

CITY OF PLYMOUTH

Subject: Strategic Risk Register - Monitoring Report

Committee: Audit Committee

Date: 25 March 2011

Cabinet Member: Councillor 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 September 2010 to February 2011.

The total number of strategic risks reported has reduced from 34 to 32 with the addition of 1 new risk and the deletion of 3.

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.

The report also includes a summary of the results of the Alarm/CIPFA national risk management benchmarking exercise.

Corporate Plan 2010/13 as amended by the four new priorities for the City and Council:

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.
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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:

Fin	SW	Leg	DS	HR		Corp Prop		IT		Strat Proc	
Originating SMT Member: Tim Howes, Asst Director, Democracy & Governance											

**Report of Director for Corporate Support to Audit Committee
25 March 2011**

Strategic Risk Register Monitoring

1. Introduction

- 1.1** The position with regard to the Strategic Risk Register was last reported to this Committee on 24 September 2010 and this report now provides a summary of the latest monitoring exercise covering the position at 28 February 2011.

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 February 2011 with the results discussed and agreed by CMT and Cabinet Planning on 1 March 2011 and 9 March 2011.
- 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 34 to 32 with the addition of 1 new risk and the deletion of 3.

New Risks

- **Amber Risk 81 – Academy Schools – (Row No. 9)**
 - The corporate impact of the Government Academy Programme needs to be assessed to ensure there are sufficient resources to support remaining schools. Those managing services to schools are drafting Service Level Agreements. Finance currently modelling the effect on Local Authority budgets.

Deleted Risks

- **Risk 57 – Performance against Local Area Agreement Targets – (Row No. 33)**
 - The Government have now stopped the LAA reward grant.
- **Risk 62 – Use of Resources Framework – (Row No. 34)**
 - Following the introduction of a service area responsible for Value for Money and Efficiencies this is no longer deemed a strategic risk.
- **Risk 43 – Risk of exceeding Landfill Allowances – (Row No. 35)**
 - This risk has been incorporated within Risk 68 – Failure to reach recycling targets.

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

Risk Category	No. of Risks - Aug 10	No. of Risks - Feb 11	Deleted Risks Feb 11	New Risks Feb 11
Red	9	6	0	0
Amber	17	17	2	1
Green	8	9	1	0
TOTAL	34	32	3	1

3.3 The summary at Appendix A gives a more detailed commentary on the key issues affecting each risk as at 28 February 2011.

3.4 The headline issues are:-

3.4.1 Risk Scores Unchanged

- **Red Risk 21 - MTFS issues – (Row No. 1)**
 - Robust delivery plans have been developed to underpin the 2011/12 Revenue budget and the significant change agenda. As at December 2010 we are still forecasting an end of year overspend which needs to be addressed and we need to ensure robust regular monitoring of Delivery Plan progress.
- **Red Risk 79 - Reduced government grant investment into new affordable housing, renewal and regeneration programmes – (Row No. 2)**
 - Soft market testing of sites complete. Framework released by Communities & Local Government on 14th Feb to help evaluate new affordable rent proposals and agree how they could be used to continue development pipeline.
- **Red Risk 49 - Listing of Civic Centre – (Row No. 3)**
 - Expressions of interest from developers have now been received following a formal marketing exercise and a number of development options are being considered in the context of the Council's overall Accommodation Strategy.
- **Red Risk 73 – Employee Relations – (Row No. 4)**
 - Extensive and meaningful negotiations with trade unions have taken place over a package of proposed changes to staff Terms and Conditions. Trade Unions also continue to be consulted on proposed delivery plans to achieve budget reductions following Government spending cuts.

- **Red Risk 74 - Social Care – Client Management IT Systems (Carefirst) – (Row No. 5)**

- Significant progress has been made over the last month with the implementation of infrastructure and software to support better management reporting and client facing outputs. A governance structure has been established enabling open discussions to take place and agree what functionality is required.
- **Red Risk 77 – Carbon Reduction Commitment (CRC) Energy Efficiency – (Row No. 6)**

- The CRC is now a tax rather than a bonus/penalty incentive scheme. The first tax payment is due in April 2012 for carbon emissions during 2011/12. At current carbon emission levels PCC will have to pay around £450,000 in April 2012 - as a worse case scenario. The league table remains as a reputational driver.
- **Amber Risk 46 – Information Governance – (Row No. 7)**

