

CITY OF PLYMOUTH

Subject: Risk Management – Annual Report

Committee: Audit Committee

Date: 23 July 2010 (deferred from 28 June 2010)

Cabinet Member: Cllr Ian Bowyer

CMT Member: Director of Corporate Support

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Ref: CRM/MJH

Part: I

Executive Summary:

This report summarises the work carried out during 2009/10 to develop the Council's approach to risk management and covers:

- Corporate and Operational Risk Management Groups
- Risk Registers
- Performance Management and Business Planning
- Benchmarking
- Statement on Internal Control/Annual Governance Statement
- Use of Resources Assessment
- Risk Management and the Competency Framework
- Partnerships Governance
- Intranet Risk Management Guidance

The report also provides information on the focus of proposed risk management activity for the next twelve months.

Corporate Plan 2010/13:

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. Section 17 Community Safety, Health and Safety, Risk Management etc.

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

Recommendations & Reasons for recommended action:

The Audit Committee is recommended to note the Annual Report.

Alternative options considered and reasons for recommended action:

Not applicable.

Background papers:

Strategic and Operational Risk Registers
Previous Audit Committee reports

Sign off:

Head of Fin	S.W.	Head of Leg	D.S.	Head of HR		Head of AM		Head of IT		Head of Strat Proc	
Originating SMT Member: Asst Director for Democracy and Governance											

Report of Director for Corporate Support to Audit Committee
28th June 2010

Risk Management - Annual Report

1. Introduction

1.1 This report summarises the work carried out during 2009/10 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**
- **Benchmarking**
- **Statement on Internal Control/Annual Governance Statement**
- **Use of Resources Assessment**
- **Risk Management and the Competency Framework**
- **Partnerships Governance**
- **Intranet Risk Management Guidance**

1.3 Information is also provided on the focus of proposed risk management activity for the next twelve months.

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 16 revisions since it was first drawn up seven 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 Head of Corporate Risk & Insurance 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 2009/10 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 To promote a more consistent approach, guidance was 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.

5. Benchmarking

- 5.1 The Council has joined a new national risk management benchmarking club which is a collaboration between Alarm and CIPFA.
- 5.2 Almost 100 local authorities have signed up and completed a survey questionnaire based on Alarm's National Performance Model for Risk Management in Public Services and designed to enable participants to test their organisation's performance against the major

risk management standards, expectations of inspection bodies and criteria that inform the risk management element of the Annual Governance Statement.

- 5.3** The survey covers seven strands of effective risk management performance:
- Leadership and Management
 - Policy and Strategy
 - People
 - Partnerships and Resources
 - Processes
 - Risk Handling and Assurance
 - Outcomes and Delivery
- 5.4** The survey results are due to be published in July and a report will therefore be brought to the next meeting of this Committee.
- 6. Statement on Internal Control/Annual Governance Statement**
- 6.1** 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.
- 6.2** 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.
- 6.3** With effect from 1st April 2007 the SIC was 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.
- 6.4** To facilitate this self-assessment, a local Code of Corporate Governance was drawn up and approved by this Committee on 31st 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.
- 6.5** An officer group has been formed to oversee the self-assessment of the effectiveness of the Council’s governance arrangements against the Code.
- 6.6** As part of the assurance gathering exercise to prepare the Annual Governance Statement this self-assessment has been updated and this indicates an improvement in compliance with the 58 key principles in the Code from 92% to 95%.
- 6.7** A full report will be presented to this Committee in September outlining any gaps in compliance together with an action plan to address them.
- 6.8** 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.

7. Use of Resources Assessment

- 7.1** The Use of Resources assessment, as part of the Comprehensive Area Assessment for 2009, included a review of Internal Control, including risk management arrangements.
- 7.2** The assessment recognised continuing improvements in how the Council is managing risk and this was reflected in the risk management score being maintained at 3 out of 4.
- 7.3** Although the new Coalition Government is now abandoning the CAA inspection framework, the performance drivers within the Use of Resources assessment remain a valid focus for the Council to continue on its improvement journey and, in particular, for the development of an effective risk management strategy.
- 7.4** We will therefore continue to work towards fully embedding risk management in the Council's core business processes in line with the existing UoR Action Plan.

8. Risk Management and the Competency Framework

- 8.1** In 2009 the Council adopted a new Competency Framework covering all employees as part of its commitment to ensure that there is a clear set of standards that underpins the performance, behaviours, work, knowledge and skills of its staff to help the Council deliver its vision and the key priorities in the Corporate Plan.
- 8.2** Risk Management performance is one of five core management competencies in the Framework so that in future senior managers will be assessed on their contribution towards the delivery of the Corporate Risk Management Strategy as part of their annual appraisals.

