RISK & OPPORTUNITY MANAGEMENT STRATEGY 2012-2014

Corporate Services

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EXECUTIVE SUMMARY

We live in very challenging times, but also ones that provide us with real opportunities. We are a big, complex organisation, but one that needs to be continuously looking at how it can be more efficient and customer focused. Risk Management is both a statutory requirement and an indispensable element of corporate governance and good management. It has never been more important to have an effective Risk Management Strategy in place to ensure we are able to discharge our various functions and deliver public services efficiently and cost effectively.

In Plymouth, the Council is at the start of its journey to become a Co-operative Council and understanding risks and looking at how they can be mitigated is necessary for effective delivery.

This revised Risk and Opportunity Management Strategy provides a comprehensive framework and process designed to support Members and officers in ensuring that the Council is able to discharge its risk management responsibilities fully. The Risk and Opportunity Strategy outlines the objectives and benefits of managing risk, describes the responsibilities for risk management, and provides an overview of the process that we will implement to manage risk successfully.

Risk Management can be defined as the culture, processes and structures that are key to the effective management of potential opportunities or threats to an organisation in achieving its objectives and delivering services to the community. Good risk management and the actual taking of risks in some cases are critical for a council with an ambitious vision and a difficult financial terrain to negotiate. The Council's commitment to becoming a Co-operative will see more public services being delivered by, or in partnership with, charities, communities and public sector organisations. Such a potential in shift in the structure of service provision will create significant risks, but also present significant opportunities.

The planned and systematic approach to the identification, analysis and economic control of those risks which threaten the employees, assets, or earning capacity of an organisation will help plan for the right balance between innovation and change and the avoidance of shocks and crises. To demonstrate our commitment to this approach we have included risk management as one of the five core management competencies in our Competency Framework.

The Council will record the significant risks identified as potential threats to the delivery of its objectives within Risk Registers and incorporate mitigation controls within action plans to include details of any opportunities that may arise from the successful management of each risk. Risks will be monitored every 6 months and findings reported via the Council's formal reporting process.

This strategy requires Elected Members and employees alike to assist in, and take responsibility for, the identification, control and reduction of risk and containment of cost in all aspects of their activities and areas of responsibility.

The benefits gained with a Risk and Opportunity Management Framework are improved strategic, operational and financial management, better decision making, improved compliance and, most importantly, improved customer service delivery and better outcomes for the citizens of Plymouth.

We embrace risk and opportunity management to support the delivery of our vision for the City and to enable the provision of high quality services to the citizens of Plymouth.

Cllr Tudor Evans   Tracey Lee   Adam Broome

Leader of the Council   Chief Executive   Director for Corporate

                                                        Services

OUR SHARED VISION AND PRIORITIES AS A CITY AND A COUNCIL

As a large, complex organisation working across many fields of activity and with many partners it is important that we have a strong sense of how things hang together and where decisions are best managed, with the matrix below showing this fit.

Bringing it all together

City		Council	
Vision ↓	To be one of Europe's finest, most vibrant waterfront cities, where an outstanding quality of life is enjoyed by everyone.	An innovative, efficient and enabling council focused on our customers	Listen, Learn and challenge Plan
Plan ↓	Plymouth Report Four Priorities: Deliver growth Raise aspirations Reduce inequality Provide value for communities Key outcome measures Plymouth Plan (Local Plan) Major supporting strategic delivery plans	Corporate Plan Service Business Plans Transformational change plans Integrated business planning Risk and opportunity management Equality impacts	
Do ↓	Plymouth 2020 – Theme groups/delivery Boards Major partnership vehicles and shared programmes	Projects and programmes Commissioning and contract management Business as usual delivery through teams and individuals Managing Partnerships Framework	
Review ↓	Monitoring and evaluation	Appraisals Scrutiny Monitoring and evaluation Internal and external challenge Integrated business planning	
Decide ↓	Plymouth 2020	Corporate and Departmental Management Teams Cabinet/Council	
Lead and communicate			

Working more effectively across the council and with our partners we will deliver our ambitious agenda for modernising our services and delivering the vision for the city.

THE RISK AND OPPORTUNITY MANAGEMENT STRATEGY

1.   DEFINITIONS

What is a Risk?

Risk is most commonly held to mean "hazard" and something to be avoided but it has another face – that of opportunity. Improving public services requires innovation – seizing new opportunities and managing the risks involved. In this context risk is defined as uncertainty of outcome, whether positive opportunity or negative threat of actions and events. It is the combination of likelihood and impact, including perceived importance.

