

Notice of a public meeting of

Audit and Governance Committee

- To:** Councillors Lomas (Chair), Fisher (Vice-Chair), Baker, Cuthbertson, Musson, Wann, Webb and Leigh (Independent Member)
- Date:** Wednesday, 18 January 2023
- Time:** 5.30 pm
- Venue:** The Thornton Room - Ground Floor, West Offices (G039)

AGENDA

1. Declarations of Interest

At this point in the meeting, Members are asked to declare any disclosable pecuniary interest or other registerable interest they might have in respect of business on this agenda, if they have not already done so in advance on the Register of Interests.

2. Minutes (Pages 1 - 6)

To approve and sign the minutes of the meeting held on 30 November 2023.

3. Public Participation

At this point in the meeting members of the public who have registered to speak can do so. Members of the public may speak on agenda items or on matters within the remit of the Executive. **Please note that our registration deadlines are set at 2 working days before the meeting, in order to facilitate the management**

of public participation at our meetings. The deadline for registering at this meeting is **5:00pm on Monday, 16 January 2023**. To register to speak please visit www.york.gov.uk/AttendCouncilMeetings to fill in an online registration form. If you have any questions about the registration form or the meeting, please contact Democratic Services. Contact details can be found at the foot of this agenda.

Webcasting of Public Meetings

Please note that, subject to available resources, this meeting will be webcast including any registered public speakers who have given their permission. The meeting can be viewed live and on demand at www.york.gov.uk/webcasts.

During coronavirus, we made some changes to how we ran council meetings, including facilitating remote participation by public speakers. See our updates (www.york.gov.uk/COVIDDemocracy) for more information on meetings and decisions.

4. Consultation on the annual audit work programme (Pages 7 - 14)

The purpose of the report is to seek the Audit and Governance Committee's initial views on priorities for internal audit work during 2023/24.

5. Annual review of the counter fraud framework (Pages 15 - 38)

This report presents the outcomes of the annual review of the counter fraud framework. It also includes a brief summary of national and local trends in counter fraud.

6. Treasury Management Strategy (Pages 39 - 78)

This report is a statutory requirement setting the strategy for treasury management and specific treasury management indicators for the financial year 2023/24. The strategy is set against a context of projected interest rates and the Council's capital expenditure programme and leaves investment criteria and limits largely unchanged.

7. Report of the Monitoring Officer (Pages 79 - 82)

To update the committee on any significant issues considered by the Monitoring Officer.

8. Update on the Member induction plan (Pages 83 - 100)

The member induction programme was discussed at Audit and Governance Committee on 30 November 2022 when it was confirmed it would be brought to the Committee for consideration on 18 January 2023.

9. Key Corporate Risks monitor 2 (Pages 101 - 140)

The purpose of this paper is to present Audit & Governance Committee (A&G) with an update on the key corporate risks (KCRs) for City of York Council (CYC), which is included at Annex A.

10. Urgent Business

Any other business which the Chair considers urgent under the Local Government Act 1972.

Democracy Officer:

Name: Robert Flintoft

Telephone: (01904) 555704

Email: robert.flintoft@york.gov.uk

For more information about any of the following please contact the Democracy Officer responsible for servicing this meeting:

- Registering to speak
- Business of the meeting
- Any special arrangements
- Copies of reports

Contact details are set out above.

This information can be provided in your own language.

我們也用您們的語言提供這個信息 (Cantonese)

এই তথ্য আপনার নিজের ভাষায় দেয়া যেতে পারে। (Bengali)

**Ta informacja może być dostarczona w twoim
własnym języku. (Polish)**

Bu bilgiyi kendi dilinizde almanız mümkündür. (Turkish)

یہ معلومات آپ کی اپنی زبان (بولی) میں بھی مہیا کی جا سکتی ہیں۔ (Urdu)

 (01904) 551550

City of York Council

Committee Minutes

Meeting	Audit And Governance Committee
Date	30 November 2022
Present	Councillors Lomas (Chair), Fisher (Vice-Chair), Cuthbertson, Musson, Wann, Leigh (Independent Member) And Looker (Substitute)
Officers Present	Bryn Roberts - Director of Governance and Monitoring Officer Debbie Mitchell – Chief Finance Officer Emma Audrain - Technical Accountant Lorraine Lunt - Information Governance & Feedback Team Manager Cath Murray - Corporate Governance Operational Manager Max Thomas - Director and Head of Internal Audit, Veritau Mark Kirkham – Partner, Mazars Mark Outterside – Partner, Mazars
Apologies	Councillor Webb

18. **Declarations Of Interest (17:33)**

Members were asked to declare any personal interests not included on the Register of Interests, any prejudicial interests or any disclosable pecuniary interests which they may have in respect of business on the agenda.

19. **Minutes (17:33)**

It was noted that the in agreement with the Monitoring Officer an action plan will be developed for the Committee to track actions from the meeting. It was also noted that officers would provide the Committee with information on the impact of inflation on business rates and council tax payments, the potential impact of the care cap, and any indications of additional government support.

Resolved: That the minutes of the meeting held on 7 September 2022 be approved and then signed by the Chair as a correct record.

20. Public Participation (17:36)

It was reported that there had been no registrations to speak at the meeting under the Council's Public Participation Scheme.

21. Corporate Governance Report (17:52)

The Committee considered the report providing a update on the Corporate Governance of the Council covering Corporate Governance performance indicators, Information Commissioners Office (ICO) published decision notices, Ombudsmen updates including Local Government and Social Care Ombudsman (LGSCO) cases from the previous report provided to the Committee in June 2022 to date of preparing this report on 1st November 2022, Housing Ombudsman Service (HOS) complaint handling code self-assessment, and Investigatory Powers Commissioners Office (IPCO) updates.

Members raised questions regarding how the Council could improve responding to complaints in time and therefore preventing issues from escalating unnecessarily. It was confirmed that service managers had support from Governance team and that work was being undertaken to review the templates and guidance to make responding in time easier.

It was also noted that a rise in the number of complaints received by the Council was not necessarily a negative. With the move to the new procedures for complaints, there has been a rise noted however this could show that it was sufficiently easy for complaints or comments to be submitted to the Council and therefore could assist the Council in identifying issues that require action to address.

Resolved:

- i. Noted the content of the report.

Reason: To ensure the Committee remain updated on the Corporate Governance of the Council.

22. Audit Completion Report (18:01)

Mazars presented their Audit Completion Report and noted that the Council's accounts could not yet be signed off by the auditors due to issues around infrastructure assets and whole government accounts. It was confirmed that these issues were not specific to the Council but instead a problem for many local authorities and guidance was required from the National Audit Office prior to sign off.

Resolved:

- i. Noted the matters set out in the Audit Completion Report presented by the external auditor.

Reason: To ensure the proper consideration of the opinion and conclusions of the external auditor in respect of the annual audit of accounts and review of the council's arrangements for ensuring value for money.

23. Draft Accounts (18:09)

Members made note that final sign off of the draft accounts would need to await Mazars sign off and therefore it was agreed by the Committee that sign off would be delegated to the Chair and Vice Chair of the Committee. Members also asked that the accounts add the consultation done with Parish Councils be added to the list of those consulted for completeness.

Resolved:

- i. Noted the matters set out in the Audit Completion Report presented by the external auditor in the previous agenda item and summarised in this report.

Reason : To ensure the proper consideration of the opinion and conclusions of the external auditor in respect of the annual audit of accounts and review of the council's arrangements for ensuring value for money.

- ii. Delegated authority to the Chair in consultation with the Vice Chair to approve and sign the final Statement of Accounts by resolution of this Committee in accordance with the Accounts and Audit regulations 2015 - subject to the only amendments being Infrastructure Assets and PFI accounting for AWRP as set out at paragraphs 5 & 6.

Reason: To ensure compliance with the International Auditing Standards and other relevant legislative requirements.

24. Internal Audit & Counter Fraud Progress Report (18:16)

The Committee considered the internal audit work undertaken by Veritau. The Committee also discussed protections for whistle-blowers and it was confirmed that the Council would follow legislation which states that whistle-blowers should be protected when brought forward in good faith.

Resolved:

- i. Noted the progress made in delivering the 2022/23 internal audit work programme, and current counter fraud activity.

Reason: To enable members to consider the implications of audit and fraud findings.

25. Treasury Management Midyear Review (18:24)

The Committee considered the Treasury Management Midyear Review which had been considered by the Council's Executive Committee on 22 November 2022. Members enquired about the current cash balance available for investment purposes and officers noted that they did not have access to this in the meeting but could be shared with Members.

Resolved:

- i. Management Mid-Year Review and Prudential Indicators 2022/23 at Annex A.

Reason: That those responsible for scrutiny and governance arrangements are updated on a regular basis to ensure that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting.

26. Progress Against The Action Plan Prepared In Response To The Public Interest Report (17:36)

The Monitoring Officer introduced the report and noted that all actions relation to the Action Plan had now been resolved. He also outlined additional steps that had been undertaken around Member training and equipment.

The Committee discussed the new Member Induction Training and it was confirmed it would be brought to the Committee for consideration on 18 January 2023. It was noted that the training would be mandatory for all Members to undertake which the Committee noted would be valuable to new and existing Members. Questions were raised about how mandatory attendance could be enforced at training sessions and it was confirmed that the Council had limited power to ensure Members attended training. It was also agreed that online training material could be provided to Members and prospective Councillors ahead of the May 2023 election.

ICT equipment for Members was discussed as it was noted that the Council intended for all Members to have access to the same equipment and to move Council meetings to being paper lite. The Committee agreed the importance of providing Members with new equipment and the aim of reducing paper usage. It was also agreed that any changes would need to incorporate the individual needs of Members.

Resolved:

- i. To note the conclusion of the delivery of the Action Plan prepared in response to the Report in the Public Interest dated 19th April 2021.

Reason: The Audit and Governance Committee is required by Full Council to monitor the delivery of the Action Plan prepared in response to the Public Interest Report. Since that delivery has been concluded, the

Audit and Governance Committee can now report this back to Council.

27. Audit and Governance Work Plan (17:50)

The Committee considered the items on the work plan and agreed to the Monitoring Officers request that the Report of the Monitoring Officer and Embedding Good Governance be combined into one item for the 18 January 2023 meeting.

Resolved:

- i. That the Report of the Monitoring Officer and Embedding Good Governance be combined into one item for the 18 January 2023 meeting;
- ii. That the Work Plan be noted.

Reason: To ensure that the committee has a planned programme of work in place.

Cllr Lomas, Chair

[The meeting started at 5.31 pm and finished at 6.30 pm].



Agenda Item

Audit and Governance Committee

18 January 2023

Report of the Head of Internal Audit

Internal Audit Plan Consultation

Summary

- 1 The purpose of the report is to seek the Audit and Governance Committee's initial views on priorities for internal audit work during 2023/24.

Background

- 2 Internal audit provides independent and objective assurance and advice on the council's control processes. It helps the organisation to achieve its objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control and governance processes.
- 3 The Public Sector Internal Audit Standards (PSIAS), and the council's audit charter, require internal audit to draw up an indicative programme of work based on an assessment of risk. The standards require internal audit to independently form a view on the risks facing the council. However, they also require the opinions of the Audit and Governance Committee and senior council officers to be taken into account when forming that view.
- 4 Consultation with officers on proposed 2023/24 audit work will be undertaken over the next two months. A draft internal audit work programme will be brought to this committee in March 2023.
- 5 The purpose of this report is to seek the committee's initial views on priorities for internal audit work over the coming year.

2023/24 internal audit work programme

- 6 A flexible approach to audit planning has been in place since 2021/22. Under this approach, an indicative long list of potential areas of audit focus is developed at the start of the year.

- 7 The long list includes all areas that are likely to be important for audit in the year. However, it is over-programmed (ie it includes more work than is possible to complete). Actual work to be undertaken is selected from the long list throughout the year based on an ongoing assessment of risks and priorities.
- 8 This approach allows us to keep upcoming work under review, to ensure we are targeting audit resources to those areas most needed. It also builds in flexibility, by enabling us to respond quickly to emerging issues or to commence work on other areas of importance when risks and priorities change. The long list is kept under continuous review during the year. Potential audits are added or removed from the programme as required.
- 9 The indicative programme is informed by a number of factors such as the council's risk registers, relevant national issues and our wider audit knowledge, including the results of recent audit work. The council's external auditors are also consulted to avoid possible duplication of work programmes, and to maximise the overall benefit of independent audit activity. The indicative programme will be presented to the Audit and Governance Committee for approval on 15 March 2023.
- 10 A specific public sector requirement for internal audit is that the risk-based plan (or programme) must take into account the requirement to produce an annual internal audit opinion. Internal audit work programmes cover a range of risk areas to ensure that the work undertaken enables Veritau to meet the requirement to provide an overall opinion on the governance, risk management, and control framework operating in the council.
- 11 Veritau has defined 11 key areas where we require assurance during the course of the year in order to provide that opinion, as follows:
 - Strategic planning
 - Organisational governance
 - Financial governance
 - Risk management
 - Information governance
 - Performance management and data quality
 - Procurement and contract management
 - People management
 - Asset management
 - Programme and project management
 - ICT governance

- 12 Functionally, the indicative programme will be structured into a number of sections, as set out below. In deciding the work to be included in each section, consideration is given to the key assurance areas listed at paragraph 12 to ensure there is appropriate coverage.
- **Strategic / corporate & cross cutting** – to provide assurance on areas which, by virtue of their importance to good governance and stewardship, are fundamental to the ongoing success of the council.
 - **Technical / projects** – to provide assurance on those areas of a technical nature and where project management is involved. These areas are key to the council as the risks involved could detrimentally affect the delivery of services.
 - **Financial systems** – to provide assurance on the key areas of financial risk. This helps provide assurance to the council that risks of loss or error are minimised.
 - **Service areas** – to provide assurance on key systems and processes within individual service areas. These areas face risks which are individually significant but which could also have the potential to impact more widely on the operations or reputation of the council if they were to materialise.
 - **Other assurance areas** – an allocation of time to allow for continuous audit planning and information gathering, unexpected work, and the follow up of work we have already carried out, ensuring that agreed actions have been implemented by management.
 - **Client support, advice & liaison** – work we carry out to support the council in its functions. This includes the time spent providing support and advice, and liaising with staff.
- 13 Figure 1 below includes initial ideas on areas for consideration for audit in 2023/24. These are included to prompt discussion. They are not intended to be a definitive or complete list of areas that could be reviewed or that will be included in the work programme.
- 14 The committee's views are sought about areas they consider a priority for internal audit coverage during 2023/24. This may include particular areas listed in figure 1 that the committee think should be a high priority; or any other areas which should be considered for audit.

