

PLYMOUTH CITY COUNCIL

Subject: Risk Management - Annual Report
Committee: Audit Committee
Date: 21 June 2012
Cabinet Member: Councillor Peter Smith
CMT Member: Director for Corporate Services
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Ref: CRM/MJH
Key Decision: No
Part: I

Executive Summary:

This report summarises the work carried out during 2011/12 to develop the Council's approach to risk management and covers:

- Corporate and Operational Risk Management Groups
- Risk Registers
- Challenge Reports and Business Planning
- Annual Governance Statement
- Risk Management and the Competency Framework
- Partnerships Governance
- Intranet Risk Management Guidance
- Information Lead Officer Group (ILOG)
- ALARM/Cipfa Benchmarking Club 2012
- Risk Champion Training
- Review of Major Incidents/Business Continuity
- Focus for 2012/2013

Corporate Plan 2012-2015:

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. Child Poverty, Community Safety, Health and Safety, Risk Management and Equality, Diversity and Community Cohesion:

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:

Fin	DJNI 213.0 07	Leg	LT14 937	HR		Corp Prop		IT		Strat Proc	
Originating SMT Member: Tim Howes, Asst Director, Democracy and Governance											
Have you consulted the Cabinet Member(s) named on the report? Yes											

1. Introduction

1.1 This report summarises the work carried out during 2011/12 to further develop the Council's approach to risk management.

1.2 The review covers:

- Corporate and Operational Risk Management Groups
- Risk Registers
- Challenge Reports and Business Planning
- Annual Governance Statement
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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 19 revisions since it was first drawn up nine 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 2011/12 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. Challenge Reports and Business Planning

4.1 Information on all risks scored 16 and above is included in Challenge Reports to CMT and Directorate DMTs. These reports provide a “dashboard” of headline issues and, as well as high level risk information, include statistics on performance, delivery plans and budget information.

4.2 Departmental Risk Champions continue to make good progress in embedding the corporate risk management process to enable service level Operational Risk Registers to be brought in line with the business plan guidance and template 2012-2015.

4.3 In drawing up their Business Plans, Assistant Directors and Heads of Service are being asked to identify risks that may prevent them from delivering on their key service objectives and, by monitoring these risks on a regular basis at management team meetings, will be tracking the effectiveness of mitigation controls.

4.4 This work is key to continuing to demonstrate embeddedness of risk management considerations into the Council’s corporate business processes.

5. Annual Governance Statement

5.1 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.

5.2 In accordance with the CIPFA/SOLACE framework document *Good Governance in Local Government*, the Council has adopted a local Code of Corporate Governance which was approved by Audit Committee on 31 March 2008.

5.3 The framework recommends that the Council carries out annually a self-assessment of how it complies with the six core principles of good governance set out in the Code.

5.4 The AGS Working Group has carried out this annual review and is satisfied that the governance framework described in the Governance Statement satisfies the compliance requirements of the CIPFA/SOLACE model Code.

5.5 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.

6. Risk Management and the Competency Framework

6.1 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.

6.2 Risk Management performance is one of five core management competencies in the Framework so that senior managers are now assessed on their contribution towards the delivery of the Corporate Risk Management Strategy as part of their annual appraisals.

7. Partnerships Governance

A Guide to Managing Risk in Partnerships was updated in September 2011. This guide forms part of the overall corporate governance partnership framework document – Managing Partnerships Guide which has been produced by the Policy, Performance and Partnerships Team and which is currently out for consultation. This guidance will be used in future to introduce consistent governance principles to new partnerships, supported by a guide to managing risks.

8. Intranet Risk Management Guidance

8.1 The Corporate Risk Management Team continues to develop guidance material which is available to managers and staff within a comprehensive risk management page on the Staff Room intranet site.