What is Risk and Opportunity Management?

Risk and Opportunity Management is the culture, processes and structures that are directed towards effective management of potential opportunities and threats to an organisation achieving its objectives.

This Strategy is intended to reaffirm and improve effective Risk and Opportunity Management in Plymouth, comply with good practice and in doing so, effectively manage potential opportunities and threats to the organisation achieving its objectives.

2.   POLICY STATEMENT AND AIMS AND OBJECTIVES

A Policy Statement together with the aims and objectives of the Risk and Opportunity Management Strategy are outlined on page 8.

3.   BUSINESS PLANNING & RISK MANAGEMENT

Operational risks should link to each service area's Business Plan. The Business Plan is a document that brings key information together in one place and demonstrates the service's focus on council and city priorities. All major risks facing the service and to other services and partners resulting from the consequences of a service's plans should be recorded with brief mitigation and potential outcome.

4.   ROLES AND RESPONSIBILITIES

All Members, managers, employees and partners must understand the nature of risk and accept responsibility for managing those risks associated with their area of activity.

Everyone has a role to play in managing risk and delivering the Risk and Opportunity Management Strategy - Risk Management therefore now forms part of the Council's Competency Framework and will be used to assess the contribution and performance of relevant employees in the organisation.

A full description of roles and responsibilities is shown on page 11.

5.   RISK ANALYSIS AND MONITORING ARRANGEMENTS

The Corporate Risk Management Group will monitor and manage the delivery of the Risk and Opportunity Management Strategy at a strategic level. The Group's purpose is to effectively embed Risk Management within the ethos of the Council's culture as an integral part of strategic

planning, decision-making and its performance management framework. The Group will also be responsible for the development and monitoring of the Strategic Risk Register.

The Operational Risk Management Group, comprising departmental Risk Champions and under the direction of the Head of Corporate Risk and Insurance, will be responsible for the delivery of this strategy at an operational level and for the development and monitoring of service level Operational Risk Registers.

A full description of risk analysis and monitoring arrangements is shown on page 15.

6. PERFORMANCE MANAGEMENT

Monitoring, managing and responding to risks are key to the delivery of priorities and services. The Council's Performance Management System is under development. In the meantime, high level risks are included in departmental Challenge Reports to the Senior Management Team and risk scores are updated on a quarterly basis to ensure emphasis is placed on the highest scoring priority risks.

In addition, risk management is included as one of the five key management competencies in the Council's Competency Framework and managers will therefore be assessed on their contribution to the management of risk in their area of responsibility as part of their annual performance appraisal.

7. CORPORATE GOVERNANCE

Risk Management is key to effective corporate governance and the diagram at page 14 illustrates the central role it plays in relation to other key systems and processes.

8. PARTNERSHIPS

In order to deliver a successful partnership risk management must form an integral part of the evaluation process. Partners need to understand what potential risks they may face in achieving the planned objectives and identify these in a partnership risk register. Key decision making processes should be the subject of a risk assessment and where necessary risk management plans to identify outcomes, timelines, responsible individuals, contingency plans and financial monitoring arrangements need to be agreed confirming what action should be taken should the risks be realised.

All directorates are required to formerly identify and record their major partnerships in accordance with the corporate Managing Partnerships Framework which is maintained by the Policy, Performance and Partnerships Team.

9. BUSINESS CONTINUITY

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.

Business continuity arrangements are aligned to the current British Standard BS 2599 parts 1 and 2 and will migrate to ISO 22301 as work continues. The Business Continuity Strategy is embedded across the authority and includes the identification of potential risks and the impact on business processes/activities through a program of business impact analysis (BIA).

10.   INFORMATION SECURITY

A corporate Information Lead Officer Group (ILOG) has been established to co-ordinate a more consistent approach to all areas of information management across the council.

This group is supported by the Operational Risk Management Group (ORMG) which assists with raising awareness within departments and monitors information governance risks using a toolkit that includes a standard information governance risk template.

11.   HEALTH & SAFETY

The Risk and Opportunity Management Strategy supports the corporate Health and Safety Policy in its commitment to the continuous improvement of health and safety performance, in particular by identifying key priorities and areas for improvement in health and safety management and risk control.

12.   EMBEDDING RISK MANAGEMENT

The Risk and Opportunity Management Strategy is reviewed annually to ensure it remains up to date. The Cabinet Member for Transformation, Performance and Governance and the Director for Corporate Services jointly champion the process.

