

CITY OF PLYMOUTH

Subject: Strategic Risk Register - Monitoring Report

Committee: Audit Committee

Date: 16 March 2012

Cabinet Member: Councillor Ricketts

CMT Member: Director for Corporate Services

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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 2011 to February 2012.

The total number of strategic risks reported has increased from 31 to 33 with the addition of 2 new risks and the number of red risks has reduced from 3 to 2.

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 2012/15

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

**Report of Director for Corporate Services to Audit Committee
16 March 2012**

Strategic Risk Register Monitoring

1. Introduction

1.1 The position with regard to the Strategic Risk Register was last reported to this Committee on 23 September 2011 and this report now provides a summary of the latest monitoring exercise covering the position at 29 February 2012.

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 2012 with the results discussed and agreed by CMT and Cabinet Planning on 21 February 2012 and 28 February 2012 respectively.

2.2 Directorate responsibility for individual risks is being reviewed in line with the senior management restructure.

2.3 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 increased from 31 to 33 with the addition of 2 new risks and there has been a reduction in red risks from 3 to 2.

New Risks

- **Amber Risk 83 – Health Inequalities - Scored 16 – (Row No. 4)**
- Interim action plan delivered in 2011. A new 3 year plan is currently under development and will be used to inform the Joint Strategic Needs Assessment and Joint Commissioning Boards.

- **Amber Risk 84 – Impact of welfare reform on Plymouth City Council and our customers — Scored 16 - (Row No. 5)**
- High level analysis being undertaken on the impact for people in Plymouth of proposed changes in welfare reforms. Working groups have been established and will be used to measure multiple impact so that social groups can be prioritised according to the support services they might need.

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

Risk Category	No. of Risks – Aug 11	No. of Risks – Feb 12	Deleted Risks Feb 12	New Risks Feb 12
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Red	3	2	0	0
Amber	21	24	0	2
Green	7	7	0	0
TOTAL	31	33	0	2

3.3 The summary at Appendix A gives a more detailed commentary on the key issues affecting each risk as at 29 February 2012.

3.4 The headline issues are:-

3.4.1 Risk Scores Unchanged

- **Red Risk 21 – MTFS Issues – (Row No. 1)**
 - No change in risk score but the situation is being closely monitored though visit to DMT's 3 times a year. Improvement Boards are also in place to oversee the "Major Change" agenda. The MTFS is being updated on the back of the 12/13 budget setting process and is due to be presented to Council in June 2012.
- **Red Risk 49 – Future of Civic Centre & Council House– (Row No. 2)**
 - A formal procurement process is being developed but if no solution is provided following that process the Council may be forced to carry out necessary works to bring the building into a 'fit for purpose' condition.
- **Amber Risk 46 – Information Governance – (Row No. 3)**
 - CMT has approved the establishment of an Information Lead Officers Group comprising directorate representatives to oversee the corporate implementation of actions to reduce risks and produce a consistent approach to information governance issues across the Council. This group is expected to be in operation by March 2012.
- **Amber Risk 33 – Capital for Education Infrastructure – (Row No. 6)**
 - Capital Settlements for 2012/13 are broadly in line with those predicted in the capital programme this being higher than initially budgeted for in early 2011 as the Government announced a one-off additional allocation of £2.5m for Basic Need. Wave 2 programme has been approved by Cabinet. Plymouth's allocation for 2013/14 will be known in December 2012 when, if necessary, programme "waves" will be adjusted to match confirmed resources.
- **Amber Risk 28 – Increase in the number of looked after children and cost pressures on independent placements – (Row No. 8)**
 - There has been a 4% increase in the number of children coming into care which is a third less than other comparable Local Authorities. In terms of future risk areas there are 2 recent developments that will increase the looked after population. A recent Judicial Review known as the Kent Judgement will result in more relatives who are carers becoming eligible for fostering allowances and, young people who are remanded to custody are likely to become classified as children in care. In mitigation to the increase, we are seeing a reduction in the cost of placements as a consequence of smarter commissioning and improved market management of independent placements; improved case scrutiny

resulting in speedier permanency outcomes and an increase in the number of in-house placements. The Child and Parent project is now in place which will enable in-house community assessments.

- **Amber Risk 52 – Delivery of Capital Programme – (Row No. 11)**
 - The Constitution, including Project Governance procedures has now been approved and Project Management training will be rolled out from January 2012 onwards. Delivery of the Capital Programme is being centralised under the Place Directorate from 1 March 2012.

3.4.2 Risk Scores Increased

- **Green Risk 70 – Delivering the transformation of Adult social Care through Putting People First Framework – Increased from 6 to 9 (Row No. 30)**
 - Restructuring of the service has impacted on rollout and has meant that we will not reach our target this year but will still increase on last year's target.

3.4.3 Risk Scores Decreased

- **Amber Risk 74 – Social Care – Client Management IT Systems (Carefirst) – Decreased from 20 to 12 (Row No. 19)**
 - Work is ongoing and benefits are being realised. Work must continue to enable roll out of functionality to support the ASC restructure and embed technologies to support the personalisation agenda.
- **Red Risk 81 – impact of trading services and loss of local authority funding through academy status- Decreased from 16 to 12 (Row No. 20)**
 - Although the rate of academy transfers has significantly slowed since 12 months ago, there is still a need to monitor the level of buy-back of local authority services by schools who are already academies and the impact of any national changes to funding transferred from LA budgets to academies. The degree of impact on services varies but is being mitigated through monitoring of individual budgets.
- **Amber Risk 72 – significant pressure on Adult Social Care budget – Decreased from 16 to 12 (Row No. 21)**
 - Financial pressures continue, but are being tightly managed and the overspend is likely to be minimal at year end.
- **Amber Risk 73 – Employee Relations – Decreased from 15 to 12 (Row No. 23)**
 - Ongoing liaison and meaningful engagement with trade unions including national office and legal teams. Various efficiency savings to be confirmed following the implementation of revised terms and conditions for staff.
- **Amber Risk 77 – Carbon Reduction Commitment (CRC) Energy Efficiency Scheme – Decreased from 15 to 12 (Row No. 25)**
 - Carbon reduction commitments for 2011 achieved via a number of initiatives,

e.g. installation of Smart Meters, and there has been a 8.5% reduction of the Council's carbon footprint in 2010/11 from a 2009/10 baseline. Plymouth City Council is ranked among the top 20% in the CRC Performance League Table.

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 August 2012.

5. Recommendation

The Audit Committee is invited to:

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