

## PLYMOUTH CITY COUNCIL

<b>Subject:</b>	Operational Risk & Opportunity Management Update Report
<b>Committee:</b>	Audit Committee
<b>Date:</b>	12 December 2013
<b>Cabinet Member:</b>	Councillor Lowry
<b>CMT Member:</b>	David Trussler (Interim Director for Corporate Services)
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<b>Ref:</b>	CRM/MJH
<b>Key Decision:</b>	No
<b>Part:</b>	I

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### **Purpose of the report:**

To support the delivery of the City's vision and to enable the provision of high quality services to the citizens and communities of Plymouth it is imperative that effective risk management arrangements are in place. A fundamental element of Corporate Governance, a risk managed approach to decision making will enable the council to achieve its objectives and deliver services more efficiently and cost effectively.

The management of risk principles and processes equally apply at operational level, supporting improved performance, integration with business planning, projects, change programmes and partnerships.

This report now outlines the continuing progress being made across Services in delivering Operational Risk and Opportunity Registers in line with the Council's shared vision and priorities.

The total number of operational risks now reported has decreased from 159 to 140, comprising 3 high (red) risks, 67 medium (amber) risks and 70 low (green) risks.

The decrease in number of risks is mainly due to a risk review within Chief Executives office.

Commentary on the high risk areas is included in the report together with details of control actions/mitigation in place.

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### **The Brilliant Co-operative Council Corporate Plan 2013/14 – 2016/17:**

Operational Risk and Opportunity Registers are aligned to business plan objectives which are in turn linked to the Corporate Plan and our four priorities. This ensures that appropriate links are identified with individual risks where control action contributes to delivery of a key corporate objective.

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### **Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land**

Version 1.0 02122013

None arising specifically from this report but control measures identified in risk and opportunity registers could have financial or resource implications.

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**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 and opportunity registers.

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**Equality and Diversity**

Has an Equality Impact Assessment been undertaken? Not required.

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**Recommendations and Reasons for recommended action:**

The Audit Committee is recommended to:

- Note and endorse the current position with regard to operational risk and opportunity management.

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**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.

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**Published work / information:**

Plymouth City Council's Risk & Opportunity Management [Strategy](#)

**Background papers:**

None.

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

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**Sign off:**

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Originating SMT Member: Tim Howes, Asst Director, Democracy & Governance													
Has the Cabinet Member(s) agreed the contents of the report? Yes													

## 1. Introduction

- 1.1 The position with regard to Operational Risk and Opportunity Risk Register monitoring was last reported to this Committee on [13 June 2013](#) and this report now provides a summary of the latest monitoring exercise covering the position as at December 2013.

## 2. Background

- 2.1 Ten years ago Plymouth City Council implemented its first risk management strategy. This has been continuously reviewed each year and updated to ensure it remains fit for purpose.
- 2.2 To comply with the Risk and Opportunity Management [Strategy](#) each Directorate must implement a robust process of managing risks to corporate, service, project and partnership objectives for which they have responsibility.
- 2.3 To support the promotion and co-ordination of risk management each Directorate/Service has a dedicated Risk Champion. Risk Champions represent their Directorate/Service at the Operational Risk Management Group which is chaired by the Head of Corporate Risk and Insurance.
- 2.4 The good progress made towards achievement of this outlined in this report should provide Members with assurance that operational risks are now being identified effectively, mitigation actions put in place and Operational Risk and Opportunity Registers monitored routinely alongside the delivery of Business Plan objectives.

## 3. Operational Risk and Opportunity Registers and Analysis of Risks Identified

- 3.1 The corporate risk management process to enable service level Operational Risk and Opportunity Registers to be brought in line with business planning guidance linked to the Corporate Plan is now embedded across the Council.
- 3.2 In drawing up their Business Plans, Assistant Directors and Heads of Service are identifying risks that may prevent them from delivering on their key service objectives and, by monitoring these risks on a regular basis, will be tracking the effectiveness of mitigation controls.
- 3.3 As the risk identification process includes quantification through a probability/impact assessment, Services should also be able to identify key risks and prioritise their use of scarce resources more effectively.
- 3.4 All Services have therefore completed Operational Risk and Opportunity Registers or are reporting work in progress in line with development of their Business Plans.

## 4. Red Risks

- 4.1 All three of the “red” risks identified in June 2013 remain, as indicated below:-

<b>EXISTING RED RISK</b> <b>Dept:</b> <b>Finance, Efficiencies, Technology &amp; Assets</b> <b>(Finance)</b>	Medium Term Financial Strategy issues
<b>Comments/Mitigation:</b> This risk is also monitored via the Strategic Risk and Opportunity Register. Strategic partners have been engaged to help address future funding gap through a co-	

ordinated transformation programme. Budget presented to senior officers and members itemising all income and gross spend, delivering greater transparency and challenge.	
<b>EXISTING RED RISK</b> <b>Dept: People (Homes &amp; Communities)</b>	Increasing homelessness as a direct result of the Local Housing Allowance (LHA) & Welfare Reform changes
<b>Comments/Mitigation:</b> Service demand and use of temporary accommodation is still high. The Local Housing Allowance (LHA) action plan is being reviewed. Regular meetings are being held with Revenues and Benefits to look at Discretionary Housing Payments spend and adapt the scheme to meet those most in need.	
<b>EXISTING RED RISK</b> <b>Dept: Place (Transport &amp; Highways)</b>	Deterioration of the condition of the City's Highway Network (carriageway and footway)
<b>Comments/Mitigation:</b> The delivery of the £2m (pa) investment to resurface and reconstruct a number of city roads has been positively noticeable and welcome. Whilst the £2m, ten year commitment is welcome the underlying condition of the network is poor, hence the investment to halt further deterioration and bring it to a steady state that could be maintained is a considerable way off. Footways are not part of the carriageway investment at the current time and are a concern.	

