organisation, rather than just an isolated department. Inclusion of a risk in the strategic risk and opportunity register indicates that it is one of a number of risks that the Council (particularly elected members and senior managers) need to be aware of and ensure appropriate management arrangements are in place to manage/mitigate them.

Operational risk is defined as the risk of loss resulting from inadequate or failed processes, people and systems. Operational risks should link to each service area’s Business Plan/Performance Framework or Partnership Plan - high level documents that bring key information together in one place and demonstrates the service’s focus on council and city priorities. All major risks facing the service and to other services and partners resulting from the consequences of a service’s plans should be recorded with brief mitigation and potential outcome.

3. Risk management responsibilities

The Corporate Risk Management Group will monitor and manage the delivery of the Risk and Opportunity Management Strategy at a strategic level. The Group’s purpose is to effectively embed Risk and Opportunity Management within the ethos of the Council’s culture as an integral part of strategic planning, decision-making and its performance management framework. The Group will also be responsible for the development and monitoring of the Strategic Risk and Opportunity Register.

The Operational Risk Management Group, comprising departmental Risk Champions and under the direction of the Oversight and Governance Manager, will be responsible for the delivery of this strategy at an operational level and for the development and monitoring of service level Operational Risk and Opportunity Registers.

4. Risk and Opportunity Management Policy Statement

Plymouth City Council is aware that, as a large organisation, it is exposed to a very wide range of risks and threats to the delivery of key services to the community it serves.

The Council recognises that it has a responsibility to identify, evaluate and manage risk whilst still creating a fertile climate for innovation. It therefore supports a structured approach to risk and opportunity management through its corporate Risk and Opportunity Management Strategy, the aims and objectives of which are described below:

The aims of the Risk and Opportunity Management Strategy are to:

- Integrate and raise awareness of risk and opportunity management for all those connected with the delivery of Council services
- Embed risk and opportunity management as an integral part of strategic, service, information use, financial and project planning and policy making
- Establish a standard systematic approach to risk identification, analysis, control and monitoring and reviewing
- Provide a process for identifying threats or drawbacks that also includes finding and considering opportunities
- Provide a robust and transparent framework for managing risk and supporting decision making
- Support well thought-through risk taking
- Anticipate and respond to changing external and internal environment
- Embed risk and opportunity management as an integral part of delivering and aligning successful partnerships

The objectives of the Risk and Opportunity Management Strategy are:

- To embed Risk and Opportunity Management as part of the Council's culture of governance
- To provide a robust and systematic framework for identifying, managing and responding to risk
- To provide a robust and transparent track record of managing, communicating and responding to risk
- To encourage staff to think creatively about ways to work better, simpler and more effectively

5. Embedding Risk and Opportunity Management

The Risk and Opportunity Management Strategy is reviewed annually to ensure it remains up to date. The Cabinet Member for Finance and the Assistant Chief Executive jointly champion the process.

Each Directorate has an officer appointed as Risk Champion who is trained to advise staff on best practice to ensure that the risk and opportunity management process is embedded in the Council's business processes, including:

- strategic and business planning
- information quality and use
- financial planning

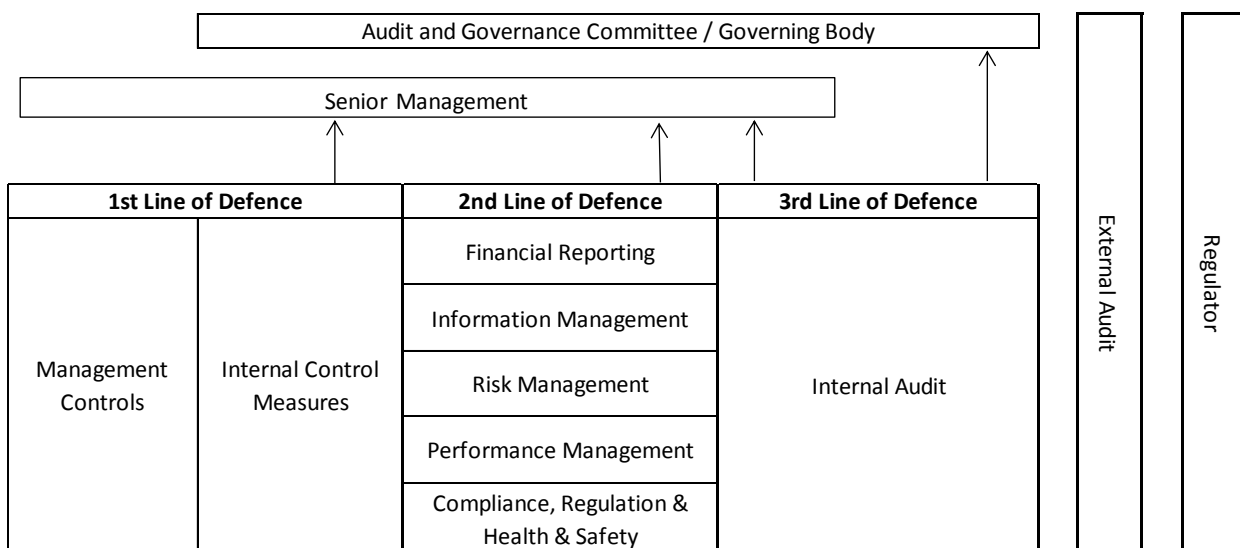
- policy making and review
- project management

6. Guidance and Assistance

The Chief Executive Office, through the Oversight and Governance Manager and Corporate Risk Advisor, will promote and monitor good practice, provide guidance, support, advice and information and organise training. There is also a Risk Management eLearning module available on the Staffroom Page of the intranet within the Learning Zone.

7. Corporate Governance

Integrated Assurance has resulted in risk management being formally aligned and working alongside other compliance functions to promote a joined-up approach to all aspects of corporate governance. The Three Lines of Defence Model is used as the primary means to demonstrate and structure roles, responsibilities and accountabilities for decision making, risk and control to achieve effective governance and integrated assurance. The diagram below shows the relationship between these functions:-



First Line of Defence – Management Controls and Internal Control Measures

Line management are responsible for ensuring that a risk and control environment is established as part of day to day operations. Line management should be adequately skilled to create risk definitions and make risk assessments. The risk profile needs to be proactively reviewed, updated and modified for changes to the business environment and emerging risk changes. Active risk management and periodic reporting on risk is crucial to quick identification and response.

The first line of defence provides management assurance by identifying risks and business improvement actions, implementing controls and reporting on progress.

Second Line of Defence – Oversight Functions

The second line of defence consists of activities covered by several components of internal governance. This line of defence monitors and facilitates the implementation of effective risk management practices by operational management and assists the risk owners in reporting adequate risk related information up and down the organisation. These are usually management

functions that may have some degree of objectivity, but are not entirely independent from the first line.

Third Line of Defence – Internal Audit

Internal audit forms the third line of defence. An independent internal audit function will, through a risk-based approach to its work, provide assurance to the organisation's senior management. This assurance will cover how effectively the organisation assesses and manages its risks and will include assurance on the effectiveness of the first and second lines of defence. It encompasses all elements of the council's risk management framework (from risk identification, risk assessment and response, to communication of risk related information) and all categories of organisational objectives.

Financial Reporting

Financial Regulations provide the framework for managing the Council's financial affairs. They apply to every member, committee, school governing body, department, officer, partner, employee of the Council, and anyone acting on behalf of the Council. The Responsible Finance Officer (Section 151 Officer) carries out the statutory duties in relation to the financial administration and stewardship of the Council. Departmental finance managers are required to bring the Responsible Finance Officer's attention to any section 151 issue they are unable to resolve.

Information Management

Like its people, information is a key Council asset. Information management is how our information is collected, used, evaluated, protected and distributed. Information must be obtained, handled, retained and disposed of in line with organisation guidelines.

Information practices must help to improve the efficiency of the services offered by the Council.

Performance Management

Managing employee or system performance and aligning their objectives facilitates the effective delivery of strategic and operational goals and maintains transparency. Effective performance management by using KPI metrics to monitor performance of action plans and risk mitigation can also provide an early warning indicator so that issues can be resolved before they become a risk to the achievement of objectives.

Compliance, Regulation & Health and Safety

Adequate compliance monitoring is required in order to ensure we are working within applicable laws and regulations in areas such as health and safety, supply chain, business continuity, civil protection, statutory complaints, environmental, anti-fraud, legal, safeguarding, HR and equalities.

External Auditors and Regulators

External auditors and regulators reside outside the council structure but have an important role in the overall governance and control structure by providing an independent and objective function to assess the whole, or some part of the first, second or third line of defence.

Audit and Governance Committee's Role

All three lines of defence have specific tasks in the internal control governance framework. It is the Audit and Governance Committee's role to maintain oversight and to monitor the effectiveness of internal controls and risk management processes, as well as internal audit activities.

8. Framework

The Council maintains two different types of Risk and Opportunity Register - Strategic and Operational. The Strategic Register records risks that affect the aims and objectives of the corporate body – risks that could have an effect on the successful achievement of our long term core priorities and outcomes, e.g.

- risks that could potentially have a council-wide impact and/or
- risks that cannot be managed solely at a business unit level because higher level support/intervention is needed.

The Operational Register records those risks affecting the day to day departmental operations, e.g.

- Potential process failures
- Failure to adhere to internal policies
- Potential for internal and external fraud
- Poor quality management

Both registers detail the following:-

- possible consequences of the risks identified, both negative (risks and threats) and positive (opportunities)
- potential impact and likelihood of the risk identified
- existing controls in place to mitigate the risks
- actions planned to mitigate the risks with relevant timescales and the responsible officers

The Strategic Register is owned by the Corporate Management Team in its capacity of the Corporate Risk Management Group and maintained by the Corporate Risk Advisor and Operational Registers are maintained by the relevant Department's Risk Champion.

9. Risk and Opportunity Identification

Before we can identify our risks we need to establish the context by looking at what we are trying to achieve and what our proposed outcomes are. Depending on the area under review, the relevant objectives and outcomes will usually be detailed in existing documents such as department business plans, project plans or partnership agreements. There are a number of different types of risks that an organisation may face including financial loss, failure of service delivery, physical risks to people and damage to reputation. Opportunities can arise from areas within the organisation and externally. Internal sources of opportunity include how the authority structures itself, partnerships with other entities, operational changes and technological innovation. External sources of opportunity include changes to political, legal, social and environmental forces.

Opportunities can also be identified by giving consideration to those that have been neglected because of perceived, but unexamined risk. These include:-

Learning from the past – whilst past experience cannot necessarily be a predictor for future performance, signals that were ignored and missed opportunities can provide insight into organisational blind spots.

Customer sensitivity – trying to understand customer needs and creating systems to exploit this information can lead to great gains.

Learning from others – exploring and sharing best practice with other organisations can lead to benefits.

Scenario planning – can be a powerful tool for generating new ideas.

Once the opportunity has been identified it should be described to include the expected benefits, contributions to business objectives and stakeholders.

A checklist for Risk and Opportunity Identification is shown below as a guide (not an exhaustive list):-

Compliance, Regulation and Safeguarding	<ul style="list-style-type: none"> • Legislation and internal policies/regulations • Grant funding conditions • Legal challenges, legal powers, judicial reviews or public interest reports • Change in government policy
Operational/Service Delivery	<ul style="list-style-type: none"> • Emergency preparedness/business continuity • Poor quality/reduced service delivery • Health & Safety • Information security, retention accuracy • ICT integrity, availability • Damage to physical assets • Changing needs and expectations of customers – poor communication/consultation
Financial	<ul style="list-style-type: none"> • Budgetary pressures • Loss of/reduction in income/funding, increase in energy costs • Cost of living, interest rates, inflation etc. • Financial management arrangements • Investment decisions, sustainable economic growth • Affordability models and financial checks • Inadequate insurance cover • System/procedure weaknesses that could lead to fraud
Reputation	<ul style="list-style-type: none"> • Negative publicity (local and national) • Image • Increase in complaints • Brand building • Fines
Strategic Change	<ul style="list-style-type: none"> • New initiatives, new ways of working, new policies and procedures • New relationships – accountability issues / unclear roles and responsibilities • Monitoring arrangements

	<ul style="list-style-type: none"> • Managing change • Add value or improve customer experience/satisfaction • Reduce waste and inefficiency • Improve staff skills/morale • Business alignment • New operating models and revenue streams • Market needs/growing competition • New technologies
Development & Regeneration	<ul style="list-style-type: none"> • Demographics • Economic downturn – prosperity of local businesses/local communities • Impact of planning or transportation policies • Environmental, landscape, countryside, historic environment, open space • Property, land, buildings and equipment
People & Culture	<ul style="list-style-type: none"> • Political personalities • Member support/approval • New political arrangements • Loss of key staff, recruitment and retention issues • Training issues • Lack of/or inadequate management support • Poor communication/consultation • Capacity issues – availability, sickness and absence etc.

