

PLYMOUTH CITY COUNCIL

Subject:	Strategic Risk and Opportunity Register – Monitoring Report
Committee:	Audit Committee
Date:	25 September 2014
Cabinet Member:	Councillor Lowry
CMT Member:	David Trussler (Interim Strategic Director for Transformation and Change)
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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 March 2014 to August 2014.

The total number of strategic risks reported has increased from 28 to 31 with the addition of 5 new risks and the deletion of 2. The number of red risks has increased from 4 to 6.

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.

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

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 and opportunity 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, health and safety issues and risks are taken into account in the preparation of risk and opportunity 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:

None.

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

Sign off:

Fin	djn14 15.41	Leg	DVS /211 90	Mon Off		HR		Assets		IT		Strat Proc	
Originating SMT Member: Malcolm Coe, Assistant Director for Finance													
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 [13 March 2014](#) and this report now provides a summary of the latest monitoring exercise covering the position as at 31 August 2014.

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 August 2014 with the results discussed and agreed by CMT and the Portfolio Holder on 16 September 2014.
- 2.2 Attached to this report at Appendix A is a summary showing the current status of each risk and any movement in risk score compared with previous monitoring periods together with explanatory commentary on the key issues for each risk.

3.0 Headline Issues

3.1 New Risks

Red Risk 99 - Governance Arrangements between ODPH, CCG and NHS England – (Row No. 2)

The Health and Social Care Act 2012 transferred new and substantial health improvement and protection duties to Plymouth City Council in April 2013. In pursuit of this new duty, the Council commissions some services alongside providing a few services to the local population or other commissioners such as the CCG.

The ring fenced Public Health grant funding requires that the Council, in commissioning services using funds from the grant, ensures that appropriate clinical governance arrangements are put in place.

The public health system presently comprises aspects of public health commissioning and delivery sitting within different organisations such as Local Government, Public Health England, NHS England and CCG. Effective delivery of appropriate clinical governance expectations requires a high level partnership working and consistency across what is presently a fragmented system as far as public health is concerned.

The Council is therefore currently engaged in strengthening its in-house Public Health departmental governance arrangements and exploring and establishing joint governance arrangements with the NHS England Area Team and the CCG.

Amber Risk 76 – Risk of not getting funding to progress development of Gypsy Sites – (Row No. 13)

This is not a new risk, however was archived during the last monitoring period and has now been reinstated as there has been a delay in the Broadley Park development due to a legal issue around the drawing down of HCA grant funding. There is planned investment in addressing underlying causes of problems to reduce costs and problems associated with unauthorised encampments and developments.

3.2 Risk Score Unchanged

Red Risk 21 – Medium Term Financial Forecast - (Row No. 1)

Monitoring for 2014/15 has identified risks associated with delivering new 3 year budget and these are recorded in a risk register included with budget papers. Robust challenges are now starting on management solutions and Transformation savings for 2015/16 and 2016/17 ahead of the next budget setting in February 2015.

Red Risk 92 – Deterioration of the condition of the City’s Highway Network (carriageway and footways) – (Row No. 3)

The survey work has continued with the results due in the Autumn. Meanwhile the scheduled resurfacing programme continues in line with additional funding of £2m per annum approved by Full Council. The Council's Highway contractor is also introducing new ways of working and equipment in order to achieve further improvements to the condition of the highway network.

Red Risk 49 – Future of Civic Centre and Council House following listed status as not currently fit for purpose – (Row No. 5)

An agreement could not be reached with the preferred developer that satisfied all the Council’s criteria under the procurement process and under the timescales we had set out. Dialogue will continue with interested parties to enable this regeneration project to make progress.

The Council will now vacate the Civic Centre office tower in the main by March 2015 and occupy alternative office accommodation. We are currently undertaking a twin-track approach which will either lead to the tower being sold to a private sector developer for conversion to non-council use which could include uses such as hotel, office, residential or leisure uses; or failing that the Council will work up a conversion scheme for office and other potential uses with the council occupying the space it requires with the remainder being leased as part of the Council’s commercial estate.

3.3 Risk Score Reduced

Amber Risk 88 (decreased from 16 to 12) – Failure to secure Government funding through new process to deliver sufficient Major Transport Schemes (MTS) – (Row No. 21)

The 2015 & 16 Growth Deal was announced in July 2014 and PCC has provisionally been allocated funding schemes, subject to approved business cases; Derriford Transport Scheme; Northern Corridor Signals; Eastern Corridor Strategic Cycle Network and Exeter Street Viaduct/Charles Cross improvement scheme. Discussions surrounding the 2016 & 17 Growth Deal will commence in September 2014 and it is anticipated that an announcement on the successful Growth Deal Schemes will be made in spring 2015. PCC will be looking to include the Forder Valley Link Road in the 2016 and 17 Growth Deal.