8.2 Current 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?

8.3 Information is also provided on risk management in business planning and the Council's Code of Corporate Governance.

8.4 The latest version of the Strategic Risk Register, once approved by this Committee, is also published on the site.

9. Information Lead Officer Group (ILOG)

- 9.1** In 2010/11 Devon Audit Partnership conducted a review of information management arrangements and reported a finding of “fundamental weaknesses” which was reported to this Committee.
- 9.2** Subsequently, in response to the audit findings, the Head of ICT recommended the formation of a corporate Information Lead Officer Group (ILOG) to co-ordinate a more consistent approach to all areas of information management across the Council.
- 9.3** The ILOG’s inaugural meeting was held on 22 March and the group is drawing up an action plan to identify and address key information governance issues.
- 9.4** The first of a series of corporate communications on information governance was sent out to Team Plymouth on 20 March attaching a set of key actions for staff to follow about their specific operational obligations and the way they should handle information, including incident reporting procedures. Managers were asked to cascade this communication to their staff and encourage discussion at team meetings.
- 9.5** Further key communications will be sent out during the year which will be designed to raise corporate awareness and improve understanding of information governance issues and principles.

10. ALARM/Cipfa Risk Management Benchmarking Club 2012

- 10.1** The Council joined this year’s national risk management benchmarking club to compare our performance against Alarm’s National Performance Model for Risk Management.
- 10.2** The Council last took part in this exercise in 2010 the results of which were reported to this Committee on 27 June 2011.
- 10.3** 55 local authorities have signed up this year and are required to complete a survey questionnaire 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.
- 10.4** Our results this year show an increase in our average score from 73% in 2010 to 85% which raises our performance level from “embedded and integrated” to “driving” the business which is the top score on both the “Enablers” and “Outcomes” sections of the questionnaire.
- 10.5** The completed questionnaire has been submitted and we await the overall survey results and comparison data in July following which a report will be brought to September’s Audit Committee.

11. Risk Champion Training

- 11.1** Risk Champions attended a two day Essentials of Risk Management training course at Mount Edgcumbe Country Park on 16 and 17 May 2012. The course is accredited by the Institute of Risk Management (IRM) and was provided free of charge as part of our insurance brokers risk consultancy package.

11.2 The objective of the course was to provide a broad yet comprehensive introduction to the subject of risk management, to include:

- An understanding of the emergence of risk management as a discipline and how it links to corporate governance.
- Knowledge of the definition of risk, and the various models for managing risk, including an understanding of the concept of risk as both positive and negative (opportunity and threat).
- Exploring in detail and through practical exercises the activities involved in the management of risk including risk assessment, risk treatment, risk monitoring and the development of risk registers and their integration with resource and business action planning.
- A clear vision of the benefits and positive outcomes to be expected from good risk management.
- Identification of the barriers to embedding risk management within an organisation and knowledge of the critical success factors for making risk management work.

11.3 The course was well received by all the delegates who were awarded a certificate endorsed by the IRM to confirm their successful completion.

12. Review of Major Incidents/Business Continuity

12.1 The Council's ability to respond to major incidents, both external and internal, in terms of public protection and the ongoing delivery of critical services, is co-ordinated by the Civil Protection Unit.

12.1 Business Continuity arrangements are aligned to the current British Standard BS 2599 parts 1 and 2 and will migrate to ISO 22301 as the work continues. The strategy that has embedded Business Continuity across the organisation has included:

- The identification of potential risks and the impact on business processes/activities through a program of business impact analysis (BIA)
- The creation of a Corporate Business Continuity Incident Management Plan and Departmental Recovery Plans which are constantly monitored and updated
- The Corporate Plan sets out a protocol for receiving, documenting and responding to any national (external) or local (internal) risk
- It also sets out the procedure for invoking a Business Coordination Centre including the protocol for receiving, evaluating and disseminating information to the organisation. This centre is able to operate across the Corporate estate as it uses the Lync system as the key resource but there is also a paper based system for resilience
- Where real time incidents have not occurred there is an ongoing training and exercise program to ensure proper execution of the plan

12.2 Evidence of Business Continuity being embedded across the organisation has been during the National Strikes in November 2011 and the potential fuel tankers driver strikes in the spring of 2012. On both occasions the Business Continuity Strategy Group met immediately when reliable intelligence was received to indicate the potential for widespread disruption.

12.3 National Strikes November 2011

_____The Strategy Group undertook planning to ensure that communications to staff were robust. It also ensured that information was assessed and documented to ensure that corporate buildings were able to remain operational, the impact on waste collection was understood and

information was received in advance regarding the closures of schools under Local Authority control. On the day of the strike the Business Coordination Centre was activated and by 1030 hrs it had a comprehensive information picture of the impact to both the organisation and service users. This meant Plymouth City Council was able to communicate to customers that there was no adverse affect on waste collections which was a key objective in protecting the reputation of the organisation.