9. Partnerships Governance

- 9.1** The Council is increasingly engaging in partnership arrangements to deliver its corporate objectives and this brings both risks and opportunities – it is therefore important that effective governance arrangements are in place to monitor the effectiveness of delivery mechanisms.
- 9.2** External inspections have confirmed that the Council's significant partnerships have effective risk management arrangements in place with risk registers monitored routinely by Programme and Project Boards.
- 9.3** In addition, the Local Strategic Partnership is currently developing a more robust system of risk logs in order to help track the delivery of key outcomes from the four Theme Groups as part of its performance management framework.
- 9.4** However, there is a need for a more consistent approach to governance arrangements across all partnership working, more particularly in the light of the current economic climate and the threat of funding cuts to both the Council and potentially its key partners as well.
- 9.5** A Partnerships Code of Practice, which will include risk management guidance, is therefore being drawn up and due to be consulted on with key stakeholders – it is intended that this will provide a consistent governance framework for both existing and future partnerships.

10. Intranet Risk Management Guidance

- 10.1** The Corporate Risk Management Team has been developing guidance material available to managers and staff and there is now a comprehensive risk management page on the Staff Room intranet site.
- 10.2** The guidance covers the following frequently asked questions:
- What is a risk?
 - What is risk management?
 - Why is risk management important?
 - How do I report a risk?
 - What is the process for monitoring risks?
 - Who is my risk champion?
 - How do I apply for risk management funding?
 - How does risk management fit with the Competency Framework?
 - How do I arrange risk management training?
- 10.3** Information is also provided on risk management in business planning, ePerform and the Council's Code of Corporate Governance.
- 10.4** The latest version of the Strategic Risk Register, once approved by this Committee, is also published on the site.

11. Focus for 2010/2011

- 11.1** Whilst the Council can demonstrate that management of risk is now a key consideration in its overall corporate governance arrangements, further work will be ongoing to ensure that risk management considerations continue to be embedded into core business processes.
- 11.2** The focus for 2010/11 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

12. Conclusion

- 12.1** 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 – this culture is now supported by a mandatory assessment of risk management performance as part of the Competency Framework annual appraisal process.
- 12.2** The Council now has well-developed and proven risk management processes in place which have been integrated into business planning, budget, project and performance management,
- 12.3** This Annual Report should therefore give Audit Committee members assurance as to the adequacy and effectiveness of the internal control arrangements and, in particular, the contribution of risk management to the overall governance framework.

12.4 Further work is planned in 2010/11 to ensure that these arrangements continue to be developed and enhanced.

13. Recommendation

13.1 The Audit Committee is recommended to note the Annual Report.

RISK MANAGEMENT BIDS APPROVED 2009/10

1. Chief Executive's Department – Temporary mortuary facilities in the event of a major incident (09/02) £1,125

Contract for additional mortuary provision in the event of a localized major incident.

2. Culture, Sport & Leisure – Anti slip paint to access walkway and ramp at Egguckland Community College (09/03) £410

Replacement of anti-slip strips on walkway.

3. Culture, Sport & Leisure – Safety improvements to driveway at St Budeaux Library (09/12) £2,182

Repair damaged security barrier.

4. Corporate Property – Structural survey of Charles Church (09/06) £7,500

Health & Safety Risk Assessment highlighted potential hazard of falling masonry.

5. Community Services – External dome cameras at Central Library (09/07) £1,816

Security improvements following vandalism.

6. Community Services – Wooden decking to fire escape route at Chelson Meadow Landfill Site (09/09) £1,435

Replacement of rotten planks.

7. Community Services – Health & Safety improvements to reception desk at Central Park Pool (09/08) £6,029

Replacement of reception desk which was not DSE/DDA compliant.

8. Community Services – Radio system for fire evacuation purposes at Chelson Meadow Landfill Site (09/10) £2,053

Improve site communication in the event of an emergency.

9. Children's Services – Security improvements for Parent Partnership at the Old Treasury Building (09/01) £4,345

Installation of vandal resistant door entry stations.

10. Community Services – Emergency electrical works identified at Chelson Meadow (09/11) £6,450

Remedial repair of circuit board and wiring at site which was deemed dangerous following a risk assessment.

11. Culture, Sport & Leisure – Safety improvements to driveway at St. Budeaux Library (09/04) £2,182

Mark a pedestrian area on the side of the driveway and install sleeping policeman to slow down traffic.

12. Community Services – Connection of fire alarm at The Greenhouse, Chelson Meadow (09/14) £1,144

Reconnect fire alarm system to Chubb Service Centre following disconnection by previous owner.

13. Corporate Property – Erection of canopy over staff entrance of Civic Centre (09/15) £7,500

To protect staff and members of the public from falling masonry.

14. Corporate Property – Replacement flagstones outside front of Civic Centre (09/16) £7,500

New paving and sub-base required to stop flagstones from cracking when vehicles require access to the Civic Centre.

15. Community Services – Installation of stair lift at Stirling House (09/18) £1,766

Installation of a stair lift to increase ability for all clients, visitors to access all levels of the building and therefore reduce the risk of social isolation and limiting admissions and discharges.

16. Corporate Support – Hearing loop within Council House (09/19) £2,625

Improve range of the hearing loop in the Council House.

17. Corporate Property – Energy management software to collect data from Automatic Meter Reading System (09/20) £7,500

Energy monitoring and targeting software to collect data from meters to comply with Carbon Reduction Commitment Energy Efficiency Scheme and improve energy management.