Each Directorate has an officer appointed as Risk Champion who is trained to advise staff on best practice to ensure that the risk management process is embedded in the Council's business processes, including:

- strategic and business planning
- information quality and use
- financial planning
- policy making and review
- performance management
- project management

Awareness training can be arranged for any member of staff via the Head of Corporate Risk and Insurance

13.   BENEFITS OF GOOD RISK MANAGEMENT

Integration of risk and opportunity management into the culture and working practices of the Council and its delivery partnerships has numerous benefits, which include:

- Protecting and adding value to the Council and its stakeholders by supporting the achievement of the Council's vision and corporate priorities
- Improved strategic, operational and financial management
- Contributing to more efficient use/allocation of resources within the Council and its partners
- Keeping the Council within the requirements of the law
- Mitigation of key threats and taking advantage of key opportunities
- Protecting and enhancing assets and image

- Improving decision-making (making the right decisions), planning and prioritisation by comprehensive and structured understanding of activity and volatility

- Enabling future activity to take place in a consistent and controlled manner

- Promotion of innovation and change

- Improved customer service delivery

- Continuity of knowledge and information management processes

- Developing and supporting people and the Council's knowledge base

- Optimising operational efficiency and therefore delivering efficiency gains and value for money

- Better allocation of time and management effort to major issues

- Avoiding nasty surprises, shocks and crises

- Ensures our approach is aligned to 'Best Practice'

- Satisfies stakeholder/partners expectations on our internal control

14. GUIDANCE AND ASSISTANCE

The Corporate Services Directorate, through the Head of Corporate Risk and Insurance, will promote and monitor good practice, provide guidance, support, advice and information and organise training.

Guidance and reference material is listed on page 21.

15. RISK AND OPPORTUNITY MANAGEMENT POLICY STATEMENT AND AIMS AND OBJECTIVES

Plymouth City Council is aware that, as a large organisation, it is exposed to a very wide range of risks and threats to the delivery of key services to the community it serves.

The Council recognises that it has a responsibility to identify, evaluate and manage risk whilst still creating a fertile climate for innovation. It therefore supports a structured approach to risk and opportunity management through its corporate Risk and Opportunity Management Strategy, the aims and objectives of which are described below:

The aims of the Risk and Opportunity Management Strategy are to:

- Integrate and raise awareness of risk management for all those connected with the delivery of Council services

- Embed risk management as an integral part of strategic, service, information use, financial and project planning and policy making

- Establish a standard systematic approach to risk identification, analysis, control and monitoring and reviewing

- Provide a process for identifying threats or drawbacks that also includes finding and considering opportunities

- Provide a robust and transparent framework for managing risk and supporting decision making

- Support well thought-through risk taking

- Anticipate and respond to changing external and internal environment
- Embed risk management as an integral part of delivering and aligning successful partnerships

The objectives of the Risk and Opportunity Management Strategy are:

- To embed Risk and Opportunity Management as part of the Council's culture of governance
- To provide and use a robust and systematic framework for identifying, managing and responding to risk
- To provide a robust and transparent track record of managing, communicating and responding to risk
- To encourage staff to think creatively about ways to work better, simpler, faster and more effectively

16. RISK TOLERANCE

Calculated (controlled) risks such as accepting new opportunities or using innovative approaches to service delivery may be taken providing the risk exposure is within the Council's risk tolerance levels (As shown on page 17).

17. RISK APPETITE

The Council's risk appetite levels are defined as:-

Acceptable risks – the risks associated with any proposed actions and decisions need to be clearly identified, evaluated and managed to ensure that risk exposure is acceptable. Particular care is needed in considering any action which could:

- have an adverse effect on the Council's reputation and/or performance
- undermine the independent and objective review of activities
- result in censure or a fine by regulatory bodies
- result in financial loss

Any threat or opportunity that may have a significant potential impact should be closely examined and the risks clearly defined, and referred to the appropriate Director. Where there is both a significant potential impact and a high likelihood of occurrence (a Red Risk), it should also be referred to the Head of Corporate Risk and Insurance.

