

## PLYMOUTH CITY COUNCIL

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| <b>Subject:</b>        | Risk and Opportunity Management – Annual Report          |
| <b>Committee:</b>      | Audit Committee  |
| <b>Date:</b>           | 26 June 2014   |
| <b>Cabinet Member:</b> | Councillor Lowry   |
| <b>CMT Member:</b>     | David Trussler (Interim Director for Corporate Services) |
| <b>Author:</b>         | Mike Hocking, Head of Corporate Risk and Insurance       |
| <b>Contact details</b> | Tel: 01752 304967<br>email: mike.hocking@plymouth.gov.uk |
| <b>Ref:</b>            | CRM/MJH  |
| <b>Key Decision:</b>   | No   |
| <b>Part:</b>           | I  |

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

This report summarises the work carried out during 2013/14 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)
- Public Events Planning Training
- Transformation Project
- Plymouth Risk Management Group (PRMG)
- Business Planning
- Focus for 2014/2015

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

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.

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

None arising specifically from this report.

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### **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
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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 the Annual Report.

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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:

[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 |
|       |        |         |                            |   |   |   |   |   |   |
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M. Coe

**Sign off:**

Councillor Mark Lowry

|  |                |     |                   |            |                       |    |  |        |  |    |  |               |  |
|--|----------------|-----|-------------------|------------|-----------------------|----|--|--------|--|----|--|---------------|--|
| Fin  | Djn14<br>15.13 | Leg | DVS<br>/204<br>75 | Mon<br>Off | DV<br>S/2<br>04<br>75 | HR |  | Assets |  | IT |  | Strat<br>Proc |  |
| Originating SMT Member Malcolm Coe, Asst Director for Finance. Efficiencies, Technology & Assets |                |     |                   |            |                       |    |  |        |  |    |  |               |  |
| 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 2013/14 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)
- Public Events Planning Training
- Transformation Project
- Plymouth Risk Management Group (PRMG)
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## **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 2013/14 is attached for information at Appendix A.

### **3.0 Risk and Opportunity Management Strategy**

**3.1** The 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.

**3.2** 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.

**3.3** Once risks have been identified they need to be assessed systematically and accurately. [Guidance](#) has been produced to assist officers in evaluating the level of risk and this can be found in the document library.

### **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** I reported to this Committee in March 2014 that the planned consensual Information Commissioner's Office (ICO) audit had been postponed by mutual agreement until April 2014.

**6.2** Two auditors from the ICO were on-site for 3 days from 29 April where they examined processes and interviewed key stakeholders relevant to the three agreed scope areas of Records Management / Training and Awareness / Requests for Personal Data.

**6.3** Their audit findings together with details of the resultant action plan will be presented to this Committee in September 2014.

## **7.0 Public Events Planning Training**

**7.1** Public Events Planning Training was carried out on 31 January 2014 by one of our litigation solicitors Berryman, Lace, Mawer who carried out a mock trial based on an incident occurring at a major public event.

**7.2** The trial centred on a fictional event called "Lovers Leap" where participants would pole vault over a river to their partner on the opposite bank and during one such leap a man was catapulted over the safety barrier and sustained injury. The delegates heard testimony from all the parties concerned who were questioned by real barristers.

**7.3** The delegates were then asked to review all the evidence and form an opinion as to who was at fault before a judge gave his verdict.

**7.4** The training was designed to highlight the necessity for appropriate contract arrangements when hiring outside organisations as well as ensuring adequate risk assessments and emergency planning is carried out.

**7.5** The Council's Risk and Insurance Team facilitated the training which was well received by all the delegates who included representatives from Risk Management & Insurance, Health & Safety, Place, Events Team, City Centre Company, Plymouth Waterfront Partnership, Mount Edgcombe, Street Scene and Transport as well as colleagues from the National Trust and Torbay and Cornwall Councils.

## **8.0 Transformation Project**

**8.1** The Transformation Portfolio Board is supported by the Portfolio Office who manage the risk management element of the project using a Portfolio, Programme and Project Risk Management methodology which is aligned to the corporate approach.