Figure 1 – Risk areas to consider for Audit in 2023/24

Area	Possible Work
Strategic / corporate & cross-cutting	<ul style="list-style-type: none"> • Medium term financial planning and budgeting, budget management, savings plans, commercialisation and investment, financial resilience • Cipfa Financial Management Code consulting assignment • Areas of the council's corporate governance framework (eg schemes of delegation, constitution, transparency) • Strategic planning (eg policies and procedures, the Council Plan) • Risk management, business continuity, disaster recovery plans, and insurance arrangements • Performance management and data quality • Partnership working • Procurement and contract management (including supply chain resilience third party risk, due diligence, Modern Slavery Act compliance) • Ethics and organisational culture • HR and organisational development / workforce planning (eg absence management, staff wellbeing, recruitment and retention, agency staff, training and development / talent management) • Premises physical security and asset management • Information governance and data protection – compliance, management of information assets, data sharing agreements, data storage arrangements, information security, training • Environmental sustainability, climate change and waste – York Climate Change Strategy and related areas (carbon reduction, energy management, recycling, climate change resilience) • Health and safety
Technical / projects	<ul style="list-style-type: none"> • IT strategy and governance (such as information security policies, IT risk management, change management, supporting service development and roles and responsibilities) • IT information security (such as server configuration, patch management and operating system configuration) • IT services (such as help desk, incident management and network availability) • Cybersecurity • Digitalisation / automation • Overall corporate project management arrangements and project risk management • Support to, and review of, specific key projects

Area	Possible Work
Financial systems	<ul style="list-style-type: none"> • Payroll / personnel • General ledger, debtors (including debt recovery and enforcement processes), creditors, cash income management • Capital accounting and assets • Treasury management • Council Tax / NNDR • Housing rents • Housing benefits
Service areas	<ul style="list-style-type: none"> • Adult and children's social care – budget management, workforce planning, case management, high-cost placements, referrals and assessments, direct payments, procurement, quality assurance, safeguarding, capacity, contract monitoring, deprivation of liberties • Special Education Needs and Disability (SEND) – EHC plans (processes), planning, working with partners, funding • Public health, including management of contracts • Housing strategy, use of temporary accommodation and homelessness • Other risks relating to specific service areas (such as schools, planning and enforcement, local plan strategy, waste collection and recycling, highways, parking, licensing, community safety, environmental health, economic development, domestic violence strategies) • Contract management / client arrangements (eg Explore, YMT) • Building services / housing repairs

Consultation

- 15 This report is part of the ongoing consultation with stakeholders on priorities for internal audit work in 2023/24.

Options

- 16 Not relevant for the purpose of the report.

Analysis

- 17 Not relevant for the purpose of the report.

Council Plan

- 18 The work of internal audit supports overall aims and priorities by promoting probity, integrity and honesty and by helping to make the council a more effective organisation.

Implications

- 19 There are no implications to this report in relation to:

- **Finance**
- **Human Resources (HR)**
- **Equalities**
- **Legal**
- **Crime and Disorder**
- **Information Technology (IT)**
- **Property**

Risk Management Assessment

- 20 The council will fail to comply with internal audit standards if appropriate consultation is not undertaken on the content of risk based audit plans.

Recommendations

- 21 The committee is asked to;

- Comment on the priorities for internal audit work for 2023/24.

Reason

To ensure that the views of the committee are taken into account when deciding on work to be included in the internal audit work programme.

Contact Details

Author:

Max Thomas
Head of Internal Audit
Veritau Limited
Telephone: 01904
552940

Chief Officer Responsible for the report:

Bryn Roberts
Director of Governance
Telephone: 01904 555521

**Report
Approved**



Date 05/01/2023

Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All



For further information please contact the author of the report

Background Papers

None

Annexes

None

This page is intentionally left blank



Agenda Item

Audit and Governance Committee

18 January 2023

Report of the Head of Internal Audit

Counter Fraud Framework Update

Summary

- 1 This report presents the outcomes of the annual review of the counter fraud framework. It also includes a brief summary of national and local trends in counter fraud.

Background

- 2 Fraud remains a serious risk to the public sector in the UK. When fraud is committed against the public sector, money is diverted from public services into the hands of criminals. Fraudsters are constantly refining their tactics and techniques in order to circumvent the checks and controls put in place to prevent fraud from occurring. In order to protect income and assets public sector bodies must continuously develop their counter fraud measures to meet evolving threats. As part of the counter fraud service provided to the council, Veritau conducts an annual review of the counter fraud framework. This report presents the outcome of the latest review.

Counter Fraud Framework Review

- 3 Annex 1 presents the outcomes from the latest review of the counter fraud framework.

Consultation

- 4 Not relevant for the purpose of the report.

Options

- 5 Not relevant for the purpose of the report.

Analysis

- 6 Not relevant for the purpose of the report.

Council Plan

- 7 The work of internal audit and counter fraud supports overall aims and priorities by promoting probity, integrity and honesty and by helping to make the council a more effective organisation.

Implications

- 8 There are no implications to this report in relation to:

- **Finance**
- **Human Resources (HR)**
- **Equalities**
- **Legal**
- **Crime and Disorder**
- **Information Technology (IT)**
- **Property**

Risk Management Assessment

- 9 The council will fail to comply with proper practice if counter fraud and corruption arrangements are not reviewed periodically.

Recommendations

- 10 Members are asked to;
- note the updated Counter Fraud and Corruption Strategy action plan and Fraud Risk Assessment at appendices A and B of annex 1

Reason

In accordance with the committee's responsibility for assessing the effectiveness of the Council's counter fraud arrangements.

Contact Details

Author:

Max Thomas
Head of Internal Audit
Veritau Limited
Telephone: 01904
552940

Chief Officer Responsible for the report:

Bryn Roberts
Director of Governance
Legal Services
Telephone: 01904 555521

**Report
Approved**



Date

6 January
2023

Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All



For further information please contact the author of the report

Background Papers

None

Annexes

Annex 1 – Counter fraud framework report

This page is intentionally left blank



COUNTER FRAUD FRAMEWORK REPORT

18 January 2023



Annex 1

Assistant Director Corporate Fraud:
Jonathan Dodsworth

Head of Internal Audit:
Max Thomas



INTRODUCTION

- 1 Fraud is a significant risk to the UK public sector. Losses to local government due to fraud results in less funding for public services. The government estimates that the taxpayer loses up to £51.8 billion to fraud and error in public spending every year and 40% of all crime committed in the UK is categorised as fraud¹.
- 2 To effectively combat fraud the council needs to have a counter fraud framework that helps it prevent, detect and deter fraud. Counter fraud work needs to develop at least as quickly as the techniques used by criminals seeking to defraud the council.



NATIONAL PICTURE

- 3 The Institute for Fiscal Studies reports that the UK is experiencing a “cost of living crisis”² as a result of a number of financial factors. The insurance company Zurich reports a “sharp increase in insurance fraud as cost of living pressures contribute to a rise in bogus claims”³. Fraud is expected to become more prevalent during this period and councils may see an increase in false claims for discounts and benefits. The public will also be targeted. There have been reports of scam telephone calls and text messages made to members of the public purporting to offer financial support (eg government support for energy bills) but are in fact attempts to use the current economic situation as a way to defraud people.
- 4 The Public Sector Fraud Authority (PSFA) was launched in August 2022. The organisation seeks to modernise the government’s counter fraud response. The PSFA has a target to deliver benefits of £180 million in its first 12 months. It will agree counter fraud plans with, and provide support to, central government departments and other public bodies to help combat fraud. The PSFA will focus on ministerial bodies but will share best practice and standards with local government⁴. The PSFA is currently seeking input from councils on how they can support local government counter fraud functions.
- 5 Covid-19 payments to businesses and the public concluded this year. Councils across the country have been working with the Department for Business, Energy and Industrial Strategy (BEIS) to complete reconciliation and assurance exercises. BEIS estimates⁵ that fraud within the initial Covid-19 schemes (eg the Small Business Grant Fund and Retail Hospitality and Leisure Grant Fund) at the start of the pandemic was 8.4% of payments (£985m) nationally. Later schemes (eg the Additional Restriction Grant and Omicron Hospitality and Leisure Grant) lost 1% (83m) of payments due to fraud. Councils and central government are

¹ [Fraud and Error \(Ninth Report of Session 2021/22\)](#), Public Accounts Committee, June 2021, HM Government

² [Response to Government Cost of Living Statement](#), Institute for Fiscal Studies, May 2022

³ [Cost of Living Press Release](#), Zurich Insurance Group, July 2022

⁴ [Public Sector Fraud Authority Mandate](#), HM Government, September 2022

⁵ [Annual Report and Accounts 2021 to 2022](#), BEIS, October 2022

currently working together to recover money lost due to fraud through Covid-19 grant schemes.

- 6 Cybersecurity continues to be an area of focus for the public and private sectors as organisations rely more on online resources to deliver services and facilitate productivity (eg homeworking). In a recent report RSM UK expressed concern that when an organisation's infrastructure extends into the homes of staff that this presents an easier target for criminals. A survey that formed part of the report found the number of medium sized business owners reporting successful cyber attacks had increased by 35% compared to the previous year⁶.
- 7 The World Economic Forum's 2022 Global Risk Report states that 95% of cybersecurity issues stem from human error⁷. Luton Council was subject to a payment diversion fraud (also known as mandate fraud) perpetrated by organised criminals. A compromised user account was used to request a change of bank account, resulting in the diversion of a £1.1m payment. To date this has not been recovered. This crime highlights the importance of strong controls and regular messages to employees to raise awareness of fraud.



LOCAL PICTURE

- 8 Over the course of the pandemic the number of fraud referrals from members of staff and the public reduced and investigative resource was diverted to support the council in delivering Covid-19 grants. In 2022/23 the counter fraud team has focussed on re-engaging and delivering training to key council service areas. Levels of referrals are 21%⁸ higher in 2022/23 compared to 2020/21 and are only 12% lower than pre-pandemic levels in 2019/20. The largest area of referrals made to the team relate to council tax discounts (eg council tax support and single person discounts). Many of these referrals are not economic to investigate criminally as the loss to the council is very low. The counter fraud team will explore implementing new compliance processes this year to address referrals that don't meet the threshold for investigation. Intervening at an early stage could help prevent larger losses due to fraud and error occurring in the future.
- 9 Raising the awareness of officers to risks of fraud is essential to help to prevent fraud. Veritau continues to undertake fraud awareness training for council officers in services at higher risk of fraud as well as delivering wider fraud awareness information. The team has highlighted the whistleblowing policy, anti-money laundering and anti-bribery policies in campaigns this year. In addition, the dangers of cybercrime were raised as part of international cyber awareness month in October.
- 10 The 2020/21 National Fraud Initiative (NFI) exercise concluded this year. The counter fraud team and council staff reviewed 7,300 data matches which resulted in £91k of savings for the council of which £55k related to

⁶ [The Real Economy - Cyber Security report](#), RSM UK, April 2022

⁷ [Global Risks Report 2022](#), World Economic Forum, January 2022

⁸ Comparing number of referrals at 31/10/20 and 31/10/22

Covid-19 grant payments. The 2022/23 NFI exercise is now underway. Data has been securely sent to the Cabinet Office and the results of the matches are expected to be made available in February 2023.



COUNTER FRAUD FRAMEWORK

- 11 The council has a robust counter fraud framework which includes a counter fraud strategy and associated action plan, a counter fraud policy, a fraud risk assessment, and a number of related policies (eg whistleblowing). A review of the framework is conducted annually.
- 12 The Police, Crime, Sentencing and Courts Act 2022 will affect what sanctions can be offered by councils in the UK. Local Authorities, including City of York Council, have been able to offer simple cautions as an alternative to prosecution for some time. The new legislation replaces simple cautions with diversionary and community cautions. These cautions contain conditions (eg attendance at an alcohol misuse centre for alcohol related crimes) which if not adhered to may result in further prosecutions or fines. It is not currently clear if councils will be able to issue these new cautions; or if they can, how they will be able to enforce conditions attached to the cautions. The sections of the legislation relating to cautions have not yet been enacted. Representations are being made by local government counter fraud practitioners to central government for guidance. If the law is enacted as it currently stands then the council will lose its ability to issue cautions. This will require changes to be made to the Counter Fraud and Corruption Policy.
- 13 The counter fraud team reviews and updates the council's counter fraud and corruption strategy action plan on an annual basis. The plan sets out actions to maintain and develop counter fraud arrangements at the council. This year's update is contained in appendix A. It details progress made against last year's plan and introduces new priorities for the counter fraud team for 2023/24. New objectives this year include:
 - engaging with the newly formed Public Sector Fraud Authority
 - developing new whistleblowing e-learning packages to support the council's whistleblowing policy
 - exploring the implementation of compliance processes to address lower value fraud referrals
 - monitoring updates to the law surrounding cautions and updating the council's Counter Fraud and Corruption Policy as and when required.



FRAUD RISK ASSESSMENT

- 14 Veritau completes an annual Fraud Risk Assessment, designed to identify areas of fraud that present the greatest risk to the council. The risk assessment is informed by national and regional reports of fraud affecting local authorities, fraud reported to and investigated by the counter fraud team, and changes in process and the operating environment. The results of the assessment are used to:

- develop or strengthen existing fraud prevention and detection measures
 - revise the counter fraud policy framework
 - focus future counter fraud and audit work.
- 15 The format of the risk assessment has been updated this year to show both the inherent and residual risk from specified fraud threats. Inherent risk ratings show the risk to the council if no controls to prevent fraud were in place. The residual risk rating indicates the potential risk level after current controls are taken into account.
- 16 We have intentionally avoided defining 'high', 'medium', and 'low' risk. This is because the purpose of the assessment is to give an illustration of the relative risk of each area and to demonstrate how counter fraud and internal audit resource is prioritised accordingly to help the council combat fraud. However, in arriving at a high, medium or low assessment, we have – as would be expected of any reasonable risk assessment process – considered the potential value of losses due to fraud (impact) and the likelihood of the fraud taking place.
- 17 It is important to stress that this risk assessment has been carried out internally, within Veritau, based on our collective understanding of fraud risk in the sector and of the council's fraud risk controls. It should not be confused with the council's own risk assessment process which is carried out by officers and is set out in the council's Risk Management Policy and Strategy.
- 18 Specific priorities and actions to be taken by the counter fraud team and internal audit are also shown. Over the course of the next year the risk assessment will be further strengthened by seeking additional input from council officers and service managers. The updated risk assessment is contained in appendix B, below.

APPENDIX A: COUNTER FRAUD STRATEGY ACTION PLAN

Veritau are responsible for maintaining, reviewing, and strengthening counter fraud arrangements at the council. An annual review of priorities for developing counter fraud arrangements is undertaken. Actions to be taken over the next year (and actions completed since the last review) are set out below.

In addition to the specific areas set out in the table below, ongoing activity will continue in other areas that contribute to the council's arrangements for countering fraud, including:

- a rolling programme of fraud awareness training for officers based on priorities identified through the fraud risk assessment and any emerging issues
- regular reporting of counter fraud activity to Audit and Governance Committee
- local datamatching exercises to identify potential fraud in areas such as council tax, business rates, and housing.

New development activity:

Ref	Action Required	Target Date	Responsibility	Notes
1	<p>Introduce an improved fraud risk assessment showing inherent and residual risks.</p> <p>Undertake further consultation with service departments to refine assessments in individual areas and increase engagement.</p>	<p>January 2023</p> <p>December 2023</p>	Veritau	The annual fraud risk assessment (included in this report) has been updated to include inherent and residual risk ratings.

Ref	Action Required	Target Date	Responsibility	Notes
2	Engage with the Public Sector Fraud Authority (PSFA); identify recommended actions and implement as required.	March 2023	Veritau	The newly formed PSFA has reached out to local government counter fraud teams to discuss how it can provide support.
3	Explore implementing compliance processes to address low value referrals to the team.	September 2023	Veritau / relevant CYC departments	A new compliance process will be discussed with service areas, eg revenues and benefits teams.
4	Update the council's counter fraud and corruption policy as required.	January 2024	Veritau	Update the policy to bring in changes to caution regime as new legislation takes effect.
5	Develop new whistleblowing e-learning courses for staff and managers.	April 2024	Veritau	New e-learning training packages will be more focussed on the council's whistleblowing policy (as opposed to the current more generic package). The e-learning will provide specific training for managers to ensure that when whistleblowing concerns are raised they are acted on in an appropriate manner.

