PLYMOUTH CITY COUNCIL

Subject:	Operational Risk & Opportunity Management Update Report
Committee:	Audit Committee
Date:	18 December 2014
Cabinet Member:	Councillor Lowry
CMT Member:	Giles Perritt (Assistant Chief Executive)
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Ref:	CRM/MJH
Key Decision:	No
Part:	I

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 144 to 110, comprising 2 high (red) risks, 53 medium (amber) risks and 55 low (green) risks. The main reason for the risk reduction is the deletion of old Chief Executive risks and ICT risks that are no longer valid following the establishment of DELT.

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

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.

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 and 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 operational risk and opportunity management.

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's Risk & Opportunity Management Strategy

Background papers:

None.

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

Sign off:

Fin	Djn14 15.23	Leg	21879 /DVS	Mon Off		HR		Assets		IT		Strat Proc	
Originating SMT Member: Malcolm Coe, Asst Director for Finance.													
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 26 June 2014 and this report now provides a summary of the latest monitoring exercise covering the position as at December 2014.

2.   **Background**

2.1   Twelve 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 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   Two of the three "red" risks identified in June 2014 remain and one is to be removed, as indicated below:-

EXISTING RED RISK Dept: Finance	Medium Term Financial Strategy issues
Comments/Mitigation: Higher profile of Council's finances at both CMT & Cabinet. Finance restructure has placed increased emphasis on DMT monitoring reporting to build on monthly	

report which is published to CMT, Cabinet Planning and public via the Cooperative Scrutiny Board meetings each month. Cross challenge at CMT/SMT. Progress reports are reported monthly to cabinet members and scrutiny board. MTFP is now being refreshed and a MTFF to 2018/19 will go to Council in February 2015.

EXISTING RED RISK **Dept: People (Homes & Communities)**	Increasing homelessness as a direct result of the Local Housing Allowance (LHA) & Welfare Reform changes
Comments/Mitigation: Continue to work with partners to supply services to customers in Housing Options, which will help mitigate effects of welfare reform. We continue to look for new ways to offer temporary accommodation, reducing use of bed and breakfast. Meetings continue with Customer Services to ensure expenditure of DHP is focussed on those most in need.	
PREVIOUS RED RISK to be removed **Dept: Place (Transport & Highways)**	Deterioration of the condition of the City's Highway Network (carriageway and footway)
Comments/Mitigation: The scheduled resurfacing work continues and as this risk is monitored via the Strategic Register it is proposed to remove it from the Operational Register.	

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 Where appropriate, 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 Programme

6.1 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.

6.2 Risks to the Transformation Project outcomes are being tracked operationally via project risk logs.

7. Conclusion

7.1 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.

7.2 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.

7.3   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.

7.4   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.

7.5   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.

7.6   Transformation Programme risks are being managed at three levels - via the Transformation Board, Programme Boards and at individual project level to ensure the overall risk level of the Project is determined and delivered within acceptable limits and that mitigating actions are clearly defined and understood by the project team.

7.7   The Risk and Opportunity Management <u>Strategy</u> 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.

7.8   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.

7.9   The next report will be presented to Audit Committee in June 2015.