

## PLYMOUTH CITY COUNCIL

<b>Subject:</b>	Operational Risk and Opportunity Management Update Report
<b>Committee:</b>	Audit Committee
<b>Date:</b>	30 June 2016
<b>Cabinet Member:</b>	Councillor Ian Darcy
<b>CMT Member:</b>	Lesa Annear, Strategic Director for Transformation and Change
<b>Author:</b>	Mike Hocking, Head of Assurance
<b>Contact details</b>	Tel: 01752 304967 mike.hocking@plymouth.gov.uk
<b>Ref:</b>	CRM/MJH
<b>Key Decision:</b>	No
<b>Part:</b>	I

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### **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 110 to 90, comprising of 1 high (red) risk, 53 medium (amber) risks and 36 low (green) risks.

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.

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### **The 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.

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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 and 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 operational risk and opportunity management.

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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's Risk & 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: 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 [3 December 2015](#) and this report now provides a summary of the latest monitoring exercise covering the position as at May 2016.

## 2. Background

- 2.1 Fourteen 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. Red Risk

- 4.1 No Operational “red” risks were identified in December 2015 however, one amber risk has been increased in score as indicated below:-

<b>FORMER AMBER RISK (NOW RED)</b> <b>Dept: Finance</b>	Delivering Council services within the envelope of the resources provided in 2016/17
<b>Comments/Mitigation:</b> The council set its budget in February 2016. When doing so, the S151 Officer reported and assured that the budget was robust and that he was confident of the ability to	

deliver a balanced budget at year end. Nothing has changed, however, the local government financial landscape is complex and challenging. Delivery is dependent on transformation programmes achieving targets and all other savings being delivered. Therefore at this time close monitoring is required to ensure the budget is delivered.

## **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, working towards a single commissioning approach, an integrated fund, and risk and benefit sharing agreements.
- 6.2** Both Partners have embedded risk management strategies in place that support the integrated approach to managing risks to the shared fund and will ultimately include risks to the wider commissioning and operational areas.
- 6.3** The Head of Assurance presented an update report to the Finance and Assurance Review Group on the 23 May 2016 who endorsed the framework document which provides the foundation and a common infrastructure for delivering, maintaining and governing risk management with the integrated commissioning function.
- 6.4** Work continues between Plymouth City Council and NEW Devon CCG to ensure adequate processes are in place to monitor joint risks

## **7. Risk Management eLearning**

- 7.1** A Risk Management eLearning course has been developed as part of the Finance Fit Transformation work package.
- 7.2** The course was launched on 24 May 2016 via the council's staff room [page](#) and can be accessed via the Learning Pool.
- 7.3** The aim of the course is to provide staff with useful guidance on identifying and scoring risk and is particularly aimed at managers who have responsibility for developing action plans to manage service risks, improve performance and balance risks against benefits.

**7.4** As the course is for guidance purposes it is not compulsory, however, completion rates will be monitored via the Operational Risk Management Group.

## **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 December 2016.