**8.2** Risks are assessed by area such as Financial and Organisational and the mitigation for the risk is articulated with both a current RAG status and a residual RAG status assigned. Regular risk assessments/workshops are held led by the Portfolio Office to ensure that responsible officers have identified all risks and their required actions are being effective. The Portfolio Office

also monitors risks that need to be escalated to the Corporate Risk and Opportunity Register.

## **9.0 Plymouth Risk Management Group (PRMG)**

- 9.1** The Plymouth Risk Management Group (PRMG) was established in 2013 to provide a forum for risk management practitioners from strategic partners within the city of Plymouth and sub-region to collaborate on and support the Plymouth Plan.
- 9.2** Membership of the Group is open to those who have a lead role in promoting and supporting risk management activities within the Plymouth Plan partner organisations and currently comprises of members from Plymouth City Council, Plymouth Community Homes, Plymouth University, MOD, Devon and Cornwall Police and Plymouth Chamber of Commerce.
- 9.3** The group aims to meet 4 times a year with the aim of ultimately preparing a city wide strategic risk register in partnership which will support the delivery of the planned outcomes of the Plymouth Plan.

## **10.0 Business Planning**

- 10.1** Business planning guidance has been revised this year to ensure departments review their risks to make sure they relate to business plan objectives and to include consideration on how the five Transformation Programmes may impact on service objectives.

## **11.0 Focus for 2014/15**

- 11.1** Information Governance - Through the work of ILOG, continue to develop and promote the consistent application of information governance principles across the Council.
- 11.2** Risk and Opportunity Strategy - Further develop and promote approach to risk management based on the identification and exploitation of opportunities.
- 11.3** Continue membership of the Plymouth Risk Management Group in collaboration with strategic partners in support of the Plymouth Plan.
- 11.4** Support the Transformation Portfolio Board in monitoring the key risks to the delivery of the blueprint for the Transformation Programme.

## **12.0 Conclusion**

- 12.1** 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.
- 12.2** The Council has well-developed and proven risk management processes in place which have been integrated into business planning, budget, transformation and project management.
- 12.3** 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 2013/14

### 1. FETA/Democracy & Governance – Wireless units to replace microphones within the Council Chamber (12/09)

Funding to replace obsolete system.

**£7,500**

### 2. HROD – Training for HSW advisors to deliver audit programme (13/01)

Three HSW advisors to become formally trained auditors in order to roll out corporate audit programme and increase resilience. Also saves on the cost of external auditors.

**£5,300**

### 3. Corporate Services – Cost of specialist to provide benchmarking measurement testing on PCC equipment (13/03)

Cost of consultant to scope and benchmark vibration measurement of grounds and garage tools to enable HSW team to then determine how to mitigate the risk of employees being injured whilst using vibrating tools.

**£2,200**

### 4. Corporate Services – Cost of lockable cabinets for sensitive data to be stored securely within an open plan office (13/04)

Department moved from a secure lockable end office in the Civic Centre building to open plan office. Open claims investigation files contain sensitive information which needs to be stored securely.

**£2,099**

### 5. Corporate Services (Capital & Assets) – Funding towards resources required to digitise important Council records plus the cost of storage containers (13/05)

Cost of temporary member of staff to fill in for experts whilst they digitise deeds.

**£7,500**

### 6. HROD – 1 year subscription of an online service to access model policies and technical guidance to address gap in health & safety management system (13/08)

Online system will allow HSW team to access model policies and technical guidance which can then be adapted to fit the needs of the organisation.

**£4,000**

### 7. Corporate Property – Converting existing bathroom into a shower room at Outland Road (13/09)

There are currently no shower facilities for staff who regularly work in unsavoury conditions.

**£4,500**

### 8. Democracy & Governance – Soft skills training workshop for Risk Champions (13/10)

Risk consultant to provide training that will enhance existing skills and provide additional knowledge to help RCs build rapport with others in their role as advocates for the risk management framework.

**£1,290**

**9. Place (Fleet & Garage Services) – Cost of installing modems to waste collection vehicles to work with fitted cameras and enable live monitoring/tracking (13/11)**

To help improve health and safety management and assist in motor claim investigation.

**£3,750**

**10. People (School Transport) – Cost of traffic calming in car park area of Cann Bridge/Tor Bridge Primary Schools (13/12)**

Cost to provide speed bumps, signage and bollards and improve safety on the site.

**£3,585**

**Total £41,724**