

CITY OF PLYMOUTH

Subject: Strategic Risk Register - Monitoring Report

Committee: Audit Committee

Date: 24th September 2010

Cabinet Member: Cllr Bowyer

CMT Member: Director for Corporate Support

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Ref: CRM/MJH

Part: I

Executive Summary:

This report provides a summary of the latest formal monitoring exercise completed for the Strategic Risk Register for the period March 2010 to August 2010.

The total number of strategic risks reported has reduced from 35 to 34 with the addition of 3 new risks and the deletion of 4.

Appendix A to the report provides a traffic light summary showing the current status of each risk, the movement in risk scores compared with previous monitoring periods and explanatory commentary on the key issues for each risk.

Corporate Plan 2010/13:

The Strategic Risk Register includes links to Corporate Plan/CIP objectives – monitoring of control action for strategic risks therefore contributes to the delivery of the Council's core objectives.

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 registers could have financial or resource implications.

Other Implications: e.g. Section 17 Community Safety, Health and Safety, Risk Management, Equalities Impact Assessment etc.

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 registers.

Recommendations & Reasons for recommended action:

The Audit Committee is recommended to:

- Note and endorse the current position with regard to the Strategic Risk Register.
-

Alternative options considered and reasons for recommended action:

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.

Background papers:

Plymouth City Council Risk Management Strategy and Policy Statement
Strategic Risk Register and associated working papers
Previous reports on risk management to Audit Committee

Sign off:

| | | | | | | | | | | | |
|---|----|-------------|----|------------|--|------------|--|------------|--|--------------------|--|
| Head of Fin | SW | Head of Leg | DS | Head of HR | | Head of AM | | Head of IT | | Head of Strat Proc | |
| Originating SMT Member : Assistant Director, Democracy and Governance | | | | | | | | | | | |

**Report of Director for Corporate Support to Audit Committee
24th September 2010**

Strategic Risk Register Monitoring

1. Introduction

- 1.1** The position with regard to the Strategic Risk Register was last reported to this Committee on 26th March 2010 and this report now provides a summary of the latest monitoring exercise covering the position at 31st August 2010.

2. Strategic Risk Register – Monitoring Summary

- 2.1** In accordance with the strategy requirement for twice-yearly monitoring, the latest monitoring exercise was completed in August 2010 with the results discussed and agreed by CMT and Cabinet Planning on 14th September 2010.
- 2.2** Attached to this report at Appendix A is a summary showing the current status of each risk and any movement in risk scores compared with previous monitoring periods together with explanatory commentary on the key issues for each risk.

3. Headline Issues

- 3.1** The net number of strategic risks has reduced from 35 to 34 with the addition of 3 new risks and the deletion of 4.

New Risks

- **Red Risk 79 - Reduced Homes and Communities Agency investment into new affordable housing and regeneration programmes – (Row No. 2)**
 - Risk of the Council not meeting its affordable housing targets NI 155 and key strategic sites and regeneration priorities not being funded. A Local Investment Plan has been developed to articulate housing investment requirements, lobbying for funding and making the case for Plymouth. Close working with HCA to maintain their confidence in investing in the city.
- **Red Risk 77 - Carbon Reduction Commitment (CRC) Energy Efficiency Scheme – (Row No. 8)**
 - The CRC carries significant financial, reputational and legal compliance risks. New energy projects need to be identified to ensure on-going scheme performance and value for money.
- **Amber Risk 80 - Planning Obligations – implications of new legal framework and current economic circumstances – (Row No. 25)**
 - Reduced levels of funding secured for infrastructure needs. Potential for legal challenge to planning permissions and associated Section 106

agreements. Successful planning appeals could undermine the Council's overall policy on planning obligations.

Deleted Risks

- **Risk 63 - Recession deepens and the Market Recovery Action Plan measures do not achieve anticipated development interest – (Row No. 35)**
- Following a complete review of all risks in Development and Regeneration this risk has been considered to be no longer relevant to current business planning.
- **Risk 50 - Structural condition of properties on North Prospect Estate – (Row No. 36)**
- Following a complete review of all risks in Development and Regeneration this risk has been considered to be no longer relevant to current business planning.
- **Risk 48 - Taxi Licensing Trading Account – (Row No. 37)**
- No longer considered a strategic issue and therefore risk has been transferred to Community Services Operational Risk Register.
- **Risk 53 - Adult Social Care – Supporting more people to live independently – (Row No. 38)**
- Incorporated with risk number 72 Adult Social Care Budget

3.2 The table below shows the movement in the number of red, amber and green risks over the last four monitoring periods:

| | Feb 09 | Aug 09 | Feb 10 | Aug 10 |
|--------------|--------|--------|--------|--------|
| Red | 5 | 4 | 6 | 9 |
| Amber | 17 | 22 | 20 | 17 |
| Green | 10 | 10 | 9 | 8 |
| TOTAL | 32 | 36 | 35 | 34 |

3.3 The summary at Appendix A gives a more detailed commentary on the key issues affecting each risk as at 31st August 2010.