Completed activities:

Ref	Action Required	Responsibility	Update
1	Introduce a new Anti-Bribery Policy; undertake work to raise awareness of the policy.	Veritau	The council adopted a new anti-bribery policy in 2022. Awareness of the policy is now raised with staff annually as part of World Anti-Corruption Day.
2	Continue to work with council officers to ensure the council meets Government guidance on new Covid-19 grant payments as well as any checks relating to previously issued grants.	Veritau	Covid-19 related payments have now ceased. Veritau has helped the council meet post-assurance requirements from Government to date.
3	Trial the use of financial checks to enhance the robustness of social care financial assessments.	Veritau / Income Services	Financial assessment officers now regularly use financial checks as part of the social care assessment process.
4	Implementation of a new counter fraud system.	Veritau	A new case management system was adopted in April 2022. All referrals made to the team, case notes, and results are now recorded on the system.

Appendix B: Fraud Risk Assessment (January 2023)

Risk Area	Risk Description	Inherent Risk	Risk Controls	Residual Risk	Priorities for IA / CFT
Adult Social Care Fraud	<p>Losses can occur through deprivation or non-declaration of capital. For example, the transfer or disguise of property and assets in order to avoid paying for residential or domestic care provision. Fraud can also occur through the misuse of the Direct Payment scheme. For example, where money allocated to meet a customer's assessed needs are not used to procure appropriate services.</p> <p>In cases where fraud or error is identified, the average loss is £18k (based on the outcomes of investigations by the counter fraud team over the past six years). Losses in individual cases can be much higher, especially if they are not detected at an early stage.</p>	High	<p>Applications for care funding are carefully assessed to ensure that recipients meet the eligibility criteria and that any financial contribution for care by the customer is correctly calculated.</p> <p>Use of Direct Payments is monitored by council officers who check for possible false claims and overstated needs.</p> <p>The financial assessment team have access to credit checking to help identify undeclared assets.</p> <p>The residual risk of Adult Social Care fraud is still considered to be high. This is due to the scale of losses and the speed at which they can be accrued. It is also a reflection of the difficulty all councils have in detecting assets when people are determined to keep them hidden.</p>	High	<p>Veritau has established relationships with senior management and officers responsible for the provision of adult social care; concerns of fraud are regularly reported to the counter fraud team (CFT) for investigation. Internal audit (IA) periodically conducts audits in higher risk areas, eg Direct Payments.</p> <p>CFT continue to deliver a rolling programme of fraud awareness to staff with responsibilities for assessment and payments.</p> <p>Investigation of fraud in this area provides a deterrent to those considering committing it and can assist the council to recover losses through the court system.</p>

Risk Area	Risk Description	Inherent Risk	Risk Controls	Residual Risk	Priorities for IA / CFT
Creditor Fraud	<p>Fraud against creditor payment systems has increased in terms of volume and sophistication over the past three years. The mandatory publication of payment data makes councils particularly vulnerable to attack. Attacks are often the work of organised criminal groups who operate from abroad. Individual losses due to fraud can be extremely large (in excess of £1 million). The likelihood of recovery is low once a fraud has been successfully committed.</p> <p>The most common issue is mandate fraud (payment diversion fraud) where fraudsters impersonate legitimate suppliers and attempt to divert payments by requesting changes in bank details. Other types of fraud include whaling, where senior members of the council are targeted and impersonated in order to obtain fraudulent payments.</p>	High	<p>The council has strong controls in place to identify fraudulent attempts to divert payments from genuine suppliers and to validate any requests to change supplier details.</p> <p>Segregation of duties exist between the ordering, invoicing and payments processes.</p> <p>The residual risk of creditor fraud is still considered to be high due to potentially high levels of loss, the frequency of attacks on public organisations, and the council's reliance on staff working for both the council and its suppliers to follow processes. Human error is a factor in many successful mandate fraud attacks.</p>	High	<p>Veritau regularly provide support and advice to the Creditors Team relating to processes.</p> <p>IA regularly perform audits of the ordering and creditor payment processes, eg segregation of duties and controls to prevent mandate fraud. IA also undertake duplicate payment checks on a quarterly basis.</p> <p>CFT undertake fraud awareness training for payments staff. Increased awareness provides a greater chance to stop fraudulent attempts before losses occur.</p> <p>All instances of whaling fraud reported to CFT are reported to the relevant agencies, such as the National Cyber Security Centre, as well as directly to the email provider from which false emails originated.</p> <p>The counter fraud team share intelligence alerts relating to attempted fraud occurring</p>

Risk Area	Risk Description	Inherent Risk	Risk Controls	Residual Risk	Priorities for IA / CFT
	<p>In recent years there have been increased instances nationally and regionally of hackers gaining direct access to email accounts of suppliers and using these to attempt to commit mandate fraud. These attempts can be much more difficult to detect and prevent.</p> <p>Increased remote working has resulted in greater opportunities for fraudsters to impersonate budget holders or suppliers in electronic communications to divert funds.</p>				<p>nationally with relevant council officers to help prevent losses.</p> <p>As part of any investigation of attempted fraud in this area, the CFT will advise on improvements that will strengthen controls.</p>
Cybercrime	<p>Cybercrime is an evolving area where criminals are continually refining their techniques in order to overcome controls, to obtain unauthorised access and information, and to frustrate systems.</p> <p>Types of cybercrime experienced by local authorities include ransomware, phishing, whaling, hacking, and denial of service attacks. Attacks can lead</p>	High	<p>The council has a highly skilled ICT department which helps mitigate the threat of cybercrime. The ICT department reviews threat levels and controls (eg password requirements for staff) on a routine basis.</p> <p>The ICT department use filters to block communications from known fraudulent servers and they encourage staff to raise concerns about any</p>	High	<p>IA undertakes a risk assessment of key IT risks facing the council and routinely includes IT audits in the annual work programme.</p> <p>Raising awareness with staff can be crucial in helping to prevent successful cyberattacks. The CFT works with ICT to support activities on raising awareness. A campaign to mark cybersecurity awareness month is undertaken annually.</p>

Risk Area	Risk Description	Inherent Risk	Risk Controls	Residual Risk	Priorities for IA / CFT
	<p>to loss of funds or systems access/data which could impact service delivery to residents.</p> <p>There have been a number of high profile cyber-attacks on public and private sector organisations in recent years. Attacks stemming from the hacking of software or IT service providers have become more prevalent. These are known as supply chain attacks and are used by hackers to target the end users of the software created by the organisations targeted.</p>		<p>communications they do receive that may be part of an attempt to circumvent cybersecurity controls.</p> <p>Despite strong controls being in place, cybercrime remains a high residual risk for the council. Human error was found to be a factor in 82% of cyber breaches according to a recent study⁹. Council systems could be exposed by as yet unknown weaknesses in software. Suppliers of software or IT services could also be compromised which may allow criminals access to council systems believed to be secure.</p>		
Council Tax & Business Rates Frauds (discounts and exemptions)	Council Tax discount fraud is a common occurrence. CIFAS conducted a survey in 2022 in which 10% of UK adults said they knew someone who had recently committed single person discount fraud. In addition, 8% of people thought	High	The council employs a number of methods to help ensure only valid applications are accepted. This includes requiring relevant information be provided on application forms, and visits to properties are undertaken where needed, to verify information.	Medium	<p>CFT deliver periodic fraud awareness training to staff in revenues and customer services teams about frauds affecting Council Tax and Business Rates.</p> <p>IA routinely reviews the administration of Council Tax and</p>

⁹ [2022 Data Breach Investigations Report](#), Verizon

Risk Area	Risk Description	Inherent Risk	Risk Controls	Residual Risk	Priorities for IA / CFT
	<p>falsely claiming a single person discount was a reasonable thing to do. Individual cases of fraud in this area are of relatively low value but cumulatively can represent a large loss to the council.</p> <p>Business Rates fraud can also involve falsely claiming discounts that a business is not entitled to, eg small business rate relief. Business Rate fraud is less prevalent than Council Tax fraud but can lead to higher losses in individual cases.</p>	High	<p>Messages appear on annual bills issued by the council reminding residents and businesses to update their circumstances when necessary.</p> <p>The council routinely takes part in the National Fraud Initiative, and periodically undertakes reviews of single person discounts with companies who undertake data matching exercises.</p>		<p>Business Rates as one of the council's key financial systems.</p> <p>CFT provide a deterrent to fraud in this area through the investigation of potential fraud which can, in serious cases, lead to prosecution.</p>
Council Tax Support Fraud	<p>Council Tax Support (CTS) is a council funded reduction in liability for Council Tax. It is resourced through council funds. Fraud and error in this area is of relatively low value on a case-by-case basis but cumulatively fraud in this area could amount to a substantial loss.</p> <p>CTS fraud can involve applicants failing to declare their total</p>	High	<p>The council undertakes eligibility checks on those who apply for support.</p> <p>The DWP use data from HMRC on claimants' incomes which is then passed through to council systems. This mitigates the risk of claimant's not updating the council with income details.</p> <p>There are established lines of communication with the DWP</p>	Medium	<p>CFT routinely raise awareness of fraud with teams involved in processing claims for CTS.</p> <p>CFT provide a deterrent to fraud in this area through the investigation of potential fraud which can, in serious cases, lead to prosecution.</p> <p>Concerns of fraud are routinely reported to CFT by the public and members of staff. If fraud cannot</p>

Risk Area	Risk Description	Inherent Risk	Risk Controls	Residual Risk	Priorities for IA / CFT
	<p>assets or income. Those receiving support are also required to notify relevant authorities when they have a change in circumstances that may affect their entitlement to support.</p> <p>Most CTS claims are linked to state benefits (eg Universal Credit) which are administered by the Department for Work and Pensions (DWP). The council has limited influence on DWP decision making which makes it harder to address fraud in this area.</p>		<p>where claims for support are linked to externally funded benefits.</p> <p>The council reports suspected fraud to the DWP but this does not always give the council control over resolving false claims for CTS.</p>		<p>be addressed by the council directly it is reported to the DWP.</p> <p>CFT engage with the DWP at a senior level to foster joint working wherever possible.</p>
Housing related Fraud	<p>Council properties represent a significant asset to the council. Housing fraud can deprive the council of these assets through false applications for Right to Buy. Tenants who sublet or falsely obtain council properties remove a property from a person or family in true need of housing and can negatively affect the council financially if people are in temporary</p>	High	<p>The council has strong controls in place to prevent false applications for housing.</p> <p>The housing department engages with tenants regularly to ensure properties are not being misused. They also conduct identification and money laundering checks on applications for Right to Buy.</p>	Medium	<p>CFT provide a deterrent to fraud in this area through the investigation of any suspected subletting of council properties using powers under the Prevention of Social Housing Fraud Act. Offenders face criminal prosecution and repossession of their council properties.</p> <p>CFT undertake verification exercises on Right to Buy</p>

Risk Area	Risk Description	Inherent Risk	Risk Controls	Residual Risk	Priorities for IA / CFT
	accommodation and are waiting for a suitable property to become available.				applications that are likely to proceed.
Procurement Fraud	<p>Procurement fraud, by its nature, is difficult to detect but can result in large scale loss of public funds over long periods of time. The Competition and Markets Authority (CMA) estimates that having a cartel within a supply chain can raise prices by 30% or more.</p> <p>In 2020 CIPFA reported losses of £1.5m for local authorities, due to procurement fraud. It found that 8% of fraud detected in this area involved 'insider fraud'.</p>	High	<p>The council has established Contract Procedure Rules. The rules are reviewed regularly and ensure the requirement for a competitive process (where required) through an e-tender system. A team of procurement professionals provide guidance and advice to ensure procurement processes are carried out correctly. The team also has a dedicated procurement compliance officer who proactively looks for potential issues in this area.</p> <p>A tendering and evaluation framework is in operation to help prevent fraud. It also sets out the requirements for declarations of interest to be made.</p>	Medium	<p>Continued vigilance by relevant staff is key to identifying and tackling procurement fraud. CFT provide training to raise awareness of fraud risks and investigate any suspicions of fraud referred.</p> <p>CFT and IA monitor guidance on fraud detection issued by the Competition and Markets Authority and other relevant bodies.</p> <p>IA regularly undertake procurement themed audits which help to ensure processes are effective and being followed correctly.</p>

Risk Area	Risk Description	Inherent Risk	Risk Controls	Residual Risk	Priorities for IA / CFT
Internal Fraud	<p>Fraud committed by employees is a risk to all organisations. Internal fraud within the council occurs infrequently and usually results in low levels of loss. However, if fraud or corruption occurred at a senior level there is the potential for a greater level of financial loss and reputational damage to the council.</p> <p>There are a range of potential employee frauds including theft, corruption, falsifying timesheets and expense claims, abusing flexitime or annual leave systems, undertaking alternative work while sick, or working for a third party on council time. Some staff have access to equipment and material that may be misused for private purposes.</p> <p>Payroll related fraud can involve the setting up of 'ghost' employees in order to divert salary payments to others.</p>	Medium	<p>In the past two years the council has introduced new whistleblowing and anti-bribery policies. Campaigns are held annually to promote the policies and to remind staff how to report any concerns.</p> <p>The council has checks and balances in place to prevent individual members of staff being able to circumvent financial controls, eg segregation of duties.</p> <p>Controls are also in place surrounding flexitime, annual leave and sickness absence.</p>	Medium	<p>Veritau regularly liaises with senior management on internal fraud issues. Instance of internal fraud are analysed by both IA and CFT to determine if control weaknesses exist and can be addressed.</p> <p>CFT provide training to HR officers on internal fraud issues. It also provides training to all staff on whistleblowing and how to report concerns.</p> <p>CFT investigates any suspicions of fraud or corruption. Serious cases of fraud will be reported to the police. CFT supports any disciplinary action taken by the council relating to internal fraud issues.</p> <p>IA undertake work to ensure that appropriate checks and balances are in place to help prevent and detect internal fraud and corruption.</p>

Risk Area	Risk Description	Inherent Risk	Risk Controls	Residual Risk	Priorities for IA / CFT
Recruitment Fraud	Recruitment fraud can affect all organisations. Applicants can provide false or misleading information in order to gain employment such as bogus employment history and qualifications or providing false identification documents to demonstrate the right to work in the UK. There is particular danger for the council if recruitment fraud leads to the wrong people occupying positions of trust and responsibility.	Medium	<p>The council has controls in place to mitigate the risk of fraud in this area. DBS checks are undertaken where necessary.</p> <p>Additional checks are made on applications for roles involving children and vulnerable adults.</p> <p>References are taken from previous employers and there are processes to ensure qualifications provided are genuine.</p>	Medium	Where there is a suspicion that someone has provided false information to gain employment, CFT will be consulted on possible criminal action in tandem with any disciplinary action that may be taken.
Treasury Management	Treasury Management involves the management and safeguarding of the council's cash flow, its banking, and money market and capital market transactions. The impact of fraud in this area could be significant.	High	<p>Treasury Management systems are subject to a range of internal controls, legislation, and codes of practice which protect council funds.</p> <p>The council can only invest with approved institutions on the Approved Lending List which reviewed annually.</p> <p>The council employees third party consultancy firms to provide</p>	Low	IA conduct periodic work in this area to ensure controls are strong and fit for purpose.

Risk Area	Risk Description	Inherent Risk	Risk Controls	Residual Risk	Priorities for IA / CFT
			<p>specialist treasury and market advice.</p> <p>Only pre-approved members of staff can undertake transactions in this area and they work within pre-set limits.</p>		
Fraudulent Insurance Claims	The council may receive exaggerated or fabricated insurance claims. If false claims continued unchecked this would negatively effect the council in terms of the annual premiums it pays.	Medium	While insurance fraud is common, the burden of risk is currently shouldered by the council's insurers who have established fraud investigation systems.	Low	N/A
Theft of Assets	The theft of assets can cause financial loss and reputational damage. It can also negatively impact on employee morale and disrupt the delivery of services. The council owns a large amount of portable, desirable physical assets such as IT equipment, vehicles and tools that are at higher risk of theft.	Medium	<p>Specific registers of physical assets (eg capital items, property, and ICT equipment) are maintained.</p> <p>The council operates CCTV systems covering key premises and locations where high value items are stored.</p> <p>Entrance to council buildings are regulated and controlled via different access methods.</p>	Low	Thefts are reported to Veritau and the police. Instances of theft are investigated by CFT where appropriate.