10. Risk Description

The risks and opportunities identified need to be recorded in a structured format. A description covering the Cause, Event and Effect is used to scope a risk or opportunity. Guidance on some typical phrasing or statements listed below:-

Cause	Event	Effect
Because of As a result of Due to	<an uncertain event i.e. Risk or opportunity> may occur	which would lead to <effect on objective(s)>
Event	Cause	Effect
Risk of Failure to Failure of Lack of Loss of Uncertainty of Delay in Inability to Inadequate Partnership with Development of / Opportunity to due to leads to and/or result in

11. Risk Analysis

Once risks have been identified they need to be assessed systematically and accurately. The process requires managers to assess the level of risk by considering:-

The probability of an event occurring – “likelihood”, and the potential outcome of the consequences should such an event occur – “impact”. Managers will assess each element of the judgement and determine the score. The tables below give the scores and indicative definitions for each element of the risk ranking process:-

Risk Likelihood (Probability)

Score	Likelihood	Threat / Risk
5	Almost Certain (80-100%)	Is expected to occur in most circumstances Will undoubtedly happen, possibly frequently e.g. Annually or more frequently Imminent/near miss
4	Likely (50-80%)	Will probably occur in many circumstances Will probably happen, but not a persistent issue e.g. Once in 3 years Has happened in the past
3	Possible (25-50%)	Could occur in certain circumstances May happen occasionally, e.g. Once in 10 years Has happened elsewhere
2	Unlikely (10-25%)	May occur only in exceptional circumstances Not expected to happen, but is possible e.g. Once in 25 years Not known in this activity
1	Rare (0-10%)	Is never likely to occur Very unlikely this will ever happen e.g. Once in 100 years

Risk Impact (Severity)

Score	Impact	Threat / Risk
5	Catastrophic Risk	Risks which can have a catastrophic effect on the operation of the Council or service. This may result in critical financial loss, severe service disruption or a severe impact on the public. Examples:- Unable to function without aid of Government or other external Agency Inability to fulfil obligations Medium – long term damage to service capability Severe financial loss – supplementary estimate needed which will have a catastrophic impact on the Council’s financial plan and resources are unlikely to be available Death Adverse national publicity – highly damaging, severe loss of public

		<p>confidence</p> <p>Significant public interest</p> <p>Litigation certain and difficult to defend</p> <p>Breaches of law punishable by imprisonment</p> <p>Very significant exposure of public funds with funding being managed across organisations and complex reporting</p> <p>Total project budget in excess of £5,000,000</p> <p>Very complex stakeholder community with new partnerships, collaborations and suppliers / Stakeholder environment volatile or with significant external change factors</p> <p>Extensive use of leading edge, novel or innovative technology which requires specialist management and external audit</p>
4	Major Risk	<p>Risks which can have a major effect on the operation of the Council or service. This may result in major financial loss, major service disruption or a significant impact on the public. Examples:-</p> <p>Significant impact on service objectives</p> <p>Short – medium term impairment to service capability</p> <p>Major financial loss – supplementary estimate needed which will have a major impact on the Council’s financial plan</p> <p>Extensive injuries, major permanent harm, long term sick</p> <p>Major adverse local publicity, major loss of confidence</p> <p>Litigation likely and may be difficult to defend</p> <p>Breaches of law punishable by fines or possible imprisonment</p> <p>Relatively large budget £1M - £5M</p>
3	Moderate Risk	<p>Risks which have a noticeable effect on the services provided. Each one will cause a degree of disruption to service provision and impinge on the budget. Examples:-</p> <p>Service objectives partially achievable</p> <p>Short term disruption to service capability</p> <p>Significant financial loss – supplementary estimate needed which will have an impact on the Council’s financial plan</p> <p>Medical treatment required, semi-permanent harm up to 1 year</p> <p>Some adverse publicity, needs careful public relations</p> <p>High potential for complaint, litigation possible</p> <p>Breaches of law punishable by fines only</p> <p>Budget between £500k - £1M</p>

2	Minor Risk	<p>Risks where the consequences will not be severe and any associated losses will be minor. As individual occurrences they will have a negligible effect on service provision. However, if action is not taken, then such risks may have a more significant cumulative effect.</p> <p>Examples:-</p> <p>Minor impact on service objectives</p> <p>No significant disruption to service capability</p> <p>Moderate financial loss – can be accommodated at HOS level</p> <p>First aid treatment, non-permanent harm up to 1 month</p> <p>Some public embarrassment, no damage to reputation</p> <p>May result in complaints/litigation</p> <p>Breaches of regulations/standards</p> <p>Budget within delegation</p>
1	Insignificant Risk	<p>Risks where the consequences will not be severe and any associated losses will be relatively small. As individual occurrences they will have a negligible effect on service provision. However, if action is not taken, then such risks may have a more significant cumulative effect.</p> <p>Examples:-</p> <p>Minimal impact, no service disruption</p> <p>Negligible impact on service capability</p> <p>Minimal loss – can be accommodated at SAC level</p> <p>No obvious harm/injury</p> <p>Unlikely to cause any adverse publicity, internal only</p> <p>Breaches of local procedures/standards</p> <p>Budget within delegation and relatively small or within operational costs</p>

The risk ratings for each part of the assessment are then combined to give an overall ranking for each risk. The ratings can be plotted onto the risk matrix (shown below), which assists in determining the risk priority and the amount of attention it deserves.

12. Risk Matrix Table

Likelihood / Probability	Almost Certain	5	10	15	20	25
	Likely	4	8	12	16	20
	Possible	3	6	9	12	15
	Unlikely	2	4	6	8	10
	Rare	1	2	3	4	5
		Insignificant	Minor	Moderate	Major	Catastrophic
		Impact / Severity				

Risk Tolerance		
Red (High Risk)	20 - 25	Must be managed down urgently
Amber (Medium Risk)	12 - 16	Seek to influence medium term/monitor
Green (Low Risk)	6 - 10	Acceptable – continue to monitor if circumstances are subject to change, if not, remove from register
Yellow (No risk)	1 - 5	Remove from register

13. Risk Appetite

Risk appetite is the amount of risk, on a broad level that Plymouth City Council is willing to accept in pursuit of value. It is strategic and reflects the organisations risk management philosophy, and in turn influences the organisations culture and operating style. Risk appetite guides resource allocation and provides the infrastructure necessary to effectively respond to and monitor risks. Our aim is to consider all options to respond to risk appropriately and make informed decisions that are most likely to result in successful delivery of benefits whilst also providing an acceptable level of value for money.

The acceptance of risk is subject to ensuring that all potential benefits and risks are fully understood and that appropriate measures to mitigate risk are established before decisions are made. We recognise that the appetite for risk will vary according to the activity undertaken and hence different appetites and tolerances to risk apply. Specifically, our approach is to minimise exposure to compliance, regulation, safeguarding and reputation risk, whilst accepting and encouraging an increased degree of risk in other areas in pursuit of our strategic and business objectives as illustrated in the diagram and statements below:-

Residual Risk Score		Lower Risk			Higher Risk	
		6-10	12-15	16	20	25
Risk Category	Compliance, Regulation & Safeguarding	Accept but monitor	Manage & monitor	Management effort required	Considerable management required	Extensive management essential
	Operational/Service Delivery	Accept	Accept but monitor	Manage & monitor	Management effort worthwhile	Considerable management required
	Financial	Accept but monitor	Manage & monitor	Management effort worthwhile	Considerable management required	Extensive management essential
	Reputation	Accept but monitor	Manage & monitor	Management effort worthwhile	Considerable management required	Extensive management essential
	Strategic Change	Accept but monitor	Accept but monitor	Accept but monitor	Management effort worthwhile	Considerable management required
	Development & Regeneration	Accept	Accept but monitor	Manage & monitor	Management effort worthwhile	Considerable management required
	People & Culture	Accept	Accept but monitor	Manage & monitor	Management effort worthwhile	Considerable management required

Risk Appetite Scale	Lower Risk			Higher Risk			
	Accept	Accept but monitor	Manage & monitor	Management effort worthwhile	Management effort required	Considerable management required	Extensive management essential
	Accept	Accept but monitor	Manage & monitor	Management effort worthwhile	Management effort required	Considerable management required	Extensive management essential

Risk Appetite Scale Definitions	
Extensive management essential	Escalate to Strategic Risk Register – Monthly review at Senior Management Team level – formal review at Corporate Management Team level every 6 months Consider use of KPI metrics to monitor performance of action plans and risk mitigation.
Considerable management required	Consider escalation to Strategic Risk Register – Monthly review at Department Management Team level – formal review at Corporate Management Team level every 6 months; Consider use of KPI metrics to monitor performance of action plans and risk mitigation.
Management effort required	Add to Operational Risk Register and review at least quarterly at Department Management Team level (consider escalation to Strategic Risk Register if risk cannot be mitigated at department level) – formal review at Corporate Management Team level every 6 months Consider use of KPI metrics to monitor performance of action plans and risk mitigation.
Management effort worthwhile	Add to operational risk register and review quarterly at Department Management Team level – formal review at Corporate Management Team level every 6 months; Consider use of KPI metrics to monitor performance of action plans and risk mitigation.
Manage and monitor	Add to operational risk register - formal review every 6 months.
Accept but monitor	Can be managed locally within Team but consider adding to risk register if controls are likely to change;
Accept	Can be managed locally within Team.

Risk Classifications

Compliance, Regulation & Safeguarding – (Lower appetite for risk) The Council recognises the need to place high importance on compliance, regulation and public protection and has no appetite for breaches in statute, regulation, professional standards, ethics, bribery or fraud.

Operational/Service Delivery – (Higher appetite for risk) The Council and accepts a moderate to high level of risk arising from the nature of the Council's business operations and service delivery to deliver an appropriate level of service at value for money, whilst minimising any negative reputational impact.

Financial – (Lower appetite for risk) The Council acknowledges the responsibility it has for administration of public funds, and wishes to emphasise to both the public and its employees the importance it places upon probity, financial control and honest administration. Financial Regulations provide the framework for managing the Council's financial affairs and should be adhered to at all times. All schemes must be fully financed and approved by the Capital Delivery Board. Finance managers are an integral part of Department Management Teams and should be consulted when planning any new project.

Reputation – (Lower appetite for risk) It is regarded as essential that the Council preserves a high reputation and hence it has set a low appetite for risk in the conduct of any of its activities that puts its reputation in jeopardy through any adverse publicity.

Strategic Change – (Higher appetite for risk) The environment the Council works in is continually changing through both its internal operations and the services it provides. Change projects provide the Council with an opportunity to move forward and develop and establish benefits for the longer term. The Council recognises that this may require increased levels of risk and is comfortable accepting the risk subject to always ensuring that risks are appropriately managed.

Development & Regeneration – (Higher appetite for risk) The Council has a continuing obligation to invest in the development and regeneration of the City. To continue to be progressive and innovative in the work performed the Council is willing to accept a higher risk appetite whilst ensuring that benefits are assessed and risks are fully scrutinised and appropriately mitigated before developments are authorised.

People & Culture – (Higher appetite for risk) The Council recognises that staff are critical to achieving its objectives and therefore the support and development of staff is key to making the Council an inspiring and safe place to work. It has moderate to high appetite for decisions that involve staffing or culture to support transformational change and ensure the Council is continually improving.