3.4 The headline issues are:-

3.4.1 Risk Scores Unchanged

- **Red Risk 21 - MTFS issues – (Row No. 1)**
- Current economic conditions still causing significant budget pressures with reduction in Central Government funding confirmed. All departments are continuing to develop new delivery plans to address the funding

shortfall. The MTFS has been formally updated and approved in April 2010.

- **Red Risk 52 - Delivery of Capital Programme – (Row No. 4)**
 - Central Government levels of Capital funding to change ie. £900,000 reduction in Transport capital allocation and approx £70 million from the BSF programme. There is also considerable uncertainty around potential capital receipts. Funding of the capital investment programme therefore continues to be risk assessed and closely monitored with schemes carefully prioritised against resources available.
- **Red Risk 49 - Listing of Civic Centre – (Row No. 5)**
 - Avanti brief is completed and a financial appraisal and analysis is being undertaken. Documentation is being prepared with marketing of the building to commence later in 2010.
- **Red Risk 73 - Employee Relations – (Row No. 6)**
 - Negotiations with Trade Unions on-going. CMT/Director for Corporate Support monitor regularly. Trade Unions considering industrial action in response to expected Government spending cuts and potential issues are being managed through the Business Continuity Steering Group.
- **Red Risk 74 - Social Care – Client Management IT Systems (Carefirst) – (Row No. 7)**
 - Significant progress has been made with the implementation of infrastructure and software to support better management reporting and client facing outputs. The foundations of the software environment are being established by addressing security and control of the system configuration. The more concentrated functional work is being focused on Children's Social Care as per the agreed Programme Plan.
- **Red Risk 28 - Increase in the number of looked after children and cost pressures on independent placements (Row No. 9)**
 - The numbers and associated costs of children being admitted to care are still too high and action is being taken to reduce drift in children's placements and develop preventative programmes to divert children from care.
- **Amber Risk 60 - Economic downturn affecting treasury management (Row No. 24)**
 - Revised Investment and Borrowing Strategy has been approved by Audit Committee. Continuing to reduce and re-profile our investment/borrowing portfolio and repaid debts. Started to receive dividend payments back in relation to Icelandic Bank losses.
- **Amber Risk 55 - Failure to deliver waste PFI Procurement for SW Devon Waste Partnership (by 2014) – (Row No. 14)**
 - Procurement continuing to programme and within budget with estimated financial and contract close now accelerated to Mar 2011 subject to Council's and Defra approvals.

- **Amber Risk 59 - Financial risk associated with contaminated land – (Row No. 18)**
 - ICT software has been installed and staff trained. Inspections on-going.

3.4.2 Risk Scores Increased

- **Red Risk 33 - Building Schools for the Future (BSF) Programme – Increased from 6 to 20 (Row No. 3)**
 - New Government has withdrawn the BSF programme and is consulting on a review of how capital is allocated to schools.
- **Amber Risk 76 - Not getting government funding to build Efford gypsy site – Increased from 12 to 16 (Row No. 10)**
 - Funding options for building the site are being explored but are challenging.

3.4.3 Risk Scores Decreased

- **Green Risk 62 - Use of Resources Framework – Decreased from 12 to 8 (Row No. 31)**
 - Introduction of a service area responsible for VFM and efficiencies. As of June 2010 the UoR framework has been abolished, however Grant Thornton agreed to produce a report on the Council's performance which was presented to Audit Committee. Very positive 2009/10 result received which demonstrated progress in a number of key areas. Work on UoR framework continuing.
- **Green Risk 71 - To outsource the management of the Life Centre and existing leisure facilities – Decreased from 15 to 6 (Row No. 33)**
 - ISOS (Invitation to Submit Outline Solutions) submissions returned by 3 bidders in July 2010 and presently being evaluated. Initial review of bids encouraging.

4. Summary and Conclusion

- 4.1** The Council's success in dealing with the risks that it faces can have a major impact on the achievement of key promises, objectives and ultimately, therefore, the level of service to the people of Plymouth.
- 4.2** The movement in risk scores and the consequent changes to the Council's overall strategic risk profile outlined in this latest review provides good evidence of the dynamic nature of the Strategic Risk Register and the maturity of the Council's approach to the identification and management of strategic risk.
- 4.3** The inclusion of risk management considerations is now a key feature in the Council's key corporate processes featuring in the Corporate Plan preparation, the Business Planning Framework, Budget Planning and Monitoring and Performance Management.

- 4.4** Managing Risk is also one of the five core management competencies in the Council's Competency Framework ensuring that the success of managers in managing risk in their area of responsibility is assessed as part of their annual performance appraisal.
- 4.5** This embedded approach now acts as an effective early warning system for the recording, monitoring and management of risks that threaten the delivery of the Council's strategic objectives and plans.
- 4.6** The next formal review of the Strategic Register will take place in February 2011.

5. Recommendation

The Audit Committee is invited to:

- 5.1** Note and endorse the current position with regard to the Strategic Risk Register.