

## CITY OF PLYMOUTH

**Subject:** Risk Management – Annual Report

**Committee:** Audit Committee

**Date:** 25<sup>th</sup> September 2009

**Cabinet Member:** Councillor Bowyer

**CMT Member:** Director for Corporate Support

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**Ref:** CRM/MJH

**Part:** I

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### Executive Summary:

This report summarises the work carried out during 2008/09 to develop the Council's approach to risk management and covers:

- Corporate and Operational Risk Management Groups
- Risk Registers
- Performance Management and Business Planning
- Code of Corporate Governance
- Statement on Internal Control/Annual Governance Statement
- CPA Use of Resources Assessment
- Comprehensive Area Assessment

The report also provides information on the focus of proposed risk management activity for the next twelve months following the transition from Comprehensive Performance Assessment of local government to Comprehensive Area Assessment in April 2009.

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### Corporate Plan 2009/12:

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.

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None arising specifically from this report.

The Risk Management Strategy specifically supports the Council's overall governance arrangements.

The Audit Committee is recommended to note the Annual Report.

Not applicable.

Strategic and Operational Risk Registers  
Previous Audit Committee reports

Head of Fin	S.W.	Head of Leg	D.S.	Head of HR		Head of AM		Head of IT		Head of Strat Proc	
Originating CMF Member: Adam Broome, Director for Corporate Resources											

**Report of Director for Corporate Support to Audit Committee**  
**25<sup>th</sup> September 2009**

**Risk Management - Annual Report**

**1. Introduction**

**1.1** This report summarises the work carried out during 2008/09 to further develop the Council's approach to risk management.

**1.2** The review covers :

- **Corporate and Operational Risk Management Groups**
- **Risk Registers**
- **Performance Management and Business Planning**
- **Code of Corporate Governance**
- **Statement on Internal Control/Annual Governance Statement**
- **CPA Use of Resources Assessment**
- **Comprehensive Area Assessment**

**1.3** Information is also provided on the focus of proposed risk management activity for the next twelve months following the transition from Comprehensive Performance Assessment of local government to Comprehensive Area Assessment in April 2009.

**2. Corporate and Operational Risk Management Groups**

**2.1** Members will be aware that the risk management strategy involves a two tier approach.

**2.2** The Corporate Management Team (CMT) acts as the Corporate Risk Management Group (CRMG) with responsibility for the Strategic Risk Register and the overall risk management strategy.

**2.3** CRMG has met four times in the past twelve months to receive and approve monitoring reports and to consider strategic risk issues prior to Cabinet Planning giving approval for reports to be presented to Audit Committee.

**2.4** Directors have engaged fully in the risk management process in taking ownership of the Strategic Risk 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.

**2.5** As a result the Strategic Register has now been through 15 revisions since it was first drawn up six years ago which is good evidence of the dynamic nature of the risk management process and its embeddedness at a strategic level.

- 2.6 Portfolio-holders at meetings of Cabinet Planning have also been engaged in considering and challenging risk management monitoring reports.
- 2.7 Matters of day to day operational risk management are the responsibility of the Operational Risk Management Group (ORMG) which is chaired by the Corporate Risk Manager and comprises Risk Champions from each Directorate and/or Service.
- 2.8 The ORMG has met every 6 – 8 weeks to review and monitor Operational Risk Registers, to promote and develop a consistent approach to risk management and also to consider bids from departments for financial assistance from the Risk Management Fund towards risk reduction initiatives.
- 2.9 The Risk Management Fund is currently £50,000 per annum and 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, health and safety improvements etc.
- 2.10 A list of those projects supported by the Fund in 2008/09 is attached for information at Appendix A.

### **3. Risk Registers**

- 3.1 Both Strategic and Operational Risk Registers are the subject of formal monitoring on a six-monthly basis with the results discussed and agreed firstly at CMT and secondly at Cabinet Planning prior to a monitoring report being presented to this Committee.
- 3.2 Monitoring reports are now routinely considered at each meeting of this Committee with Strategic and Operational risk updates provided to alternate meetings. Reports outline the direction of travel for all risks identified in risk registers and provide commentary on the effectiveness of the risk management processes in place.