18 RISK DESCRIPTION

The risks and opportunities identified need to be recorded in a structured format. A description covering the Cause, Event and Effect is used to scope a risk or opportunity. Guidance on some typical phrasing or statements are listed below:-

Cause	Event	Effect
Because of …. As a result of …. Due to ….	<an uncertain event ie. Risk or opportunity> may occur ….	which would lead to <effect on objective(s)>

Event	Cause	Effect
Risk of …. Failure to …. Failure of …. Lack of …. Loss of …. Uncertainty of …. Delay in …. Inability to …. Inadequate …. Partnership with …. Development of …. Opportunity to ….	…. due to ….	…. leads to …. and/or …. results in ….

19. RISK RESPONSE

There are four basic ways of treating risk, which are:-

Treat - Ensuring effectiveness of existing controls and implementing new controls where considered necessary and cost effective.

Transfer - Involves another party bearing or sharing the risk i.e. via insurance

Tolerate - Where it is not possible to treat or transfer. Consideration needs to be given to how the risk and consequences of such are to be managed should they occur.

Terminate - Deciding where possible not to continue or proceed with the activity in view of the level of risks involved.

20. OPPORTUNITY RESPONSE

There are four basic ways of treating opportunity, which are:-

Enhance - Seek to increase the likelihood and/or the impact of the opportunity in order to maximise the benefit.

Ignore - Minor opportunities can be ignored, by adopting a reactive approach without taking any explicit actions.

Share - Seek a partner/stakeholder able to manage the opportunity, which can maximise the likelihood of it happening and increase the potential benefits

Exploit - Seek to make the opportunity definitely happen. Aggressive measures to ensure the benefits from the opportunity are realised.

21. FRAMEWORK

The Council maintains two different types of Risk and Opportunity Register - Strategic and Operational.

The Strategic Register records medium to long term high level risks and the Operational records those risks affecting the day to day departmental operations

Both registers detail the following:-

- possible consequences of the risks identified, both negative (risks and threats) and positive (opportunities)

- potential impact and likelihood of the risk identified

- existing controls in place to mitigate the risks

- actions planned to mitigate the risks with relevant timescales and the responsible officers

The Strategic Register is owned by the Corporate Management Team in its capacity of the Corporate Risk Management Group and maintained by the Head of Corporate Risk and Insurance and Operational Registers are maintained by the relevant Department's Risk Champion.

22. ROLES & RESPONSIBILITIES

Cabinet Members

- Approve the Council's Risk and Opportunity Management Strategy
- Receive and approve monitoring reports on the Strategic Risk Register and an annual Risk Management report

Corporate Risk Management Group/CMT

- Ensure the Council implements and manages risk effectively through the delivery of the Risk and Opportunity Management Strategy and consider risks affecting delivery of services
- Appoint a Senior Information Risk Officer (currently the Director for Corporate Services) this role also includes being the Senior Responsible Officer for overseeing the impact on the Council from the use of covert surveillance
- Ensure risk and opportunity management is considered by Management Team Agenda on a quarterly basis
- Provide assurance to Cabinet Planning and Audit Committee regarding risk and opportunity management compliance.
- Be responsible for and monitor the Strategic Risk Register
- Receive and approve risk and opportunity management status reports from the Operational Risk Management Group
- Approve and monitor the progress and effectiveness of the Risk and Opportunity Management Strategy and Operational Risk Management Group
- Support the embedding of risk and opportunity management within the culture of the Council as an integral part of strategic/business planning, decision-making and performance management framework
- Approve risk and opportunity management monitoring reports to Cabinet Planning and Audit Committee

Lead Member and Officer for Risk and Opportunity Management

- The Cabinet Member for Transformation, Performance and Governance and the Director for Corporate Services will act as Member and Officer risk champions
- Ensure that the Council manages risk effectively through the development of a robust and comprehensive Risk and Opportunity Management Strategy

Head of Corporate Risk and Insurance

- Support the Council and its departments in the effective development, implementation and review of the Risk and Opportunity Management Strategy

- Share experiences across the Council and partners, promoting, facilitating and overseeing the arrangements for managing and monitoring of risk

- Provide training and guidance in Risk and Opportunity Management

- Support the Corporate Risk Management Group

- Lead and direct the work of the Operational Risk Management Group

Operational Risk Management Group (ORMG)

- Monitor, review and communicate information on operational and strategic risks within their directorate

- Ensure risk and opportunity management is embedded within departmental business plans.

