

## PLYMOUTH CITY COUNCIL

**Subject:** Strategic Risk and Opportunity Register – Monitoring Report

**Committee:** Audit Committee

**Date:** 24 March 2016

**Cabinet Member:** Councillor Lowry

**CMT Member:** Lesa Annear (Strategic Director for Transformation and Change)

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**Ref:** CRM/MJH

**Key Decision:** No

**Part:** I

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### **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 September 2015 to February 2016.

A review of the strategic risk and opportunity register has been undertaken to ensure the risks included on it are those that affect or are created by our strategic objectives. Reducing the number of risks will also allow the Corporate Management Team to carry out more proactive management of the key risks that may impact on our Corporate Plan.

Appendix A to the report provides the revised risk and opportunity register showing the current status of each risk and the movement in risk score compared with the previous monitoring period.

Overall, as a result of the review, the total number of risks now reported on the strategic risk and opportunity register has reduced from 36 to 12.

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### **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.

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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 but control measures identified in risk and opportunity registers could have financial or resource implications.

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**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.

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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 and endorse the current position with regard to the Strategic Risk and Opportunity Register.

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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:**

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

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**Sign off:**

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Originating SMT Member: Andrew Hardingham, 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 [17 September 2015](#) and this report now provides a summary of the latest monitoring exercise covering the position as at 29 February 2016.

## **2.0 Strategic Risk & Opportunity Register Review**

- 2.1 Strategic risks can be defined as risks that affect the aims and objectives of the corporate body or hinder/stop successful achievement of corporate aims or priorities. As such they are key matters for the Corporate Management Team and impact on the whole organisation rather than just one department or service area. Operational risks are those that refer to potential issues arising from the normal business operations. Operational risks can be managed and mitigated by internal control systems at line management level.
- 2.2 The review of the format and content of the strategic register has been carried out in order to allow the Corporate Management Team to focus only on those risks and opportunities arising from our Corporate Plan objectives and high level outcomes and provide more oversight and challenge on action plans for mitigating those risks.
- 2.3 A new column entitled 'Critical Success Factor' has been added to describe the link to a high level goal, strategy or project to enable consideration as to what organisational/corporate themes the risks identified could impact.
- 2.4 New columns have also been added to articulate how the progress of action plans will be measured with target/review date and named responsible officers.
- 2.5 This new format therefore now gives a fuller picture of individual risks with a more detailed risk description and consequences, links to the delivery of key objectives or projects as well as information on existing and planned mitigations.
- 2.6 A list of risks to be transferred to department operational registers is shown in the shaded area of the register (rows 16 to 37) and these risks will be formally monitored in June 2016 in line with our risk and opportunity management strategy.
- 2.7 Low scoring green risks that have been mitigated to an acceptable level and are not expected to increase in score have been removed so that focus is maintained on risks scored 12 and above.

## **3.0 Strategic Risk and Opportunity Register – Monitoring Summary**

- 3.1 In accordance with the strategy requirement for twice-yearly monitoring, the latest review and monitoring exercise was completed in February 2016 with the results discussed and agreed by CMT on 16 February 2016 and Cabinet Planning on 23 February 2016.
- 3.2 Attached to this report at Appendix A is the revised strategic risk and opportunity register 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.

## **4.0 Headline Issues**

### **4.1 Risk Score Unchanged**

#### **Red Risk 95 – Medium Term Financial Strategy 2016-2020 (Row No. 1)**

The Council is adopting a balanced 2016/17 revenue (which includes a drawdown from existing reserves and provisions) and capital budget and the development of an MTFS to 2019/20. Finance and People Directorate SMT are working in collaboration with the NHS Success Regime to ensure the Plymouth Integrated Fund is not compromised. Finance is working with CMT to improve the production of the budget and MTFS reviewing what went well and what could be improved.

#### **Amber Risk 83 – Failure to reduce health inequalities (Row No. 3)**

Thrive Plymouth framework has been adopted by Full Council with links to the Plymouth Plan and Integrated Commissioning Strategies. This provides a good foundation to achieve prevention in all services and improve decision making processes.

