

## CITY OF PLYMOUTH

**Subject:** Strategic Risk Register - Monitoring Report

**Committee:** Audit Committee

**Date:** 23 September 2011

**Cabinet Member:** Councillor Ricketts

**CMT Member:** Director for Corporate Support

**Author:** Mike Hocking, Head of Corporate Risk and Insurance

**Contact:** [mike.hocking@plymouth.gov.uk](mailto:mike.hocking@plymouth.gov.uk)  
Tel: 01752 - 304967

**Ref:** CRM/MJH

**Key Decision:** No

**Part:** 1

---

### **Executive Summary:**

This report provides a summary of the latest formal monitoring exercise completed for the Strategic Risk Register for the period March 2011 to August 2011.

The total number of strategic risks reported has reduced from 32 to 30 with the addition of 1 new risk and the deletion of 3 and the number of red risks has reduced from 6 to 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.

---

### **Corporate Plan 2011/14:**

The Strategic Risk Register includes links to the Corporate Plan 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 and Equality, Diversity and Community Cohesion:**

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:**

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  
23 September 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 25 March 2011 and this report now provides a summary of the latest monitoring exercise covering the position at 31 August 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 August 2011 with the results discussed and agreed by CMT and Cabinet Planning on 6 September 2011 and 13 September 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 number of strategic risks has reduced from 32 to 30 with the addition of 1 new risk and the deletion of 3 and there has been a reduction in red risks from 6 to 3.

**New Risk**

- **Amber Risk 82 – Potential legislative non-compliance within Council buildings due to fragmented ownership and responsibility – (Row No. 11)**
  - Identification of property responsibility is needed following initiatives such as stock transfer and future potential operational changes arising from the accommodation strategy. Adoption of a Corporate Landlord model is therefore planned to implement responsibility for all land and buildings and extend current agreements for legislative compliance to all property.

**Deleted Risks**

- **Risk 69 – Contribute and support the development of the Plymouth Life Centre at Central Park – (Row No. 31)**
  - Project on programme and on budget.
- **Risk 71 – To outsource the management of the Plymouth Life Centre and existing leisure facilities – (Row No. 32)**
  - Contract awarded and presently being mobilised for February 2012 opening.

- **Risk 44 – Financial & liability implications of Members & Officers serving on outside bodies – (Row No. 33)**  
- Issues are covered under the Indemnity Scheme for Members and Officers.

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

<b>Risk Category</b>	<b>No. of Risks – Feb 11</b>	<b>No. of Risks – Aug 11</b>	<b>Deleted Risks Aug 11</b>	<b>New Risks Aug 11</b>
<b>Red</b>	6	3		
<b>Amber</b>	17	21		1
<b>Green</b>	9	6	3	
<b>TOTAL</b>	32	30	3	1

3.3 The summary at Appendix A gives a more detailed commentary on the key issues affecting each risk as at 31 August 2011.

3.4 The headline issues are:-

#### 3.4.1 Risk Scores Unchanged

- **Red Risk 21 – MTFS Issues – (Row No. 1)**  
- CMT & SMT held a Delivery Plan 11/12 challenge session to highlight areas of most concern. CMT & DMT continue to monitor via monthly and quarterly reporting.
- **Red Risk 49 – Future of Civic Centre & Council House– (Row No. 2)**  
- Expressions of interest have been received from developers which are being considered and further professional advice has been taken on the options available to rationalise and improve the council's office accommodation. A report on the preferred option considered by Cabinet. on 23 August 2011.
- **Red Risk 74 – Social Care – Client Management IT Systems (Carefirst) – (Row No. 3)**  
- The last few months have seen a number of significant improvements to the tool to support frontline services but work is on-going. As the new products go live considerable effort needs to be invested in the monitoring of the benefits realisation. The implementation of mobile technologies and introduction of new functionality within Adult Social Care will need careful review to ensure that the piloted way of working is successful. New work streams are being introduced in line with business pressures, which although being managed, are creating considerable additional work. Budget is on target as are approved implementation target deadlines.