The Council’s Risk Appetite statement will be continually monitored to ensure it supports the organisation’s risk and opportunity management strategy. Risk appetite is an important tool for effective risk monitoring and provides the following benefits:-

- Forms an integral part of corporate governance
- Guides the allocation of resources
- Guides an organisations infrastructure, supporting its activities related to identifying, assessing, responding to and monitoring risks in pursuit of organisational objectives
- Is multi-dimensional, including when applied to the pursuit of value in the short term and the longer term of the strategic planning cycle
- Requires effective monitoring of the risk itself

14. Risk and Opportunity Response

Response	Risk Examples (not exhaustive list)
Terminate/Avoid – The risk is avoided by process changes which bypass the risk or deciding where possible not to continue with the activity in view of the level of risk involved.	Some political risks e.g. adverse public opinion. Some technical/operational/infrastructure risks e.g. maintenance problems. Legal and regulatory risks e.g. regulatory controls, licensing requirements.
Transfer – Some or all of the risk is transferred to a third party e.g. insurance.	Some strategic/commercial risks e.g. theft insolvency can be insured against. Environmental risks e.g. natural disasters, storms, flooding may also be insured against.
Treat/Reduce – Action is taken to reduce either the likelihood of the risk occurring or the impact that it will have, if cost effective.	The most frequently used response to risk. Widely applicable – Technical/Operational/Infrastructure e.g. negligence,

Consider use of KPI metrics to monitor progress of risk treatment action plans.	performance failure, scope creep, unclear expectations. Organisational/management/human factors e.g. personality clashes, poor leadership and poor staff selection.
Tolerate/Accept – The risk may be accepted perhaps because there is a low impact or likelihood. A contingency plan will be identified should it occur.	Some political, legal and regulatory and economic/financial risks may need to be accepted with a contingency plan in place e.g. civil disorder, exchange rate fluctuation.

Description/Example	Opportunity Types (not exhaustive list)
Share – An opportunity is shared with a partner or supplier to maximise the benefits	Shared resource/technology/infrastructure, Improved designs
Exploit – A project could be adjusted to take advantage of a change in technology or a new market	Economic/financial/market e.g. new and emerging markets, positive changes in exchange rates or interest rates
Enhance – Action is taken to increase the likelihood of the opportunity occurring or the positive impact it could have	Strategic/commercial opportunities such as new partnerships, new capital investment, new promoters
Reject – Here no action is taken and the chance to gain from the opportunity is rejected	*Contingency plans may be put in place should the opportunity occur. Political or environmental e.g. new transport links, change of government bringing positive changes in policy/opportunities for lobbying etc.
* Note: Contingency plans should identify the actions that will be taken if a risk occurs. Contingent actions will often have an associated costs and a budget should be set aside in the business case to cover this.	

15. Monitoring Arrangements for Key Risks

The reason for monitoring key risks is to create an early warning system for any movement in risk – key risks are defined as those which score 12 or above in accordance with the risk matrix table. High level red risks may be referred to the Scrutiny Board subject to Audit and Governance Committee recommendation. Risks scoring below 12 are considered to be managed effectively and therefore within the Council’s “risk tolerance”. Any risk scored below 6 can be removed from the risk register and archived.

Risk Registers are living documents and therefore must be regularly reviewed and amended. The Risk and Opportunity Management Strategy requires risks recorded on the Strategic Risk and Opportunity Register and service level Operational Risk and Opportunity Registers to be formally monitored every six months by departmental risk champions in consultation with senior managers and lead officers.

Monitoring reports are presented for approval to the Corporate Risk Management Group prior to final ratification by the Audit and Governance Committee. Operational red risks may be referred to the Overview and Scrutiny Management Board.

The questions asked during monitoring are:-

- Is the risk still relevant?
- Is there any movement in the risk score?
- Are the controls still in place and operating effectively?
- Has anything occurred which might change its impact and/or likelihood?
- Have potential opportunities been considered and maximised?
- Have any significant control failures or weaknesses occurred since the last monitoring exercise?
- If so, does this indicate whether the risk is increasing or decreasing?
- If the risk is increasing do I need to devise more controls or think of other ways of mitigating the risk?
- If the risk is decreasing can I relax some existing controls?
- Are controls / actions built into appropriate documented action plans?
- Are there any new or emerging risks?
- Have any of the existing risks ceased to be an issue (and can therefore be archived?)

16. Roles and Responsibilities

Cabinet Members

- Approve the Council's Risk and Opportunity Management Strategy
- Receive and approve monitoring reports on the Strategic Risk and Opportunity Register and an annual Risk and Opportunity Management report

Corporate Risk Management Group/CMT

- Ensure the Council implements and manages risk effectively through the delivery of the Risk and Opportunity Management Strategy and consider risks affecting delivery of services
- Appoint a Senior Information Risk Officer (currently the Strategic Director for Transformation and Change) this role also includes being the Senior Responsible Officer for overseeing the impact on the Council from the use of covert surveillance
- Ensure risk and opportunity management is considered by Management Team Agenda on a quarterly basis
- Provide assurance to Members and Audit and Governance Committee regarding risk and opportunity management compliance.
- Be responsible for and monitor the Strategic Risk and Opportunity Register
- Receive and approve risk and opportunity management status reports from the Operational Risk Management Group
- Approve and monitor the progress and effectiveness of the Risk and Opportunity Management Strategy and Operational Risk Management Group

- Support the embedding of risk and opportunity management within the culture of the Council as an integral part of strategic/business planning, decision-making and performance management framework
- Approve risk and opportunity management monitoring reports to Members and Audit and Governance Committee

Lead Member and Officer for Risk and Opportunity Management

- The Cabinet Member for Finance and the Assistant Chief Executive will act as Member and Officer risk champions
- Ensure that the Council manages risk effectively through the development of a robust and comprehensive Risk and Opportunity Management Strategy

Oversight and Governance Manager

- Support the Council and its departments in the effective development, implementation and review of the Risk and Opportunity Management Strategy
- Share experiences across the Council and partners, promoting, facilitating and overseeing the arrangements for managing and monitoring of risk
- Provide training and guidance in Risk and Opportunity Management
- Support the Corporate Risk Management Group
- Lead and direct the work of the Operational Risk Management Group

Operational Risk Management Group (ORMG)

- Monitor, review and communicate information on operational and strategic risks within their directorate
- Ensure risk and opportunity management is embedded within departmental business plans.
- Review cross cutting operational issues
- Report to Corporate Risk Management Group every six months
- Meet at least four times per year
- Receive, consider and approve bids for financial assistance towards risk reduction initiatives

Audit and Governance Committee

- Provide independent assurance to the Council on the effectiveness of the Council's risk and opportunity management, internal control and overall assurance framework

Directors

- Take responsibility for the promotion of the Risk and Opportunity Management Strategy within their areas
- Ensure that operational risk and opportunity registers are managed, monitored, responded to and communicated effectively in their areas
- Ensure that risk and opportunity management is a key consideration in the delivery of the Council's priorities

Managers

- Identify, evaluate, prioritise and control risks and opportunities facing the Council in achieving its objectives
- Support, assist and inform their Directorate Risk Champion on risk issues

- Include staff without direct responsibility for owning and managing risk in risk discussions to ensure teams identify potential risks associated with service delivery

Risk Champions

- Attend Operational Risk Management Group meetings
- Co-ordinate, present and monitor bids against the Risk Management Fund
- Promote, maintain and monitor risk and opportunity registers in line with risk and opportunity management/business planning guidance
- Support and provide guidance on the risk and opportunity management process in their department
- Promote and advise on the risk and opportunity management strategy
- Integrate and raise awareness of risk and opportunity management within their Directorate

Employees

- Assess and manage risks effectively in their job and report hazards / risks to their service managers
- Undertake their job within contractual, policy and statutory guidelines
- Consult with department risk champion as necessary

Devon Audit Partnership

- Provide a risk based Audit Plan to monitor the effectiveness of Internal Controls and provide a trigger and action plan for management intervention
- Audit the Risk and Opportunity Management Strategy and processes

Insurance

- Ensure appropriate risk-financing arrangements are in place to mitigate against identified insurable risks
- Work with the Corporate Risk Advisor to identify and control insurable risks effectively and economically



Health & Safety

- Provide independent health and safety advice to the Operational Risk Management Group
- Ensure that risks threatening the health, safety and wellbeing of employees and other people using Council premises and services are escalated in real time via the HSW Steering Group
- Support the Council in managing and monitoring health and safety performance

Civil Protection Team

- Assess, manage and monitor risks associated with civil emergencies.
- Co-ordinate and advise on the production, maintenance and testing of a Business Continuity Management Plan for the council.

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Audit Opinion 2016/17	Direction of travel	Updated Audit Opinion 2017/18	Direction of travel
<p>Working – Senior managers take the lead to apply risk management thoroughly across the organisation. They own and manage a register of key risks and set the risk appetite. A core group of people have the skills and knowledge to manage risk effectively and implement the risk management framework. Staff are aware of key risks and responsibilities. Risk with partners and suppliers is well managed across organisational boundaries. Appropriate resources in place to manage risk. Risk management processes used to support key business processes. Early warning indicators and lessons learned are reported. Critical services supported through continuity plans.</p>		<p>Working – Senior managers take the lead to apply risk management thoroughly across the organisation. They own and manage a register of key risks and set the risk appetite. A core group of people have the skills and knowledge to manage risk effectively and implement the risk management framework. Staff are aware of key risks and responsibilities. Risk with partners and suppliers is well managed across organisational boundaries. Appropriate resources in place to manage risk. Risk management processes used to support key business processes. Early warning indicators and lessons learned are reported. Critical services supported through continuity plans.</p>	

Introduction

This audit was undertaken in accordance with the 2017/18 agreed annual audit plan. A follow up review was undertaken to provide assurance to management and those charged with governance, on the progress being made to further improve Plymouth City Councils risk maturity level.

Our approach has been to meet with the Head of Assurance Services and Corporate Risk Advisor to obtain an update on progress being made against audit identified opportunities. Testing has also been undertaken where appropriate.

Executive Summary

Although the overall opinion statement has remained the same a significant amount of work has taken place to initiate improvement and there are plans in place to ensure that risk management arrangements become more embedded and integrated. Of particular importance is the reintroduction of formal business planning processes, with plans being implemented for this to be closer aligned with risk and performance management processes. This will provide optimised management information tools that will strengthen Corporate Governance and support effective decision making. Once the business planning process becomes embedded and opportunities taken to develop a shared repository that will enable collaboration and the identification of synergies the Councils risk maturity will rise to Embedded and Integrated.

Organisational changes mean that the Corporate Risk Advisor will be moving into the Chief Executive Office which will enable better synergies with business planning and performance management. This will also provide the opportunity to develop the knowledge and skills of policy and performance officers that routinely support service directorates building further resilience into the system of internal control.

Plymouth City Council recognises it needs to consider how it manages risk but also how it explores opportunities and takes bolder steps to do this. There is therefore a need to ensure that risk and opportunity management arrangements are as effective as possible to support the delivery of the best outcomes for Plymouth's residents. Implementing a continuous cycle of improvement will ensure Risk and Opportunity Management arrangements will be a driver in realising achievement.

Updates on the progress made against each agreed recommendation is described in the Appendix A below. Definitions of the assurance opinion ratings are also given in the Appendix A to this report.

Issues for the Annual Governance Statement

The evidence obtained in internal audit reviews can identify issues in respect of risk management, systems and controls that may be relevant to the Annual Governance Statement. In terms of this review we are able to report that there are no issues arising that warrant inclusion in the Annual Governance Statement.

Acknowledgements

We would like to express our thanks and appreciation to all those who provided support and assistance during the course of this audit. Written responses should be returned to Louise Clapton (louise.clapton@devonaudit.gov.uk). Alternatively a meeting to discuss the report and agree the action plan should be arranged with the named auditors.

Robert Hutchings
Head of Partnership

Detailed Audit Observations and Action Plan

Original Opinion Statement as at October 2016	Level of Assurance
	Working

Overall risk management arrangements operating within Plymouth City Council are considered to be “Working”. The Council have a robust Risk and Opportunity management strategy that continues to be updated to ensure it remains fit for purpose, however the consistency of which Risk Management is Embedded and Integrated into the day to day business across the Council has reduced since our last review in 2012.

It is acknowledged that the Corporate and Senior Management Teams are risk focused and consider risks to objectives as part of day to day corporate and service management with risk registers maintained and subject to routine monitoring and reporting. However visibility and understanding has diminished following a sustained period of significant change, opportunities should now be taken to raise the profile and understanding of risk and opportunity management and strengthen existing arrangements including:

- Identification of risk and opportunity through consistent business planning processes, and setting of risk appetites to provide focus,
- Capturing proportionate timely risk and opportunity information within established management processes,
- Provision of real-time risk and opportunity information that is integrated with finance and performance information and utilised in decision making,
- Further develop horizon scanning for both risk and opportunity at all levels of management and understanding of the cost vs benefit of risk mitigation,
- Removal of tension between culture and process strengthening common purpose, value and ethics. This will encourage universal adoption, application of key policies and procedures, and encourage timely, transparent and honest communication.

The effectiveness of risk and opportunity management arrangements vary across the Council, lessons could therefore be learned through the sharing of best practice and development of case studies to enable a culture that protects the reputation, improves resilience, reduces unexpected losses, demonstrates good governance, increases the effectiveness of change programmes and better positions the Council to meet its strategic objectives and priorities.