- Action plan arising from Information Management internal audit report will enable Information Risk Officers from each Directorate to identify risks and co-ordinate mitigating actions in order to manage the overall impact of security incidents and working practices that may compromise the Council. Information Management is now included as a mandatory item on all operational risk registers and the Operational Risk Management Group is developing a common approach to identification and management of the key risks.
- **Amber Risk 72 – Significant pressure of Adult Social Care Budget – (Row No. 10)**

- The Programme Board continues to regularly monitor budget performance and delivery plans. CQC 09/10 judged ASC as performing well in all 7 Outcomes including Outcome 4 – Increased choice and control i.e. supporting more people to remain at home.
- **Amber Risk 68 – Failure to reach recycling targets and divert waste from landfill – (Row No. 11)**

- It is estimated that PCC will remain within available allowances for 2010/11 but will need to purchase additional credits for 2011/12 onwards until the new residual waste solution is in place. Landfill Allowance Trading Scheme (LATS) position being monitored and forward purchase strategy to be reviewed for early 2011 following Government waste policy review.
- **Amber Risk 55 – Failure to delivery Waste PFI Procurement for SW Devon Waste Partnership – (Row No. 12)**

- Procurement completed to programme in December 2010. MVV have engaged early with statutory planning authorities in pre-application enquiries. SWDWP to monitor progress.

3.4.2 Risk Scores Increased

- **Green Risk 30 – Unavailability of ICT – Increased from 9 to 10 (Row No. 24)**
 - The likelihood is lower due to infrastructure improvements, but the impact of losing ICT services as the result of an unplanned event has increased Disaster Recovery Plans being reviewed and mitigation proposals being developed and costed.

3.4.3 Risk Scores Decreased

- **Amber Risk 28 – Increase in the number of looked after children and cost pressures on independent placements – Decreased from 20 to 15 (Row No. 14)**
 - Team managers' management information tool in place. Reviews on all placements are undertaken on a fortnightly basis. These measures are reducing drift and throughput of work from the Advice and Assessment Service. The Project Team are prioritising modelling around future numbers coming into care and considering innovative ways of working to divert children from care and from escalating through the care system.
- **Amber Risk 52 – Delivery of Capital Programme – Decreased from 20 to 15 (Row No. 16)**
 - Capital Delivery Board with Terms of Reference established with greater representation and Board chaired by a Service Director. Good proportion of reps across the board. Dedicated "Capital and Major Projects" Team within Finance structure. Additional training to be rolled out to all Project Officers on Project Management Procedures to incorporate new Governance Procedures.
- **Amber Risk 47 – Concessionary Fares – Decreased from 15 to 12 (Row No. 21)**
 - Reimbursement has been kept within the prescribed budget for 2010/11. A new mechanism has been established for implementation in April 2011 designed to meet obligations for operating companies' reimbursement and meet proposed council budgets. Risk still remains around unknown passenger take up and the volatile fuel cost market.
- **Amber Risk 33 – Capital for Education Infrastructure (formerly Building Schools for the Future) – Decreased from 20 to 12 (Row No. 22)**
 - Funding for 2 Academies has been achieved. A Cabinet paper was presented in October 2010 on the Demographic growth. Basic Need liability defined for Wave 1 schools and incorporated in to the capital programme with Cabinet papers due to be presented in March.
- **Green Risk 60 – Economic downturn affecting treasury management – Decreased from 15 to 9 (Row No. 27)**
 - Significantly reduced the risk of Treasury Management activity since October 2008 through changing our strategy and borrowing and

investment portfolio.

Audit Committee formally oversees Treasury Management Strategy. Revised Strategy formally approved and Audit Committee updated on progress every 6 months. On track to achieve the £600K revenue savings target that was set for Treasury Management in 2010/11.

- **Green Risk 80 – Planning Obligations – Decreased from 12 to 8 (Row No. 29)**
 - Governance arrangements established and reported to Scrutiny in Oct 10. Detailed guidelines issued to planning case officers. Planning Obligations Forum established.

4. ALARM/CIPFA Risk Management Benchmarking Exercise

A briefing note detailing the results of the 2010 Benchmarking Club is attached to this report at Appendix B. Plymouth has achieved an above average score in each of the Sections of the questionnaire when compared to the other 103 club members and this confirms that the Council's Risk Management Framework is relatively mature.

5. Summary and Conclusion

- 5.1** 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.
- 5.2** 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.
- 5.3** 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.
- 5.4** 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.
- 5.5** 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.
- 5.6** The next formal review of the Strategic Register will take place in August 2011.

6. Recommendation

The Audit Committee is invited to:

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