

## PLYMOUTH CITY COUNCIL

<b>Subject:</b>	Risk and Opportunity Management – Annual Report
<b>Committee:</b>	Audit Committee
<b>Date:</b>	30 June 2016
<b>Cabinet Member:</b>	Councillor Darcy
<b>CMT Member:</b>	Lesa Annear (Strategic Director for Transformation & Change)
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<b>Ref:</b>	CRM/MJH
<b>Key Decision:</b>	No
<b>Part:</b>	I

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### **Purpose of the report:**

This report summarises the work carried out during 2015/16 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
  - Plymouth City Council/NEW Devon CCG Joint Risk Register
  - Transformation
  - Finance Fit Project
  - Focus for 2016/2017
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### **The 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.

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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.

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### **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.

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**Recommendations and Reasons for recommended action:**

The Audit Committee is recommended to note the Annual Report.

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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:**

**Background papers:**

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

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**Sign off:** Councillor Darcy

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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 2015/16 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
- Plymouth City Council/NEW Devon CCG Joint Risk Register
- Transformation
- Finance Fit Project
- Focus for 2016/2017

## **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 22 revisions since it was first drawn up eleven 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 Assurance 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 2015/16 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.

**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** The strategy is reviewed annually to ensure it remains current and fit for purpose. A copy of the latest version is attached at Appendix B. The section on types of risk (para. 2) has been revised to reflect the strategic risk register revision on identifying strategic risks. The risk analysis section (para. 18) has been expanded to mirror developments within the Gate Review process for measuring the complexity of projects within Transformation.

### **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.

**4.3** A review on the format of the Strategic Risk [Register](#) was carried out in January in order to provide Directors with more detail on the action plans linked to risks and allow them to take a more pro-active role in monitoring and challenging the actions and scores.

**4.4** During the review the number of risks was reduced from 36 to 12 so only those risks that affect our corporate plan and objectives were included in order to maintain focus on the critical success factors of the Council's Corporate Plan.

### **5.0 Plymouth City Council/NEW Devon CCG Joint Risk Register**

**5.1** 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.

**5.2** 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.

**5.3** The Head of Assurance presented an update report to the Finance and Assurance Review Group on the 23 May 2016 which endorsed the framework document which provides the foundation and a common infrastructure for delivering, maintaining and governing risk management with the integrated commissioning function.

**5.4** Work continues between Plymouth City Council and NEW Devon CCG to ensure adequate processes are in place to monitor joint risks.

## **6.0 Transformation**

**6.1** 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.

**6.2** Project Managers from Transformation together with Corporate Risk 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.

**6.3** This tool known as a Risk Potential Assessment (RPA) now forms 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.

**6.4** An external assessment was undertaken across the Transformation portfolio, programme and projects to test our maturity and risk management came out as the top score.

## **7.0 Finance Fit Project**

**7.1** The Finance FIT project has been launched with the objective of managing delivery of a modern, fit for purpose, cost efficient, cost effective and customer focused Finance Service.

**7.2** The Assurance work stream forms part of the project with the objective of delivering the following outcomes:

- Review assure strategy and process improvement work against Finance FIT objectives and re-align as part of a fundamental review of assurance to support objectives and contribute to the service meeting financial targets.
- Improve assurance processes that meet business objectives effectively and deliver efficiency improvements.
- Review of risk approach to drive better value from risk management activities.

**7.3** In order to meet the review of risk outcome above the following work packages are underway:-

- Consideration of corporate risk management software solution:
  - A software demonstration has taken place with 2 more planned before the end of the year.

- Review of risk management activities and processes in order to improve the use of risk management as a business driver:
  - Joint working with Devon Audit Partnership to develop a risk management questionnaire on processes and perceived risk culture within the organisation prior to Directors interviews.

**7.4** Target dates have been set for the achievement of the above work packages and progress will be reported to this Committee throughout the year.

**7.5** A Risk Management eLearning course has also been developed as part of the Finance Fit work package and this was launched on 24 May via the council's staff room [page](#). The aim of the course is to provide staff with 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.

## **8.0 Focus for 2016/17**

**8.1** Support the creation of a new Integrated Assurance Service which will see risk management formally aligned and working alongside other compliance functions to promote a joined-up approach to all aspects of governance.

