

PLYMOUTH CITY COUNCIL

Subject:	Operational Risk & Opportunity Management Update Report
Committee:	Audit Committee
Date:	3 December 2015
Cabinet Member:	Councillor Lowry
CMT Member:	Lesa Annear, Director for Transformation & Change
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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 reduced from 116 to 110, comprising of 53 medium (amber) risks and 57 low (green) risks. The two high (red) risks reported in June 2015 have been rebadged and reduced in score.

The report also provides an update on the partnership work being undertaken between the Council and NHS Northern, Eastern and Western Devon Clinical Commissioning Group to develop an integrated risk management framework and an integrated risk register.

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

Sign off:

Fin	DJN151 6.50	Leg	DVS2 4407	Mon Off	DVS 244 07	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. Introduction

- 1.1 The position with regard to Operational Risk and Opportunity Risk Register monitoring was last reported to this Committee on [25 June 2015](#) and this report now provides a summary of the latest monitoring exercise covering the position as at December 2015.

2. Background

- 2.1 Thirteen 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 in line with development of their Business Plans.

4. Former Red Risks

- 4.1 The two “red” risks identified in June 2015 have been reduced in score and renamed as indicated below:-

FORMER RED RISK (NOW AMBER) Dept: People (Learning & Communities)	Police & Crime Commissioner funding cut leading to adverse impact on vulnerable victims
Comments/Mitigation: Since his election, the Police & Crime Commissioner (PCC) has made an annual allocation of funding	

to the Community Safety Partnership (CSP) and this is administered by the Council. Plymouth's allocation of funding for 2015/16 is £417k and this is used to fund and co-commission a range of services including support for victims of domestic abuse, drug treatment, support for missing young people, therapeutic services for victims of sexual offences, the Evening & Night Time Economy Coordinator and tackling emerging crime.

Due to further impending government funding cuts to the Police, the PCC has warned that he will need to implement significant cuts to services in Devon & Cornwall.

The current funding the Council receives has a strong focus on high harm and vulnerability and if cut it could have significant consequences on our ability to support vulnerable people.

We are lobbying and campaigning against government cuts to policing e.g. supporting the Commissioner's campaign to revise the Police funding formula, and our "missing millions" campaign, however the risk of cuts remains.

This risk now replaces 'Funding for safer Plymouth' which dealt with the risk of losing funding already allocated, whereas this new risk concerns future funding.

FORMER RED RISK (NOW AMBER)

Dept: Finance

Delivering Council services within the envelope of the resources provided in 2016/17

Comments/Mitigation:

This risk has been renamed from Medium Term Financial Strategy (MTFS) which is now dealt with just via the Strategic Risk Register and focuses on the long term budget position for the Council.

This newly named risk will concentrate on measures that are informed by the MTFS but which focus on delivering services within the in-year budget.

There is also improved member engagement via regular meetings and workshops.

The Corporate Management Team is working collectively to meet the challenges of funding reductions.

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. CCG/PCC Integrated Risk Register

6.1 Plymouth City Council and NHS Northern Eastern and Western Devon Clinical Commissioning Group (NEW Devon CCG) formed an integrated commissioning function on 1 April 2015, bringing together over £630 million of Plymouth City Council and NEW Devon CCG funding working towards a single commissioning approach, an integrated fund, and risk and benefit sharing agreements.

6.2 An Integrated Risk Management Framework is being drawn up between the partner organisations, overseen by the Finance and Assurance Review Group (FARG), to adopt an

integrated approach to the management of risk and to integrate risk into the overall arrangements of the pooled fund.

6.3 Plymouth's Risk Management Team and the CCG's Head of Corporate Governance are working collaboratively to produce an integrated risk register in order that we can share risk and realise benefits in relation to the pooled fund.

6.4 Integrated risk reports will be presented to the Integrated Commissioning Board whose role is to provide CCG-wide assurance in respect of quality and finance issues. The Board then reports to the CCG's Western Locality Board and the Council's Cabinet and Health and Wellbeing Board.

7. Strategic Risk Review

7.1 Work is underway to redesign a new way of reporting strategic risks to the Corporate Management Team in order to ensure the strategic risk register is aligned to corporate objectives and enable senior managers to carry out 'deep dives' on the management of those key risks.

7.2 CMT will be reviewing the action plans provided by risk leads which provide an audit trail on the progress of a risk. Risk leads will be required to provide specific and measurable plans to enable appropriate scrutiny to take place.

7.3 The new format risk register will be introduced with the monitoring report to next March's Audit Committee.

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 operational risk report will be presented to Audit Committee in June 2016.