

## PLYMOUTH CITY COUNCIL

<b>Subject:</b>	Risk and Opportunity Management – Annual Report
<b>Committee:</b>	Audit & Governance Committee
<b>Date:</b>	30 July 2018
<b>Cabinet Member:</b>	Councillor Lowry
<b>CMT Member:</b>	Giles Perritt (Assistant Chief Executive)
<b>Author:</b>	Julie Hosking, Corporate Risk Advisor
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<b>Ref:</b>	PR/JKH
<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 2017/18 to develop the Council's approach to risk and opportunity management and covers:

- Risk & Opportunity Management Strategy
  - Corporate and Operational Risk Management Groups
  - Plymouth City Council/NEW Devon CCG Joint Risk Register
  - Performance and Risk
  - Internal Audit Report
  - Focus for 2018/2019
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### **The Corporate Plan 2016 - 19:**

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:**

That Audit and Governance Committee Note the following:

- Risk and Opportunity Management Annual Report.
- Risk and Opportunity Management Strategy 2018-20.
- Internal Audit Risk Management Follow-up Report 2017/18.

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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:**

Previous Annual Reports to the Audit Committee

**Background papers:**

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

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**Sign off:**

Fin	PI18.19. 48	Leg		Mon Off		HR		Assets		IT		Strat Proc	
Originating SMT Member , Oversight and Governance Manager													
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 2017/18 to further develop the Council's approach to risk and opportunity management.

**1.2** The review covers:

- Risk & Opportunity Management Strategy
- Corporate and Operational Risk Management Groups
- Plymouth City Council/NEW Devon CCG Joint Risk Register
- Performance and Risk
- Internal Audit Report
- Focus for 2018/2019

## **2.0 Risk and Opportunity Management Strategy**

**2.1** 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.

**2.2** The strategy is reviewed annually to ensure it remains current and fit for purpose. A copy of the latest version is attached at Appendix A.

## **3.0 Corporate and Operational Risk Management Groups**

**3.1** 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.

**3.2** Service 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.

**3.3** Relevant Cabinet Members have also been engaged in considering and challenging risk management monitoring reports.

**3.4** Matters of day to day operational risk management are the responsibility of the Operational Risk Management Group (ORMG) which comprises of risk champions from each directorate and/or service.

**3.5** The ORMG met every 6-8 weeks during 2017/18 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 to the risk management fund towards risk reduction initiatives.

**3.6** 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 and health and safety.

**3.7** A list of those projects supported by the fund in 2017/18 is provided at the end of this report.

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

- 4.1** The Head of Integrated Finance presented the first joint integrated risk register to Audit Committee in March 2017.
- 4.2** The joint integrated framework is the first of its kind in the country and is the result of 18 months collaboration between both partners. The framework provides a common infrastructure for delivering, maintaining and governing risk management within the integrated commissioning function.
- 4.3** Members of the Finance and Assurance Review Group (FARG) monitor compliance with each organisation's published standards and controls and review risks on the Integrated Commissioning Risk Register
- 4.4** Future updates of the integrated risk register will be brought to this Committee together with the Strategic Risk Register update.

#### **5.0 Performance and Risk**

- 5.1** The former Head of Assurance reported to Audit Committee in March 2018 that joint working is well underway with Performance Advisors in the Chief Executive Office to enhance performance and risk reporting.
- 5.2** Performance scorecards continue to be reviewed against risk registers to identify any gaps in reporting.
- 5.3** Performance Advisors and the Corporate Risk Advisor are working together to identify themes and gaps in KPI and risk reporting and attend Director and Senior Management Team meetings so these can be discussed in more detail at a senior level for each department.
- 5.4** In addition, the risk narrative in the Corporate Plan has been improved to add value to the quality of performance and risk information provided.
- 5.5** Alignment has been further enhanced by the business planning process introduced across the organisation in February and implemented in March 2018.
- 5.6** To further support this alignment, on 1 June 2018 the Corporate Risk Advisor moved from the Finance Department to the Chief Executive's Office and now sits within the newly titled Performance and Risk Team. The Oversight and Governance Manager has risk oversight responsibility to ensure delivery of risk management at a strategic level and will Chair future meetings of the ORMG.

#### **6.0 Internal Audit Report**

- 6.1** Devon Audit Partnership undertook a follow up audit review of risk management arrangements in March 2018. A copy of the report is attached at Appendix B.
- 6.2** Whilst the audit opinion has not changed from the previous review in 2016/17, the direction of travel has improved to reflect the progress described in paragraph 5 above regarding Performance and Risk.

**6.3** It is anticipated that the next review will show an improved audit opinion from the current level of 'working' to 'embedded and integrated' to reflect the business planning process which was successfully rolled out in February.

## **7.0 Focus for 2018/19**

**7.1** Continue to support departments to identify risks to achievement of objectives contained within their business plans.

**7.2** Develop service specific risk appetite statements to support the business planning process.

## **8.0 Conclusion**

**8.1** 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.

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

**8.3** The Risk and Opportunity Management Annual Report should therefore give Audit and Governance 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 2017/18**

### **1. Funding for independent analysis of the Plan for Libraries consultation**

For an independent company to conduct an impartial analysis of the Plan and reduce the risk of Judicial Review.

**£2500**

### **2. Headstone safety audit and training**

To carry out year 1 of 5 year rolling audit programme to ensure that memorials and headstones in the municipal cemeteries are in safe and stable condition.

**£7500**

### **3. Relocate CCTV monitoring equipment in Devonport Library**

To move monitoring equipment that was in full view of the public to a non-public area.

**£695**

### **4. CCTV installation at The Guildhall**

To install CCTV within the main hall areas of Plymouth's Guildhall to improve security during events.

**£7500**

### **5. Increased smoke detection at Southway Library**

For the installation of additional smoke detection devices.

**£1950**

### **6. Improvements to fire detection at Harewood House**

To install automatic fire detection devices on all escape routes and rooms leading onto escape routes.

**£7500**

### **7. Improvements to fire detection at Raglan Court**

As above.

**£4703**

### **8. Headstone safety audit (Year two)**

Funding for additional support to help reduce the time taken to carry out a full audit of all headstones from 5 to 3 years.

**£7500**

### **9. CCTV installation at The Ride, Plymstock**

To install two CCTV cameras to act as a deterrent and provide evidence in support of potential prosecution for fly tipping.

**£4770**

**Total £44618**