PLYMOUTH CITY COUNCIL

Subject:	Risk and Opportunity Management – Annual Report
Committee:	Audit Committee
Date:	13 June 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 summarises the work carried out during 2012/13 to develop the Council's approach to risk and opportunity management and covers:

- Corporate and Operational Risk Management Groups
- Risk & Opportunity Management Strategy
- Risk and Opportunity Registers
- Annual Governance Statement
- Information Lead Officer Group (ILOG)
- ALARM/Cipfa Benchmarking Club 2013
- Focus for 2013/2014

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 and Risk Management:

- The Risk and Opportunity Management Strategy specifically supports the council's overall governance arrangements

Equality and Diversity

Has an Equality Impact Assessment been undertaken?   No

Recommendations and Reasons for recommended action:

The Audit Committee is recommended to note the Annual Report.

Alternative options considered and rejected:

Not applicable.

Published work / information:

ALARM Opportunity Risk Management Guide
Previous reports on risk management to Audit Committee

Background papers:

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

Sign off:

Fin	DGN	Leg	DS	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   This report summarises the work carried out during 2012/13 to further develop the Council's approach to risk and opportunity management.

1.2   The review covers:

- Corporate and Operational Risk Management Groups
- Risk & Opportunity Management Strategy
- Risk and Opportunity Registers
- Annual Governance Statement
- Information Lead Officers Group (ILOG)
- ALARM/Cipfa Benchmarking Club 2013
- Focus for 2013/2014

2.0   Corporate and Operational Risk Management Groups

2.1   Members will be aware that the risk and opportunity 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 and opportunity register and the overall risk and opportunity 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 and opportunity 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 risk and opportunity register has now been through 20 revisions since it was first drawn up ten 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 and 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 and opportunity risk registers to promote and develop a consistent approach to risk and opportunity 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 2012/13 is attached for information at Appendix A.

3.0   **Risk and Opportunity Management Strategy**

3.1   A report was presented to this Committee on 13 December 2012 advising Members of changes to the corporate risk management strategy following its annual review which resulted in a recommendation that the strategy be renamed the Risk *and Opportunity* Management Strategy.

3.2   The 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 strategy outlines the objectives and benefits of managing risk and exploiting opportunities, describes the responsibilities for risk management and provides an overview of the process that we will implement to manage risk successfully.

3.3   The Council records the significant risks identified as potential threats to the delivery of its objectives within risk and opportunity registers and incorporate mitigation controls within action plans to include details of any opportunity that may arise from the successful management of each risk.

4.0   **Risk and Opportunity Registers**

4.1   Both strategic and operational risk and opportunity 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.

4.2   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 and opportunity registers and provide commentary on the effectiveness of the risk management processes in place.

5.0   **Annual Governance Statement**

5.1   The system of internal control in the Council is based on an on-going 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 and Opportunity Register in particular largely informing the content of the AGS.

6.0 **Information Lead Officer Group (ILOG)**

6.1 A separate Annual Report will be presented to today's Committee outlining the work that has been undertaken by the Information Lead Officers Group (ILOG) during the last twelve months to improve information governance across all directorates.

7.0 **Alarm/CIPFA Risk Management Benchmarking Club 2013**

7.1 The Council joined this year's national risk management benchmarking club to compare our performance against Alarm's National Performance Model for Risk Management.

7.2 The Council took part in last year's exercise the results of which were reported to this Committee on 27 September 2012.

7.3 As with last year, 55 local authorities have signed up again 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.

7.4 Our results continue to show our performance level as "driving" the business which is the top score on both the "Enablers" and "Outcomes" sections of the questionnaire.

7.5 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.

8.0 **Focus for 2013/14**

8.1 Information Governance - Through the work of ILOG, continue to develop and promote the consistent application of information governance principles across the Council.

8.2 Performance Reporting – Work with colleagues in the Performance and Audit Teams to develop and improve the way in which the Council's performance issues are identified and resolved.

8.3 Continue to monitor project risks in areas such as the HR Transformation Project, DELT (ICT shared services) and the Public Health Transition.

8.4 Risk and Opportunity Strategy - Further develop and promote approach to risk management based on the identification and exploitation of opportunities.

9.0 **Conclusion**

9.1 There is 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.

9.2 The Council has well-developed and proven risk management processes in place which have been integrated into business planning, budget and project management.

9.3 The 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 and opportunity management to the overall governance framework.

RISK MANAGEMENT BIDS APPROVED 2012/13

1. Corporate Property – Security doors at Martinsgate (12/01)

Installation of robust steel and aluminium doors to overcome continuous replacement of timber doors due to pupil vandalism.

£7,500.00

2. Plymouth & West Devon Record Office – Improvements to ventilation in staff office in line with building regulations and British standards (12/02)

To improve ventilation in ground floor staff office and enable appropriate level of circulating air.

£2,422.50

3. Installation of a fire alarm system and smoke detection equipment in the Orangery kitchen, Mount Edgcumbe Country Park (12/03)
Requirement following a site visit by the Council's insurance assessor.

£2,631.00

4. Corporate Property - Replacement windows at Martinsgate (12/04)
The installation of replacement windows to overcome fragile glazing following breakage incidents.

£7,500.00

5. Corporate Services – Secure room at Raglan Court (Homeless Assessment Unit) for provision of support work and interviews (12/05)

To create a safe environment to comprehensively risk assess prospective clients.

£7,500.00

6. Corporate Services – Information Governance Leaflet (12/06)
Printing and distribution of staff payslip insert "How to Manage your data".

£436.00

7. Human Resources & Organisational Development - Funding for case management advisor to handle the top 100 sickness absence cases - (12/07)
Proposal to put in place a case management plan, set objectives for managers and employees and liaise with occupational health services to complete the case files and resolve the absence.

£15,000.00*

8. Policy, Performance & Partnerships – Resource to develop automation of performance management information within the Carefirst database – (12/08)
The current manual input of information for CIN Census and SSDA903 return (data extract and validation) takes 4 months. The proposed automation will reduce the amount of manual work required to approximately 3 weeks.

£7,500.00

9. Corporate Services – Anti Vandal light fittings to replace damaged lights within Mayflower West Car Park - (12/10)
Car park has been subjected to vandalism and lights in stairwell are frequently broken making the stairs hazardous.

£1,767.00

Total £52,256.50

*(*Full funding of bid approved by Director for Corporate Services to address long standing sickness issues by the end of the financial year)*