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1	Original Audit Observations, Findings and Opportunities as at October 2016
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Corporate, Service and Financial Planning

Although the corporate plan states that the Councils objectives will be delivered through the Medium Term Financial Strategy and Service plans there has been an inconsistent approach to service planning across the Council with a focus primarily on Transformation and Improvement Plans. Risk Management as a management tool and a key part of the governance system is therefore not optimised and the golden thread of Corporate Planning, Service Planning, Risk and Performance Management is therefore weakened. The translation of the corporate plan through service business plans to team and individual action plans is recognised best practice. It is the corporate and service objectives to which strategic and operational risk and opportunity management should be aligned.

To embed risk management, it is important that risk management is woven into business processes otherwise it will continue to be a parallel activity. A consistent approach to identifying risks and opportunities to service priorities and objectives as part of the planning process will strengthen risk management arrangements.

As part of annual financial and business planning, management should consider undertaking a risk and opportunity review. This would ensure that all risks and opportunities can be evaluated and registers updated to align with current strategic, operational, financial and project plans.

Senior Management should consider utilising the skills and experience of Risk Officers to facilitate risk and opportunity workshops as part of their business and financial planning activities.

Original Management Response to audit in 2016

The roll out of new software reporting (if the Project Server fits our needs) will be a good opportunity to review department registers and ensure alignment with all plans as this will need to be done in collaboration with risk owners.

Audit Observation and Management Update as at March 2018

Partially Implemented

A new business planning process has been agreed (March 2018) and instructions were issued to SLT to prepare and submit a draft business plan by the 30th March. The instructions issued clearly demonstrate the need to align business planning, performance, finance and risk information with an annual focus and two year operational horizon. Work is underway within the Chief Executive Performance and Policy Team to align KPI and risk information with Corporate and Service objectives through the business planning cycle for discussions at monthly DMTs.

Business plans have now been developed for the start of the 2018/19 and discussions held to determine gaps in risk and performance information. This will now require a refresh to reflect new priorities following the recent change in the political administration.

Once implemented and embedded this will strengthen Corporate Governance arrangements across the Council, enable continuous improvement and support delivery of Council objectives.

2 Original Audit Observations, Findings and Opportunities as at October 2016

Risk and opportunity information

Corporate and Departmental Management Teams are managing risks all the time but don't formally capture all risk management activity. As the current process encourages the recording of information only at that particular moment in time risk registers may not provide a true and fair view of the risks and opportunities currently facing the Council.

The current process of recording, monitoring and reporting risk and opportunity information is overly resource intensive and inefficient. Although adequate risk information is being captured through the six monthly risk monitoring cycle, which is held in a variety of spread sheets and word templates, there is no demonstrable evidence that this information is utilised day to day by management. The risk templates have recently been updated and improved but the process is considered to be "a bit clunky".

Risks are managed as part of the business as usual and are considered as part of the day to day service management however current risk management processes are completed in addition to day to day decision making.

Management should consider the effectiveness of the use of spread sheets to record, monitor and report risk and opportunities, and the possibility of it preventing effective management and exploitation of risk and opportunities. Confidence in the current process needs to be developed if it is to continue to be used as the key source of risk management information. The process of recording, monitoring and reporting should be proportionate and not overly bureaucratic but allow for sufficient information to be captured to support management and aid real-time decision making.

Consider the development and implementation of a real time risk management system that will provide an interactive, live management tool that can be utilised on a day to day basis. This will provide a complete history and audit trail of updates as well as negating the need to undertake a separate monitoring exercise if information is updated on an on-going basis.

To ensure that each Directorate is fully aware of all risks to corporate and service objectives for which they have responsibility, Directorate risk registers should include all strategic, operational, project/programme and partnerships risks. Risk management is not an isolated activity so to further embed, integrate and in order for management to utilise risk and opportunity information in everything it does a live, interactive reporting tool should be implemented. This would enable strategic, operational, project and partnership risk records to be drawn into different reports so that one risk can be a component of the Strategic Risk Register as well as in any other appropriate risk register ensuring that all see exactly the same position on the risk. DMT's and Risk Owners could access this information as and when required to add to, update or remove risks as things happen. This would provide:

- Accountability, risk owners would be clearly recorded.
- Standardisation, standard fields would encourage consistent and complete record keeping of mitigating controls, action plans, risk reviews.
- Email alerts to risk owners reminding of impending or overdue risk reviews.
- Audit trail, all changes to risk ratings, action plans, mitigating controls etc. would be recorded.
- Reporting could be aligned to suit all requirements for, strategic, operational, project and partnership risk registers. Enabling the reporting of risks due to the significance of their rating as and when required.
- One version of the truth, held securely and accessible to those who need it.

It is recognised that whilst Senior Management see the merit in a real-time risk management system they felt that there were other higher priorities to focus on and could not commit limited Officer time to learning a new system. It may therefore be an opportunity to develop the current project server for recording and managing risk. Council staff are already familiar with this system and could be developed with limited cost. HR have already utilised this system to better manage its BAU risk.

The cost benefit of implementing a risk management system should be evaluated. Any consideration of a new system should include the potential to integrate with performance and finance information.

Original Management Response to audit 2016

JCAD demonstrated their Core Risk system to us in April; however, it became apparent during recent AD interviews that there was little appetite from ADs for investing money and officer time in bespoke risk software with the current budget situation.

The Project Server currently used within Portfolio is being scoped by a Business Analyst as a possible corporate risk software solution. This is being tracked as part of our Finance Fit Transformation Project.

The AD for HROD utilises the Project Server to help align project risks, financial and performance information and this model could be used as good practice for other departments to follow for Corporate risk reporting. The output of this is being used as HROD's business plan.

More joint working is planned with DAP in areas such as Assurance Mapping, auditing of control actions and running risk and opportunity workshops.

Audit Observation and Management Update as at March 2018

Partially Implemented

Risk and opportunity information continues to be recorded on numerous spreadsheets with central compilation for reporting to Audit Committee bi-annually for both strategic and operational risks.

Implementation of risk and performance discussions at monthly DMT's will ensure the accuracy and completeness of risk information and promote consistent consideration when taking decisions. Review of risk registers will be undertaken quarterly in line with corporate planning timelines.

Opportunities continue to be explored to enable the provision of real time risk management information, such as the use of SharePoint as a repository for risk and opportunity information alongside business plans, performance and finance information. This will be important to enable better collaboration/sharing of risk and opportunity information across SLT to help moderate business plans and identify synergies. However it is understood that the development of SharePoint as a repository for Corporate Governance Management Information has been put on hold at the time of the audit.

3 Original Audit Observations, Findings and Opportunities as at October 2016

Reporting, Scrutiny and Communication

Risk management reporting is in line with the risk management strategy; however there is insufficient evidence to determine the effectiveness of scrutiny and challenge of strategic and operational risk and opportunities.

This evaluation has found that Council Leadership and Senior Management respond to risk as part of day to day management, with the Corporate Management Team and Audit Committee routinely considering high level risks, however to be effective the process is reliant on the flow of complete, accurate and timely risk information. This review has found that the true benefit of Risk Management is not currently being realised due to a lack of real time risk and opportunity information that is preventing the flow and utilisation of risk information which may put the council at risk of the glass ceiling effect.

As an organisation changes, its risk, control and compliance activities often become fragmented, siloed, independent and misaligned. This has an impact on both the governance oversight and the business itself. Often, there are multiple communications to management and the board that overlap and cause confusion. And, a lack of coordination among functions can increase costs and fatigue on the business.

Although overall Senior Management do not consider the Council to be risk adverse this evaluation has revealed that the business areas can feel they are hindered by risk averse compliance functions, whilst Corporate functions indicated that there is the potential for risk aversion at service or organisational level. It is also considered that other procedures and policies can create a culture that is too risk averse, e.g. HR policies, legal and financial advice. The reward of risk taking is not always recognised.

Management should consider the importance of minute taking which supports good governance, demonstrates integrity, transparency and accountability.

Implementation of real-time risk and opportunity management information will support the accuracy and timeliness of information used in decision making.

To prevent silo working senior management would welcome visibility of all corporate risk registers. This would further develop the identification of risk commonality across the organisation and enable risk clustering.

Departmental Management Teams would welcome peer challenge across departments and more effective and creative challenge and discussion of risks and opportunities by CMT when taking decisions.

More clarity would be welcomed regarding the reporting of more complex and sensitive risk and opportunities, particularly regarding commercial sensitivities.

It may be, to promote understanding, scrutiny and challenge that the risks to service area objectives are discussed at least annually at full team meetings. The development of service performance dashboards and performance reporting may also be an effective mechanism to communicate risk alongside other service performance information.

There appears to be confusion regarding what constitutes a strategic or operational risk, how risks escalate between the various risk registers and the difference between a risk and an issue. It is important that clarity is given to ensure trust and confidence in the framework. The Corporate Risk Team should ensure that guidance and training is clear and comprehensive and use case studies to increase understanding. Determining risk appetite will also provide clarity and support Management when taking decisions on risk and opportunity.

Use of case studies and lessons learned to understand the benefit and results of well managed risk taking will increase confidence and drive business change.

Original Management Response to audit 2016

The Project Server is being scoped as a software solution to provide 'real time' risk information. If this could be utilized it would provide an easy platform for cross challenge to take place as risk registers will be held centrally and could be viewed by whoever has a licence to use the system.

The revised Risk Appetite statement helps to distinguish escalation of a strategic risk. There is also guidance on the staffroom page of the intranet which is linked to the eLearning module and Risk Champions are aware of the difference.

Risks that are considered commercially sensitive can be discussed as Part II in Committee Reports so that they are not made public. A system for recording sensitive risks will need to be adapted for any software system we utilise.

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Audit Observation and Management Update as at March 2018

Partially Implemented

With the implementation of the new business planning process and the alignment with Risk, Performance and Finance scorecards that will form a part of monthly DMT meetings it is envisaged that real time information will be captured and used in decision making.

Better use of risk appetite is evident with service/contract specific risk appetites being defined for Integrated Health and Social Care and Plymouth Highways.

Clarity around escalation of risk has been completed through published risk management strategy guidance and better informed through the development of service specific risk appetite statements.

4 Original Audit Observations, Findings and Opportunities as at October 2016

Risk Management Knowledge and Understanding

Staff at all levels are understood to be aware of the risks to our business although they may not necessarily know the language of risk management and may be more risk adverse than is necessary, possibly lacking confidence to take risk.

Escalation of risk and opportunity takes place in accordance with procedures however reporting to all staff due to capacity and time pressures is not considered as effective.

Value was recognised in the training and risk workshops provided by the Corporate Risk Team, initially in 2006 and ad hoc over more recent years however there has been a lot of change and some knowledge and understanding has been lost along the way.

E-learning has recently been rolled out to develop the knowledge and understanding of implementing risk management, however there has been limited completion at this time. Senior Management should encourage their staff to complete the training to raise confidence in utilising risk and opportunity management to drive the business.

Changes to the individual performance competencies has meant that the responsibility of risk and opportunity management is no longer evaluated, it is therefore important that Management ensure the culture of risk/opportunity awareness and management is maintained.

A consistent approach to ensuring all staff are involved in the understanding, identification and management of risks to council objectives would further strengthen risk management arrangements. Some of the best vehicles for doing this may be leadership team blogs, intranet articles, cascading meetings or email bulletins/newsletters.

Original Management Response to audit 2016

E-Learning has been promoted on Yammer and at a recent Finance Fit Market Place event.

It is not compulsory for all staff to undertake the training as risk management is primarily a management tool.

Implementation of new RM software will require training to be rolled out to departments. There is scope to store guidance information on the system which will provide consistent language and methodology.

Audit Observation and Management Update as at March 2018

Partially Implemented

The new business planning process identifies the need to link risk and opportunity through service and individual objectives, this should encourage visibility of risk and opportunities at all levels of the organisation.

At the end of February 2018 only 11% of managers and 7 % of the Councils employees have undertaken the eLearning.

There has been limited use of leadership team blogs, intranet articles, social media channels or email bulletins/newsletters. There is an opportunity to utilise these channels to better communicate and engage all employees. As part of the new business planning process and alignment of risk, performance and management information opportunities to communicate with employees and customers through various digital channels could be explored. Development of SharePoint would also help to realise better sharing of information, knowledge and experiences.