### **4. Performance Management and Business Planning**

- 4.1 Departmental risk champions have received training on the risk management module of the Council's performance management system, ePerform, and all risk registers and associated information are now being routinely recorded and updated on-line.
- 4.2 Development work is ongoing to ensure that links are made with the business planning and performance indicator modules so that, in time, it will be possible for managers to see at a glance those risks that threaten the delivery of key corporate or service objectives.

- 4.3** Most Services have made strong links with their Risk Registers in their current Business Plans to enable more direct monitoring of those risks that threaten the delivery of key service objectives.
- 4.4** However, in order to promote a more consistent approach, new guidance has been included in the 2009/10 Business Planning framework which will facilitate a common methodology.
- 4.5** This work is key to demonstrating further embeddedness of risk management considerations into the Council's corporate business processes and is also an area that will be the subject of future inspections.

## **5. Statement on Internal Control/Annual Governance Statement**

- 5.1** The system of internal control in the Council is based on an ongoing process to identify and prioritise the risks or threats to the achievement of policies, aims and objectives and to evaluate the likelihood of those risks being realised and the impact should they occur.
- 5.2** The Council has had a statutory duty since 2004 to publish a Statement on Internal Control (SIC) which outlines the processes it has in place to ensure that there is a sound system of internal control in operation.
- 5.3** With effect from 1<sup>st</sup> April 2007 the SIC has been replaced by an Annual Governance Statement (AGS) – the AGS requires a wider review of the Council's internal control system than the SIC in that, in addition to existing assurance gathering processes, it also involves a broader self-assessment to be undertaken of the Council's overall governance arrangements.
- 5.4** To facilitate this self-assessment, a local Code of Corporate Governance was drawn up and approved by this Committee on 31<sup>st</sup> March 2008 – the Code, modelled on a Framework document produced by CIPFA (The Chartered Institute of Public Finance and Accountancy) and SOLACE (The Society of Local Authority Chief Executives), defines a set of principles that should underpin the governance of all public bodies.
- 5.5** An officer group has been formed to oversee the self-assessment of the effectiveness of the Council's governance arrangements against the Code and a report was presented to this Committee in June outlining any gaps in compliance together with an action plan to address them.
- 5.6** The monitoring processes now in place to manage risk through the Council's approach to risk management is proving to be an effective tool in contributing to the delivery of this statutory responsibility, with the Strategic Risk Register in particular largely informing the content of the AGS.

## **6. CPA Use of Resources Assessment**

- 6.1** The Use of Resources assessment, as part of the Comprehensive Performance Assessment for 2008, included a review of Internal Control, including risk management arrangements.
- 6.2** The assessment recognised continuing improvements in how the Council is managing risk and this was reflected in the score being maintained at 3 out of 4.

## **7. Comprehensive Area Assessment (CAA)**

- 7.1** The Government's Comprehensive Area Assessment (CAA) process commenced in April 2009 which specifically looks at how well local services are working together to improve quality of life for local people.
- 7.2** The LAA outcomes framework has been replaced by a new single national indicator set which comprises of 198 indicators and has been developed from the new set of national priorities under development as part of the new Comprehensive Spending Review.
- 7.3** The indicators cover reporting required for the delivery of services by local authorities either alone or in partnership and the Audit Commission will carry out an annual risk-assessment of outcomes and services.
- 7.4** This forms part of the Comprehensive Area Assessment which has replaced Comprehensive Performance Assessment and will highlight amongst other things, where there is a risk to delivery of local services.
- 7.5** As this risk assessment will inform the negotiation of the LAA improvement targets, current risk assessment processes and capabilities will continue to be reviewed to ensure that they are focused upon local outcomes, priorities and improvement targets.
- 7.6** Under the new Use of Resources framework there is a specific Key Lines of Enquiry (KLOE), on "Does the organisation manage its risks and maintain a sound system of internal control? In addition, the detailed KLoE explicitly covers the effective risk management of partnerships.
- 7.7** The council has maintained an effective Use of Resources Action Plan for some time now which it has adapted to reflect the revised judgement criteria for CAA. Regular updates have been and will continue to be provided to this Committee.

