

Audit and Governance Committee



Date of meeting:	27 July 2020
Title of Report:	Strategic 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:	AL/JKH
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

This report provides a summary of the latest review exercise completed for the Strategic Risk and Opportunity Register.

Appendix B to the report provides the revised Strategic Risk and Opportunity Register showing the current status of each risk and the movement in risk score, together with four new risks identified as a result of Covid-19.

Recommendations and Reasons

The Audit and Governance Committee is recommended to:

Approve the current position with regard to the Strategic Risk and Opportunity Register. Reason: As part of the Committee's responsibility for monitoring the implementation and ongoing processes for identifying and managing key risks of the authority.

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

The Strategic Risk and Opportunity Register includes links to the Corporate Plan priorities – monitoring of control action for strategic risks therefore contributes to the delivery of the council's core objectives

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)						
		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.						
		1	2	3	4	5	6	7
A	Strategic Risk Monitoring Briefing							
B	Plymouth City Council's Strategic Risk and Opportunity Register							

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)						
	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.						
	1	2	3	4	5	6	7

Sign off:

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Originating Senior Leadership Team member: Giles Perritt (Assistant Chief Executive)

Please confirm the Strategic Director(s) has agreed the report? Yes

Date agreed: 22/07/2020

Cabinet Member approval: Councillor Mark Lowry (Cabinet Member for Finance)

Date approved: 20/07/2020

Appendix A – Strategic Risk Monitoring Briefing

1.0 Introduction

- 1.1 The position with regard to the Strategic Risk and Opportunity Risk Register was last published with the Committee papers for the meeting due to be held on [23 March 2020](#). Unfortunately, due to lockdown measures imposed with the outbreak of Covid-19 the meeting was cancelled. This report provides a summary of the latest review covering the position as at 20 July 2020.

2.0 Strategic Risk and Opportunity Register – Monitoring Summary

- 2.1 The initial emergency response phase in Plymouth and the UK has focussed since early March 2020 on taking action to deal with the immediate impacts of the pandemic on our communities, infrastructure and economy.
- 2.2 Cabinet members together with the Corporate Management Team reviewed the strategic risks to identify those that could impact the work directed towards the recovery and reinstatement of council services, including ensuring safe systems of work for staff and customers and the recovery of the economy. Risk owners were then asked to update current mitigation and action plans with the results further discussed by Corporate Management Team on 14 July 2020.
- 2.3 Attached to this report at Appendix B is the revised Strategic Risk and Opportunity Register showing the current status of each, together with explanatory commentary on key issues.

3.0 Headline Issues

3.1 Red Risks

Red Risk SF2 – The Council’s expenditure exceeds the resources available to meet that expenditure within the medium term financial plan period (2020-2022) - (Row No. 1)

To date the government have provided PCC with an un-ring fenced grant of £18.2m and other ring fenced funding. The government has announced it will provide some support to offset income losses but further detailed guidance will be released imminently. The Spending Review will set out how councils can fund deficits on their collection fund over three years. Longer term and indirect impacts are a greater risk and include:

- Income reduction;
- cost increases;
- addressing the impacts of the pandemic on communities;
- savings plans delayed or offset by the pandemic

Progress reported within monthly finance reporting to Cabinet members. Monthly reports presented to Scrutiny. RAG rating document circulated to members of Scrutiny.

Workforce Modernisation Programme underway looking at the way the council works to operate in a modern and efficient way to meet customer expectations, examining current budget and actual spend; contracts; examine income opportunities in a post-Covid world and any synergies and efficiencies across the whole council.

Red Risk SCYPF2 – Failure to meet statutory duties due to growing volume and complexity of demand for children’s social care services – (Row No. 2)

'Hidden harm' consequences of infection control measures and safe systems of work limitations add to existing pressures on service.

A range of operational interventions are in place to monitor, manage and reduce expenditure on placements which represents the significant spend. In-house Fostering redesign and targets set to increase in-house provision to manage care costs for the next three financial years. Dedicated manager role to review all high costs placements weekly linked to significant delivery plans savings. The newly formed Adolescent Support Team is working to support young people to return home to their families from care in order to reduce overall placement costs. Continued work with local 'block' placement providers to keep residential costs down.

Red Risk SEPSI – Insufficient pupil attainment to achieve economic / quality of life outcomes across secondary cohort – (Row 3)

Continuing decreased access to and attendance at schools overlays previous challenges in secondary education. Additional challenges of attendance and attainment during Covid-19 pandemic may have an increased impact on those secondary students already disadvantaged.

Red Risk SEDI - Insufficient economic performance to sustain the City's economy as a result of the recession and lockdown – (Row 4)

Plymouth Plan and economic growth targets will have to be revisited in the light of the recession. Resurgam strategy being actively pursued. However it is likely that there may be key business failures, the number of universal credit claimants has already increased to 11K (10% of the employment base) and 27% of the city is currently furloughed. When the Furloughing scheme is lifted there is a risk of a secondary redundancy wave. The commercial estate which has been held and grown by the council over many decades is likely to face significant bad debt, and as a result the impact on the ability for the council to pay corporate borrowing.

3.2 New Risks

Amber Risk STS2 - Second peak of COVID-19 cases affects city's recovery / reset plans – (Row No. 5)

Local Outbreak Management plan co-designed and published.

Amber Risk SHRI – There is insufficient workforce capacity and resilience to deliver the required range of services to meet statutory obligations and administration priorities – (Row No. 7)

New service obligations, such as Caring Plymouth, local outbreak control, PPE provision etc., need to be considered alongside existing obligations, some of which have been made more challenging by COVID-19. Workforce Bureau in place. Working patterns have been reviewed

to ensure staff leave is taken. Employee Assistance Programme in place and sickness absence and staff turnover is monitored. Trade Union engagement takes place.

Amber Risk SIC1 – The Council is unable to fulfil its legal obligations regarding the safety of its citizens and service recipients – (Row No. 9)

Similar issues as described above (SHR1), with the added pressures of supply chain management and organisational capacity to deliver. The Safe Systems of Work Programme provides some mitigation, but revision of some business plans will be necessary to mitigate further risks.

Amber Risk SHR2 – The Council is unable to fulfil its legal obligations regarding the health, safety and wellbeing of its workforce – (Row No. 10)

Significant challenges presented by the scope of service activities, range of workforce environments, clarity of guidelines/legislation and unpredictability of epidemiology.

Systems of Work programme underway with strong governance through current emergency planning structures.

3.3 Removed Risks

The following risks have been removed from the Strategic Risk and Opportunity Register to ensure there is strategic focus on the city's recovery following Covid-19, however, they will continue to be monitored via departmental operational risk registers:-

- Council fails to prepare and deliver combined local and Policy and Crime Commissioner elections
- Non delivery of the plan for waste
- Cladding issues on tall buildings

4.0 Summary and Conclusion

- 4.1** The Council's success in dealing with the risks that it faces can have a major impact on achievement of key priorities, objectives and ultimately therefore, the level of service to the community.
- 4.2** The vision, values and priorities set out in the Corporate Plan 2018-22 are at the core of the recovery and renewal framework and will continue to form the basis of renewal and recovery planning.
- 4.3** The Strategic Risk and Opportunity Register will next be brought to this Committee in December 2020.