Risk Area	Risk Description	Inherent Risk	Risk Controls	Residual Risk	Priorities for IA / CFT
			The council's whistleblowing arrangements provide an outlet for reporting concerns of theft.		
Blue Badge & Parking Fraud	<p>Blue Badge fraud carries low financial risk to the authority but can affect the quality of life for disabled residents and visitors. There is a risk of reputational damage to the council if abuse of this scheme is not addressed.</p> <p>Other low level parking fraud is relatively common. For example, misuse of residential permits to avoid commercial parking charges.</p>	Low	<p>Measures are in place to control the issue of blue badges, to ensure that only eligible applicants receive badges. Checks are made to ensure that commercial businesses don't inappropriately access residential parking permits.</p> <p>The council participates in the National Fraud Initiative which flags badges issued to deceased users, and badge holders who have obtained a blue badge from more than one authority, enabling their recovery to prevent misuse.</p>	Low	<p>Periodic proactive days of action between CFT and the council's enforcement team are used to raise awareness and act as a deterrent to blue badge misuse.</p> <p>CFT and Parking Enforcement work closely together to identify, deter and investigate parking fraud. Warnings are regularly issued to people who misuse parking permits and blue badges. Serious cases are considered for prosecution.</p>

This page is intentionally left blank



Agenda Item

Audit and Governance Committee**18 January 2023**

Report of the Chief Finance Officer

Scrutiny of the Treasury Management Strategy Statement and Prudential Indicators for 2023/24 to 2027/28**Summary**

1. This report is a statutory requirement setting the strategy for treasury management and specific treasury management indicators for the financial year 2023/24. The strategy is set against a context of projected interest rates and the Council's capital expenditure programme and leaves investment criteria and limits largely unchanged.
2. The Council has significant investments and borrowing which bring with them financial risk including the loss of invested funds and the revenue impact of changes in interest rates. It therefore requires an overall strategy as well as practices and procedures to identify, monitor and control the risks.

Background

3. The Treasury Management Strategy Statement and Prudential Indicators 2023/24 to 2027/28 are attached at annex A and cover the:
 - Integrated treasury management strategy statement including the annual investment strategy and the minimum revenue provision policy statement;
 - Prudential indicators
 - Revised treasury management policy statement
 - Specified and non-specified investments schedule
 - Treasury management scheme of delegation and role of the section 151 officer
4. On 20th December 2021 CIPFA published the revised Treasury Management Code and Prudential Code with changes which come into effect for and are formally adopted within the 2023/24 Treasury Management Strategy Statement (TMSS). The Council has to have regard to these codes of practice when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy, and also related reports during the financial year, which are taken to Full Council for approval. As part of the updated code the Council is required to ensure that it has appropriate risk, investment,

governance and reporting processes in place. Further details are included in the attached report.

Consultation

5. Treasury management strategy and activity is influenced by the capital investment and revenue spending decisions made by the Council. The budgets have been through a process of consultation, details of which were outlined in the budget report considered at the Executive Member for Finance and Major Projects Decision Session on the 12th January 2023.

Options

6. It is a statutory requirement for the council to operate in accordance with the CIPFA Prudential Code.

Council Plan

7. The treasury management strategy statement and prudential indicators are aimed at ensuring the council maximises its return on investments and minimises the cost of its debts whilst operating in a financial environment that safeguards the council's funds. This will allow more resources to be freed up to invest in the council's priorities, values and imperatives as set out in the Council Plan.

Implications

Financial

8. The revenue implications of the treasury strategy are set out in the budget report considered by the Executive Member for Finance and Major Projects Decision Session on the 12th of January 2023.

Legal Implications

9. Treasury Management activities have to conform to the Local Government Act 2003 and statutory guidance issued under that Act, the Local Authorities (Capital; Finance and Accounting) (England) Regulations 2003 (SI 2003/3146), which specifies that the Council is required to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice and also the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414), which clarifies the requirements of the Minimum Revenue Provision guidance.

Other Implications

10. There are no HR, Equalities, crime and disorder, information technology or other implications as a result of this report

Risk Management

11. The treasury management function is a high-risk area because of the volume and level of large money transactions. As a result of this the Local Government Act 2003 (as amended), supporting regulations, the CIPFA Prudential Code and the CIPFA Treasury Management in the Public Services Code of Practice (the code) are all adhered to as required.

Recommendation

12. Audit and Governance Committee are asked to:

- a. note the treasury management strategy statement and prudential indicators for 2023/24 to 2027/28 at annex A.

Reason: So that those responsible for scrutiny and governance arrangements are properly updated and able to fulfil their responsibilities in scrutinising the strategy and policy.

Contact Details

Author

Debbie Mitchell
Chief Finance Officer

Chief Officer responsible for the report

Debbie Mitchell
Chief Finance Officer

Tony Clark
Senior Accounting
Technician

Wards affected

Report approved 6th January 2023
All

Annexes

Annex A – Treasury Management Strategy Statement and Prudential Indicators for 2023/24 to 2027/28

This page is intentionally left blank

Executive**9 February 2023**

Report of the Chief Finance Officer

Treasury Management Strategy Statement and Prudential Indicators for 2023/24 to 2027/28**Report Summary**

1. The purpose of this report is to seek the recommendation of Executive to Full Council for the approval of the treasury management strategy and prudential indicators for the 2023/24 financial year.

Recommendations

2. Executive are asked to recommend that Council approve:
 - The proposed treasury management strategy for 2023/24 including the annual investment strategy and the minimum revenue provision policy statement;
 - The prudential indicators for 2023/24 to 2027/28 in the main body of the report;
 - The specified and non-specified investments schedule (annex B)
 - The scheme of delegation and the role of the Section 151 officer (annex D)

Reason: To enable the continued effective operation of the treasury management function and ensure that all Council borrowing is prudent, affordable and sustainable.

Background

3. On 20th December 2021 CIPFA published the revised Treasury Management Code and Prudential Code with changes which come into effect for, and are formally adopted within the 2023/24 Treasury Management Strategy Statement (TMSS). The Council has to have regard to these codes of practice when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy, as well as the related reports during the financial year, which are taken to full Council for approval. As part of the updated code the Council is required to ensure that it has appropriate risk, investment, governance and reporting processes in place.

1. A new debt liability benchmark treasury indicator to support the financing risk management of the capital financing requirement (CFR) is introduced, and is included in this report.
 2. There is a renewed emphasis that increases in CFR and borrowing should only be undertaken where related to the functions of the Council; any returns related to the financial viability of an asset or scheme should be incidental to the primary purpose.
 3. Capital and investments plans should be affordable and proportionate with all borrowing and other long-term liabilities within prudent and sustainable levels.
 4. All Treasury Management decisions should be made in accordance with good professional practice and the Council should have access to the appropriate level of expertise across all areas of investments and capital expenditure in order to make properly informed decisions.
-
4. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. The first function of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
 5. The second main function of the treasury management service is funding of the Council's capital programme. The capital programme provides a guide to the borrowing need of the Council, essentially the longer term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
 6. The contribution the treasury management function makes to the Council is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.
 7. Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury

activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

8. CIPFA (Chartered Institute of Public Finance and Accountancy) defines treasury management as:

“The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. ”

Reporting requirements – Capital Strategy

9. The CIPFA revised 2021 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report, which will provide the following:
- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
 - an overview of how the associated risk is managed
 - the implications for future financial sustainability
10. The aim of this capital strategy is to ensure that all elected members on the full Council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.
11. This capital strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The capital strategy will show:
- The corporate governance arrangements for these types of activities;
 - Any service objectives relating to the investments;
 - The debt related to the activity and the associated interest costs;
 - The payback period (MRP policy);
 - The risks associated with each activity.
12. Where a physical asset is being bought, details of market research, advisers used, ongoing costs and investment requirements will be disclosed, including the ability to sell the asset and realise the investment cash.

13. Where the Council has borrowed to fund any non-treasury investment, there should also be an explanation of why borrowing was required and why the DLUHC Investment Guidance and CIPFA Prudential Code have not been adhered to.
14. If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the capital strategy.

Reporting requirements – Treasury Management

15. The Council is currently required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. The three reports are:
 - **Treasury management strategy statement and prudential indicators report** (this report) – which covers the capital plans including prudential indicators, the minimum revenue provision policy, the treasury management strategy and the annual investment strategy;
 - **Mid year treasury management report** – updates members as to whether the treasury activities are meeting the strategy, whether any policies require revision, amending prudential indicators if necessary;
 - **Annual treasury report** – updates on treasury activity/ operations for the year and compares actual prudential indicators with estimates in the strategy.
16. These reports are required to be scrutinised before being recommended to the Council. This scrutiny role is undertaken by Audit & Governance Committee.
17. The 2021 Prudential Code and Treasury Management Codes introduce a new requirement that monitoring of the treasury management and prudential indicators should be reported quarterly as part of the Council's general revenue and capital monitoring. While it is not a requirement for these quarterly prudential indicators to be reported to full Council they will be reported to the Audit and Governance Committee.
18. The CIPFA code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. The training needs of treasury management officers is also periodically reviewed.

Treasury management strategy for 2023/24

19. The treasury management strategy for 2023/24 covers two main areas:

Capital issues

- the capital programme and prudential indicators;
- minimum revenue provision (MRP) policy.

Treasury management issues

- prudential indicators which will limit the treasury management risk and activities of the Council;
- the current treasury position;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- creditworthiness policy;
- investment strategy;
- policy on use of external service providers;
- scheme of delegation and the role of the S151 officer

20. These elements cover the statutory and regulatory requirements of the Local Government Act 2003, the CIPFA Prudential Code and the CIPFA Treasury Management Code, the Department of Levelling Up, Housing and Communities (DLUHC) Minimum Revenue Provision (MRP) Guidance, and the DLUHC Investment Guidance.

Treasury management consultants

21. The Council uses the Link Group, Treasury solutions as its external treasury management advisors.

22. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

23. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

The capital prudential indicators 2023/24 – 2027/28

24. The Council's capital expenditure plans are the key driver of treasury management activity and are the subject of a separate report on this agenda. The output of the capital programme is reflected in the capital prudential indicators, which are designed to assist member's overview of the Council's capital programme to ensure that the capital expenditure plans are affordable, sustainable and prudent.

25. The capital prudential indicators along with the treasury management prudential indicators are included throughout the report:

- PI 1: Capital expenditure
- PI 2: Capital financing requirement
- PI 3: Liability Benchmark
- PI 4: Ratio of financing cost to net revenue stream
- PI 5: External debt
- PI 6a: Authorised limit for external debt
- PI 6b: Operational boundary for external debt
- PI 7: Maturity structure of debt
- PI 8: Funds invested >364 days

26. **Prudential indicator 1 - capital expenditure.** This prudential Indicator is a summary of the Council's capital expenditure plans forming part of this budget cycle. Detailed information on the individual schemes is provided in the capital monitor 3 and capital strategy report.

Capital Expenditure	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
General Fund (Non HRA)	85.8	181.9	66.5	24.9	23.2	23.7
Housing Revenue Account (HRA)	41.6	52.8	38.2	32.8	24.6	12.1
Sub Total	127.4	234.7	104.7	57.7	47.8	35.8
Other Long Term Liabilities	0.0	0.0	3.4	0.5	0.5	0.5
Total	127.4	234.7	108.1	58.2	48.3	36.3

Table 1: Capital expenditure

27. Table 1 details the capital expenditure of the Council, based on the capital programme strategy report, including other long term liabilities, such as PFI and leasing arrangements which already include borrowing instruments. There are no new PFI schemes forecast to be entered into in 2023/24. On the 8th April 2022 the Financial Reporting Advisory Board approved

CIPFA's deferral of the IFRS 16 standard until 1st April 2024 (which will form part of the 2024/25 Code). This means that for existing leases which were previously off balance sheet, these will be brought onto the balance sheet at 1st April 2024. The Prudential Indicators for Capital Financing Requirement and External debt make an estimate within Other long-term liabilities for this increase, as do the Authorised Limit and Operational Boundary.

28. Further details on this capital expenditure, and how it is funded, are included within the Capital Programme report elsewhere on this agenda.
29. **Prudential indicator 2 - the capital financing requirement (CFR) (Council's borrowing need).** The second prudential indicator is the Council's capital financing requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.
30. The CFR does not increase indefinitely, because the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.
31. The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases currently, and leases on balance sheet from 1st April 2024 under IFRS 16). Whilst these increase the CFR, and therefore the Council's overall borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. As set out in paragraph 49 table 5 the projected level of debt is significantly below the CFR over the 5 year period.
32. Table 2 below, shows the capital financing requirement, including other long term liabilities:

Capital Financing Requirement	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
General Fund (Non HRA)	305.4	392.8	405.5	408.8	413.8	421.5
Housing Revenue Account (HRA)	146.4	146.4	149.8	153.4	153.4	153.4
Other Long Term Liabilities*	42.8	41.7	44.1	42.9	41.7	40.6
Total CFR	494.6	580.9	599.4	605.1	608.9	615.5

*Other Long Term is for PFI/PPP & Leases

Table 2: Capital financing requirement (CFR)

Minimum revenue provision (MRP) policy statement

33. In accordance with the Local Government Act 2003 the Council is required to pay off an element of the accumulated general fund capital expenditure each year (the CFR) through a revenue charge (the minimum revenue provision - MRP) as well as being allowed to undertake additional voluntary payments (voluntary revenue provision - VRP) should the Council wish to do so.
34. The Council is required to determine a level of MRP it considers to be prudent, whilst having regard to the current MRP Guidance issued in 2018. The overriding requirement of the Guidance is to set a prudent provision which ensures that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.
35. DLUHC regulations require full Council to approve an MRP statement in advance of each year. The Policy may be revised during the year by full Council or the appropriate body of Members where required.
36. The regulations allow the Council to review its policy every year and set a policy that it considers prudent at that time. The impact of a revised MRP policy will be kept under regular review in order to ensure that the annual provision is prudent.
37. Full Council is recommended to approve the following MRP statement for the 2023/24 financial year:
 1. For supported borrowing MRP will be calculated using an Asset Life annuity basis on the remaining average life of the overall asset base.
 2. For all unsupported borrowing MRP will be calculated using an Asset Life annuity basis. Estimated asset life periods will be determined under delegated powers.
 3. MRP in respect of PFI contracts will be calculated by the amount that writes down the balance sheet liability unless the asset life is considerably longer than the PFI contract, where MRP will be calculated on an asset life basis.
 4. MRP in respect of finance leases will equal the repayment amount for the year.