## **8. Focus for 2009/2010**

- 8.1** Whilst the Council can demonstrate that management of risk is now a key consideration in its overall corporate governance arrangements, further work is required to fully embed risk management considerations into core business processes.
- 8.2** The focus for 2009/10 will therefore be to ensure that management of risk is further developed as a more explicit feature in the areas of:
- Strategic planning
  - Financial planning
  - Policy making and review
  - Performance Management
  - Partnerships
- 8.3** This development work will also need to focus on and be informed by the requirements of the new Comprehensive Area Assessment and the revised Use of Resources judgement criteria.

## **9. Conclusion**

- 9.1** 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.
- 9.2** The Council now has well-developed and proven risk management processes in place which are being integrated into business planning, budget and performance management and leading to better informed decision making.
- 9.3** Further work is planned in 2009/10 to ensure that these processes are further integrated into the Council's key business processes in line with the focus of CAA requirements.
- 9.4** A further review of the current risk management strategy will also be undertaken in the light of the move to Comprehensive Area Assessment from 2009.

## **10. Recommendation**

- 10.1** The Audit Committee is recommended to note the Annual Report.

## **APPENDIX A**

### **RISK MANAGEMENT BIDS APPROVED 2008/09**

**1. Culture, Sport & Leisure – Removal of old batteries from Central Park Pools & upgrade of emergency lights (08/01) £3,600**

To remove and replace old batteries which had deteriorated and were at risk of giving off dangerous gases or explosion. Emergency lighting that ran off the old batteries required renewal as a result of their replacement.

**2. Culture, Sport & Leisure – CCTV for astra pitch at Manadon Football Development Centre (08/02) £7,500**

CCTV installed providing 24 hour monitoring of area subject to vandalism and disturbances.

**3. Community Services – CCTV at Plymouth West Devon Records Office (08/03) £1,500**

To install CCTV in the public areas to deter incidents of loss or damage to records.

**4. Transportation, Infrastructure and Engineering – CCTV at Phoenix Wharf (08/04) £6,000**

Improved security at Phoenix Wharf with permanent CCTV cameras linked to the Central Control Centre, to discourage/reduce anti-social behaviour, criminal activity and threats to staff.

**5. Transportation, Infrastructure and Engineering – Lighting at Commercial Wharf (08/05) £7,500**

To improve pedestrian safety and reduce anti-social behaviour at Commercial Wharf through resurfacing and provision of lighting.

**6. Community Services – Additional CCTV at St. Budeaux Library (08/06) £2,692**

Additional cameras, including audio cameras internally, due to re-occurrences of anti-social behaviour at the library.



**7. Legal Services – Lockable filing cabinets for Children & Young Person’s Team (08/08)** **£4,013**

To safeguard sensitive and confidential files in respect of children in care.

**8. Property & Economic Development – Demolition of redundant buildings at Southway (08/09)** **£7,500**

To eliminate vandalism and the risk of personal injuries resulting from unauthorised access and reduce the amount of maintenance resources currently being spent on its security.

**9. Property & Economic Development - Provision of on site paper shredding facilities for the Council (08/10)** **£7,500**

Facilities for the Council to carry out its own paper shredding at the Civic Centre, Windsor and Ballard House initially, to reduce the risk of confidential waste being misappropriated or lost from its Control.

**10. Property & Economic Development – Carpeting Civic Centre first floor corridor areas (08/11)** **£3,284**

To replace the existing flooring with carpet and eliminate the risk of accidents which have occurred when the existing flooring becomes wet.

**11. Environmental Services – Installation of monitored fire alarm systems at two cemeteries (08/12)** **£4,003**

To protect the historic records held within the offices at Weston Mill and Efford cemeteries with a monitored fire alarm system, as per the rest of the cemetery buildings.

**12. Property & Economic Development – Cleansing of staircase walls in Civic Centre (08/13)** **£664**

To improve the health and fire risk identified as a result of the staircase walls not having been cleaned for ~ 10 years.

**Total** **£55,756**