

PLYMOUTH CITY COUNCIL

Subject:	Strategic Risk and Opportunity Register – Monitoring Report
Committee:	Audit Committee
Date:	14 March 2013
Cabinet Member:	Councillor Lowry
CMT Member:	Adam Broome (Director for Corporate Services)
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Ref:	CRM/MJH
Key Decision:	No
Part:	I

Purpose of the report:

This report provides a summary of the latest formal monitoring exercise completed for the Strategic Risk and Opportunity Register for the period September 2012 to February 2013.

The total number of strategic risks reported has increased from 36 to 37 with the addition of 2 new risks and the deletion of 1. The number of red risks has increased from 2 to 4.

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 2012-2015:

The Strategic Risk and Opportunity 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. Child Poverty, Community Safety, Health and Safety and Risk Management:

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.

Equality and Diversity

Has an Equality Impact Assessment been undertaken? Not required

Recommendations and Reasons for recommended action:

The Audit Committee is recommended to:

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

Alternative options considered and rejected:

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.

Published work / information:

Plymouth City Council [Risk and Opportunity Management Strategy](#)

Background papers:

Title	Part I	Part II	Exemption Paragraph Number						
			1	2	3	4	5	6	7

Sign off

Fin	Djn 1213. 042	Leg	DJS	Mon Off		HR		Assets		IT		Strat Proc	
Originating SMT Member													
Has the Cabinet Member(s) agreed the contents of the report? Yes													

1.0 Introduction

- 1.1 The position with regard to the Strategic Risk and Opportunity Risk Register was last reported to this Committee on [27 September 2012](#) and this report now provides a summary of the latest monitoring exercise covering the position at 28 February 2013.

2.0 Strategic Risk and Opportunity Register – Monitoring Summary

- 2.1 In accordance with the strategy requirement for twice-yearly monitoring, the latest monitoring exercise was completed in February 2013 with the results discussed and agreed by CMT and Cabinet Planning on 26 February 2013 and 5 March 2013 respectively.
- 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.

3.0 Headline Issues

- 3.1 The number of strategic risks has increased from 36 to 37 with the addition of 2 new risks and the deletion of 1. The number of red risks has increased from 2 to 4.
- 3.2 New Risks

Red Risk 92 – Deterioration of the condition of the City’s Highway Network (carriageway and footways) – Scored 20 – (Row No. 4)

- The condition of the highway network has deteriorated significantly following some of the coldest and wettest winters on record. The volume of defects being picked up on the network and the need to make defects safe within 24 hours has put extreme pressure on Transport’s current revenue budgets. Some permanent repairs are completed but for the most part there is not sufficient budget to carry out permanent repairs. The public see this as inefficient working and a poor use of resources. There is currently a backlog of approximately 42,000 defects on the network awaiting permanent repairs. A three staged approach to tackle the condition of the highway network is being recommended:-
 1. Change the way we carry out temporary repairs and move to first time permanent repairs with only minimal temporary repairs being undertaken.
 2. Adopt a medium term patching and resurfacing programme to address the roads that have been subject to customer complaint - the Council intends to invest an additional capital investment of £2m per annum over the coming years to help to clear the backlog of defects on the network.
 3. Adopt a long term strategy to repair our unclassified network. A report will be taken to Cabinet setting out the options and seeking approval for a preferred strategy in the coming months.

Amber Risk 91 – Failure to keep abreast of and track new and emerging legislation as part of the powers following Localism Act (Regulations) – Scored 12 – (Row No. 22)

- This risk has escalated from the Legal Services Operational Register due to the overarching effects of the Localism Act. Senior Lawyers and Heads of Service are currently made aware of new legislation through a variety of sources but a more structured process needs to be developed. Currently recruiting to vacant post of Contract & Corporate Governance Lawyer to mitigate this risk.

3.3 Deleted Risk

Green Risk 80 – Planning Obligations – implications of new legal framework and current economic circumstances – Scored 8 – (Row No. 38)

- The Community Infrastructure Levy (CIL) Charging Schedule is working and the Planning Obligations and Affordable Housing Supplementary Planning Document was formally adopted by Full Council on 30/08/12.

3.4 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 12	No. of Risks Feb 13	Deleted Risks Feb 13	New Risks Feb 13
Red	2	3	0	1
Amber	27	23	0	1
Green	7	11	1	0
TOTAL	36	37	1	2

3.5 The summary at Appendix A gives a more detailed commentary on the key issues affecting each risk as at 28 February 2013.

3.6 The headline issues are:-

3.6.1 Risk Score Unchanged

Red Risk 21 – MTFF Issues – (Row No. 1)

- Revenue and Capital budgets for 2013/14 to be approved at Full Council 25 February 2013. Once signed off, a new MTFF will be written for approval at Cabinet in July 2013. CMT have a monthly strategic finance meeting scheduled where regular challenges and updates to the MTFF occur.

