

PLYMOUTH CITY COUNCIL

Subject:	Strategic Risk and Opportunity Register – Risk Monitoring Report
Committee:	Audit and Governance Committee
Date:	11 March 2019
Cabinet Member:	Councillor Lowry (Cabinet Member for Finance)
CMT Member:	Giles Perritt (Assistant Chief Executive)
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Ref:	CRM/JKH
Key Decision:	No
Part:	I

Purpose of the report:

This report provides a summary of the latest formal monitoring exercise completed for the Strategic Risk and Opportunity Register for the period September 2018 to February 2019.

Appendix A to the report provides the revised Strategic Risk and Opportunity Register showing the current status of each risk and the movement in risk score compared with the previous monitoring period.

Overall, as a result of the review, the total number of risks now reported on the Register has increased from 14 to 16.

The Corporate Plan 2016 - 19:

The Strategic Risk and Opportunity Register includes links to the Corporate Plan priorities – monitoring of control action for strategic risks therefore contributes to the delivery of the Council's core objectives.

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 Directorate Operational 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, 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 and Governance Committee is recommended to:

- Discuss and note the current position with regard to the Strategic Risk and Opportunity Register. Reason: As part of the Committee’s responsibility for monitoring key aspects of internal control.

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 and Opportunity Management [Strategy](#)
 Previous Strategic Risk Monitoring reports to the Audit and Governance Committee (submitted bi-annually)

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: Giles Perritt, 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 the Strategic Risk and Opportunity Risk Register was last reported to this Committee on [1 October 2018](#). This report provides a summary of the latest monitoring exercise covering the position as at 28 February 2019.

2.0 Strategic Risk and Opportunity Register – Monitoring Summary

- 2.1 In accordance with the strategy requirement for twice-yearly monitoring, the latest review and monitoring exercise was completed in January and February 2019 with the results discussed, and further actions agreed, by Corporate Management Team on 19 February 2019.
- 2.2 Attached to this report at Appendix A is the revised Strategic Risk and Opportunity Register showing the current status of each risk and any movement in risk score compared with previous monitoring periods, together with explanatory commentary on the key issues for each risk.

3.0 Headline Issues

3.1 Red Risks

Red Risk SF2 – Delivering Council services within the envelope of the resources provided in 2019/20-2021/22 Medium Term Financial Strategy. Risk to services of not delivering within reduced budgets and to delivery of the Plymouth Plan from reduced revenue and funding of the Capital Programme - (Row No. 1)

The Medium Term Financial Strategy (MTFS) was approved by Council on the 19 November 2018. The Strategy addresses the funding gap as of that date, (with particular focus on 2019/20) for the following three financial years. 2019/20 is the last year of the four year Settlement. At this stage there is uncertainty about future funding levels until the Government make further announcements. This is not expected until the autumn of 2019 which makes medium term financial planning extremely difficult. The Council will continue to press for a better deal for the residents of Plymouth.

Red Risk SF3 - Being unable to deliver Council services within the envelope of the resources provided in 2018/19 – (Row No. 2)

Cabinet Portfolio Members and Officers have worked to identify savings proposals to offset increased budget pressures (linked to risk SCYPF2 shown at 3.3).

Red Risk SEPS1 – Reduction in the quality of education provision negatively affecting level of pupil attainment – (Row No. 3)

The Plymouth Challenge (a collaboration of several educational specialists who are working together to improve educational outcomes across Plymouth), has identified three strands designed to raise achievement. The School Support, Challenge and Intervention Policy is being updated and will go to Cabinet in March 2019. The Policy will make clear the Council's relationship with schools.

3.2 New Risks

Red Risk SCEO3 – Failing to, or inability to understand impacts of Brexit in light of current uncertainty and lack of government guidance, adversely affects the Council’s ability and capacity to manage changes and deliver its objectives – (Row No. 5)

Active scenario planning is being undertaken by Brexit Officers Working Group, informed by a Brexit specific risk register. The highest area of concern is that Brexit consequences may impact further the already decreasing care market capacity, resulting in a lack of placements and higher costs.

Amber Risk SCEO4 – Potential snap national elections and/or referendum caused by Brexit – (Row No. 8)

All key partners in election delivery have been briefed and confirmed their ability to be ready at short notice should a snap election or referendum be called.

