

PLYMOUTH CITY COUNCIL

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| Subject: | Risk and Opportunity Management – Annual Report |
| Committee: | Audit Committee |
| Date: | 25 June 2015 |
| Cabinet Member: | Councillor Lowry |
| CMT Member: | Lesa Annear (Director for Transformation & Change) |
| Author: | Mike Hocking, Head of Corporate Risk and Insurance |
| Contact details | Tel: 01752 304967 email: mike.hocking@plymouth.gov.uk |
| Ref: | CRM/MJH |
| Key Decision: | No |
| Part: | I |

Purpose of the report:

This report summarises the work carried out during 2014/15 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)
 - Transformation Project
 - Integrated Assurance Project
 - Focus for 2015/2016
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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.

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
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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 the Annual Report.

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:

[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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Sign off: Councillor Mark Lowry

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|------------------------------------------------------------------|----------------|-----|--------------|------------|------------------|----|--|--------|--|----|--|---------------|--|
| Fin | djn151 6.12 | Leg | 2318 6DVS | Mon Off | 231 86D VS | HR | | Assets | | IT | | Strat Proc | |
| Originating SMT Member , Assistant Director for Finance | | | | | | | | | | | | | |
| 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 2014/15 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)
- Transformation Project
- Integrated Assurance Project
- Focus for 2015/2016

2.0 Corporate and Operational Risk Management Groups

2.1 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 how it is embedded at a strategic level.

2.6 Relevant Cabinet Members 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 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 2014/15 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.

3.4 A refresh has taken place this year to bring the strategy in line with the Councils Transformation Programme and a copy of the revised draft is attached at Appendix B.

3.5 The section on risk identification (para. 15) has been expanded to include guidance on identifying opportunities as well as the section on risk appetite (para. 20) which explains the level of risk we are prepared to tolerate or accept in the pursuit of our strategic objectives. Recognising that the appetite for risk will vary according to the activity undertaken provided appropriate evaluation is carried out before decisions are made is key component to promoting innovation and change.

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 (AGS)

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 has been reviewed and updated this year based on an example provided in Grant Thornton's Local Government Governance Review 2013. The new format provides a more engaging layout that is easier to digest and captures our priorities and achievements as well as providing position statements for significant governance issues together with mitigating actions.
- 5.5** The AGS Working Group has carried out this annual review and is satisfied that the governance framework described in the Governance Statement continues to satisfy the compliance requirements of the CIPFA/SOLACE model Code.
- 5.6** 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** The ILOG continue to support and direct work streams within the overall governance of the Council's information asset and more detail on the progress of the group is provided in a separate report to this Committee today.
- 7.0 Transformation Project**
- 7.1** The Risk & Opportunity Management Strategy continues to support the methodology being implemented in the Portfolio Office to ensure risk and opportunity management is included as part of the governance within the Project.
- 7.2** Project Managers from Transformation together with Corporate Risk have devised a tool to help measure the benefits and level of risk a new project poses to the organisation and also ensure that the amount of documentation and control measures put in place are proportional to the scale of the idea.
- 7.3** As a project progresses through its lifecycle, new or more detailed information could change the level of governance, so the tool will form part of the Gateway review process. This will ensure that we follow the P3O project maturity model of operating an effective and appropriate governance process.
- 8.0 Integrated Assurance Project**
- 8.1** As part of the Co-operative Centre of Operations Transformation strand, the Head of Corporate Risk is involved in a steering group being run to scope opportunities arising from the creation of a corporate integrated assurance team.
- 8.2** The aim of the scoping exercise is to examine if it would be viable to merge teams currently spread across directorates into one department to provide a corporate assurance approach to the council in areas such as risk management, audit, civil protection, fraud investigation and health and safety, as well as becoming a single point of contact for all formal returns to external assurance bodies.

- 8.3** Internal and external interactions have been identified across the teams in scope and work continues to identify key features of the future state of integrated assurance and ideas for service improvement.
- 9.0 Focus for 2015/16**
- 9.1** Support the creation of a new Integrated Assurance Service which will see Corporate Risk formally aligned and working alongside other compliance functions to promote a joined-up approach to all aspects of governance.
- 9.2** Risk and Opportunity Strategy – Continue to develop and promote our approach to risk management based on the identification and exploitation of opportunities.
- 9.3** Support the Transformation Portfolio Board in monitoring the key risks to the delivery of the blueprint for the Transformation Programme.
- 10.0 Conclusion**
- 10.1** 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.
- 10.2** The Council has well-developed and proven risk management processes in place which have been integrated into business planning, budget, transformation and project management.
- 10.3** 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 2014/15

1. Corporate Services (Capital & Assets) – Replacement roller shutter door at Prince Rock Depot (14/01)

Cost to replace door which is over 24 years old and unable to be repaired due to obsolete parts.

£7,500

2. People (ODPH) – Effective Information Governance training (14/04)

Training event provided by 'modgov' tailored for staff identified as having information governance responsibilities.

£5,260

3. Corporate Services (Capital & Assets) – Replacement windows at Martinsgate (14/05)

To replace single glazed windows with double security glazing and opening restrictors to prevent injury to clients and members of the public.

£7,500

4. Corporate Services (Partnerships & Operations) – Updating Asset Register (14/06)

Cost of resource to update the backlog of data from property condition surveys in order to deliver the One Public Estate Programme.

£7,500

5. Corporate Services (Corporate Property) - Barriers at Windsor House (14/07)

Installation of barriers to front and rear car parks at Windsor House to prevent parking violations and congestion and improve site safety.

£7,500

6. Transformation & Change (Finance) – Conditioning survey of Brickfields Athletic Track (14/08)

To conduct a specialist British Athletics Standard B (IAAF) Conditioning Survey to the Brickfields Athletics Track & Field Equipment, to ensure they are safe for both public and club use and to provide supporting information to help enforce how the track is maintained and extend its lifecycle.

£4,800

7. Executive Office (Business Support) – Funding resources to simplify Corporate Rest Centre Plan (14/09)

To provide a resource to review and update the Rest Centre Plan, in conjunction with the Civil Protection Team, which would be used during an emergency where it may be necessary to provide care to members of the public, including those who have been evacuated from their homes.

£1,620

8. Customer Services (Libraries) – CCTV in children's reading area of the Central Library (14/10)

Cost to improve the CCTV coverage and increase the protection of children using the library.

£2,337

9. Customer Services (Client Financial Services) – Resource to transfer sensitive Adult Social Care clients documents to electronic files (14/11)

Client Financial Services work with Adult Social Care clients to assess their finances and calculate the customer contribution to their care needs. Documentation needs to be kept in case family members challenge decisions at a later date and cases end up going to Court.

£4,632

10. Customer Services (Revenues & Benefits) – Disposal module to data cleanse Civica system (14/12)

Cost of Retention and Disposal Module to improve documentation compliance and manage future retention and disposal requirements.

£7,500

11. Place (Parking) – 30 body cameras for Civil Enforcement Officers (CEOs) (14/13)

Cost of body cams to be used as a deterrent to help reduce the threat of violence and aggression incidents against CEOs and provide court evidence where necessary.

£6,360

Total £62,509*

(*Total includes amount carried over from the previous year)