

PLYMOUTH CITY COUNCIL

Subject: Operational Risk & Opportunity Management Update Report
Committee: Audit Committee
Date: 7 December 2017
Cabinet Member: Councillor Darcy
CMT Member: Andrew Hardingham, Interim Joint 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 remains at 112, comprising of 71 medium (amber) risks and 41 low (green) risks. There are no high (red) operational risks to report.

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: Interim Joint Strategic Director for Transformation & Change													
Has the Cabinet Member(s) agreed the contents of the report? Yes													

1.0 Introduction

1.1 The position with regard to Operational Risk Register monitoring was last reported to this Committee on [29 June 2017](#) and this report now provides a summary of the latest monitoring exercise covering the position as at November 2017.

2.0 Background

2.1 Plymouth City Council's Risk and Opportunity Management Strategy is 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.

3.0 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.

4.0 Red Risk

4.1 The red risk reported in June has now reduced in score, details are shown below:-

AMBER RISK (formerly red) Dept: Finance (Procurement)	Procurement resource capacity (supply) falls short of organisational demand and reduces the ability to drive value for money from new and existing contracts; stifles delivery of category management impacting delivery of Transformation Projects, Capital Programme and proactive retendering of Revenue contracts
Comments/Mitigation: Procurement Consultant recruited to and has begun working with the procurement team along with another vacancy filled and successful candidate due to start in the coming weeks.	

5.0 Integrated Assurance

- 5.1** I reported to this committee in [September](#) that joint working is underway with Siân Millard, Oversight and Governance Manager and Performance Advisors in the Chief Executive Office to enhance performance reporting with the inclusion of risk so that links between indicators and activities relating to the corporate risk registers are more explicitly identified.
- 5.2** To help achieve greater alignment of risk and performance reporting for senior managers, strategic risk information is now included in the quarterly Corporate Plan Performance Analysis Report which is presented to Corporate Management Team.
- 5.3** A joint mini-audit review of risk registers and balanced scorecards has also been undertaken to identify gaps (e.g. risk present but no key performance indicator and vice-versa).
- 5.4** This joint working will continue to be developed so that alignment of risk and performance reporting will continue to add value to understanding how the organisation is doing and help identify any potential weaknesses in assurance.

6.0 Risk and Opportunity Register Information

- 6.1** Operational Risk and Opportunity Registers record mitigation actions and controls for all risks identified together with a named risk owner in each case.
- 6.2** 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.
- 6.3** 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.

7.0 Conclusion

- 7.1** 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.
- 7.2** 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.
- 7.3** 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.
- 7.4** 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.

- 7.5** 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.
- 7.6** 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.
- 7.7** The next operational risk report will be presented to Audit Committee in June 2018.