## 5. Risk and Opportunity Register Information

- 5.1 Operational Risk and Opportunity Registers record mitigation actions and controls for all risks identified together with a named risk owner in each case
- 5.2 Risk templates include opportunities that may be realised following successful management of risk.
- 5.3 Risks scored 5 and under are considered to be managed to an acceptable level and have been removed from registers and archived in line with the Risk and Opportunity Management Strategy.
- 5.4 More detailed information on individual Services' risk and opportunity registers can be obtained from the Head of Corporate Risk & Insurance, departmental risk champions or Heads of Service.

## 6. Transformation Project

- 6.1 The first Transformation Portfolio Board met on 15 October with the aim of ensuring delivery of transformation outcomes in accordance with our Co-operative Council values.
- 6.2 During this meeting the Transformation Board agreed the key outcomes for the Transformation Project and a workshop is now being planned to log the risks to delivery of these outcomes and capture key opportunities arising from development of the programme.
- 6.3 Risks to the Transformation Project outcomes will be tracked operationally via project risk logs and an over-arching risk covering the project as a whole will be added to the Strategic Risk and Opportunity Register.

## 7. Information Governance

- 7.1 I reported to this Committee on [19 September 2013](#) that despite the continuing work of the Information Lead Officers Group (ILOG) an information security breach had occurred in July 2013 involving a caseload listing being sent to the wrong recipient.

- 7.2** The breach was disclosed to the Information Commissioner's Office (ICO) as it had been published in the Herald and subsequently, the Council has invited the ICO to carry out an audit of its processing of sensitive data which is due to take place in January 2014.
- 7.3** The ICO have since ruled that the type of data on the caseload listing was not sufficient to initiate their regulatory intervention as it consisted solely of children's and social workers' names and did not include any sensitive or other identifying information.
- 7.4** The ICO have now closed their investigation into this incident and no monetary penalty notice will be imposed.
- 7.5** Further to the above incident, ILOG initiated a staff awareness campaign during October 2013. Guidance pages were published on the staffroom intranet page under the main banner heading over the course of 5 weeks. They were entitled '[Check before you send](#)', '[No file tipping](#)', '[Don't be a loser](#)', '[Walls have ears](#)' and '[Could this happen here?](#)'.
- 7.6** The campaign was followed up with a 'Data Safe' eLearning training course that all staff with computer access must undertake by the end of the year.
- 7.7** The course concludes with a series of quiz questions and staff must achieve a pass rate of 100% or re-take the quiz.
- 7.8** The number of staff completing the eLearning training course is being tracked and success rates will be published on the Staff Room intranet page.
- 7.9** Devon Audit Partnership (DAP) have also carried out an independent review of our information governance arrangements and have sent out a questionnaire to a range of staff of different job types to gauge the current level of awareness across the organisation and this will act as a gap analysis for ILOG to update their action plan.
- 7.10** The results of the DAP and ICO audits and planned mitigation actions will be brought to this Committee in March 2014.

## **8. Conclusion**

- 8.1** The Council's success in dealing with the risks it faces can have a major impact on the achievement of key promises and objectives and ultimately, therefore, on the level of service to the community.
- 8.2** The Council recognises that it is operating in a climate of unprecedented financial pressure and that it needs to substantially reduce operating costs and ensure maximum possible investment in achieving its objectives and therefore needs to be innovative, resourceful, customer focused and provide greater value for money. The achievement of delivery plan actions to deliver budget savings continues to be closely monitored by Services with regular reporting on a risk rated basis to the Corporate Management Team.
- 8.3** The Council's approach to operational risk and opportunity management supports the implementation of the council-wide transformation programme, based on co-operative values, and is focussed on improving the ability of Services to manage those risks that may prevent them from delivery of their Business and Delivery Plans – this in turn should in time impact positively on outcomes for service users.

- 8.4** One of the responsibilities of the Audit Committee is to seek and receive assurances that the Council has an effective internal control framework in place which includes arrangements for the management of risk at both strategic and operational level.
- 8.5** This update report confirms that operational risks are now being identified across Services with clear links to Business Plan objectives and also confirms the good progress in embedding risk and opportunity management in the Council's other core business processes.
- 8.6** The Risk and Opportunity Management [Strategy](#) will provide staff with a process for identifying threats or risks that includes becoming more outcome focussed to be able to manage the upside of risk.
- 8.7** The Operational Risk Management Group is continuing to work with departmental Risk Champions to maintain the good progress to date and to further develop consistent application of risk management considerations across all operations of the Council.
- 8.8** The next report will be presented to Audit Committee in June 2014.