- Review cross cutting operational issues

- Report to Corporate Risk Management Group every six months

- Meet six times per year

- Receive, consider and approve bids for financial assistance towards risk reduction initiatives

Audit Committee

- Provide independent assurance to the Council on the effectiveness of the Council's Risk and Opportunity Management, Internal Control and overall assurance framework

Directors

- Take responsibility for the promotion of the Risk and Opportunity Management Strategy within their areas

- Ensure that Operational Risk Registers are managed, monitored, responded to and communicated effectively in their areas and reported through the Council's Performance Management Framework

- Ensure that risk and opportunity management is a key consideration in the delivery of the Council's priorities

Managers

- Identify, evaluate, prioritise and control risks and opportunities facing the Council in achieving its objectives

- Support, assist and inform their Directorate Risk Champion on risk issues

Risk Champions

- Attend Operational Risk Management Group meetings

- Co-ordinate, present and monitor bids against the Risk Management Fund

- Promote, maintain and monitor risk registers in line with risk and opportunity management/business planning guidance

- Support and provide guidance on the risk and opportunity management process in their department

- Promote and advise on the risk and opportunity management strategy
- Integrate and raise awareness of risk management within their Directorate

Employees

- Assess and manage risks effectively in their job and report hazards / risks to their service managers
- Undertake their job within contractual, policy and statutory guidelines
- Consult with department risk champion as necessary

Devon Audit Partnership

- Provide a risk based Audit Plan to monitor the effectiveness of Internal Controls and provide a trigger and action plan for management intervention
- Audit the Risk and Opportunity Management Strategy and processes

Insurance

- Ensure appropriate risk-financing arrangements are in place to mitigate against identified insurable risks
- Work with the Head of Corporate Risk and Insurance to identify and control insurable risks effectively and economically

Health & Safety

- Provide independent health and safety advice to the Operational Risk Management Group
- Support the Council in managing and monitoring health and safety performance

Civil Protection Team

- Assess, manage and monitor risks associated with civil emergencies.
- Co-ordinate and advise on the production, maintenance and testing of a Business Continuity Management Plan for the council.
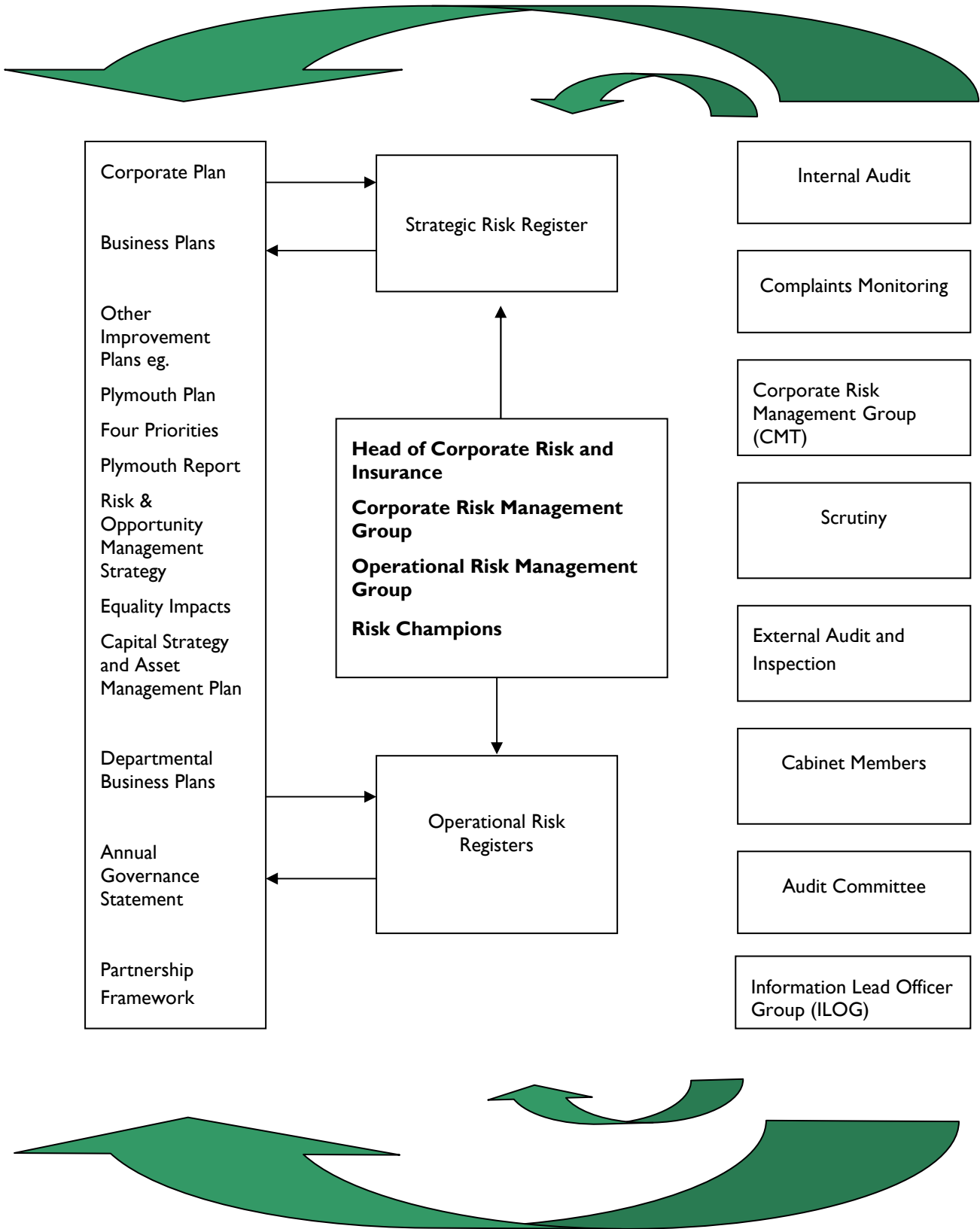
Policy, Performance & Partnership Team