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5 Original Audit Observations, Findings and Opportunities as at October 2016

Risk Champions

Risk Champions have ensured that the monitoring of operational and strategic risk registers have been undertaken in line with the risk management timetable and strategy and have been a key driver to promoting and delivering the risk management strategy. However the appointment and utilisation of this role is inconsistent across the Council. Whilst each service within Transformation and Change have their own Risk Champion, People and Place services rely on a couple of business support officers whose capacity to deliver this role is becoming increasingly difficult. Plymouth City Council has undergone significant change over the last few years. With less resources to support risk management processes it is critical that risk management is carried out within established management processes allowing risk information to flow from the business as usual.

Management should consider the role of their Risk Champion's and how to make best use of their knowledge and expertise. Their role in promoting, facilitating and supporting risk management is of value and opportunities to better utilise these skills to support the business should

be explored. However only using Risk Champions to deliver the resource intensive monitoring of risk registers is not efficient. Implementing a real-time Risk and Opportunity Management information would provide a more efficient and effective process allowing officers at all levels of the organisation to manage, monitor and report on risk and opportunity as part of their day to day business activity.

Original Management Response to audit 2016

A software solution should reduce risk workload in terms of monitoring for Risk Champions as risk owners would be expected to input information directly into the system.

Their role will still be a vital element in promoting and guiding the process, helping to promote benefit realisation, managing risk management bids and providing the link between departments and the Head of Assurance/Corporate Risk Advisor.

Audit Observation and Management Update as at March 2018

Partially Implemented

Risk Champions continue to provide support and co-ordination for risk management arrangements, with an identified Risk Champion assigned to each DMT. Where there is not an identified Risk Champion the Corporate Risk Advisor is seeking individuals to fulfil this role. Risk Champions will support the joint monitoring process for performance and risk.

6 Original Audit Observations, Findings and Opportunities as at October 2016

Integration with Finance and Performance Information

Planning, Performance, Finance and Risk Management are part of a cycle for ensuring improvement to deliver priorities, which involves reviewing past performance, learning lessons and analysing what can be done to improve efficiency and value for money. However risk and opportunity management is not consistently well integrated with all key business processes and not necessarily seen as a key driver for change, alignment of risk and opportunity with performance and finance information is considered disjointed.

Greater integration with financial and performance management and reporting at strategic and operational level will strengthen current arrangements, providing Members, Leadership and Management with complete information on which effective decisions can be made.

Linking finance, performance and risk information into established reporting mechanisms such as the dashboard reports at a strategic and operational level will provide complete, open and transparent information on which effective decisions can be made. Integrating this key information will support the drive to make savings and seek opportunities.

Original Management Response to audit 2016

BA will be looking at HROD model as part of risk management software scope (as detailed in 2 above).

Current risks are now linked to the new Corporate Plan Performance Outcomes.

Audit Observation and Management Update as at March 2018

Partially Implemented

The MTFS delivery plan had an appendix to the Budget Report 2018/19 that was submitted to cabinet in February 2018 and included an assessment of risk.

The risk narrative in the Corporate Performance reports has also been improved. Informed through DMT, this narrative will add value to the quality of risk and performance information provided.

7 Original Audit Observations, Findings and Opportunities as at October 2016

Programmes and Projects

Transformation programmes and associated projects are conducted in accordance with project management principles, this includes the identification, management and review of risks by individual project boards/managers.

Each project is assessed and the overall rating of the programme or project (High, Medium or Low) will determine the governance arrangements. Programmes or projects with a 'high' level rating are more likely to receive greater scrutiny and be reported as a strategic risk to project, programme and Corporate Management Teams, who will oversee critical milestones, high risks and issues and overall progress towards achievement of benefits. The remaining 'medium' and 'low' rated projects will be managed through project and programme boards via their defined governance. This is to be commended and recognised as best practice.

There does remain a risk that through transition from project to BAU that risks and opportunities may be missed. Strengthening risk and opportunity management within the business as usual will ensure promised objectives continue to be delivered and improved upon.

Original Management Response to audit 2016

Transformation Team do periodically review the Corporate risk register and carry out a gap analysis.

The Head of Assurance/Corporate Risk Advisor will be attending Gate Review training in October in order to contribute to the review of programmes and projects and this will help to strengthen the link between Transformation Projects and BAU.

Project Server will enable all risks to be stored in one place.

Audit Observation and Management Update as at March 2018 **Partially Implemented**

Key projects and partnerships have developed risk and opportunity registers.

Evidence has been obtained that demonstrates new key projects such as the Childrens Social Care joint management arrangement with Torbay Council and Plymouth Highways, have registers in place with overall risks recognised in Plymouth City Councils strategic and/or operational registers.

With the dissolution of the Portfolio Office and the move of transformation work back to the business areas it is important that guidance is updated to reflect how project and partnership risk and opportunities are captured and escalated through the appropriate reporting lines.

8 Original Audit Observations, Findings and Opportunities as at October 2016

Partnerships

More public services are being delivered by, or in partnership with, charities, communities, private and public sector organisations. This shift in the structure of service provision will create significant risks, but also present valuable opportunities. The planned and systematic approach to the identification, analysis and economic control of those risks which threaten the employees, assets, or earning capacity of an organisation will help plan for the right balance between innovation and change and the avoidance of shocks and crises. Although Senior Management are clear about the Partnerships in which they are involved there is no demonstrable evidence that the risks to PCC of working in each partnership have been evaluated.

All the risks need to be evaluated and there should be a common understanding of risk appetite of each partner organisation at the outset. Details of the risks and opportunities relating to partnerships should be included on the relevant service operational risk register or strategic risk

register.

Original Management Response to audit 2016

NEW Devon CCG / PCC Integrated Risk Management Framework is in place. A specific RA statement has been drafted for use at a risk register workshop in October.

Project Server will enable all risks to be stored in one place.

Audit Observation and Management Update as at March 2018

Partially Implemented

Work has been undertaken to embed the Integrated Risk Management Framework for the Partnership between Devon CCG and Plymouth City Council. This has been successful and recognised a good practice.

A risk management framework is in the process of being developed in relation to Plymouth Highways, the Partnership between PCC and South West Highways.

Development of risk management arrangements around shared services is also underway.

The Council's vision for the City includes facilitating partnerships at all levels and connecting communities. It is therefore important the Council have a complete and accurate understanding of the Partnership in which they are involved. A centralise record should be developed that can be shared by management to understand the Councils complete Partnership landscape and the risks and opportunities of those partnerships.

9 Original Audit Observations, Findings and Opportunities as at October 2016

Business Opportunity

Although risks are identified and considered routinely, opportunities are not as mechanisms to capture opportunity risk are not sufficiently evolved. If only threat risks are managed then the best outcome that can be expected is to meet the promised objectives but never improve upon them.

Further work should be undertaken to develop the identification, prioritisation and response to start proactively managing opportunity risks.

Use of SWOT analysis is a good way to identify true opportunities. Prioritisation will be about maximising likelihood and impact scores and responses to be considered could include exploitation and sharing.

The corporate risk function could support the development and understanding of opportunity management through the delivery of opportunity workshops and development of case studies.

Original Management Response to audit 2016

Possibility for joint DAP/PCC risk workshops for identifying case studies around benefit realisation.

Utilising software to store all risks in one place will help to scope opportunities/benefits and provide a gap analysis.

Audit Observation and Management Update as at March 2018

Partially Implemented

It is hoped that further development of business planning, performance and risk information will help managers identify opportunities.

Opportunities should be taken to ensure Risk Champions and Policy and Performance Officers fully understand opportunity management so that they can

support the identification of opportunities as part of monthly management meetings.

Consideration should be given as to how opportunity information can be captured and utilised in management decision making. This should be a simple process that aligns with embedded planning, risk and performance information recording processes and enable the sharing of information once systems have been developed.

10 Original Audit Observations, Findings and Opportunities as at October 2016

Risk Appetite

Risk appetite is the level of risk we are prepared to tolerate or accept in the pursuit of our strategic objectives. It is almost impossible to encapsulate risk profiles and appetites for the whole council due to the diversity of services, previously audit recommended that risk management arrangements could be further strengthened through adapting the Risk and Opportunity Management Framework locally at Directorate/Service level. Although some Senior Management have indicated that risk appetite is considered it has not been possible to demonstrate this and so overall it is considered that the setting and understanding of risk appetite is not yet working effectively.

Corporate Risk have recently revised the risk appetite statement that sets out the level of management oversight required depending on the category of risk and residual score. The Integrated Assurance Strategy developed within Transformation further supports this and should be recognised Council wide. This will enable risk and opportunity management to be aligned with governance arrangements, providing appropriate visibility and management at the most appropriate level of the organisation.

The Council needs to revisit their risk profiles and set effective risk appetites at strategic and operational levels. It would be appropriate to consider defining risk appetites for different service areas to make risk management more effective. In deciding this the Council can:

- **More effectively prioritise risks for mitigation.**
- **Better allocate resources.**

Considering and setting a risk appetite enables an organisation to increase its achievements by optimising risk taking and accepting calculated risks within an appropriate level of authority.

Communicating this and setting appropriate risk appetites across the organisation should drive reporting and ensure scrutiny is targeted appropriately. Risk appetites should be regularly reviewed and approved at the appropriate level.

Original Management Response to audit 2016

Risk appetite could be developed further after integrating risk information with financial and performance information within the Project Server. This would provide the risk landscape from which to start adapting local department appetite statements.

Audit Observation and Management Update as at March 2018

Partially Implemented

Risk appetite guidance is comprehensive and will enable the development of service specific risk profiles. These have been used successfully to develop specific risk profiles for the new Plymouth Highways service.

Risk category scoring provides an indication of the level of risk individual service areas are prepared to tolerate/accept in pursuit of its objectives.

As part of the implementation of business planning process opportunities should be taken to further develop service specific risk appetite statements.

11	Original Audit Observations, Findings and Opportunities as at October 2016	
	<p>Horizon Scanning</p> <p>Horizon Scanning is undertaken at CMT level but it does not take place enough at DMT level.</p> <p>Horizon scanning should take place as part of business and financial planning and be further developed as part of finance, performance and risk monitoring routines. Developing a corporate approach through promotion of best practice through the use of case studies will support management to become effective.</p> <p>Including risk as a standard agenda item at management meetings will prompt the identification of new and emerging risks, records should be maintained of discussions to ensure that these risks can be revisited and will not be forgotten or lost.</p> <p>New and emerging risks and opportunities should be highlighted on risk registers, however these risks should be identified as such and may not have any mitigating controls or action plans due to a lack of initial information. Capturing these risks would allow for monitoring until full details have been received and considered. Once enough information is received a decision can be taken as to whether it transfers to the risk register or can be removed as there is no risk arising. When the risk is confirmed as a risk to service delivery it should then form part of the formal risk register and be managed in accordance with current processes.</p>	
	Original Management Response to audit 2016	
	<p>The disjointed business planning process hampers successful horizon scanning – AD for HROD uses the information stored on the Project Server as a business plan – this model could be followed by other departments.</p> <p>Leaving the EU working group are scoping risks as part of a horizon scanning process that links in with corporate process.</p>	
	Partially Implemented	Page 55
Audit Observation and Management Update as at March 2018		
	<p>Senior Management and Departmental Management Teams performance and risk discussions will feed into the new business planning process. The new business planning process promotes horizon scanning as part of routine cycle of review and update. This has been evident by an increase in the number of changes to risk registers.</p> <p>Monthly management meetings will include the review of key performance indicators and risks this will include the scoping of future risks as well as provide a gap analysis.</p> <p>It is important the identification and evaluation of future opportunities is also embedded into routine management review processes.</p>	
12	Original Audit Observations, Findings and Opportunities as at October 2016	
	<p>Cost / Benefit of Risk Management Activity</p> <p>Senior Management stated that the cost/benefit of controls and action plans to mitigating risk is considered however demonstrable evidence has not been obtained to determine the effectiveness of this.</p> <p>Risk information could be further strengthened with the inclusion of action plan for additional controls and an evaluation of the cost/benefit of mitigating controls. There are also opportunities to further drive the risk management process by developing tools that will support the consideration of cost effective mitigation of each risk and determine the realisation of benefits achieved through risk management.</p>	

Original Management Response to audit 2016

It is important not to make risk management processes too complicated or time consuming as it may deter managers from doing it – there may be scope to adapt the Project Server to provide some sort of cost/benefit analysis.

Audit Observation and Management Update as at March 2018

Partially Implemented

The risk register template has been revised in line with the 'Three Line Defence ' model to allow for consideration of the level of assurance in place - this should help to determine if there are unnecessary controls in place for an activity.