- **Amber Risk 81 – Academy Schools – (Row No. 5)**  
- SLA and contracts have been drafted. The effect to-date on LA budgets has been modelled and fed into the Dedicated Schools Grant budgets both within schools and the LA. To-date only one further primary school has expressed an interest in becoming an Academy.
- **Amber Risk 72 – Significant pressure on Adult Social Care budget – (Row No. 6)**  
- The Programme Board continues to regularly monitor performance and delivery plans. Milestone of 30% of service users receiving a personal budget by end of March 10/11 was reached.
- **Amber Risk 52 – Delivery of Capital Programme – (Row No. 13)**  
- There has been a delay to the new Project Management Procedures due to a delay in approval of the new Constitution of which they form part. A further review of the delivery of capital projects is on-going.

#### **3.4.2 Risk Scores Increased**

- **Amber Risk 33 – Capital for Education Infrastructure – Increased from 12 to 16 (Row No. 7)**  
- Cabinet paper presented in March was approved and funding for Wave 1 is in place. There is a potential shortfall in funding of Wave 2 subject to Central Government confirming available allocation. Feasibility work is underway and a further Cabinet paper will be submitted in September.
- **Amber Risk 60 – Economic downturn affecting treasury management – Increased from 9 to 15 (Row No. 17)**  
- Treasury Management Board is monitoring any potential impact from the current global economic situation. It will monitor institutions used on a weekly basis and continue to seek advice from independent advisors.

#### **3.4.3 Risk Scores Decreased**

- **Amber Risk 77 – Carbon Reduction Commitment (CRC) Energy Efficiency Scheme – Decreased from 20 to 15 (Row No. 8)**  
- The tax burden has been reduced by over £100k by migrating street lighting from active to passive HH metering. Energy Management system acquired to improve carbon data management capability. 65% of the Early Action Metric has been fulfilled through achieving the ISO 14064 (CEMARS) standard and installing AMRs across schools and corporate buildings. This will improve our ranking in the first Performance League Table published in October 2011. The annual and footprint reports for 2010/11 have been submitted to the Environment Agency on the 28<sup>th</sup> July after the successful completion of an internal audit to provide assurance that PCC has fulfilled its obligations to the CRC EE scheme.
- **Amber Risk 73 – Employee Relations – Decreased from 20 to 15 (Row No. 19)**

- Negotiations with Unite and GMB completed and new Terms & Conditions to start on 1<sup>st</sup> September 2011.

- **Amber Risk 68 – Failure to reach recycling targets and divert waste from landfill – Decreased from 16 to 12 (Row No. 20)**
  - The total biodegradable municipal waste landfilled in 2010/11 is 6% less than in 2009/10. Subject to final confirmation of the figures, we hold a surplus of 10,700 LATS permits which can be carried forward to use in 2011/12. It has been announced that the LATS system will cease in April 2013. Currently there is uncertainty on what will be put in its place as the EU targets on minimising biodegradable waste to landfill still stands.
- **Amber Risk 55 – Failure to deliver waste PFI Procurement for SW Devon Waste Partnership (by 2014) – Decreased from 16 to 12 (Row No. 21)**
  - Contracts signed and PFI credits formally secured from Defra in March 2011. A planning application was submitted in May 2011 by the contractor which is the most significant remaining hurdle. If planning permission is granted and to current programme this should result in solution being operational during 2014.
- **Amber Risk 79 – Reduced government grant investment into new affordable homes, renewal & regeneration programmes – Decreased from 25 to 12 (Row No. 22)**
  - PCC has supported our Housing Development Partners with their bids, including factoring in PCC housing sites and awaiting Ministers' decisions. For private sector housing we have changed the Assistance Policy rules to reduce grants and introduce loans to target our reduced resources where it is most effective.
- **Amber Risk 76 – Not getting government funding to build Efford Gypsy site – Decreased from 16 to 8 (Row No. 29)**
  - A plan to identify a preferred bidder to develop the site was agreed by Cabinet in August.

#### **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 2012.

## **5. Recommendation**

The Audit Committee is invited to:

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