- Establish a framework for effective partnership working
- Maintain the Council's Partnership Risk Register
- Assist departments in establishing an effective performance management tool which includes risk and opportunity

23. THE MANAGEMENT OF RISK AND OPPORTUNITY

The overall corporate governance framework for managing risk is illustrated by the following diagram:-

Monitoring and Review process

Corporate Plan		Internal Audit
Business Plans	**Strategic Risk Register**	Complaints Monitoring
Other Improvement Plans eg.		Corporate Risk Management Group (CMT)
Plymouth Plan		
Four Priorities	**Head of Corporate Risk and Insurance**	Scrutiny
Plymouth Report	**Corporate Risk Management Group**	
Risk & Opportunity Management Strategy	**Operational Risk Management Group**	External Audit and Inspection
Equality Impacts	**Risk Champions**	
Capital Strategy and Asset Management Plan		Cabinet Members
Departmental Business Plans	**Operational Risk Registers**	
Annual Governance Statement		Audit Committee
Partnership Framework		Information Lead Officer Group (ILOG)

24. RISK ANALYSIS

Once risks have been identified they need to be assessed systematically and accurately. The process requires managers to assess the level of risk by considering:-

The probability of an event occurring – "likelihood", and the potential outcome of the consequences should such an event occur – "impact" Managers will assess each element of the judgement and determine the score. The tables below give the scores and indicative definitions for each element of the risk ranking process:-

Score	Likelihood	Threat / Risk
5	Almost Certain	Is expected to occur in most circumstances
		Will undoubtedly happen, possibly frequently eg. Annually or more frequently
		Imminent/near miss
4	Likely	Will probably occur in many circumstances
		Will probably happen, but not a persistent issue eg. Once in 3 years
		Has happened in the past
3	Possible	Could occur in certain circumstances
		May happen occasionally, eg. Once in 10 years
		Has happened elsewhere
2	Unlikely	May occur only exceptional circumstances
		Not expected to happen, but is possible eg. Once in 25 years
		Not know in this activity
1	Rare	Is never likely to occur
		Very unlikely this will ever happen eg. Once in 100 years

Score	Impact	Threat / Risk
5	Catastrophic Risk	Risks which can have a catastrophic effect on the operation of the Council or service. This may result in critical financial loss, severe service disruption or a severe impact on the public. Examples:-
		Unable to function without aid of Government or other external Agency
		Inability to fulfil obligations
		Medium – Long term damage to service capability
		Severe financial loss – supplementary estimate needed which will have a catastrophic impact on the Council's financial plan and resources are unlikely to be available
		Death
		Adverse national publicity – highly damaging, severe loss of public confidence
		Litigation certain and difficult to defend
		Breaches of law punishable by imprisonment
4	Major Risk	Risks which can have a major effect on the operation of the Council or