Red Risk 49 – Future of Civic Centre & Council House – (Row No. 2)

- The procurement process is proceeding as planned and the Council is currently in dialogue with four potential developers. It is currently anticipated that a contract award will be made in June 2013. However, as the Council does not have any legal certainty of an acceptable outcome at this stage the risk score remains unchanged.

Amber Risk 46 – Information Governance – (Row No. 4)

- The Information Lead Officers Group (ILOG) is becoming established and considering the use, security and dissemination of the Council's information asset. There has been one monetary penalty from the Information Commissioner and to address this risk each department will monitor compliance through an Information Governance Risk template. Once the use of the template is standardised and particular risk hotspots identified for remedial action, the overall risk assessment of this risk will be reduced.

Amber Risk 84 – Impact of Welfare Reform on Plymouth City Council and our customers (Row No. 7)

- Work to mitigate the effect of the cuts includes two new local schemes due to be implemented in April 2013, advice and support for claimants training and Plan for Jobs and child poverty. Officers Working Group continues to meet and implement work plan.

Amber Risk 88 – Failure to secure Government funding through new process to deliver sufficient Major Transport Schemes – (Row No. 9)

- The number of schemes being submitted for funding has been prioritised down to 5. The Government has allocated some funding but this is unlikely to be enough to contribute to all 5 schemes. A minimum of 10% local contribution by PCC as the scheme promoter will be required through developer contributions either through the Section 106 process, through the Community Infrastructure Levy or through PCC's own Investment Fund. Other external grant opportunities will need to be explored but the requirement for local contributions as part of external grant conditions will remain.

3.6.2 Risk Score Decreased

Amber Risk 52 – Delivery of Capital Programme – Decreased from 16 to 12 (Row No. 16)

- Recent success in receiving grant funds has given the capital programme a more affordable position. Decisions in the 2013/14 budget setting to move funds from reserves and to increase borrowing to allow the council to set up an investment fund also puts the capital programme into a more healthy position.

Amber Risk 28 – Increase in the number of looked after children and cost pressures on independent placements – Decreased from 15 to 12 (Row No. 17)

- Children in care numbers have decreased slightly in the last 3 months due to the impact of the Family Justice Review and reduced court timescales. The complexity of need for children in the care system means that there is a continuing pressure on the independent sector placements budget, however, we are beginning to see increased sufficiency in our in-house foster care service that should have a positive impact in terms of less reliance on independent foster care.

Green Risk 82 – Potential legislative non-compliance of PCC buildings due to fragmented ownership and responsibility – Decreased from 15 to 10 (Row No. 27)

- Consolidation of budgets and responsibilities is now complete under the Corporate Landlord initiative which went live on 1 April 2012.

Green Risk 76 – Gypsy Sites – not being able to progress development – Decreased from 12 to 9 (Row No. 31)

- Some funding secured and planning application has been made for transit site.

Green Risk 77 – Carbon Reduction Commitment (CRC) Energy Efficiency Scheme – Decreased from 12 to 8 (Row No. 33)

- A report goes to Cabinet next month for £13m of carbon reduction schemes, including replacing the City's street lighting with LED, installing solar panels on roofs and replacing ageing boilers.

Green Risk 87 – Failure to maximise opportunities from the Council's property assets – Decreased from 12 to 6 – (Row No. 36)

- Funding of £25k received from the LGA Capital and Assets Pathfinder Programme has been used to employ Chartered Surveyors who have been instructed to work on the Strategic Property Review. The Council's estate is currently 95% let demonstrating a proactive approach.

3.6.3 Risk Score Increased

Red Risk 89 – Development of HR Transformation Project – Increased from 12 to 20 – (Row No. 3)

- Testing through August and September identified some fundamental flaws in the functionality within the AX environment. This was coupled with delays in supplier deliverables all of which are being managed at senior levels of all organisations (PCC and supplier. One of the secondary suppliers went into administration in January 2013 – replacement suppliers are being sourced by our primary contractor KPMG.

4. Risk and Opportunity

- 4.1 The revised Risk and Opportunity Management Strategy was reported to this Committee on [13 December 2012](#). This strategy outlines the objectives and benefits of managing risk whilst exploiting any opportunities arising out of the successful management of risk.
- 4.2 Lead Officers are now being encouraged by their Risk Champion to use a new risk template which invites them to include details of any opportunity or benefit that exploits and maximises the positive benefits of managing individual risks. It is anticipated that in time, this approach will positively impact on business outcomes as the process becomes fully implemented as a routine business practice.

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 community.
- 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 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 2013.