Green Risk SF6 – Maintaining awareness of anti-fraud measures to help prevent or identify instances of fraud, corruption and bribery and help protect public funds – (Row No. 13)

The Anti-Fraud, Bribery and Corruption and Whistle blowing Policies were endorsed by the Audit and Governance Committee in December 2018. A compulsory Counter-Fraud eLearning package has been rolled out. This risk has been added to ensure continuous alignment to the Council’s Risk and Opportunity Management Strategy.

3.3 New Strategic Risks (formerly Operational Risks)

Red Risk SCYPF2 - Projected in-year overspend in Children's Social Care caused by unprecedented demand and level of support needed to keep young people safe, such as specialist residential care placements with high levels of staffing – (Row No. 4)

This risk has been escalated from the Children, Young People and Families Operational Risk Register to reflect the new and emerging funding pressure on the service due to unprecedented demand and increased costs and complexity of children’s placements. Plymouth is experiencing a large increase in the number of vulnerable children needing care and this cost pressure reflects the escalating costs for specialist residential care and the cost of care packages.

Amber Risk SEPS2 – Growing volume and complexity of demand across services, increases risk of failure to meet statutory duties and impacts our ability to improve outcomes for vulnerable children and young people with Special Education Needs and Disabilities (SEND) – (Row No. 6)

This risk has been escalated from Education, Participation and Skills Operational Risk Register in light of potential long-term consequence of increased demand on adult services.

3.4 Risk Score Decreased

Green Risk SCYPFI - Risk to vulnerable children and young people in the care system, by not delivering early intervention and prevention and

responding as soon as possible to their needs and promote better long term life outcomes. Reduced from 16 to 9 – (Row No. 14)

One of the main mitigations for this risk is The Troubled Families Programme which is a UK Government scheme under the Department for Communities and Local Government (MHCLG) with the aim of helping troubled families turn their lives around. The programme includes a Payment by Results element of funding. The MHCLG conduct a validation process known as the 'spot check' which involves checking evidence of eligibility, successful outcomes and whole family working. The risk score has been reduced to reflect a successful 'spot check' which took place in November 2018. The MHCLG team noted areas of good practice in Plymouth, particularly around development of a digital Early Help Assessment Tool for use across a variety of services and noted a commitment both to effective collection and use of data, and multi-agency, holistic support for families.

3.5 Deleted Strategic Risks

Amber Risk SODPHI – The organisation’s ability to meet performance and delivery expectations in relation to statutory duties and deadlines are reduced – (Row No. 17)

This risk will continue to be managed via the Office of the Director of Public Health’s Operational Risk Register.

Amber Risk SCEO2 - Potential failure to deliver effective electoral services functions due to inadequate resourcing and processes and lack of appropriately qualified staff – (Row No. 18)

Following the successful delivery of both the Local and By-Elections last year this risk will be removed from the strategic risk register but the Election risk register will continue to be regularly updated together with continual monitoring of business continuity arrangements and data quality.

Amber Risk SCEO1 - Failing to support our most financially vulnerable residents by not monitoring the risk of increased poverty/hardship as a result of the impact of Welfare Reform and reduced funding for discretionary welfare funds – (Row No. 19)

The impact of welfare reform continues to be monitored and discretionary welfare schemes reviewed by the Policy and Intelligence Team, Customer Services and Finance Team who then feed-back into the Medium Term Financial Strategy.

4.0 Performance and Risk

4.1 Operational Risk and Opportunity Registers will be updated as part of business planning 2019.

4.2 Alignment of performance and risk continues to be developed. Work is underway to use performance monitoring in order to measure control effectiveness and further support the risk assurance process.

4.3 Appendix B provides the Evaluating Key Controls framework which is aligned to the Council’s risk appetite to ensure we do not commit more resource than is necessary for the level of risk.

4.4 We are currently trialling the framework on a compliance risk within Street Services and if this is successful, will roll-out across other service areas.

5.0 Summary and Conclusion

5.1 The Council's success in dealing with the risks that it faces can have a major impact on achievement of key priorities, objectives and ultimately therefore, the level of service to the community.

5.2 Risk management is not a stand-alone activity that is separate from the main activities and processes of the organization. Risk being formally aligned and working alongside other compliance functions helps to promote a joined-up approach to all aspects of governance.

5.3 This aligned approach acts as an effective early warning system for the recording, monitoring and management of risks that threaten the delivery of the Council's strategic objectives and plans.

5.4 The next formal review of the Strategic Risk and Opportunity Register will take place in August 2019.