

PLYMOUTH CITY COUNCIL

Subject:	Operational Risk & Opportunity Management Update Report
Committee:	Audit Committee
Date:	8 December 2016
Cabinet Member:	Councillor Darcy
CMT Member:	Lesa Annear, Strategic 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 corporate 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 increased from 90 to 104, comprising of 1 high (red) risk, 62 medium (amber) risks and 41 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.

The Councils Corporate Plan 2016/19:

Operational Risk and Opportunity Registers are aligned to Corporate Plan Performance Framework Outcomes. 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:

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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 [30 June 2016](#) and this report now provides a summary of the latest monitoring exercise covering the position as at November 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 Assurance.
- 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 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 linked to the Corporate Plan is now embedded across the Council.
- 3.2 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.

4. Red Risk

- 4.1 One red risk is being reported for this risk monitoring period, details are shown below:-

EXISTING RED RISK Dept: Finance (Financial Planning & Reporting)	Delivering Council services within the envelope of the resources provided in 2017-19 Medium Term Financial Strategy
Comments/Mitigation: The Council has successfully reduced net revenue expenditure by £65m over the last three years through the transformation programme. Despite the achievements in reducing our costs and spending, the further reduction of grants and continuation of rising demand means we are projecting a further funding gap of £37m over the next three financial years to 2019-20. We are continuing with the transformation programme which is improving efficiency and reducing costs whilst still delivering benefits to the customer. Significant savings are focussed in three key	

programmes:-

- Growth, Assets and Municipal Enterprise (GAME2) – This programme is investing in accelerating Plymouth’s economic growth, which will raise income through business rates and Council tax. It includes a wide range of initiatives to create more jobs and deliver more homes in Plymouth, guided by the Plymouth Plan and the Plan for Homes. We are also maximising the opportunities to increase income by making best use of our assets and taking a more commercial approach to the way we commission and run services.
- One System, One Aim (Transformation of the People Directorate) - This programme emphasises the need for preventative and early intervention services to improve health, thus reducing demand for services in the longer term to develop a sustainable system.
- Transforming the Corporate Centre - This programme has been established to define and deliver an organisational service centre to deliver universal services and transactions with consistency and commonality, including delivery of digital service transformation across the entire organisation to enable channel shift and process.

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** 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.
- 5.3** More detailed information on individual Services’ risk and opportunity registers can be obtained from the Head of Assurance, Corporate Risk Advisor, 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** The Head of Assurance presented an update report to the Finance and Assurance Review Group (FARG) 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.
- 6.3** A risk workshop took place with members of FARG on 21 October 2016 to identify and scope risks relating to the governance of the integrated commissioning system.
- 6.4** Risks have been aligned to the corporate objectives arising from the One System One Aim transformation project (formerly Integrated Health & Wellbeing).
- 6.5** Risk management is now a quarterly agenda item at FARG meetings where the integrated risk register will continue to be monitored by members of FARG who have responsibility for escalating risk issues where necessary as per the framework.

7. Finance FIT Risk Management Review

- 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** As reported to this Committee in [September](#), a review of our risk management arrangements took place during the summer as a joint working collaboration between the Corporate Risk Team and Devon Audit Partnership.
- 7.3** An Internal Audit Report has been produced and action has been agreed to be implemented over the next 12 months.
- 7.4** Two of the common themes raised by participants of the review were the need for ‘real time’ risk information and alignment with other corporate functions such as performance and financial management.
- 7.5** As a result of this a risk software scoping exercise was undertaken and one of the options considered was the use of the Project Server system currently used within the Portfolio Team to record project management risks.
- 7.6** The current Project Server system is being upgraded in the New Year and an initial scope of the new system has confirmed that it can be adapted to store corporate risks which will provide ‘one version of the truth’, streamline the risk monitoring process and make reporting easier.
- 7.7** A trial of the system is planned to coincide with the next strategic risk monitoring exercise during January and February 2017. If successful, a recommendation will be made to CMT to roll this out to departments to record their operational risks. Further work to align risk to other corporate functions will then follow.

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, 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 corporate 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 2017.