#### **Amber Risk 113 – Risk of data loss and/or compromise of connected national infrastructure due to vulnerable infrastructure or attacks via standard hacking methods, phishing emails or malware infection – (Row No. 5)**

An annual IT Health Check is carried out as well as regular vulnerability scans. IT infrastructure patching policy is in place - a patch is a piece of software designed to update a computer program or its supporting data, to fix or improve it - this includes fixing security vulnerabilities.

#### **Amber Risk 94 – Risk to vulnerable children, young people and families by not delivering early intervention and prevention – (Row No. 6)**

The Early Intervention and Prevention Strategy has now been superseded by The Children & Young People Commissioning Plan which will provide an integrated approach to early help and specialist support for children at risk of poor outcomes.

#### **Amber Risk 109 – Failure to secure adequate market interest and funding in the South Yard Marine Industries Production (Row No. 8)**

The Council has the flexibility in the legal agreement to slow down the legal transfer of the final phases of South Yard to enable sufficient income to be generated to pay for running costs.

#### **Amber Risk 46 – The Council not meeting its obligations to keep citizen data secure (Row No. 9)**

Follow up IT security staff awareness eLearning training is to be rolled out in March 2016. There is effective security incident management and reporting in place and escalation procedures to the Management of Information Security Forum (MISF) and the Senior Information Risk Owner (SIRO).

**Amber Risk 93 — Risk of failing to deliver the range of housing to meet Plymouth’s need (Row No. 11)**

The Plan for Homes has been refreshed to cover 2016 - 2021 with 20 initiatives to further support housing delivery. These include a more direct intervention approach to housing delivery by establishing a fund for acquiring sites, tackling stalled and lapsed sites and creating a new housing company to directly deliver new homes.

**4.2 Risk Score Reduced**

**Amber Risk 21 – Being unable to deliver Council services within the envelope of the resources provided in 2016/17 (formerly Transformation) (decreased from 20 to 16) – (Row No. 2)**

The Transformation Programme is improving efficiency and reducing costs whilst still delivering benefits to customers. Monthly finance reporting to Cabinet members and scrutiny board is carried out. Budget is presented to senior officers and members in a revised format to deliver greater transparency and challenge.

**Amber Risk 108 — Failure to secure funding for the Plymouth History Centre (decreased from 16 to 12) - (Row No. 7)**

£4.2 million funding from the Arts Council has been awarded in addition to £12.8m from the Heritage Lottery Fund and £8m from Plymouth City Council. Additional funding streams are being sought.

**Green Risk 51 — Risk of not delivering sustained and accelerated economic and population growth (decreased from 15 to 9) – (Row No. 12)**

A series of measures have been put in place such as 1000 Club, Building Plymouth, Urban Enterprise Programme and Manufacturers Challenge. A £2.5m social enterprise investment fund has been allocated for business support. Regeneration projects include the City Deal and Plymouth Science Park – phase 5.

**4.3 Deleted Risks**

**Red Risk 95 – Transformation impact on Plymouth City Council business – (Row No. 13)**

Risk has been merged with risk number 21 shown at paragraph 4.2 above (row 2).

**Red Risk 49 – Future of Civic Centre and Council House following listed status as not currently fit for purpose – (Row No. 14)**

Contracts have now been exchanged with Urban Splash so risk can be removed.

**Amber Risk 110 – Funding for South Yard Marine Industries Production Campus – (Row No. 15)**

This risk has been merged with Risk No. 109 shown at paragraph 4.1 above (row 8).

**5.0 Summary and Conclusion**

- 5.1** 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.

- 5.2** 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.
- 5.3** The inclusion of risk management considerations is a key feature in the Council's key corporate processes featuring in the Corporate Plan preparation, Change Plans, Budget Planning and Monitoring and Performance Management.
- 5.4** 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.
- 5.5** This embedded approach 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.
- 5.6** The next formal review of the Strategic Risk and Opportunity Register will take place in August 2016.