The alignment and streamlining of business planning, financial, performance and risk monitoring processes will enable the consideration of the cost/benefit of mitigation as well as collaboration to identify resulting pressures across the council.

The development and roll out of Civica Financials e-budgeting should further support this.

Scope and Objectives

As part of the formal audit planning process it was agreed that this review would follow up on the action taken since the last Internal Audit report in October 2016 and provide Plymouth City Council's Management with assurance on the progress taken to strengthen risk management arrangements

Inherent Limitations

The opinions and recommendations contained within this report are based on our examination of restricted samples of transactions / records and our discussions with officers responsible for the processes reviewed.

Definitions of Audit Assurance Opinion Levels

Assurance	Definition
Driving	Senior management uses consideration of risk to drive excellence through the business, with strong support and reward for well managed risk-taking. All staff are empowered to be responsible for risk management. The organisation has a good record of innovation and well-managed risk-taking. Absence of a blame culture. Clear evidence of improved partnership delivery through risk management and that key risks to the community are being effectively managed. Management of risk and uncertainty is well-integrated with all key business processes and shown to be a key driver in business success.
Embedded and Integrated	Risk management is championed by the Director. The Board and senior managers challenge the risks to the organisation and understand their risk appetite. Management leads risk management by example. People are encouraged and supported to take managed risks through innovation. Regular training and clear communication of risk is in place. Sound governance arrangements are established. Partners support one another's risk management capability and capacity. A framework of risk management processes in place and used to support service delivery. Robust business continuity management system in place.
Working	Senior managers take the lead to apply risk management thoroughly across the organisation. They own and manage a register of key risks and set the risk appetite. A core group of people have the skills and knowledge to manage risk effectively and implement the risk management framework. Staff are aware of key risks and responsibilities. Risk with partners and suppliers is well managed across organisational boundaries. Appropriate resources in place to manage risk. Risk management processes used to support key business processes. Early warning indicators and lessons learned are reported. Critical services supported through continuity plans.
Happening	Board/ Councillors and senior managers take the lead to ensure that approaches for addressing risk are being developed and implemented. Suitable guidance is available and a training programme has been implemented to develop risk capability. Approaches for addressing risk with partners are being developed and implemented. Appropriate tools are developed and resources for risk identified. Risk management processes are being implemented and reported upon in key areas Service continuity arrangements are being developed in key service Areas.
Awareness	Senior management are aware of the need to manage uncertainty and risk and have made resources available to improve. Key people are aware of the need to understand risk principles and increase capacity and competency in risk management techniques through appropriate training. Key people are aware of areas of potential risk in partnerships and the need to allocate resources to manage risk. Some stand-alone risk processes have been identified and are being developed. The need for service continuity arrangements has been identified.

Devon Audit Partnership

The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay and Devon councils. We aim to be recognised as a high quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.

The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at robert.hutchins@devonaudit.gov.uk.

Confidentiality and Disclosure Clause

This report is protectively marked in accordance with the National Protective Marking Scheme. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies.

This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.

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PLYMOUTH CITY COUNCIL

Subject:	Corporate Fraud Team – Annual Report
Committee:	Audit and Governance Committee
Date:	26 June 2018
Cabinet Member:	Councillor Lowry
CMT Member:	Andrew Hardingham (Strategic Director for Transformation and Change)
Author:	Ken Johnson, Corporate Fraud Team Manager
Contact details	Tel: 01752 307625 email: ken.johnson@plymouth.gov.uk
Ref:	AS/CFT
Key Decision:	No
Part:	I

Purpose of the report:

This report summarises the work carried out during 2017/18 by the Corporate Fraud Team in order to counter fraudulent threats to the Council's budget and reputation.

The Corporate Plan:

Maintaining sound systems of internal control and protecting the public purse ensures that those who legitimately need the support and services of the Council get it and therefore benefits achievement of corporate and service objectives.

**Implications for Medium Term Financial Plan and Resource Implications:
Including finance, human, IT and land**

None arising specifically from this report.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

The Corporate Fraud Team specifically support the council's overall governance arrangements

Equality and Diversity

Has an Equality Impact Assessment been undertaken? Not required.

Recommendations and Reasons for recommended action:

The Audit Committee is recommended to note the Annual Report.

Alternative options considered and rejected:

Effective counter fraud processes are an essential element of internal control and as such are an important element of good corporate governance. For this reason alternative options are not applicable.

Published work / information:

[Local Government Counter Fraud and Corruption Strategy 2016 - 2019](#)

[National Fraud Initiative Report 2016](#)

[Annual Fraud Indicator 2017](#)

[Councillors Workbook on Bribery and Fraud Prevention](#)

Background papers:

[Transfer of Corporate Fraud Team to Devon Audit Partnership Cabinet Meeting 18th January 2018](#)

Title	Part I	Part II	Exemption Paragraph Number						
			1	2	3	4	5	6	7

Sign off: Councillor Lowry

Fin		Leg		Mon Off		HR		Assets		IT		Strat Proc	
Originating SMT Member , Strategic Director for Transformation and Change													
Has the Cabinet Member(s) agreed the contents of the report?													

1.0 Introduction

- 1.1** Fraud encompasses an array of irregularities and illegal acts characterised by intentional deception with intent to make a gain or cause a loss, or to expose another to a risk of loss. It can be perpetrated for the benefit of an individual or to the detriment of Plymouth City Council and by any persons outside as well as inside the Council.
- 1.2** Plymouth City Council's Corporate Fraud Team is the only fully qualified and operational investigation team left in Local Authority the Devon area.
- 1.3** Fraud in all its forms is now the most common criminal offence in the UK costing the UK economy £193 Billion a year. This equates to £3000 per head of population in the UK. It is estimated to cost Local Authorities £2.2 Billion annually, losses that council front line services can ill afford and which can contribute to council tax increasing year on year.
- 1.4** Fraud is by definition a crime and should not be tolerated. Any fraud against Plymouth City Council is a fraud against the public purse and therefore we will continue to acknowledge the threat from fraud, build processes and policies that will prevent fraud and pursue those who would commit fraud to ensure that the public retain confidence in the Council.

2.0 Background

- 2.1** Plymouth City Council's Corporate Fraud Team was established in June 2014 and consisted of individuals who were previously the Benefit Fraud Team situated within Revenues and Benefits in the Customer Services Department.
- 2.2** It was felt by senior managers that the Corporate Fraud function was of value in protecting other areas of the Council's business and this decision was made easier as the Benefit Fraud Team had already started diversifying into other areas such as Blue Badge and Social Housing fraud.
- 2.3** Over the past 4 years the Corporate Fraud Team have dealt with over 1,500 allegations of fraud from internal sources as well as the public, resulting in 113 prosecutions, 298 formal cautions and 51 other forms of sanctions against offenders. They have generated and or assisted in generating much needed savings in several areas of the Councils business in the form of proven cashable and non-cashable savings to the tune of £6,555,158.93 which is an incredible achievement for such a small professionally trained group. There are currently 129 live investigations for fraud being undertaken by the team.

3.0 Areas of Current Fraud Investigation

- 3.1** As part of its ongoing commitment to countering fraud in the Plymouth and surrounding area, the Corporate Fraud Team has undertaken investigations in the following areas:
- Council Tax Support / Single Person Discount
 - Blue Badge misuse
 - Social Housing Fraud (involving our partner Registered Social Landlords)
 - Insurance fraud
 - Bus pass misuse
 - Parking Permit selling
 - Direct Payment Scheme in Adult Social Care
 - Non-domestic rates
 - Internal cases

- School Admissions Fraud

- 3.2** Counter fraud work is notoriously difficult to effectively and accurately quantify due to the nature of the offences. It is by nature a hidden criminal offence. We may never know exactly how much money the detection of fraud has saved the Authority, as many of the fraudulent activities listed above will have and would continue to have been perpetrated over a period of time, had there not been intervention.
- 3.3** The Corporate Fraud Team will continue to work closely with all departments to ensure that fraud risks are minimised and wherever possible those found committing offences are dealt with robustly.
- 3.4** All allegations of fraud will be investigated appropriately irrespective of the area of the Councils business and irrespective of value

4.0 Achievements

- 4.1** We have had some positive prosecution results over the year 17/18, which are detailed in Appendix A of this report.
- 4.2** The Team organised and ran a very successful Devon Social Housing Fraud project from start to finish in December 2015, the final investigations resulting from this initiative were completed in the last financial year resulting in a total return on of £1,062,000.00 in non-cashable savings for the initial investment of £200k obtained from the Department for Communities and Local Government. A full table of results is available in Appendix B
- 4.3** The Corporate Fraud Team as detailed in last year's report attempted to commercialise their service by offering their professional services to other Local Authorities and partners in an attempt to generate income for Plymouth City Council as well as achieving savings along the way. Whilst the offer remains a valid option for those who are looking to minimise the risks posed by fraudulent activity the uptake from LA's around Devon has been disappointing.
- 4.4** In the summer of 2017, the Corporate Fraud Team Manager was published in 'public rm the journal of ALARM' a national local authority risk management magazine in a two page article entitled 'Local Authorities Face up to fraud' on how the PCC Corporate Fraud Team is an innovative team achieving anti-fraud success.
- 4.5** The Corporate Fraud Team was nominated and has been successful in becoming a finalist for the 'Team of the year Award' at the ALARM Risk Awards (which is the national organisation for Risk Management in Local Authorities) on 25th June 2018 in Manchester.
- 4.6** In January 2018 it was put to 'Cabinet' that the PCC, CFT would be transferred to the Devon Audit Partnership with effect from 1st May 2018, the benefits and risks associated with this transfer are outlined in the proposal document dated 18th January 2018 in Background Papers. The team has now transferred to Midland House and are working with their Devon Audit Partnership colleagues closely and effectively.
- 4.7** A new ELearning package has been designed and implemented through the Plymouth City Council Learning Zone, which is a mandatory course for all new starters. The course has a 23% completion rate for all PCC staff and we are constantly reminding departments that the course is important to all areas of the councils business so that maximum savings through countering fraud can be achieved.

5.0 Focus for 2018/19

5.1 The following areas of work are to be the focus for the 18/19:

- Implementation of new Counter Fraud Policy and Strategy;
- Presentation to senior management and Councillors to maximise awareness of fraud issues and ensure commitment from the top of the organisation;
- Maximise generated income into the Devon Audit Partnership
- Ensure that 'Fraud' is part of the councils Risk Register, to establish high risk areas, areas of quick win and cost savings as part of the audit programme;
- Continue to maximise publicity both internally and externally in the fight against fraud.
- Promote and ensure compliance with all recommendations in the 'Fighting Fraud and Corruption Locally', the local government counter fraud and corruption strategy.

6.0 Conclusion

- 6.1** Organisational reputational damage should not be overlooked nor the effect on public confidence when attempting to measure the effectiveness of a counter fraud capability. Plymouth City Council can take pride in the fact that the majority of its citizens fully support the use of a Corporate Fraud Team, this has been evident in all contact that the team have had with the public, even with the majority of those being investigated.
- 6.2** The problem of fraud is a large one, which is constantly changing and evolving. The Corporate Fraud Team is committed to the challenge and will endeavour to ensure that Plymouth City Council's services are given to those who genuinely need them.
- 6.3** The Corporate Fraud Team will continue to adapt flexibly to any and all future fraudulent threats and look to lead the South West Peninsula in combatting fraud.
- 6.4** A full contact list for DAP Counter Fraud Services is available on Appendix C

PLYMOUTH CORPORATE FRAUD TEAM PROSECUTION CASE STUDIES

1. Plymouth Crown Court 27.04.2017

Plymouth Crown Court were told at the sentencing hearing on 27th April that Mrs Jones had supplied false information on 6 occasions in respect of the self-employment earnings of Mrs Jones and her husband over a four year period in support of Housing Benefit, Council Tax Benefit and Council Tax Support Claim.

The offences generated an overpayment of benefit in the region of £30,000 plus.

The defence did not dispute the overpayment figure but argued that there was no dishonesty by the defendant in this case.

The Judge (her honour, Recorder Rowley) commented that the offending was of a sophisticated nature and involved significant planning as it went on for a long period.

In response to references in the pre-sentence report to the fact that there was little doubt that Mrs Jones had gained financially, and spent money on luxuries such as a trip to Australia, the Judge commented: 'I find that there was lavish expenditure and that you were clearly spending beyond your means'.

Sentencing:

Mrs J was given a 10 week prison sentence, suspended for 12 months.