		service. This may result in major financial loss, major service disruption or a significant impact on the public. Examples:- Significant impact on service objectives Short – medium term impairment to service capability Major financial loss – supplementary estimate needed which will have a major impact on the Council's financial plan Extensive injuries, major permanent harm, long term sick Major adverse local publicity, major loss of confidence Litigation likely and may be difficult to defend Breaches of law punishable by fines or possible imprisonment
3	Moderate Risk	Risks which have a noticeable effect on the services provided. Each one will cause a degree of disruption to service provision and impinge on the budget. Examples:- Service objectives partially achievable Short term disruption to service capability Significant financial loss – supplementary estimate needed which will have an impact on the Council's financial plan Medical treatment required, semi-permanent harm up to 1 year Some adverse publicity, needs careful public relations High potential for complaint, litigation possible Breaches of law punishable by fines only
2	Minor Risk	Risks where the consequences will not be severe and any associated losses will be minor. As individual occurrences they will have a negligible effect on service provision. However, if action is not taken, then such risks may have a more significant cumulative effect. Examples:- Minor impact on service objectives No significant disruption to service capability Moderate financial loss – can be accommodated at HOS level First aid treatment, non-permanent harm up to 1 month Some public embarrassment, no damage to reputation May result in complaints/litigation Breaches of regulations/standards
1	Insignificant Risk	Risks where the consequences will not be severe and any associated losses will be relatively small. As individual occurrences they will have a negligible effect on service provision. However, if action is not taken, then such risks may have a more significant cumulative effect. Examples:- Minimal impact, no service disruption

		Negligible impact on service capability
		Minimal loss – can be accommodated at SAC level
		No obvious harm/injury
		Unlikely to cause any adverse publicity, internal only
		Breaches of local procedures/standards

The risk ratings for each part of the assessment are then combined to give an overall ranking for each risk. The ratings can then be plotted onto the risk matrix, see below, which assists in determining the risk priority and the amount of attention it deserves.

25.   RISK RANKING TABLE

Likelihood / Probability					
5	10	15	20	25
4	8	12	16	20
3	6	9	12	15
2	4	6	8	10
1	2	3	4	5
Insignificant	Minor	Moderate	Major	Catastrophic

Negative Impact / Severity

Risk Tolerance		
Red (High Risk)	20 - 25	Must be managed down urgently
Amber (Medium Risk)	12 - 16	Seek to influence medium term/monitor
Green (Low Risk)	6 - 10	Acceptable but continue to monitor
Yellow (No risk)	1 - 5	Remove from register

26.   MONITORING ARRANGEMENTS FOR KEY RISKS

The reason for monitoring key risks is to create an early warning system for any movement in risk – key risks are defined as those which score 12 or above in accordance with the risk ranking table on page 17. High level red risks may be referred to the Scrutiny Board subject to Audit Committee recommendation. Risks scoring below 12 are considered to be managed effectively and therefore within the Council's "risk tolerance". Any risk scored below 6 can be removed from the risk register and archived.

Risk Registers are living documents and therefore must be regularly reviewed and amended. The Risk and Opportunity Management Strategy requires risks recorded on the Strategic Risk Register and service level Operational Risk Registers to be monitored every six months by departmental risk champions in consultation with senior managers and lead officers.

Monitoring reports are presented for approval to the Corporate Risk Management Group and to Cabinet Planning for Member agreement prior to final ratification by the Audit Committee. Operational red risks may be referred to the Overview and Scrutiny Management Board. Information on all risks scored 16 and above is recorded on the Performance Management System and linked with Corporate and Service objectives and Key Performance indicators as appropriate.

The questions asked during monitoring are:-

- Is the risk still relevant?

- Is there any movement in the risk score?

- Are the controls still in place and operating effectively?

- Has anything occurred which might change its impact and/or likelihood?

- Have potential opportunities been considered and maximised?

- Have any significant control failures or weaknesses occurred since the last monitoring exercise?

- If so, does this indicate whether the risk is increasing or decreasing?

- If the risk is increasing do I need to devise more controls or think of other ways of mitigating the risk?

- If the risk is decreasing can I relax some existing controls?

- Are controls / actions built into appropriate documented action plans?

- Are there any new or emerging risks?

- Have any of the existing risks ceased to be an issue (and can therefore be deleted)?

27. OPPORTUNITY RISK ASSESSMENT

The risk impact and likelihood that are assigned should be based on an assessment of the current level of exposure which will be dependent on the adequacy of the existing level of controls in place. When dealing with opportunity management we are trying to predict future events and recognise that there is a degree of uncertainty in our assessments - they involve judgement as well as measurement and the precise value will not be known exactly in advance. Opportunity likelihood and impact definitions are given below as a guide.

