

Audit and Governance Committee



Date of meeting:	09 December 2019
Title of Report:	Operational Risk & Opportunity Management Update Report
Lead Member:	Councillor Mark Lowry (Cabinet Member for Finance)
Lead Strategic Director:	Giles Perritt (Assistant Chief Executive)
Author:	Julie Hosking, Corporate Risk Advisor
Contact Email:	Julie.hosking@plymouth.gov.uk
Your Reference:	SM/JKH
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of 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 111 to 112, comprising of two high (red) risks, 67 medium (amber) risks and 43 low (green) risks.

Recommendations and Reasons

The Audit and Governance 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.

Relevance to the Corporate Plan and/or the Plymouth Plan

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 the Medium Term Financial Plan and Resource Implications:

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

Carbon Footprint (Environmental) Implications:

None arising specifically from this report.

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

** When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*

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.

Appendices

**Add rows as required to box below*

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
A	Operational Risk Monitoring Briefing							

Background papers:

**Add rows as required to box below*

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
	1	2	3	4	5	6	7
Operational Risk Registers							

Sign off:

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Originating Senior Leadership Team member: Giles Perritt											
Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 19/11/2019											
Cabinet Member approval: <i>Councillor Mark Lowry</i> Date approved: 27/11/2019											

Appendix A – Operational Risk Monitoring Briefing**1.0 Introduction**

- 1.1 The position with regard to Operational Risk Register monitoring was last reported to this Committee on [22 July 2019](#) and this report now provides a summary of the latest monitoring exercise covering the position as at 30 November 2019.

2.0 Background

- 2.1 Plymouth City Council's Risk and Opportunity Management [Strategy](#) is reviewed each year and updated to ensure it remains fit for purpose. The latest version was endorsed by this Committee on 23 September 2019.
- 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 chaired by the Oversight and Governance Manager.
- 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 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 implemented across the organisation in March 2018. Service Directors reviewed their business plans during 2019.
- 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 Risks

- 4.1** Detail on the red risks reported is shown below:-

<p>Delivering Council services within the envelope of the resources provided in 2019/20-2021/22 Medium Term Financial Plan - Risk to Services of not delivering within reduced budgets</p>	<p>The Council is estimating a £3.466m overspend at the end of the second quarter of the financial year. This needs to be set in the context of Plymouth having to deliver over £17m of savings in 2019/20 in addition to the £11m of reductions delivered in 2018/19. The main pressures are within Children's due to unprecedented demands within the Service. Other pressures include non-delivery of legacy savings within Customer and Corporate and increased borrowing costs within the Treasury Management Budget. In addition, there are over £4m of savings planned that have not been fully delivered and are at risk. 2019/20 is the last year of the current four year Settlement. To date Plymouth has no indication as to the level of funding it will receive in 2020/21 or future years. This makes medium term financial planning extremely difficult.</p>
<p>Comments/Mitigation: The Council is in the process of setting up a new Transformation Team to modernise the way services work. The programme will look at the way the Council works to operate in a modern and efficient way to meet customer's expectations. This will include examining current budget and actual spend; contracts; income opportunities and any synergies and efficiencies across the whole council. A Brexit Office has been set up with Departmental Representatives assessing the potential impact of Brexit upon services. Regular reports are reported to Corporate Management Team and Scrutiny. The Council will continue to model future cost pressures and estimated future funding levels as part of the development of the Medium Term Financial Plan.</p>	
<p>Projected overspend in children's social care caused by unprecedented demand and level of support needed to keep young people safe, such as specialist</p>	<p>Plymouth's position for Children's Services is similar to other parts of the country. There has been a significant increase in the cost of specialist residential placements and high cost care packages.</p>

residential care placements with high levels of staffing.	
<p>Comments/Mitigation: Regular monitoring of all care plans and review of residential placements. Children, Young People and Families Service Improvement Plan. Development of an integrated targeted support offer will enable families needing help to be identified earlier and offered the right help at the right time.</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** In line with the Council's risk appetite statement, operational risks scored 16 and above that are classed in the low risk appetite categories of 'Finance', 'Reputation' and 'Compliance, Regulation and Safeguarding' were presented to the Corporate Management Team on 19 November 2019. This approach ensures a high level of management oversight is focussed in the areas which could potentially be more damaging should the risk materialise.
- 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 Brexit Risks

- 6.1** Brexit Organisational and City specific risk registers have been produced and reported through the Brexit, Infrastructure and Legislative Change Overview and Scrutiny [Committee](#).
- 6.2** All departments have reviewed Business Continuity Plans and all of our suppliers have been contacted to ensure they have continuity arrangements in hand.
- 6.3** The Assistant Chief Executive has been designated the Brexit Lead Officer who acts as the principal contact point with other regional leads and central government.

7.0 Conclusion

- 7.1** 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.
- 7.2** 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.

- 7.3** 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.
- 7.4** The Risk and Opportunity Management Strategy will provide staff with a process for identifying threats or risks that includes becoming more outcome focussed.
- 7.5** 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.
- 7.6** The next operational risk report will be presented to Audit and Governance Committee in July 2020.