She was also ordered to undertake 180 hours of unpaid work in the community in the next 12 months and to pay £1000 towards the prosecution's costs.

(The same offender submitted an insurance claim against PCC which has recently been successfully defended by the council's Insurance Team, who with the Fraud Teams assistance proved 'fundamental dishonesty' in this case. Mrs J was ordered to further pay PCC costs of £30, 000.)

Further criminal charges may follow as a result.

2. Plymouth Magistrates Court 18.07.217

Miss P, a carer used an elderly dementia patient's bus pass more than 1,100 times to obtain a years' worth of free bus travel. 55 year old Miss P pleaded guilty to Fraud Act Offences stating that she had found the pass and had intended to hand it in. She also admitted that she had altered the card by dishonestly putting her own photograph on the pass to make it appear legitimate.

Sentencing:

Miss P was fined a total of £735. The Magistrate stated on record that "this was quite serious and you used it a lot of times. We can't ignore that or the fact that it was done deliberately".

Mrs P also lost her job as in the care industry as a result of the conviction.

3. Plymouth Magistrates Court 23.08.17.

Mr W admitted to 3 Fraud Act offences as he had used his deceased wife's Disable Blue Badge in order to obtain free disabled parking for his vehicle on the Barbican. He was reported to the Corporate Fraud Team by a member of the public who had taken photographs of the incidents and knew the offender.

Mr W's wife died in 2015 and the offences that he was convicted for were perpetrated in 2016 nearly a full year after the death of his wife. Mr W is also a well-known local business person who should have known better.

Sentencing:

Mr W handed up a means form and was then fined £160 for the first offence, reduced from £240 due to his early guilty plea. He was ordered to pay £250 towards PCC's prosecution costs and a £30 victim surcharge. (£440 in total).

4. Plymouth Magistrates Court 17.04.18.

Mr K sublet his Social Housing Property for nearly 2 years and made £5,985 profit from his illegal actions. He let the property to a friend of his mother's whilst living and working in Hampshire with his girlfriend. He lied to PCC investigators and attempted to influence a witness in the case. But eventually admitted the offence contrary to the Prevention of Social Housing Fraud Act 2013.

Sentencing:

Mr K admitted the offence and was sentenced to a fine of £350, and ordered to pay PCC £450 costs. PCC were successful in obtaining an Unlawful Profit Order (UPO) for the £5,985 which Mr K was ordered to pay back to the Landlord (who was in this case Exeter City Council). The UPO is the first such successful order in the SW peninsula and as such is another first for PCC.

Devon Social Housing Fraud Group Financial Outcome by Local Authority

Local Authority	Number of Referrals	Outcome							Financial Benefit (Based on Audit Figures of £18000 per property)
		NFA	Caution	Prosecution	Keys returned	Landlord Gained Possession	Ongoing Investigation	Pending Action	
East Devon	12	11	0	0	1	0	0	0	£18,000.00
Exeter	25	20	1	3	2	0	0	0	£108,000.00
Mid Devon	9	7	0	0	2	0	0	0	£36,000.00
North Devon	3	2	0	0	0	1	0	0	£18,000.00
Plymouth	213	172	11	7	19	2	0	0	£702,000.00
South Hams	25	24	0	0	1	0	0	0	£18,000.00
Teignbridge	20	14	1	2	2	1	0	0	£108,000.00
Torbay	12	11	0	0	1	0	0	0	£18,000.00
Torridge	9	9	0	0	0	0	0	0	£0.00
West Devon	3	3	0	0	0	0	0	0	£0.00
Total Savings	331	273	13	11	28	6	0	0	£1,062,000.00

The figure of £18k saving per property returned to social housing use is based on Audit Commission figures in 2013 in connection with costs for the emergency accommodation for homeless individuals and families that could have been housed had the property not be being illegally occupied by an offender. This is an average figure and each LA's figure will vary.

Devon Counter Fraud Services Contacts

Name	Position	Telephone	Email
Ken Johnson	Counter Fraud Services Manager	01752 307625	<u>Ken.johnson@plymouth.gcsx.gov.uk</u>
Pete Burgoyne	Fraud Investigator	01752 305977	<u>Peter.burgoyne@plymouth.gcsx.gov.uk</u>
Paul Clayton	Fraud Investigator	01752 305249	<u>Paul.clayton@plymouth.gcsx.gov.uk</u>
Dina Williams	Fraud Investigator	01752 307619	<u>Dina.williams@plymouth.gcsx.gov.uk</u>
Ashley Varley	Fraud Investigator	01752 304182	<u>Ashley.varley@plymouth.gcsx.gov.uk</u>
Sue Roach	Intelligence Officer	01752 307618	<u>Susan.roach@plymouth.gcsx.gov.uk</u>
Rob Rogers	Compliance Officer	01752 398556	<u>Robert.rogers@plymouth.gov.uk</u>
Fraud referral email address			<u>Corporate.fraud@plymouth.gov.uk</u>
Tenancy Fraud referral email address			<u>socialhousingfraud@plymouth.gov.uk</u>
Fraud Telephone referrals		01752 304450	

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PLYMOUTH CITY COUNCIL

Subject:	Executive Decision Publication – Amendment to Constitution
Committee:	Audit and Governance Committee
Date:	30 July 2018
Cabinet Member:	Cllr Peter Smith, Deputy Leader
CMT Member:	Giles Perritt, Assistant Chief Executive
Author:	Ross Jago, Senior Governance Advisor
Contact details:	ross.jago@plymouth.gov.uk
Ref:	
Key Decision:	No
Part:	I

Purpose of the report:

The purpose of this report is to amend the day on which Executive Decisions are normally published from Mondays to Wednesdays.

Under the current process decisions taken at Cabinet are not published until the following Monday and are then subject to a further call-in period of a week.

Changing the day on which all decisions are published will bring Cabinet decisions into line with the standard call-in timescales.

Corporate Plan:

The Executive Decision making process is a central element of the Democratic process of the Council which supports the Democratic value of the Corporate Plan.

**Implications for Medium Term Financial Plan and Resource Implications:
Including finance, human, IT and land:**

As this is a change to internal business process there are no anticipated financial implications.

**Other Implications: e.g. Child Poverty, Community Safety, Health and Safety
and Risk Management:**

None

Equality and Diversity:

Has an Equality Impact Assessment been undertaken? No

Recommendations and Reasons for recommended action:

Agree to recommend to Council that the constitution is amended to reflect that the day on which executive decisions are usually published is Wednesday. (Part C of the Constitution Para 4.4)

Reason: The change would lead to efficiencies in the decision making process.

Alternative options considered and rejected:

Not accepting the change would not lead to efficiencies in the decision making process.

Published work / information:

None

Background papers:

Title	Part I	Part II	Exemption Paragraph Number							
			1	2	3	4	5	6	7	

Sign off:

Fin	djn I 8.19. 50	Leg	It/30 867/ 1607	Mon Off	It/30 867/ 1607	HR		Assets		IT		Strat Proc	
Originating SMT Member – Giles Perritt													
Has the Cabinet Member(s) agreed the content of the report? Yes													

PLYMOUTH CITY COUNCIL

Subject: Key Decision Definition – Amendment to Constitution
Committee: Audit and Governance Committee
Date: 30 July 2018
Cabinet Member: Cllr Peter Smith, Deputy Leader
CMT Member: Giles Perritt, Assistant Chief Executive
Author: Ross Jago, Senior Governance Advisor
Contact details: ross.jago@plymouth.gov.uk
Ref:
Key Decision: No
Part: I

Purpose of the report:

The purpose of this report is to propose changes to the definition of a key decision. Approval will provide additional responsibility and accountability to individual cabinet members for decisions in their portfolio area, improve the efficiency of the decision making process, and maintain open and transparent decision making which remains subject to scrutiny and call in.

The report also outlines the role and process of the Forward Plan and the Call-in process for executive decisions.

Corporate Plan:

The Executive Decision making process is a central element of the Democratic process of the Council which supports the Democratic values of the Corporate Plan.

**Implications for Medium Term Financial Plan and Resource Implications:
Including finance, human, IT and land:**

As this is a change to internal business process there are no anticipated financial implications.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

None

Equality and Diversity:

Has an Equality Impact Assessment been undertaken? No

Recommendations and Reasons for recommended action:

Agree to -

1. recommend to Council that the new definition of a Key Decision as outlined at appendix one is adopted;

Reason: Approval will provide additional responsibility and accountability to individual cabinet members for decisions in their portfolio area, improving the efficiency of the decision making process.

2. note the Forward Plan and Call-in processes;

Reason: Established Forward Plan and Call-in processes are consistent with the Law and processes conducted by other local authorities.

3. subject to (1) above, delegate to the Monitoring Officer any required consequential amendments to the constitution for Council approval in September.

Reason: To ensure consistency across the constitution.

Alternative options considered and rejected:

Not accepting the change would not lead to efficiencies in the decision making process.

Published work / information:

None

Background papers:

Title	Part I	Part II	Exemption Paragraph Number							
			1	2	3	4	5	6	7	

Sign off:

Fin	akhI	Leg	It/30	Mon	It/30	HR		Assets		IT		Strat	
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	49		1807		1807								
Originating SMT Member – Giles Perritt													
Has the Cabinet Member(s) agreed the content of the report? Yes													

1.0 Key Decision Definition and Thresholds

- 1.1 Key decisions are significant decisions to be made either by the Cabinet, or by Cabinet members or officers when acting under delegated authority from the Cabinet.
- 1.2 In order to assist potential decision-makers within a local authority to reach consistent and objective judgements and to ensure the public are clear about what is regarded as significant locally, the local authority should agree and publish limits above which items are deemed significant.
- 1.3 The last review of the key decision threshold was in 2014 when the threshold for savings treated as key decisions was raised. Since that time costs have increased, there has been sustained growth in construction price and consumer prices indices and the national living wage has driven the cost of service delivery. In addition to rising costs, Cabinet members and officers continue to look for significant savings that are required across the organisation in order to deal with decreasing central government funding.
- 1.4 As a result of these changes an increasing number of decisions are likely to become high value and to enable continuing efficiency whilst maintaining transparency and accountability in the decision making process, consideration should be given to the raising of Key Decision financial thresholds.
- 1.5 The proposed key decision definition and threshold outlined at appendix I will allow Cabinet members to make decisions quickly, responding to needs in their communities and portfolio areas and clarify for officers decision which should be treated as significant and published as a Key Decision.
- 1.6 All decisions made by Councillors would still be subject of scrutiny and call-in when necessary as will Officer Key Decisions.

2.0 Forward Plan

- 2.1 Regulations made under the Local Government Act 2000 and Localism Act 2011 obliges local authorities to publish advance notice of “key decisions” they are planning to take. At least 28 days’ notice needs to be given of intention to make a key decision and the regulations specify the content of the notice.
- 2.2 The process behind the Forward Plan was delegated in 2012 to the monitoring officer. Following discussion with Cabinet Members in portfolio holder briefings, council officers provide notices of decisions for the forward plan to the Democratic Support Team who publishes the plan online.
- 2.3 The Forward Plan is updated monthly and is a rolling three month list of decisions. Many of the decisions on the forward plan are enabling decisions for ongoing programmes of work.
- 2.4 When including a key decision on the forward plan is impracticable, the decision may only be taken when the chair of the relevant overview and scrutiny committee has been informed. This is by notice in writing at least five clear days in advance of the decision being taken. The notice must also be published on the Councils website. When made the decision would still be subject to the call in period.

- 2.5 Where a decision is deemed urgent a notice must be published on the website providing the reason for the urgent decision, the decision must receive agreement by the relevant chair of scrutiny. An urgent decision may be implemented immediately and there is no right for call-in by councillors.
- 2.6 The process for the Forward Plan and its publication adheres to the regulations as set out in the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 and the method of publication is broadly similar to those authorities administering the Moden.Gov committee software.

3.0 Call-in Process

- 3.1 Call-in provides a mechanism for councillors to intervene when they feel that a decision being made by the executive needs to be revisited (or possibly changed). It provides a key check and balance in the leader/cabinet system of governance. It should, however, be regarded as a measure that is only needed in exceptional circumstances, rather than day-to-day.
- 3.2 The law relating to call-in in England can be found in the Local Government Act 2000. The Act establishes that scrutiny has a power to review or scrutinise decisions made but not implemented by the executive, which includes a power to recommend that the decision be reconsidered by the person who made it. The power in the Act also includes the power for an overview and scrutiny committee to refer the issue to Full Council for them to consider it substantively.
- 3.3 Plymouth City Council has an existing call in procedure, which is in line with neighbouring local authority's and Government guidance, and is published in the constitution. A copy of the process is provided at appendix two.