Likelihood	Definitions
Certain	Opportunity has been realised and will continue to be exploited.
Almost Certain	Opportunity is likely to be realised within this financial year.
Likely	Opportunity may be realised within the next three financial years.
Possible	Opportunity may be realised within the next three to five financial years
Rare	Opportunity may be realised in exceptional circumstances

Impact	Definitions
Exceptional	- Exceptional improvement to service (s) (e.g. Quality, level, speed, cost etc) - Exceptional delivery of strategic objectives or priorities - National or international partnership initiative or arrangement - Extensive positive coverage in national press - Major improvement to local, national or international environment - Income and/or savings in excess of £500,000 - Exceptional savings of resource (e.g. Time, labour)
Major	- Major improvement to service (s) (e.g. quality, level, speed, cost etc) - Major delivery of strategic objectives or priorities - National or regional partnership initiative or arrangement - Positive coverage in national press - Major improvement to local environment - Income and/or savings of between £100,000 and £500,000 - Major savings of resource (e.g. time, labour)
Significant	- Significant improvement to service (s) (e.g. quality, level, speed, cost etc) - Significant delivery of strategic objectives or priorities - Regional partnership initiative or arrangement - Significant positive coverage in local press - Significant improvement to local environment - Income and/or savings of between £50,000 and £100,000 - Significant savings of resource (e.g. time, labour)
Moderate	- Moderate improvement to service (s) (e.g. quality, level, speed, cost etc) - Moderate delivery of strategic objectives or priorities

	▪ County wide level partnership initiative or arrangement ▪ Positive coverage in local press ▪ Moderate improvement to local environment ▪ Income and/or savings of between £10,000 and £50,000 ▪ Moderate savings of resource (e.g. time, labour)
Minor	▪ Minor improvement to service ▪ Minor delivery of strategic objectives or priorities ▪ Local level partnership initiative or arrangement ▪ Minimal positive coverage in local press ▪ Minor improvement to local environment ▪ Income and/or savings of below £10,000 ▪ Minor savings of resource (e.g. time, labour)

28.   RESOURCE AND COST/BENEFIT ANALYSIS

Responses to identified risk and opportunities must be appropriate, achievable and affordable. There will be some occasions when the cost of the response will outweigh the benefits accrued as a result of the proposed action to be taken. An assessment of the cost/benefit of implementing the response should be carried out. Resourcing the response to risk and opportunity should be considered as part of the service planning and financial management arrangements and any medium to long term resource implications identified incorporated in the Medium Term Financial Strategy.

29.   INDICATORS OF SUCCESS

The following indicators are monitored annually:-

- 99.2% of staff appraised during 2011/12 under the "Manages Risk" competency heading achieve or excel in the required appraisal score.
- Cipfa/ALARM Risk Management benchmarking exercise undertaken in 2012 assessed the Risk Management framework within Plymouth City Council as "Driving the Business" which is the highest scoring category.
- The Risk Management Fund contributed towards 13 successful bids for financial assistance towards risk reduction initiatives totalling £44,997.67 during 2011/12.
- Strategic and Operational Risk Registers continue to be formally monitored every six months and report presented to Audit Committee.
- The Risk Management Strategy is reviewed and updated annually to provide up to date guidance on best practice and ensure it fits in with current processes.
- The Risk Management Strategy helps to ensure compliance with the Code of Corporate Governance and Annual Governance Statement as part of the council's duty under the Local Government Act 1999

The ultimate measure of effective risk and opportunity management is that the Council has the resilience to deliver its services and core objectives and is able to identify, and take maximum advantage of, the occurrence of positive risk.

30   SOURCES OF REFERENCE AND GUIDANCE

External Sources:-

Risk Management – A Key to Success, a guide to understanding and managing risk – ALARM

Alarm Opportunity Risk Management Guide

Corporate Governance in Local Government – A Keystone for Community Governance – CIPFA/SOLACE

"Worth the Risk" Improving Risk Management in Local Government – Audit Commission

Management of Risk – A strategic overview – HM Treasury

Managing Information Risk: The Cabinet Office – Security Policy Framework
http://www.cabinetoffice.gov.uk/spf/sp1_grmc.aspx
and
http://www.cabinetoffice.gov.uk/spf/sp4_isa.aspx

Internal Sources:-

Risk Management Page in the Staffroom

Plymouth City Council's Partnerships Framework

Operational Risk Management Group Terms of Reference