Green Risk 60 (decreased from 12 to 9) – The impact on Revenue budget of Treasury Management activity - (Row No. 29)

Monthly board meetings are now in place and setting the strategic direction cross-party for short and long term outlook. Banks are more secure and Icelandic banks are no longer significant. Monitoring will continue as part of MTFF.

3.4 Risk Score Increased

Amber Risk 72 (increased from 12 to 20) – Significant pressure on Adult Social Care budget – (Row No. 6)

A significant overspend is projected. Rigorous monitoring continues to be undertaken by Senior Management Team on a fortnightly basis and a containment plan is in place. Finance

and Business ADs and Director for People meet with Portfolio Holder for Finance on a weekly basis.

Amber Risk 28 (increased from 12 to 16) – Increase in the number of looked after children – (Row No. 11)

The current level of looked after children numbered at 411 exceeds targets. Placement monitoring meetings continue to ensure that only children with a need remain in care and this is monitored through weekly resource panel and quarterly through residential placement monitoring system. Commissioning work with colleagues continues to improve upon placement quality and choice. Work continues to increase level of in-house foster carers, a rigorous monitoring system is in place for pre-birth assessment work and a new family support team has been established.

Amber Risk 96 (increased from 9 to 12) – Implementation of the Care Bill and the Dilnot cap on care costs – (Row No. 22)

This Bill is the most significant change in adult social care legislation in a generation and major policy reforms are required. Care Act is part of Integrated Health & Wellbeing Transformation Programme. Work is under way on a peninsula basis to consider the potential for economies of scale through collaborative working on some key issues.

3.5 Deleted Risks

Amber Risk 14 – Ensuring robust systems are in place to combat fraud and protect Council assets – (Row No. 32)

This issue no longer considered a strategic risk and will therefore now be managed going forward as part of the Finance Operational Risk Register.

Green Risk 81 – Impact of trading services and loss of local authority funding through academy status - (Row No. 33)

This is no longer considered a strategic risk - services are fit for purpose and reviewed regularly.

4.0 Information Governance

- 4.1 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.

5.0 Transformation Project

- 5.1 The Transformation Project has been constructed to align programmes to one another and to the Council's Corporate Plan in order to meet the current financial challenge. Governance for the Programme involves five delivery strands that link to a Portfolio risk register which is monitored by a Transformation Portfolio Board.

The Transformation strands are:

- Growth, Assets and Municipal Enterprise (GAME)
- Integrated Health and Well Being (IHWB)
- Customer and Service Transformation (CST)
- Co-operative Centre of Operations (CCO)
- People and Organisational Development (P&OD)

5.2 The Business Architecture Design is underway with business cases in many instances now in their third review in increasing detail by Cabinet. Using industry standard Portfolio, Programme and Project methodology there is growing confidence in the capability maturity and the Maturity Model tailored for PCC. There is a plan in draft for supporting the capability maturity and the governance and assurance role of the Portfolio Office is now established with a nearly complete complement of staff. Work is on-going to profile the benefit realisation for 14/15, 15/16 and 16/17. During the autumn in line with the budget preparation timeline the Architecture Design and Financial Analysis will prepare the profile for 15/16, 16/17 and 17/18.

5.3 The Transformation Portfolio Risk Register is reviewed regularly and reported to the Portfolio Board. The register identifies risks around 8 key themes as follows:-

- Engagement
- Leadership, skills and behaviours
- Benefits and outcomes of change
- Business and Technical Architecture
- Delivery of change
- Resources, capacity and skills for change
- Scrutiny
- Governance

Key potential risks identified include:-

- The impact of transformation on business as usual
- Ensuring that there is an adequate process for identification of benefits
- Insufficient allocation of resources in design and delivery to effect change
- The Council's capacity and capability to design and deliver the substantial changes to the way services are delivered in the future.
- Ownership and accountability for the change benefits
- Staff engagement and communication
- Partner engagement

6.0 Summary and Conclusion

6.1 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.

6.2 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 and Opportunity Register and the maturity of the Council's approach to the identification and management of strategic risk.

6.3 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.

6.4 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.

- 6.5 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.
- 6.6 The next formal review of the Strategic Risk and Opportunity Register will take place in February 2015.