Proposed Key Decision Definition and Threshold

Key decisions must be taken by Cabinet, unless the Leader chooses to take the decision.

A key decision is an executive decision likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function to which the decision relates. In determining the meaning of "significant" regard must be had to any guidance issued by the secretary of state from time to time in accordance with section 9q of the Local Government Act 2000.

A decision will be a "key decision" if it is an executive decision -

- **AND** is likely to result in the local authority incurring expenditure which is, or the making of savings which are, significant:
 - in the case of capital projects¹ and contract awards, when the decision involves a new commitment to spend and/or save in excess of £3million in total; **or**
 - in the case of revenue projects when the decision involves entering into new commitments and/or making new savings in excess of £1million.
- **OR** is significant in terms of its effect on communities living or working in an area comprising two or more wards in the area of the local authority. ("Significant Impact" in this respect is determined by the Monitoring Officer)

Other decisions which must be published

- Executive Decisions by Cabinet Members – all executive decisions between the Chief Officer limit of £200k and £1million (revenue) or £3million (capital/contracts) (subject to call in)
- Decisions delegated by Cabinet to Cabinet Members (subject to call in)
- Decisions delegated by Cabinet and Cabinet Members to Officers (subject to call in)
- Emergency Decisions

Effect on communities

- A decision may affect a great number of people, or a number of wards, but not significantly and these decisions shall not normally be regarded as key;
- Where a decision is only likely to have a significant impact on a very small number of people in one ward it will not normally be key. But the people affected should be informed of the forthcoming decision in sufficient time for them to exercise their rights to see the relevant papers and make an input into the decision making process;
- Consideration should be given to the level of public interest in the decision. The higher the level of interest the more appropriate it is that the decision should be considered to be key.

¹ **Nb** An allocation in the Capital Programme is not a commitment to spend as allocations are subject to change. Decisions for the commitment of spend which follow capital allocations are subject to the executive decision making process and may be considered Key Decisions. The approval process for Capital Projects is set out in Part H of the constitution.

CALL-IN PROCEDURE RULES

1. What decisions can be called-in?

1.1 Call-in is a process where an Overview and Scrutiny Committee can recommend that an executive decision which has not yet been carried out, is reconsidered by the decision maker

1.2 The following executive decisions can be called-in:

- decisions of the Leader;
- Cabinet decisions;
- Cabinet member decisions;
- executive decisions under joint arrangements
- Officer key decisions

2. Publishing decisions that can be called-in

On the Monday (normally) after a decision that could be called-in is taken, Democratic Support will email information about the decision to all Councillors.

The information will be marked with the date it was published, will say what the decision was and how it can be called-in.

The information will say that the decision will come into force if it is not called in by 4.30pm on the fifth working day after the publication date.

3. Who can call in decisions and when do they have to be called in by?

Any three Councillors can call in a decision by 4.30pm on the fifth working day after the decision was published.

Co-opted and independent members cannot call-in decisions.

4. How are decisions called in?

Decisions are called-in by sending a call in form to the Monitoring Officer or emailing it to democratic.supprt@plymouth.gov.uk

Reasons for the call-in must be given. If an executive decision is being called-in because it is believed to be outside the policy framework and budget, the call-in must say so.

There are four other reasons to call-in a decision:

- the process was deficient in some way (e.g. the decision maker did not consult people who should have been consulted)
- the decision maker did not consider alternative courses of action
- the decision taker did not take into account relevant factors
- the decision was wrong in law or fact. The caller in must state why it was wrong in law or fact

When a decision is called in, the Monitoring Officer will tell the relevant officer, the chair of the body which took the decision and the Cabinet member.

5. Where are decisions called-in to?

The relevant Overview and Scrutiny Committee will consider decisions which are called-in.

6. What happens when a decision is called-in?

The relevant Overview and Scrutiny Committee can decide to:

- confirm that the decision should be implemented, the decision can then be acted on immediately; or
- recommend that the decision maker should reconsider the decision in light of the comments expressed by the Committee; or
- refer the decision to Council to consider the call in; or
- send comments to Council on any decision that recommends changing the policy framework and budget.

7. Sending the decision back with its comments to the decision maker

The decision maker will reconsider the decision, taking the Committee's views into account. The decision maker may then:

- (a) implement the decision (which cannot be called-in again); or
- (b) not implement the decision; or
- (c) alter the decision (which can be called-in).

The decision maker will report the outcome of the above to the next relevant Overview and Scrutiny Committee meeting.

8. Referring the decision to Council to consider the call-in

The decision will be considered at the next ordinary Council meeting or, if two Cabinet members require action earlier, at an extraordinary Council meeting. Council can decide to:

- support the decision, which can then be acted on immediately; or
- send the decision back with its comments to the decision maker who will then take a final decision (see below).

If the decision is sent back to the decision maker they will reconsider the decision and the procedure outlined in 7 (a) to (c) above will be followed, taking the Council's views into account.

9. Exceptions to the call-in procedure

Call-in will not apply to the following decisions:

- non-executive decisions;
- executive decisions made by appeals panels;
- decisions already called-in once (a decision modified becomes a new decision and may be subject to call-in);

- non-key decisions made by officers with delegated authority;
- urgent decisions.

10 Decisions believed to be outside the budget or policy framework

- (a) The Monitoring Officer or Responsible Finance Officer will say whether the decision is outside the policy framework and budget.
- (b) If the decision is not outside the policy framework and budget, the relevant Overview and Scrutiny Committee can decide to:
 - support the decision, which can then be acted on immediately, or
 - send the decision back with its comments to the Cabinet or Cabinet member, who will then take a final decision.
- (c) If the decision is outside the policy framework and budget, it will go as a recommendation to the next ordinary meeting of Council, along with any comments from the relevant Overview and Scrutiny Committee (if two Cabinet members want earlier action, an extraordinary meeting of the Council can be held, see Council Procedure Rule 6 One of the church representatives will be nominated by the Diocesan Board of Education for the Church of England diocese and the other will be nominated by the Bishop of the Roman Catholic diocese within the area.).
- (d) Council is able to:
 - ask the Cabinet to reconsider, or
 - change the policy framework and budget so that the decision is within it – the decision can then be acted on immediately.

11. Urgent decisions outside the budget and policy framework

A decision cannot be called-in if the Chair of the relevant Overview and Scrutiny Committee agrees that:

- the decision is reasonable and
- the delay would not be in the interests of the Council or the public.

If the Chair of the relevant Overview and Scrutiny Committee is not available, the Lord Mayor (or in his or her absence the Deputy Lord Mayor) must agree that the decision is urgent and reasonable.

Urgent decisions must be identified on the published information.

Urgent decisions must be reported to the next ordinary full Council meeting with the reason why they were urgent.

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Audit & Governance Committee – Tracking Resolutions

Minute No.	Resolution	Progress
31 May 2018 Minute 62 - Independent Remuneration Panel Review	Audit & Governance Members agreed: 1. to note the terms of reference for the Independent Remuneration Panel’s June 2018 review of Member Allowances; 2. to approve the appointment of Ms Jane Hopkinson to the Panel, per its delegated authority from Council at 18 May Annual General Meeting.	Ms Jane Hopkinson’s recruitment to IRP has been submitted to 25 June 2018 Full Council meeting.
31 May 2018 Minute 63 – Elections Debrief	Members agreed – 1. to note the update on the Elections Debrief; 2. to update the Audit and Governance Work Programme to include: <ul style="list-style-type: none"> • The Elections Process • The Polling Place Review 	Both items have been added to the Audit & Governance work programme – dates are still to be scheduled.
31 May 2018 Minute 64. Internal Audit Annual Report 2017/18	Members agreed – 3. Andrew Hardingham (Strategic Director for Transformation & Change) to work with Brenda Davis (Audit Manager) to put together a programme identifying specific areas of the council where improvements were required and for this to be reported back to the Audit & Governance Committee with the appropriate Managers in attendance.	Officers emailed on 14 June 2018.
31 May 2018 Minute 65. Annual Governance Statement 2017/18	Audit & Governance Members agreed to – (5) amend the Annual Governance Statement 2017/18 to clarify that the Audit & Governance Committee currently had two independent Members however there was a vacancy for 1 further Independent Member.	DSO emailed responsible officer on 14 June 2018 to make the necessary changes.
31 May 2018 Minute 67. Annual Report on Treasury Management Activities 2017/18	Audit & Governance Members agreed to – 2. to refer the Treasury Management Annual Report 2017/18 to Full Council for approval.	This recommendation was submitted to 25 June 2018 Full Council meeting.

Audit & Governance Committee – Tracking Resolutions

Minute No.	Resolution	Progress
631 May 2018 Minute 69. Work Programme	<p>Members discussed the work programme for 2018/19 and agreed to add the following items:</p> <ul style="list-style-type: none"> • The Elections Process; • The Polling Place Review; • Internal Audit Annual Report – Manager specific issues ‘requiring improvement’ <p>Under this item the Chair advised Members of her intention to move future Audit & Governance Committee meetings to Mondays at 4pm. The Democratic Support Adviser informed Members that new dates would be emailed and subsequently updated on the Council’s website.</p>	<p>These items have been added to the work programme – dates are still to be scheduled.</p> <p>New Audit & Governance Committee dates have been agreed by the Chair and will be sent around to Members.</p>

	Greyed out box = action completed
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Audit Committee Work Plan 2018/19

Item	Lead Officer	2018							2019					
		M 31	J	J 30	A	S	O I	N	D 10	J	F	M 11	A	M
Draft Statement of Accounts 2017/18 and Annual Governance Statement	Carolyn Haynes			*										
Strategic Risk and Opportunity Register Monitoring Report and the Integrated Commissioning Risk Register	Julie Hosking											*		
Operational Risk and Opportunity Management - Update Report	Julie Hosking			*										
Risk and Opportunity Management Annual Report 2017/18	Julie Hosking			*										
Information Annual Governance Report	Julie Hosking / John Finch						*							
Annual Report on Treasury Management Activities for 2017/18	Chris Flower	*												

Audit Committee Work Plan 2018/19

Item	Lead Officer	2018							2019					
		M 31	J	J 30	A	S	O I	N	D I O	J	F	M I I	A	M
Treasury Management Practices, Principles and Schedules 2019/20	Chris Flower											*		
Mid-Year Treasury Management Report 2018/19	Chris Flower								*					
Treasury Management Strategy 2019/20	Chris Flower								*					
Counter Fraud Annual Report	Mike Hocking / Ken Johnson			*										
Health and Safety Annual Report	Clare Cotter							*						
Internal Audit Annual Report 2017/18	David Curnow / Brenda Davis	*												

Audit Committee Work Plan 2018/19

Item	Lead Officer	2018							2019					
		M 31	J	J 30	A	S	O I	N	D I 0	J	F	M I I	A	M
Internal Audit Half Year Report 2017/18	David Curnow / Brenda Davis								*					
Internal Audit – Progress Report	David Curnow / Brenda Davis							*						
Internal Audit Follow Up Report 2017/18	David Curnow / Brenda Davis							*						
Internal Audit Charter and Strategy 2018/19	David Curnow / Brenda Davis											*		
Internal Audit Plan 2018/19	David Curnow / Brenda Davis											*		
Annual Report to Those Charged with Governance (ISA260 Report) 2017/2018 including Value for Money (VFM) (External Auditor)	External Auditor BDO			*										

Audit Committee Work Plan 2018/19

		2018							2019					
Item	Lead Officer	M 31	J	J 30	A	S	O I	N	D 10	J	F	M 11	A	M
External Audit Progress Report	External Auditor GT								*					
Planning Report (External Auditor)	External Auditor GT								*					
Annual Audit Letter	External Auditor BDO						*							
Grant Claims and Returns Certification (External Auditor)	External Auditor BDO								*					
Integrated Commissioning – Finance Assurance Review Group – Annual Report 2017/18 including ASW Audit Programme for CCG	David Northey								*					
Terms of Reference for Audit & Governance Committee	Andrew Hardingham/ Sian Millard	*												

Audit Committee Work Plan 2018/19

		2018							2019					
Item	Lead Officer	M 31	J	J 30	A	S	O I	N	D I O	J	F	M I I	A	M
Independent Remuneration Panel Review	Sian Millard	*												
Review of Rolling Work Plan	Lead Officer/DSO	*												
Items to be Scheduled 2019/20														

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