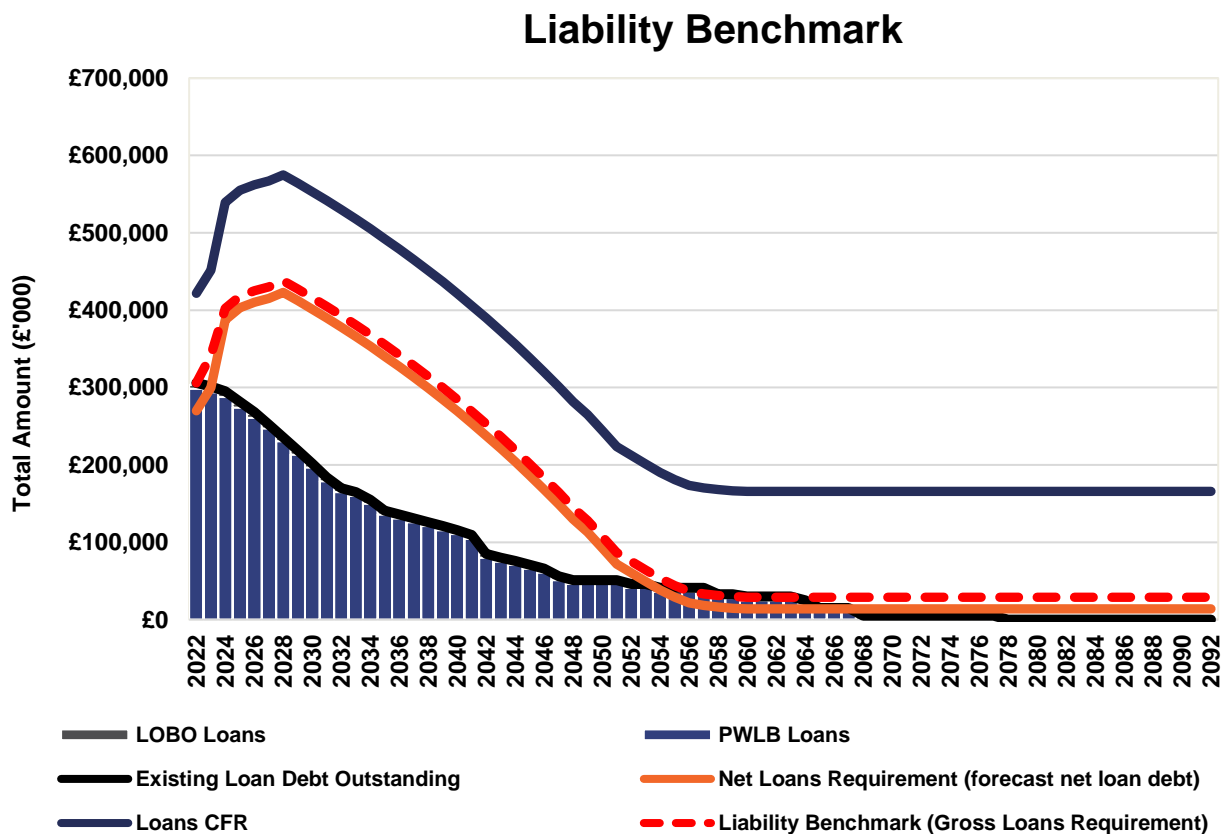
5. There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).
6. The DLUHC MRP Guidance allows any charges made in excess of the statutory MRP, i.e. voluntary revenue provision (VRP) or overpayments, to be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. To date, cumulative VRP overpayments are £0m. In 2022/23 so far, no VRP has been made and none is expected to be made. No VRP is planned for 2023/24. However, VRP will be kept under review, and should it be deemed prudent to make any VRP this will be the decision of the S.151 Officer and reported to Executive and Audit & Governance Committee at the next available opportunity.
7. MRP will generally commence in the financial year following the one in which the expenditure was incurred. However, for long life assets, the authority will postpone the commencement of MRP until the financial year following the one in which the asset becomes operational
8. The Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

38. Prudential indicator 3 - Liability Benchmark. A third and new prudential indicator for 2023/24 is the Liability Benchmark. The Liability Benchmark, based on current capital plans and cash flow assumptions, therefore gives the Council an indication of how much it needs to borrow, when it is likely to need to borrow, and where to match maturities to its planned borrowing needs. The liability benchmark makes no assumption about the level of future prudential borrowing in unknown capital budgets. There are four components that make up the Liability Benchmark:

1. Existing loan debt outstanding: the Councils existing loans that are still outstanding in future years.
2. CFR: as per Prudential indicator 2, this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.

3. Net loans requirement: this will show the Councils gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. Liability benchmark (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.

39. The purpose of this prudential indicator is to compare the authority's existing loans outstanding against its future need for loan debt; the liability benchmark (the red dotted line). If the loans outstanding are below the liability benchmark (the red dotted line), the existing debt outstanding is less than the loan debt required, and the authority will need to borrow in the future to meet the shortfall. If the loans outstanding are above the liability benchmark (the red dotted line), the authority will have more debt than it needs based on current plans and the excess will have to be invested.



Graph 1: Liability Benchmark

40. As can be seen from the Council's liability benchmark graph, the loans outstanding, CFR, liability benchmark and net loans requirement broadly follow the same trend lines. Based on the CFR position and loans outstanding at 31st March 2022 we see the Council's current under borrowed position. In the next 5 years the CFR increases in line with

prudential borrowing expectations to fund increases to the capital programme before gradually starting to decrease. The liability benchmark and net loans requirement also increase to indicate the additional borrowing need before gradually starting to decrease. Existing loans start to decrease as maturities occur and loans are paid back. Taking into account the current under borrowed position and with no assumptions on future borrowing requirements beyond the current capital programme, the gap between the CFR and loans outstanding remain broadly similar over the term indicated on the liability benchmark graph. When taking into account the liability benchmark and net loans requirement this gives an indication of how much future loan debt may need be taken and on what maturity term to assist with long term planning and reduce risk. Actual future debt taken may not exactly follow the liability benchmark as this is only a guide at a specific point in time, and one of several considerations when drawing down long term debt, to be determined by the S.151 Officer.

Affordability prudential indicators

41. The prudential indicators mentioned so far in the report cover the overall capital programme and the control of borrowing through the capital financing requirement (CFR), but within this framework prudential indicators are required to assess the affordability of capital investment plans. These provide an indication of the impact of the capital programme investment plans on the Council's overall finances.

42. **Prudential indicator 4 - ratio of financing costs to net revenue stream.** This indicator identifies the trend in the cost of capital (borrowing net of investment income and excluding other long term liabilities) and compares it to the Council's net revenue stream.

Financing Costs	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %	2025/26 Estimate %	2026/27 Estimate %	2027/28 Estimate %
General Fund (Non HRA)	8.51	13.29	14.14	14.43	14.85	14.54
Housing Revenue Account (HRA)	11.42	10.94	10.69	10.55	10.41	10.27
Total	9.07	12.85	13.51	13.73	14.07	13.80

Table 3: Ratio of financing costs to net revenue stream

43. The estimates of financing costs include current commitments and the proposals in the capital budget report considered elsewhere on this agenda.
44. The capital prudential indicators set out above ensure that the Council's capital expenditure plans are affordable, sustainable and prudent. The treasury management function ensures that cash is available to meet the Council's requirements in accordance with the Local Government Act 2003 and relevant professional codes.
45. The treasury management function involves both the forecasting of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the prudential / treasury indicators, the current and projected debt positions and the annual investment strategy.

Current portfolio position

46. The Council's treasury portfolio position at 31st December 2021 is detailed below in table 4:

Institution Type	Principal	Average Rate
<u>Public Works Loan Board</u> PWLB (61) – Money borrowed from the Debt Management Office (Treasury Agency)	£295.6m	3.21%
<u>Market Loans</u> LOBO Loans (1) – Lender Option Borrower Option	£5.0m	3.88%
<u>West Yorkshire Combined Authority</u> WYCA (4) – Zero interest loans the purpose of which are to help to fund York Central infrastructure projects	£2.4m	0.00%
Total Gross Borrowing (GF & HRA)	£303.0m	3.21%
Total Investments	£41.8m	1.69%

Table 4: Current position at 31st December 2022

47. The Council had £303.0m of fixed interest rate debt, of which £146.4m was HRA and £156.6m general fund. The cash balance available for investment was £41.8m. Over the long term as the capital programme progresses the level of cash available for investment is gradually

decreasing as expected as the Council is using previously held balances to fund the programme. The level of cash balances available is largely dependent on the timing of the Council's cash flow as a result of precept payments, receipt of grants, receipt of developers contributions, borrowing for capital purposes, payments to its suppliers of goods and services and spend progress on the Capital Programme. Cash held compared with this time last year has increased slightly due to the timing of these cash flows and the cash balances are therefore only available on a temporary basis.

48. Within the prudential indicators, there are a number of key indicators to ensure that the Council operates its activities within well-defined limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. One of these is that the Council needs to ensure that its total gross debt does not, except in the short term, exceed the total of the capital financing requirement (CFR) in the preceding year plus the estimates of any additional CFR for 2023/24 and the following two financial years. This allows the flexibility to borrow in advance of need but ensures that borrowing is not undertaken for revenue purposes.
49. **Prudential indicator 5 – external debt** Table 5 shows that the estimated gross debt position of the Council does not exceed the underlying capital borrowing need. The Chief Finance Officer (S.151 Officer) confirms that the Council complies with this prudential indicator and does not envisage difficulties for the future.

	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Gross projected debt*	379.7	472.5	499.2	514.0	527.4	544.1
Total CFR	494.6	580.9	599.4	605.1	608.9	615.5
Under/(over) borrowed	Under	Under	Under	Under	Under	Under

*Gross projected debt includes Other Long Term Liabilities such as PFI/PPP & Leases

Table 5: External debt< capital financing requirement

50. Table 5 shows a gap between actual and estimated borrowing and the CFR (driven by the use of internal funds to finance capital expenditure). The decision as to whether to continue to do this will take into account current assumptions on borrowing rates and levels of internal reserves and balances held by the Council. The figures above show a decrease in the gap between CFR and external debt as borrowing is taken to support capital expenditure, however this will be determined by the S.151 officer and the figure above is a current broad assumption. Actual borrowing

will be determined by the circumstances that prevail at the time on borrowing rates and levels of cash balances.

Prudential indicators: limits on authority to borrow

51. Prudential indicator 6A – authorised borrowing limit - It is a statutory duty under Section 3 (1) of the Local Government Act 2003 and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. This amount is termed the “authorised borrowing limit” and represents a control on the maximum level of debt. This is a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt, which, while not desired, could be afforded in a short term period of 12 months, but is not sustainable in the longer term.

Authorised Limit	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Gross projected debt	379.7	472.5	499.2	514.0	527.4	544.1
Total CFR	494.6	580.9	599.4	605.1	608.9	615.5
Operational Boundary	525.0	590.9	609.4	615.1	618.9	625.5
Other long term liabilities	30.0	30.0	30.0	30.0	30.00	30.00
Total	555.0	620.9	639.4	645.1	648.9	655.5
	(£555.0m set at 2022/23 Strategy)	(Based on current CFR projection)	(Based on current CFR projection)	(Based on current CFR projection)	(Based on current CFR projection)	(Based on current CFR projection)

Table 6: Authorised borrowing limit

52. Prudential indicator 6B – operational boundary. In addition to the “authorised borrowing limit”, the operational boundary is the maximum level of debt allowed for on an ongoing operational purpose. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Operational boundary	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Gross projected debt	379.7	472.5	499.2	514.0	527.4	544.1
Total CFR	494.6	580.9	599.4	605.1	608.9	615.5
Short term liquidity	30.4	10.0	10.0	10.0	10.0	10.0
Total	525.0	590.9	609.4	615.1	618.9	625.5
	(£525.0m set at 2022/23 Strategy)	(Based on current CFR projection)	(Based on current CFR projection)	(Based on current CFR projection)	(Based on current CFR projection)	(Based on current CFR projection)

Table 7: Operational boundary

Prospects for interest rates

53. Current interest rates and the future direction of both long term and short term interest rates have a major influence on the overall treasury management strategy and affects both investment and borrowing decisions. To facilitate treasury management officers in making informed investment and borrowing decisions, the Council has appointed the Link Group as its treasury adviser. Part of their service is to assist the Council in formulating a view on interest rates. Table 9 below gives Link's central view. These are forecasts for certainty rates, gilt yields plus 80 bps. (See also Annex A):

	Bank rate %	PWLB borrowing rates % (including certainty rate adjustment)		
		5 year	25 year	50 year
Dec 2022	3.50	4.20	4.60	4.30
Mar 2023	4.25	4.20	4.60	4.30
Dec 2023	4.50	4.00	4.40	4.10
Mar 2024	4.00	3.90	4.20	3.90
Dec 2024	3.25	3.50	3.90	3.60
Mar 2025	3.00	3.40	3.70	3.50
Dec 2025	2.50	3.10	3.50	3.20

Table 8 – Link's interest rate forecast as at 19th December 2022

54. Market expectations remain for Bank Rate to peak at 4.5% by mid-2023, and the Chancellor's Budget will take place on 15 March 2023, accompanied by analysis from the Office for Budget Responsibility. The overall balance of risks to economic growth in the UK is to the downside and these downside risks for the UK gilt market and PWLB rates include labour and supply shortages, the impact of interest rates rises coming too quickly or going too far, trade flows and trade arrangements, and geopolitical risks.

Upside risks include interest rate rises coming too late or not going far enough leading to further inflationary pressures building, government policy on the public finances, a weaker pound, and impacts of US treasury policy. As there are many variables at this time, caution must be exercised in respect of all interest rate forecasts.

Investment and borrowing rates

55. Investment returns have improved in 2022/23 due to increases in the Bank of England Base Rate and with further increases expected in 2023/24 this trend should continue. However, this is dependent on the level of cash held for investment purposes, cash backed reserves and cash flow requirements (see paragraphs 46 - 47). The policy of avoiding new borrowing by running down spare cash balances to fund the capital programme has served well over the last few years, and as such it may be that, as cash is kept in more liquid short term investments, returns are not as high as market averages.
56. In March 2020, the Government started a consultation process for reviewing PWLB borrowing terms for different types of local authority capital expenditure. Revised guidance was published in November 2020 and updated in May 2022. Capital spending committed to from 26th November 2020 has to comply with the revised borrowing terms which provides permissible categories of capital spending in line with the prudential system and denies access to borrowing from the PWLB for any local authority which has purchase of investment assets for yield in its three year capital programme.
57. Link's long-term (beyond 10 years) forecast for Bank Rate is 2.50%. Currently all PWLB certainty rates are now above this level. Where greater value can be obtained in borrowing for shorter maturity periods the Council will assess its risk appetite in conjunction with budgetary pressures to reduce total interest costs. Temporary borrowing rates, including inter authority borrowing, are likely to remain near Bank Rate and are another borrowing option whilst the market waits for inflation, and therein gilt yields, to drop back later in 2023. Longer-term borrowing could also be undertaken for the purpose of certainty, where that is desirable, or for flattening the profile of a heavily unbalanced maturity profile.
58. While the Council will not be able to avoid borrowing to finance new capital expenditure, to replace maturing debt and the rundown of reserves, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

Borrowing strategy

59. The borrowing strategy takes into account the borrowing requirement, the current economic and market environments and is also influenced by the interest rate forecast. The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This can be seen on the Liability Benchmark graph as shown by the gap between the loans outstanding and CFR (See paragraph 41 and graph 1 Liability Benchmark).
60. This strategy remains prudent as medium and longer dated borrowing rates are currently at elevated levels but expected to fall as inflation decreases from the effects of a tightening of near-term monetary policy as there are increases in Base Rate. Investment returns for short term liquid investments are still below borrowing rates and counterparty risk is still an issue that needs to be considered. Consideration will also be given to the maturity profile of the debt portfolio so the Council is not overly exposed to the concentration of debt being in any one year.
61. Against this background and the risks within the economic forecast, caution will be adopted with the treasury operations. The S.151 officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:
- If it was felt that there was a significant risk of a sharp fall in long and short term borrowing rates, then long term borrowing will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered in the interim period.
 - If it was felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn down whilst interest rates are lower than they are projected to be in the next few years.
62. The HRA strategy for borrowing will be the same as the borrowing strategy described above for the whole Council. The HRA Business Plan will guide and influence the overall HRA borrowing strategy.
63. All decisions will be reported to the appropriate decision making body (Executive and Audit & Governance Committee) at the next available opportunity.