**8.2** Deliver the work packages outlined in the Finance Fit project.

**8.3** Carry out CIPFA Risk Management Benchmarking exercise.

**8.4** Continue to develop and promote our approach to risk management through the Risk and Opportunity Management Strategy based on the identification and exploitation of opportunities in order to promote a greater focus on outcomes/benefits.

**8.5** Continue to support the Transformation Portfolio Board in monitoring the key risks to the delivery of the blueprint for the Transformation Programme.

**8.6** Continue to develop risk management processes to provide assurance that risks are sufficiently managed relating to the joint risk register between Plymouth City Council and NEW Devon CCG.

## **9.0 Conclusion**

**9.1** 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.

**9.2** The Council has well-developed and proven risk management processes in place which have been integrated into business planning, budget, transformation and project management.

**9.3** 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 2015/16****1. Parking, Highway and Marine Services - Purchase of car mounted gritter**

To enable officers to grit car parks using an existing vehicle.

**£2,188.71**

**2. Legal Services - Resource to deal with backlog of Deprivation of Liberty Claims**

To reduce the backlog of referrals relating to claims for breach of Human Rights by people who have been placed in restricted care arrangements before the placement has been authorised by court.

**£7,500.00**

**3. Museum - Survey of museum collections to identify asbestos**

To identify and physically label objects and update database records so that staff are aware of the presence of asbestos prior to being moved as part of the History Centre Project.

**£4,000.00**

**4. Finance - Training workshop for risk champions**

Soft skills workshop to provide risk champions with a fresh perspective on the art and science of communication.

**£1,880.00**

**5. Libraries - Security lighting at Plymstock Library**

To install an external floodlight and sensors to an isolated rear area at Plymstock Library following a risk assessment which highlighted the vulnerable nature of the area.

**£602.78**

**6. Finance - Removal of infected trees at Cann Wood**

Cost to remove trees following a plant health notice from the Forestry Commission for trees that were suspected to be infected with a pest and therefore created a danger of spreading to other trees.

**£7,500.00**

**7. Legal Services - Recording equipment for Coroner's Office**

To replace hand held digital recorders which are not fit for purpose with an appropriate recommended Audio Recorder which can be wired up to the existing Court room hearing loop.

**£629.00**

**8. Office of the Director of Public Health - Cost of installing software for Black Carbon Aerosol monitors**

To provide software for personal monitors to demonstrate when children are being exposed to traffic related pollution which will then enable us to discuss behaviour changes that could reduce their exposure.

**£480.00**

**9. Finance - Installation of an automatic fire alarm system**

Cost to install an automatic fire alarm system at the Ace Service building.

**£2,950.00**

**10. Finance - Installation of thermostatic mixing valves at various corporate landlord sites**

Installation of thermostatic mixing valves (TMV's), that pre mix hot and cold water feeds at the point of use, controlling the water temperature to prevent scalding injuries from water outlets.

**£5,470.00**

**11. Office of the Director of Public Health - Demolition of disused WC building at Weston Mill Cemetery**

Removal of a Victorian disused WC building that is in disrepair and has been condemned by building surveyors.

**£4,602.00**

**12. Finance - Replacing fire doors to prevent unauthorised access**

Replacing fire doors at Print and Document Services basement area in Windsor House to enable them to be locked and added to the main door security system for the building.

**£5,877.00**

**13. Museum - Removal of asbestos containing materials following survey**

Removal of asbestos materials identified during the museum survey described in 3 above.

**£2,950.00**

**14. Consultancy advice for Transport Operator Licence Compliance**

Cost for a consultant to provide project management and advice to help achieve compliance for the Transport Operator Licence.

**£7,500.00**

**15. Finance - Replacement folding tables at Plymouth Guildhall**

To replace heavy tables currently used for events in the Guildhall with new lightweight ones to reduce manual handling risks.

**£6,741.00**

**16. Finance - Lighting truss system for the Event Lighting at Plymouth Guildhall**

Purchase of a lighting truss system to replace existing pulley system and eliminate health and safety risks.

**£7,318.00**

**17. Finance - Long life LED lamps for Chandelier lighting at Plymouth Guildhall**

To replace existing lamps with high efficiency and long life LED lamps which are maintenance free and will also reduce energy consumption.

**£2,433.00**

**Total £70,621.49**

(Total includes amount carried over from the previous year)