12.4 Fuel Disruption

The Strategy Group met as soon as firm intelligence was received and an immediate decision was taken to hire in an additional fuel bunker and a reserve stock of fuel. A full analysis of contracted services that are dependant on fuel was carried out and a protocol for the withdrawal of fuel from the internal storage facilities was created. The net result was that a comprehensive understanding of the organisation's fuel needs was achieved and because additional fuel was placed in reserve there was a saving to the organisation that covered the initial cost of the bunker hire.

- 12.5** In addition to the external incidents a recent outage of the Windows 7 program occurred in the ICT department and embedded business continuity procedures were used to evaluate the impact and put in place counter measures. This included ensuring that public access phone numbers for vulnerable persons were kept operational and a communication strategy to keep staff up to date with progress of the recovery.

13. Focus for 2012/2013

- 13.1 Review of Risk Management Strategy** - The Risk Management Strategy is being revised and will include guidance on "opportunity" risk management and the achievement of positive outcomes. Risk is most commonly held to mean "hazard" however, improving public services requires innovation and seizing new opportunities and managing the risks involved is a key part to the successful achievement of our objectives.

- 13.2 Information Governance** – Continued support of ILOG in developing and implementing action plans to enable the information asset to meet the council's service delivery goals and ensure on-going legislative compliance and therefore mitigate the risk of information governance breaches.

- 13.3 Public Health Transition Plan** – To ensure governance arrangements are in place to monitor the effectiveness of delivery mechanisms for the joint transition planning between NHS Cluster of Devon, Plymouth, Torbay and Devon County Council.

14. Conclusion

- 14.1** There is now 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 supported by a mandatory assessment of risk management performance as part of the Competency Framework annual appraisal process.
- 14.2** 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.
- 14.3** 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.

14.4 Further work is planned in 2012/13 to ensure that these arrangements continue to be developed and enhanced.

15. Recommendation

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

RISK MANAGEMENT BIDS APPROVED 2011/12**1. Community Services (Libraries) – Replacement water heaters (11/01)**

Upgrade of water heaters at Peverell and Southway Libraries as existing not suitable for blending valves to be fitted.

£1,074.67**2. Corporate Property – Replacement water heaters at Southway Youth Centre (11/02)**

Replacement water heaters as existing not suitable for blending valve to be fitted.

£653.78**3. Community Services – Partition wall at Tourist Information Centre (11/03)**

Partition wall to provide a safe working environment for staff dealing with cash and provide privacy when holding meetings.

£844.83**4. Community Services (Libraries) – Emergency lighting and fire alarm system at St Budeaux Library (11/05)**

Emergency lighting and upgrade of fire alarm system.

£3,862.00**5. Services for Children & Young People – Validation of warning indicators on the Carefirst database (11/06)**

Resource to validate warning indicators on the Carefirst database and remove indicators that cannot be supported by evidence.

£1,252.00**6. HR & OD – Cost of interface design for Customer Relationship Management System (11/07)**

Resource to design an interface that will run alongside CRM system which allows members of the public to find support and assistance relating to health and safety incidents.

£5,186.86**7. HR & OD – Cost of consultant to design self-service portal for schools (11/08)**

Penetration testing for the self-service portal to be used by all schools and academies.

£2,850.00

8. HR & OD – Resources to design a security model for the Enterprise Resource (11/10)

Resource to design security model that will be future proof and ready for other departments to use.

£4,854.95

9. Community Services (Libraries) – CCTV for History Room at Central Library (11/11)

Extended CCTV at the Central Library following an assault of a member of staff.

£1,138.59

10. Environmental Services – Vehicle scissor lift at Prince Rock Depot (11/12)

Cost of a vehicle scissor lift to allow safer cleansing of vehicles at Prince Rock depot.

£7,500.00

11. Democracy & Governance – Funding of venue for 2 day Enterprise Risk Management Training (11/13)

Venue hire and catering for above training provided to Risk Champions by Gallagher Health.

£780.00

12. Corporate Property – Legal registration of areas of PCC land with Land Registry (11/14)

To complete the legal registration of residual areas of PCC land at the Land Registry.

£7,500.00

13. Corporate Property – Updating of asbestos register (11/15)

Cost of resource for inputting asbestos register information into the Tech Forge database.

£7,500.00

Total (13) £44,997.67