Prudential Indicator 6 – Maturity of borrowing

64. Officers will monitor the balance between variable and fixed interest rates for borrowing and investments to ensure the Council is not exposed

to adverse fluctuations in fixed or variable interest rate movements. This is likely to reflect higher fixed interest rate borrowing if the borrowing need is high or fixed interest rates are likely to increase, or a higher variable rate exposure if fixed interest rates are expected to fall.

Conversely if shorter term interest rates are likely to fall, investments may be fixed earlier, or kept shorter if short term investment rates are expected to rise.

65. The balance between variable rate debt and variable rate investments will be monitored as part of the overall treasury function in the context of the overall financial instruments structure and any under or over borrowing positions. The Council does not currently have any variable rate debt.
66. The upper and lower limits for the maturity structure of fixed rate borrowing are set out below (with actual split for the current financial year included for comparison). This gross limit is set to reduce the Council's exposure to large fixed rate sums falling due for refinancing in a confined number of years.

Maturity structure of borrowing				
	Lower	Upper	2022/23 Debt (%)	2021/22 Debt (£)
Under 12 months	0%	30%	4%	£10.7m
12 months to 2 years	0%	30%	2%	£7.2m
2 years to 5 years	0%	40%	13%	£40.9m
5 years to 10 years	0%	40%	28%	£84.2m
10 years and above	30%	90%	53%	£160.0m
Total Borrowing			100%	£303.0m

Table 9: Maturity structure of borrowing at 31st December 2022

Policy on borrowing in advance of need

67. The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.
68. Borrowing in advance will be made within the constraints of the CIPFA Prudential Code that:
- It will be limited to no more than 50% of the expected increase in borrowing need (CFR) over the three year planning period; and
 - The authority would not look to borrow more than 36 months in advance of need

69. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

Debt rescheduling

70. Debt rescheduling of current Public Works Loan Board (PWLB) borrowing in our debt portfolio is unlikely to occur as there is still a very large difference between the premature repayment rates and new borrowing rates provided by the PWLB. When in a low interest rate environment this would mean the cost of prematurely repaying any PWLB loans would come with higher premium costs to exit any loans. Debt rescheduling opportunities will be monitored and debt rescheduling will be considered if market conditions mean the difference between premature redemption rates and new borrowing rates are such that it is prudent to do so.

71. If rescheduling was done, it will be reported to the Executive / Audit & Governance Committee at the earliest meeting following its action.

Municipal Bond Agency

72. The establishment of the UK Municipal Bonds Agency was led by the Local Government Association (LGA) following the 2010 Autumn Statement which resulted in higher PWLB rates, greatly increasing the cost of new borrowing and refinancing. The purpose of the Agency is to deliver cheaper capital finance to local authorities. It will do so via periodic bond issues and by facilitating greater inter-authority lending. The Agency is wholly owned by 56 local authorities and the LGA. The Council will make use of this source of borrowing as and when appropriate.

Other borrowing sources

73. Currently the PWLB Certainty Rate is set at gilts + 80 basis points for both HRA and non-HRA borrowing. However, consideration may still need to be given to sourcing funding from other sources such as Local Authorities, Banks and other Financial Institutions. Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

Annual investment strategy

Investment policy – management of risk

74. The Department of Levelling Up, Housing and Communities (DLUHC) and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).
75. The Council’s investment policy has regard to the following:
- DLUHC’s Guidance on Local Government Investments (“the Guidance”)
 - CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 (“the Code”)
 - CIPFA Treasury Management Guidance Notes 2021
76. The Council’s investment priorities will be security first, portfolio liquidity second and then yield (return), and finally Ethical, Social & Governance criteria using the FTSE4GOOD index, or any suitable alternative responsible investment index or information to be decided by the S.151 officer, to ensure that Ethical, Social and Governance issues are considered as a fourth criteria.
77. The above guidance from the DLUHC and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means:
- i. Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
 - ii. Other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.
 - iii. Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
 - iv. This Council has defined the list of types of investment instruments that the treasury management team are authorised to use. There are

two lists in Annex B under the categories of 'specified' and 'non-specified' investments.

- Specified investments are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity if originally they were classified as being non-specified investments solely due to the maturity period exceeding one year.
 - Non-specified investments are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.
- v. Lending limits, (amounts and maturity), for each counterparty will be set through applying the matrix tables in Annex B.
 - vi. Transaction limits are set for each type of investment (see Annex B).
 - vii. Investments will only be placed with counterparties from countries with a specified minimum sovereign rating, (see Annex C).
 - viii. This authority has engaged external consultants, (see paragraphs 21 to 23), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
 - ix. All investments will be denominated in sterling.
 - x. As a result of the change in accounting standards for 2022/23 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the Ministry of Housing, Communities and Local Government, (MHCLG), concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31.3.23).

78. However, this Council will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 89). Regular monitoring of investment performance will be carried out during the year. In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs, which may result in lower investment returns due to lower rates being offered for short term investments.

Creditworthiness policy

79. This Council applies the creditworthiness service provided by the Link Group. This service employs a sophisticated modeling approach with credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

80. This modelling approach combines credit ratings, credit watches, and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS (Credit Default Swap) spreads for which the end product is a series of colour code bands, which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Council to determine the duration for investments. The Council will therefore use counterparties within the following durational bands:

- Yellow 5 years*
- Dark pink 5 years (for Ultra-Short Dated Bond Funds with a credit score of 1.25)
- Light pink 5 years (for Ultra-Short Dated Bond Funds with a credit score of 1.5)
- Purple 2 years
- Blue 1 year (only applies to nationalised or part nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

**The yellow category is for UK Government debt or its equivalent (government backed securities), and money market funds.*

81. The Link creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue weighting to just one agency's ratings.

82. Typically the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of F1 and Long Term rating A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

83. All credit ratings are monitored on a daily basis. The Council is alerted to changes to ratings of all three agencies through its use of the Link Group creditworthiness service:
- If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
 - In addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a daily basis by Link. Extreme market movements may result in downgrade of an institution or removal from the Councils lending list.
84. Although sole reliance is not placed on the use of this external service, as the Council uses market data and market information, as well as information on external and government support for banks (and the credit ratings of that supporting government), the suitability of each counterparty is based heavily on advice from Link.
85. Whilst the Council has determined that it will not limit investments to UK banks, due care will be taken to consider the country, group and sector exposure of the Council's investments. The Council has determined that it will only use approved counterparties from countries with a minimum sovereign rating of AA- (excluding the UK) from Fitch (or equivalent). The list of countries that qualify using this credit criteria as at the date of this report are shown in Annex C. This list will be added to or deducted from by officers should ratings change in accordance with this policy.

Investment strategy

86. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.
87. If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments short term or variable. Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.
88. For its cash flow generated balances, the Council will seek to use a combination of business reserve instant access and notice accounts (call

accounts), short dated fixed term deposits and Money Market Funds. In addition, the Council will look for investment opportunities in longer dated term deals with specific counterparties that offer enhanced rates for Local Authority investment. All investment will be undertaken in accordance with the creditworthiness policy set out above.

89. The Council will use an investment benchmark to assess the performance of its investment portfolio of average SONIA (Sterling Overnight Index Average) rate. The benchmark is a simple guide with the purpose to allow officers to monitor the current and trend position and amend the operational strategy of investments while maintaining compliance with the investment priorities set out in paragraphs 74 - 78.

90. **Prudential indicator 8** - total principal investment funds invested for greater than 364 days. This limit is set with regards to the Council's liquidity requirements and are based on the availability of funds after each year-end. A maximum principal sum to be invested for greater than 364 days is £15m.

	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Maximum limit per year for Investments > 364 days	15.0	15.0	15.0	15.0	15.0	15.0
Current investments as at 31/12/22 in excess of 364 days maturing in each year	0.00	0.00	0.00	0.00	0.00	0.00

Table 10: Investments over 364 days

91. At the end of the financial year, the Council will report on its investment activity as part of its annual treasury report. It should be noted that the Investment policy, creditworthiness policy and investment strategy are applicable to the Council's overall surplus funds and are also applicable to the HRA.

Consultation and options

92. At a strategic level, there are a number of treasury management options available that depend on the Council's stance on interest rate movements. The treasury management function of any business is a highly technical area, where decisions are often taken at very short notice in reaction to the financial markets. Therefore, to enable effective

treasury management, all operational decisions are delegated by the Council to the Chief Finance Officer, who operates within the framework set out in this strategy and through the treasury management policies and practices. In order to inform sound treasury management operations the Council works with its treasury management advisers, the Link Group. Link offers the Council a comprehensive information and advisory service that facilitates the Council in maximising its investment returns and minimise the costs of its debts.

93. Treasury Management strategy and activity is influenced by the capital investment and revenue spending decisions made by the Council. Both the revenue and capital budgets have been through a corporate process of consultation and consideration by the elected politicians. The revenue budget and capital budget proposals are included within this agenda.

Council Plan

94. The Treasury Management Strategy Statement and Prudential Indicators are aimed at ensuring the Council maximises its return on investments and minimises the cost of its debts whilst operating in a financial environment that safeguards the Councils funds. This will allow more resources to be freed up to invest in the Council's priorities, values and imperatives, as set out in the Council Plan.

Implications

Financial

95. The financial implications of the Treasury Strategy are set out in the Financial Strategy and Capital Strategy reports also on this agenda.

Human Resources (HR)

96. There are no HR implications as a result of this report

Equalities

97. There are no equalities implications as a result of this report

Legal Implications

98. Treasury management activities have to conform to the Local Government Act 2003, the Local Authorities (Capital; Finance and Accounting) (England) Regulations 2003 (SI 2003/3146), which specifies that the Council is required to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice and also the Local Authorities (Capital Finance and Accounting) (England)

(Amendment) Regulations 2008 (SI 2008/414), which clarifies the requirements of the Minimum Revenue Provision guidance.

Other implications

99. There are no crime and disorder, information technology or property implications as a result of this report

Risk management

100. The Treasury Management function is a high-risk area because of the volume and level of large money transactions. As a result of this the Local Government Act 2003 (as amended), supporting regulations, the CIPFA Prudential Code and the CIPFA Treasury Management in the Public Services Code of Practice (the code) are all adhered to as required.

Report authors:	Chief officer responsible for the report:		
Debbie Mitchell Chief Finance Officer	Debbie Mitchell Chief Finance Officer		
Emma Audrain Principal Accountant	Report Approved	X	Date
Tony Clark Senior Accounting Technician			
Wards Affected: Not Applicable			

For further information please contact the author(s) of the report

Background papers

none

Annexes

Annex A – Interest rate forecast

Annex B – Specified and non-specified investments categories schedule

Annex C – Approved countries for investments

Annex D – Scheme of delegation and the role of the Section 151 officer

5.2 APPENDIX: Interest Rate Forecasts 2022 – 2025.

PWLB forecasts shown below have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012.

Link Group Interest Rate View 19.12.22													
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.20	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.30	4.40	4.40	4.30	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.30
25 yr PWLB	4.60	4.60	4.60	4.50	4.40	4.20	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.30	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.30	3.20	3.20

This page is intentionally left blank

Specified and non-specified investments categories**Annex B**

A variety of investment instruments will be used, subject to the credit quality of the institution, to place the council's surplus funds. The criteria, time limits and monetary limits applying to institutions or investment vehicles are listed in the tables below.

Investments are split into two categories of specified investments and non-specified Investments. Specified investments are relatively high security and high liquidity investments, which must be sterling denominated and with a maturity of no more than a year. Non-specified investments are those investments with a maturity period of greater than one year or are still regarded as prudent but may require more detailed scrutiny and assessment procedures.

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this council. To ensure that the council is protected from any adverse revenue impact, which may arise from these differences, treasury officers will review the accounting implications of new transactions before they are undertaken.

Specified investments:

Counterparty type	Minimum 'high' credit criteria/colour band	Maximum investment limit per counterparty institution	Maximum maturity period
<i>DMADF – UK Government</i>	<i>UK sovereign rating Yellow</i>	<i>£15m</i>	<i>6 months*</i>
<i>UK Government Treasury Bills</i>	<i>UK sovereign rating Yellow</i>	<i>£15m</i>	<i>364 days*</i>
<i>UK Government Gilts</i>	<i>UK sovereign rating Yellow</i>	<i>£15m</i>	<i>1 year</i>
<i>Term deposits - local authorities</i>	<i>UK sovereign rating Yellow</i>	<i>£15m</i>	<i>1 year</i>
<i>Part-nationalised UK Banks</i>	<i>Blue</i>	<i>£15m</i>	<i>1 year</i>
<i>Term Deposits - UK Banks and Building Societies</i>	<i>Orange Red Green</i>	<i>£15m £15m £8m</i>	<i>1 year 6 months 100 days</i>
<i>Term Deposits - Non-UK Banks</i>	<i>Sovereign rating of AA- Orange Red Green</i>	<i>£15m £15m £8m</i>	<i>1 year 6 months 100 days</i>

<i>Certificates of Deposits issued by Banks and Building Societies</i>	<i>Blue Orange Red Green</i>	<i>£15m £15m £15m £8m</i>	<i>1 year 1 year 6 months 100 days</i>
<i>Collective investment schemes structured as open ended investment companies (OEICs) as below:-</i>			
<i>1. Money Market Funds (CNAV**)</i>	<i>AAA</i>	<i>£15m</i>	<i>Liquid</i>
<i>2. Money Market Funds (LVNAV**)</i>	<i>AAA</i>	<i>£15m</i>	<i>Liquid</i>
<i>3. Money Market Funds (VNAV**)</i>	<i>AAA</i>	<i>£15m</i>	<i>Liquid</i>
<i>4. Ultra-Short Dated Bond Funds</i>	<i>AAA</i>	<i>£15m</i>	<i>Liquid</i>
<i>5. Bond Funds</i>	<i>AAA</i>	<i>£15m</i>	<i>Liquid</i>
<i>6. Gilt Funds</i>	<i>UK sovereign rating</i>	<i>£15m</i>	<i>Liquid</i>

* Maximum set by the UK Debt Management Office of HM Treasury

**CNAV – constant net asset value

**LVNAV – low volatility net asset value

**VNAV – variable net asset value

NON-SPECIFIED INVESTMENTS:

A maximum of 100% can be held in aggregate in non-specified investments

1. Maturities of ANY period

Counterparty type	Minimum credit criteria	Maximum investment limit per counterparty institution	Maximum Maturity Period
<i>Fixed term deposits with variable rate and variable maturities: - Structured deposits</i>	<i>UK sovereign rating or Sovereign rating of AA- Yellow Purple Blue Orange Red Green</i>	<i>£15m £15m £15m £15m £15m £8m</i>	<i>5 year 2 year 1 year 1 year 6 months 100 days</i>
<i>Certificates of Deposits issued by Banks and Building Societies</i>	<i>UK sovereign rating or Sovereign rating of AA- Yellow Purple Blue Orange Red Green</i>	<i>£15m £15m £15m £15m £15m £8m</i>	<i>5 year 2 year 1 year 1 year 6 months 100 days</i>

<i>Floating Rate Notes</i>	<i>Long-term AAA</i>	<i>£15m</i>	<i>1 year</i>
<i>Collective investment schemes structured as open ended investment companies (OEICs) as below:-</i>			
<i>Property Funds: the use of these investments may constitute capital expenditure</i>	<i>AAA-rated</i>	<i>£15m</i>	<i>5 years</i>

2. Maturities in excess of 1 year

<i>Term Deposits– local authorities</i>	<i>UK Sovereign Rating</i>	<i>£15m</i>	<i>> 1 year & < 5 years</i>
<i>Term deposits – Banks and Building Societies</i>	<i>UK sovereign rating or Sovereign rating of AA-</i> <i>Yellow</i> <i>Purple</i> <i>Blue</i> <i>Orange</i> <i>Red</i> <i>Green</i>	<i>£15m</i> <i>£15m</i> <i>£15m</i> <i>£15m</i> <i>£15m</i> <i>£8m</i>	<i>5 year</i> <i>2 year</i> <i>1 year</i> <i>1 year</i> <i>6 months</i> <i>100 days</i>
<i>Certificates of Deposits issued by Banks and Building Societies not covered by UK Government guarantee</i>	<i>UK sovereign rating or Sovereign rating of AA-</i> <i>Yellow</i> <i>Purple</i> <i>Blue</i> <i>Orange</i> <i>Red</i> <i>Green</i>	<i>£15m</i> <i>£15m</i> <i>£15m</i> <i>£15m</i> <i>£15m</i> <i>£8m</i>	<i>5 year</i> <i>2 year</i> <i>1 year</i> <i>1 year</i> <i>6 months</i> <i>100 days</i>
<i>UK Government Gilts</i>	<i>UK sovereign rating</i>	<i>£15m</i>	<i>> 1 year & < 5 years</i>
<i>Collective investment schemes structured as open ended investment companies (OEICs) as below:-</i>			
<i>1. Bond Funds</i>	<i>Long-term AAA</i>	<i>£15m</i>	<i>> 1 year & < 5 years</i>
<i>2. Gilt funds</i>	<i>UK sovereign rating</i>	<i>£15m</i>	<i>> 1 year & < 5 years</i>

This page is intentionally left blank

Approved countries for investments**Annex C**

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link credit worthiness service.

