

## PLYMOUTH CITY COUNCIL

<b>Subject:</b>	Operational Risk & Opportunity Management Update Report
<b>Committee:</b>	Audit and 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:**

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 112 to 121, comprising of 1 high (red) risk, 76 medium (amber) risks and 44 low (green) risks.

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### **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.

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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:**

Previous Operational Risk Monitoring Reports to the Audit and Governance Committee

**Background papers:**

Plymouth City Council’s Risk & Opportunity Management Strategy

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

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**Sign off:**

Fin	PI18.19. 46	Leg	30868 /1607	Mon Off		HR		Assets		IT		Strat Proc	
Originating SMT Member: Assistant Chief Executive													
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 7 December 2017 and this report now provides a summary of the latest monitoring exercise covering the position as at July 2018.

## 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 now chaired by the Oversight and Governance Manager following the retirement of 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 Service 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 Risk identification has been further enhanced by the business planning process introduced across the organisation in February and implemented in March 2018. This process has resulted in the increase in the number of reported risks.

3.4 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 Detail on the red risk reported is shown below:-

<b>Delivering Council services within the envelope of the resources provided in 2017-20 Medium Term Financial Strategy (MTFS)</b>	The Council declared a £2.411m overspend as part of the 2017/18 outturn. This was an increase in the forecast overspend at the end of quarter three - to £1.494m. A breakeven position was declared by the application of capital receipts to the council's Minimum Revenue Provision and use of funds from section 106
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obligations.

**Comments/Mitigation:** Higher profile of Council's finances at both CMT and Cabinet. Budget presented to senior officers and members in scoreboard format delivering greater transparency and challenge. MTFS working group meets regularly to manage the budget process. Corporate Management Team has the MTFS as a standing agenda item. Progress reported within monthly finance reporting to Cabinet Members. Continued Member engagement in Budget process and Medium Term Financial Plan setting process by having regular Member briefings.

## **5.0 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 Corporate Risk Advisor, departmental risk champions or Heads of Service.

## **6.0 Conclusion**

- 6.1** 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.
- 6.2** 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.
- 6.3** One of the responsibilities of the Audit and Governance 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.
- 6.4** The Risk and Opportunity Management Strategy will provide staff with a process for identifying threats or risks that includes becoming more outcome focussed.
- 6.5** The Operational Risk Management Group is continuing to work with departmental Risk Champions to further develop consistent application of risk management considerations across all operations of the Council.
- 6.6** The next operational risk report will be presented to Audit and Governance Committee in December 2018.