This list is as at 19/12/22

Based on lowest available rating**AAA**

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Qatar
- U.K

This page is intentionally left blank

Treasury management scheme of delegation**Annex D****(i) Executive / Full Council**

- receiving and reviewing reports on treasury management policies, practices and activities
- approval of annual strategy and annual outturn

(ii) Executive

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the division of responsibilities

(iii) Audit & Governance Committee

- receiving and reviewing reports on treasury management policies, practices and activities
- reviewing the annual strategy, annual outturn and mid year review.

(iv) Chief Finance Officer (section 151 officer)

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.
- all operational decisions are delegated by the council to the Chief Finance Officer, who operates within the framework set out in this strategy and through the treasury management policies and practices
- Approving the selection of external service providers and agreeing terms of contract in accordance with the delegations in financial regulations.

The treasury management role of the section 151 officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- all operational decisions delegated by the council to the Chief Finance Officer (s151 officer), who operates within the framework set out in this strategy and through the treasury management policies and practices
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers.

- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following: -
 - *Risk management, including investment and risk management criteria for any material non-treasury investment portfolios;*
 - *Performance measurement and management, including methodology and criteria for assessing the performance and success of non-treasury investments;*
 - *Decision making, governance and organisation, including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;*
 - *Reporting and management information, including where and how often monitoring reports are taken;*
 - *Training and qualifications, including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.*



AUDIT AND GOVERNANCE COMMITTEE**18 January 2023**

Report of the Director of Governance

Report of the Monitoring Officer**Summary**

To update the committee on any significant issues considered by the Monitoring Officer.

Background

Members may recall that, at the meeting of the Audit and Governance Committee on 30 November, the Committee requested an update on the Induction Programme which is being developed for Members, for implementation following the elections in May 2023. Members will therefore find a report on the agenda for this meeting from the Assistant Director Policy and Strategy, detailing preparations to date.

That report sets out information on the programme, which will be delivered in the period immediately after the elections, and will in no small part be facilitated by the provision to all members of up-to-date IT equipment for their use over the forthcoming municipal term, and approach which the Committee endorsed at the 30 November meeting.

In addition to the above, the Monitoring Officer has commenced a 'light-touch' review of the Constitution, approximately six months after its adoption, with a view to amend some of the typographical errors and organisational changes which have become required over the past six months. The majority of these changes will be made under delegated authority, and once concluded a report will be provided to the Committee and to Council, for information. Any proposed amendments which fall outside delegated powers will be brought to Committee for consideration before being taken to Council for agreement.

This 'light touch' review will be followed by a more comprehensive review of the Constitution in May and June, for consideration by the Committee and Council in due course. In order to support any proposed changes, appropriate advice will be provided to the Committee and to Council.

Finally, the Monitoring Officer is pleased to report that no significant governance issues have arisen since the previous meeting of the Committee. The Monitoring Officer continues to deal with any issues referred to them in accordance with their delegated powers.

Implications

Financial – None directly arising from this report.

Human Resources (HR) – None directly arising from this report.

Equalities – None directly arising from this report.

Legal – None directly arising from this report.

Crime and Disorder, Information Technology and Property – None directly arising from this report, although Members will note that the approach to providing common IT equipment to all Members following the elections, previously endorsed by Committee, will have resource implications which have been factored into the delivery programme.

Recommendations

It is recommended that Members note the contents of the report.

Reasons for the Recommendation

The contents of the report are provided for information only.

Options

Members may choose to note or not note the contents of the report.

Author and Chief Officer responsible for the report: Bryn Roberts, Director of Governance and Monitoring Officer

Report Approved **Date** 6 January 2023

Specialist Implications Officer(s):

Debbie Mitchell, Chief Finance Officer and Section 151
Helen Whiting, Head of Human Resources

Wards Affected: *List wards or tick box to indicate all* **All**

For further information please contact the author of the report

Background Papers:

- None

Annexes:

- None

This page is intentionally left blank



AUDIT AND GOVERNANCE COMMITTEE**18 January 2023**

Report of the Assistant Director Policy and Strategy
Portfolio of the Leader, Executive Member for Policy, Strategy,
Partnerships

MEMBER INDUCTION**Summary**

1. The member induction programme was discussed at Audit and Governance Committee on 30 November 2022 when it was confirmed it would be brought to the Committee for consideration on 18 January 2023.
2. The induction for new and re-elected members at the council has been overhauled, with LGA providing support, and external providers identified where appropriate. The member induction programme is in **Annex A**.
3. Training is provided online and in person, with officer, external providers and LGA facilitation depending on the subject. Training materials will be published, including recorded sessions, for future reference. All training is compulsory although members can choose whether to access the training “live” or view recorded sessions in their own time. The exception is mandatory training for committee members where it is advised these should be attended in person.
4. The member induction programme aims to increase understanding about aspects of the council, its operating framework, statutory responsibilities and public sector duties. Officers will facilitate or host training providing opportunity to share expertise and build trust helping address cultural issues discussed in the public interest report and cited by Audit and Governance.

Recommendations

5. Audit and Governance Committee are asked to:

1) Consider the member induction programme

Reason: For the Committee to consider whether the member induction programme sufficiently provides different ways of accessing information about how the council operates to support new and current members learn more about the Constitution, their role, expected conduct, decision making and to build confidence and trust between members and officers.

Background

6. As part of the work identified within the Council Plan to provide more effective governance procedures, work to review induction training to members has been explored in line with the updated Constitution.
7. In addition to this, the Public Interest Report ([Public Pack\) Agenda Document for Council, 04/05/2021 18:00 \(york.gov.uk\)](#)), proposed that a more comprehensive member induction programme would better support elected members discharge their duties and build a more appropriate culture between members and officers.
8. The member induction programme has been drafted in consultation with the LGA who are also facilitating/attending different sessions (indicated in **Annex A**).
9. In addition, there is comprehensive elected member leadership training available from the LGA and this will be signposted as part of the induction programme with the expectation that, particularly newly elected members, will be supported to engage in it:
<https://www.local.gov.uk/our-support/leadership-workforce-and-communications/highlighting-political-leadership>

The member induction programme

10. The member induction programme was developed via an officer-led task and finish group comprised of different areas of the council with representation from each Directorate. The task and finish group designed the programme to cover different learning styles, with the following considerations in mind:
 - a. Compulsory: the majority of sessions are compulsory with the schedule published in advance. Although compulsory, online sessions will be pre-recorded and can be viewed at the members convenience.

- b. Mandatory: for individuals who have certain duties to exercise (such as member of a Licensing Committee), it is expected that these sessions will be attended in person.
- c. Optional: for members to consider whether they would like to learn more about specific aspects of the council. Optional sessions are indicated.
- d. Whether online or in person (face to face): The sessions which are in person have been chosen to start to build relationships with key officers from day one.
- e. Schedule: The sessions has been scheduled and will be promoted in an online calendar. The programme (**Annex A**) will also be provided to newly elected members as part of their welcome pack.
- f. Format: Providing information in small bite sized chunks, builds knowledge and allows elected members to revisit topics if they wish.
- g. Content: The content approach means all members will receive a broad overview of different aspects of the council, with specific information targeted to key committee members. External providers are indicated. The LGA are supporting several sessions.
- h. Learning platform: A private section of modgov will be shared with members only - with a calendar of induction sessions and materials published on it in advance. Online sessions will be recorded and uploaded to modgov for future reference.

Registration and learning records: We are exploring whether modgov can link to MyLo (the council's development platform) so members can register to attend sessions and keep a learning record for future reference. This is likely to be significant. Although we cannot enforce any training, it is important to remember that the council is required to respond to FOIs and also, where required, provide evidence of training where a regulator, such as the ICO, requires that information for an investigation.

- i. Feedback: All facilitators will invite feedback using a standard form which will be collated and shared as part of the review and to inform future sessions.
 - j. Review: A review will take place in December (after 6 months) with members invited to share their thoughts about what worked/didn't, what additional information they would like and to consider next steps.
11. A pre-election session is being planned for prospective members to help answer questions and encourage more candidates.
12. The first stage of the programme is a two day introduction to the council. This is face to face on 10-13 May 2023. All members will attend 10 May and then split into smaller groups for 11 / 12 May to cover the West offices induction and introduction to member's new tech pack including devices.
13. To help engage people contemplating being members, the programme will be published in advance to show the commitment the council has supporting members become familiar with the workings of the council with a pre-election session being considered to answer questions.

Consultation

14. Executive, Political Assistants and the LGA have been consulted about the member induction programme.
15. Audit and Governance together with Joint Standard Committee chairs were also provided with copies of the emerging member induction content plan during summer 2022.

Council Plan

16. The member induction programme is designed to help develop and steer delivery of the Council Plan and responds to an open and transparent council

Implications

- **Financial** Costs of external providers will be processed through the governance directorate budget. The Director of Finance will provide development sessions. Finance was part of the task and finish group to create the member induction programme.

- **Human Resources (HR)** the Head of HR will provide development sessions. Understanding member roles in employment issues is included, together with lone working. HR were part of the task and finish group to create the member induction programme.
- **Equalities** Equalities and Human Rights training has been added to the programme. Making sure the programme is accessible has been considered by the task and finish group.
- **Legal** Legal Services are included in the programme and were part of the task and finish group to create the member induction programme.
- **Crime and Disorder** Enforcement, Environmental Services and Community Safety are part of programme and part of the task and finish group to create the member induction programme.
- **Information Technology (IT)** Elected members will be given the same devices to ensure they all have the same ability to access the programme. The member programme will be provided on their laptops in advance. ICT policies are included in the programme. A drop-in session has been arranged to help members become familiar with MSTeams and day 2 of the induction includes time to learn about their new tech and devices pack.
- **Property** Facilities management and the West Offices induction is part of the programme. Sessions have been booked well in advance to ensure available rooms.
- **Other** The subject matter will involve different functions across the council delivering and facilitating sessions.

Contact Details

Author:

Claire Foale
Assistant Director Policy
and Strategy

Rachel Antonelli
Head of Democratic
Services

**Chief Officer Responsible for the
report:**

Bryn Roberts
Director of Governance

**Report
Approved**

Date

9 January
2023

Specialist Implications Officer(s) *List information for all
Member induction task and finish group*

Wards Affected: *List wards or tick box to indicate all*

All

Yes

For further information please contact the author of the report

Background Papers:

Public interest report 2021 – action plan ([Public Pack](#))[Agenda Document for Council, 04/05/2021 18:00 \(york.gov.uk\)](#),
[Agenda for Audit and Governance Committee on Wednesday, 6 April 2022, 5.30 pm \(york.gov.uk\)](#) item 86
[Agenda for Audit and Governance Committee on Wednesday, 29 June 2022, 5.30 pm \(york.gov.uk\)](#) item 8
[Agenda for Audit and Governance Committee on Wednesday, 30 November 2022, 5.30 pm \(york.gov.uk\)](#) – item 26

Annexes

Annex A – member induction programme



**ELECTED MEMBER
INDUCTION PROGRAMME**

May - December 2023

Dear Councillor

Congratulations on your successful election as a Member of this Council.

The first few weeks as a new, or returning, Councillor can be a little daunting. You will have to absorb a lot of information very quickly, and with this in mind, this induction programme is crucial in providing you with support and guidance.

The induction programme has been developed and endorsed by the **Audit and Governance Committee** and aims to help you familiarise yourself with the council and your new role.

The programme starts Wednesday 10 May, with an opportunity for you to sign your Declaration of Acceptance of Office with the Chief Executive. This will be followed by sessions on the services you can access as a Councillor, key introductions, the protocols and procedures you will need to follow and role specific training.

I'm sure that you will find the programme valuable and strongly advise that you attend the events planned.

You will be able to register to attend sessions and keep a learning record as you progress through the training and all materials and online learning will be available to download at your convenience.

If you require any further information or assistance, please do not hesitate to contact me.

Yours sincerely

Bryn Roberts
Director of Governance

Contacts

To help you settle in, the officers below are on hand and ready to answer your questions, signpost you to support or provide more information.

Governance: Bryn Roberts, Director of Governance

Council Management Team:

www.york.gov.uk/CouncilManagementTeam

Democratic Services: Dawn Steel, Head of Governance

ICT: Roy Grant, Head of ICT

Facilities Management: Ian Asher, Head of Facilities

Policy and Strategy: Claire Foale, Assistant Director Policy and Strategy

Communications: Eddie Coates-Madden, Head of Communications

Business intelligence: Ian Cunningham, Head of Performance

Accessing the member induction programme

(screen shot of member induction area on modgov) Welcome to the new modgov members induction programme.

Here you will find a calendar of all the sessions, together with materials and videos to download and view at your convenience.

You will be able to register your attendance and keep a learning and development log to refer back to during the programme (TBC).

Members are expected to attend all sessions as indicated. Compulsory sessions can be attended in real time or downloaded later. Mandatory sessions should be attended in real time by relevant members indicated below (although will then be available to download later for everyone else).

Feedback forms will be provided so we can continuously improve the programme and how it's delivered. If you have any requirements or questions, please do let us know.

The member induction programme

Event	Date/time	Format	Content (external provider) <ul style="list-style-type: none"> indicates item available 	Councillors invited
Can I be an elected member?	Pre-election Date tbc	In person	Prospective councillors – polices and council support Meet elected councillors – what’s it like?	Prospective members only
Induction day one Welcome to the Council	10 May 2023 9.30am – 4.30pm	In person George Hudson Room	Meet the directors Overview of the council Role of members and officers (LGA) Overview of committees Health and safety Code of Conduct Introduction to democratic services Corporate parenting Introduction to human rights and equalities (external speaker) <ul style="list-style-type: none"> Acceptance of offer Disclosure of interests 	All Compulsory
Induction day two Welcome to the Council	11-12 May 2023	In person Members will be split into smaller groups	West Office induction – tour <ul style="list-style-type: none"> Badge/pass Introduction to your tech pack, how to access and use your devices (laptop and mobile) <ul style="list-style-type: none"> Tech pack 	All Compulsory

How the council makes decisions	12 May 2023	Online Available to download	Local democracy and decision making Council and committees Standing orders Constitution and protocols Finance and procurement Public participation	All Compulsory
Code of Conduct	15 May 2023	In person	Case studies from LGA Equalities duty Relationship with officers (LGA)	All Compulsory
Council strategy and policies	18 May 2023	In person A conference for the new Executive	Council strategy and policy framework York 2032, the 10-year strategies: Climate Change, Health and Wellbeing, Economic Growth, Skills The Local Plan, the Local Transport Strategy, Children and Young People Plan, Safeguarding Cultural Strategy, Equalities and inclusive council Horizon scanning: levelling up, devolution, integrated care system External affairs and strategic partnerships Financial plan and annual budget process Monitoring performance – impact and evaluation, resident engagement/consultation, monitor	

Climate Change development programme	TBC	In person (one hour sessions)	Climate Change Strategy Adaptation programme Adaptation – flood resilience Reducing carbon – buildings Reducing carbon – transport Role of Local Plan Carbon Literacy Reducing carbon – waste	All Optional
Making the most of meetings	22 May 2023	In person	Charing a meeting (agenda management, keeping to time, inviting comment) Participation in a meeting – representation, housekeeping items Representing your group at meetings – representation of the group and as a ward councillor, agenda management Contributing to a committee if you are not a member of it (LGA)	All members Compulsory Committee members Mandatory
Introduction to Scrutiny	26 May 2023	In person	An introduction to Scrutiny Your role in a council meeting Your role working with the representatives in a scrutiny meeting (LGA, Centre for Scrutiny and Governance)	All members Compulsory Committee members Mandatory
Being a ward councillor – council support	30 May 2023 10am – 1pm	In person	Introduction to ward and neighbourhood working – developing ward priorities, neighbourhood action plans, citizen engagement, the use of ward budgets, community hubs, asset based community development and wider communities and prevention	All members Compulsory

			service Member enquiries, case work, using MyAccount Influencing work programmes and annual reviews	
Planning Committee	2 June 2023 9am	Recorded for downloading	Predetermination The Local Plan Planning policies (PAS)	All members Compulsory Committee members Mandatory
Unitary and Parish Councils	6 June 2023 5.30pm – 6.30pm	In person	Relationships building and differences between unitary and parish councils (Sheena Spence, Yorkshire Local Council Association)	Members who work with/in parish councils
Risks protections and policies	9 June 2023	Online (with links to the policies)	Policies relevant to members including risk management, data protection, privacy and information security, complaints 4Cs, information governance, equalities and diversity, health and safety, personal evacuation procedures, lone working and ICT policy	All Compulsory
The budget and commercial awareness	13 June 2023 5.30pm – 6.30pm	In person	The budget –its’s structure, it’s focus, our financial plan An overview of the commercial focus of the council, commerciality within local government (LGA)	All Compulsory
Work of the Audit and Governance committee	15 June 2023	Online	Audit Risk Management Corporate and council risks Fraud Reviewing financial reporting Public interest reports	All Compulsory Members of the committee Mandatory

--	--	--	--	--

Licensing sub committee	TBC	In person	Liquor licensing Taxi and general licensing (external provider)	All Compulsory Mandatory Members of the committee
Surveillance	TBC	In person in advance of an A&G Committee Meeting within first 6 months	Surveillance code of practice Covert Surveillance	Mandatory Members of the committee Slides available for interested members after the session
Human Rights	TBC	In person	Human Rights Act and public sector duties Human Rights City of York Council Case studies from other Human Rights Cities (HRN)	Executive and committee members Compulsory
Public Health	21 June 2023 5.30pm – 7pm	In person	Public health duties set out in the Health and Social care Act Health and Wellbeing Board and role in the council Local public health priorities The role members can play improving the health of communities	All Compulsory

<p>Council services</p> <p>An optional drop in conference for all members to meet Heads of Service and learn more about their areas of expertise</p>	<p>27 June 2023</p>	<p>In person</p>	<ul style="list-style-type: none"> • Customer – revs and bens, registry office and crematorium, customer services, court of protection, mansion house • Communities – your role as a community leader, grant funding and ward funding, emergency planning and community resilience, enforcement • Communications standards – the publicity code of conduct, dealing with the media, the media protocol, the social media protocol, media law • Safeguarding – awareness of responsibilities, adults social care financial assessments • Major capital programme – overview, regeneration, housing delivery • Highways and transport – key activities including SMART, e-transport infrastructure, active travel • Emergency planning – Crisis/gold silver command and role of members • Corporate parenting – councillor role • Economic growth – work of the team, inward investment, business support, skills strategy and board • Education – schools annual calendar, academies and maintained staffing, schools capital programme • Legal services – employment law overview, natural justice and balance of probabilities
---	---------------------	------------------	--

Customer Communications	3 July 2023 4pm – 5.30pm	In person	Customer communications channels and the council website	All Compulsory
Communications	7 July 2023 10am – 11.30am	In person	Working with the Communications team Publicity Code of Conduct Media protocol Social media policy	Executive Compulsory
Ward profiles	11 July 2023 9am-12pm	In person	Ward profiles Deprivation indices Census 2022 Using ward profile trends to make strategic decisions	Optional Drop-in session
Personal safety	13 July 2023 9am-10am	In person	Members personal safety and risks to be aware of in a public role	Optional
Joint Standards Committee	18 July 2023 9am -11.30am	In person	Code of conduct Case studies (Alex Oram and Howey Ainscough)	All Compulsory Mandatory Members of the committee
York's Civic History	TBC	In person at the Mansion House	York's unique civic history The council, Lord Mayor, Waits and Aldermen Role and significance of the civic party, Lord Mayor and Sheriff and relationship with the city How to become part of the civic party	Optional
Media training	8 September 2023 9am-12pm (earlier on a 121 basis if required)	In person	Media training during an incident or critical reputational impact (external provider)	Executive Optional
Using MS Teams	TBC	In person	Using MS Teams/answering your questions	Optional

				Drop-in sessions
Reviewing the programme	December 2023 TBC	In person	Informal discussion about what members would like to know more about and what they valued	Optional Drop-in session

For more information about the member induction programme:

Robert Flintoft

t: 01904 555704 e: robert.flintoft@york.gov.uk

Democratic and Scrutiny Services

Claire Foale

t. 01904 552057 e. Claire.foale@york.gov.uk

Policy and Strategy



Audit & Governance Committee**18 January
2023**

Report of the Chief Finance Officer

Monitor 2 2022/23 - Key Corporate Risks**Summary**

1. The purpose of this paper is to present Audit & Governance Committee (A&G) with an update on the key corporate risks (KCRs) for City of York Council (CYC), which is included at Annex A.

Background

2. The role of A&G in relation to risk management covers three major areas;
 - Assurance over the governance of risk, including leadership, integration of risk management into wider governance arrangements and the top level ownership and accountability for risk
 - Keeping up to date with the risk profile and effectiveness of risk management actions; and
 - Monitoring the effectiveness of risk management arrangements and supporting the development and embedding of good practice in risk management
3. Risks are usually identified in three ways at the Council;
 - A risk identification workshop to initiate and/or develop and refresh a risk register. The risks are continually reviewed through directorate management teams (DMT) sessions.
 - Risks are raised or escalated on an ad-hoc basis by any employee
 - Risks are identified at DMT meetings

4. Due to the diversity of services provided, the risks faced by the authority are many and varied. The Council is unable to manage all risks at a corporate level and so the main focus is on the significant risks to the council's objectives, known as the key corporate risks (KCRs).
5. The corporate risk register is held on a system called Magique. The non KCR risks are specific to the directorates and consist of both strategic and operational risk. Operational risks are those which affect day to day operations and underpin the directorate risk register. All operational risk owners are required to inform the risk officer of any updates.
6. In addition to the current KCRs, in line with the policy, risks identified by any of the Directorates can be escalated to Council Management Team (CMT) for consideration as to whether they should be included as a KCR. KCRs are reported and discussed quarterly with CMT and Portfolio Holders.

Key Corporate Risk (KCR) update

7. There are currently 12 KCRs which are included at Annex A in further detail, alongside progress to addressing the risks.
8. Annex B is a one page summary of all the KCR's and their current gross and net risk ratings.
9. In summary the key risks to the Council are:
 - KCR1 – Financial Pressures: The Council's increasing collaboration with partnership organisations and ongoing government funding cuts will continue to have an impact on Council services
 - KCR2 – Governance: Failure to ensure key governance frameworks are fit for purpose.
 - KCR3 – Effective and Strong Partnership: Failure to ensure governance and monitoring frameworks of partnership arrangements are fit for purpose to effectively deliver outcomes.
 - KCR4 – Changing Demographics: Inability to meet statutory deadlines due to changes in demographics
 - KCR5 – Safeguarding: A vulnerable child or adult with care and support needs is not protected from harm

- KCR6 – Health and Wellbeing: Failure to protect the health of the local population from preventable health threats.
- KCR7 – Capital Programme: Failure to deliver the Capital Programme, which includes high profile projects
- KCR8 - Local Plan: Failure to develop a Local Plan could result in York losing its power to make planning decisions and potential loss of funding
- KCR9 – Communities: Failure to ensure we have resilient, cohesive, communities who are empowered and able to shape and deliver services.
- KCR10 – Workforce Capacity: Reduction in workforce/ capacity may lead to a risk in service delivery.
- KCR11 – External market conditions: Failure to deliver commissioned services due to external market conditions.
- KCR12 – Major Incidents: Failure to respond appropriately to major incidents.

10. Risks are scored at gross and net levels. The gross score assumes controls are in place such as minimum staffing levels or minimum statutory requirements. The net score will take into account any additional measures which are in place such as training or reporting. The risk scoring matrix is included at Annex C for reference.

11. The following matrix categorises the KCRs according to their net risk evaluation. To highlight changes in each during the last quarter, the number of risks as at the previous monitor are shown in brackets.

Impact					
Critical					
Major			6 (6)	1 (1)	
Moderate		1 (1)	3 (3)	1 (1)	
Minor					
Insignificant					
Likelihood	Remote	Unlikely	Possible	Probable	Highly Probable

12. By their very nature, the KCRs remain reasonably static with any movement generally being in further actions that are undertaken which strengthen the control of the risk further or

any change in the risk score. In summary, key points to note are as follows;

- New Risks- No new KCRs have been added since the last monitor
- Increased Risks – No KCRs have increased their net risk score since the last monitor
- Removed Risks – No KCRs have been removed since the last monitor
- Reduced Risks – No KCRs have reduced their net risk score since the last monitor

Follow up actions

13. The following information is provided in response to the queries previously raised at the September A&G meeting:
14. KCR 1 – Financial Pressures – Members requested an update regarding the impact of the cost-of-living crisis and inflation on council tax and business rates collection. For council tax, no central government support has been provided this year by way of hardship grants, as had been seen in the previous two years. However, the collection rate at the end of November was 72.76% compared to 72.68% in 2021/22. The outturn is expected to be similar to that of 2021/22 but will be monitored closely in 2023/24, when it is expected that the cost-of-living crisis could impact collection.
15. NDR collection at the end of November was 75.43% compared to 68.19% in 2021/22, which still had the impact of Covid reliefs to businesses.
16. KCR 9 – Communities. Members previously asked for an update about the progress of appointing an Access Officer. The Access Officer started with the Council in November 2022. Prior to them starting, access consultants were engaged at a cost of £29k. They were tasked with focusing on the priorities of the action plan approved by Executive in November 2021. Notably, to support the coproduction of guidance on pavement cafes, and a review of seating and parking facilities for York's city centre (footstreets area).

17. In addition, following feedback in September, this risk has now been updated to include the Council's relationships with parish councils as a control.
18. KCR 12- Major Incidents. It was suggested that an explanatory note be added against the new risk (relating to commercial power outages). An update has been provided by the Director of Place and Head of Emergency Planning at Annex D.

Updates to KCR risks, actions and controls

19. In general, a number of the KCRs have been updated this year to remove references to Covid 19, where the risks are no longer relevant.
20. KCR2 – Governance: The action relating to the Public Interest Report action plan has been completed. A revised date has been added to the action to finalise the member development and training programme, along with an update of progress ahead of the local elections in May.
21. KCR 4 – Changing Demographics: A new action has been included to present an updated transition strategy. New controls for the risk have also been added.
22. KCR9 – Communities. The action to recruit an Access Officer has now been completed. A revised date has been added to the action to approve the Financial Inclusion Framework and an update provided in respect of this.
23. KCR10 – Workforce/ Capacity. The pay award negotiations for 2022/23 have been concluded and this action marked as completed. The ongoing actions have been reviewed and revised dates added.
24. KCR11 – External Market Conditions. A revised date has been added for the ongoing action about the market position statement. There has also been a review around of the wording of the controls and a new control has been added to the risk in respect of the role of the Head of Commissioning.

25. For both KCR 8 - Local Plan and KCR12 – Major Incidents, the Director of Place has proposed actions to fully review these KCRs will be undertaken ahead of the next risk monitor.

Options

26. Not applicable.

Council Plan 2019-2023

27. The effective consideration and management of risk within all of the council's business processes helps support achieving all eight of the key outcomes identified in the Council Plan.

Implications

28. There are no further implications.

Risk Management

29. In compliance with the council's Risk Management Strategy, there are no risks directly associated with the recommendations of this report. The activity resulting from this report will contribute to improving the council's internal control environment.

Recommendations

30. Audit and Governance Committee are asked to:
- (a) consider and comment on the key corporate risks included at Annex A, summarised at Annex B;
 - (b) provide feedback on any further information that they wish to see on future committee agendas

Reason:

To provide assurance that the authority is effectively understanding and managing its key risks.

Contact Details

Authors:

Helen Malam
Principal Accountant
(Corporate Finance)

Chief Officer Responsible for the report:

Debbie Mitchell
Chief Finance Officer

Lisa Nyhan
Corporate Risk and
Insurance Manager

**Report
Approved ✓**

**Date
6/1/23**

Specialist Implications Officer(s) None

Wards Affected All

Background Papers None

Annexes

A – Key Corporate Risk Register

B – Summary of Key Corporate Risks

C – Risk Scoring Matrix

D – Briefing Note regarding power outages (KCR12)

This page is intentionally left blank

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2023**

Changes to Risk Register since Monitor 1

Key Corporate Risk	Changes
KCR1 Financial Pressures	No significant changes – updates to remove references to Covid 19 impact
KCR2 Governance	Some risk details referencing Covid 19 now removed; one new control; one action completed and one updated with revised date for action
KCR3 Effective and Strong Partnerships	New controls
KCR4 Changing Demographics	New controls added; one new action
KCR5 Safeguarding	No updates
KCR6 Health and Wellbeing	No updates
KCR7 Capital Programme	No updates
KCR8 Local Plan	New action added to review KCR
KCR9 Communities	One completed action, one updated and one new action to establish equalities team.
KCR10 Workforce/ Capacity	One action completed, revised dates for ongoing actions
KCR11 External Market Conditions	Review of controls and new controls added; revised date for ongoing action
KCR12 Major Incidents	Revised date for ongoing action following review; new action to review KCR

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2023**

KCR 1 FINANCIAL PRESSURES: The ongoing government funding cuts and more recently the impact of Covid and cost of living crisis will continue to have an impact on council services. Over the course of the last 10 years there has been a substantial reduction in government grants leading to significant financial savings delivered. The council needs a structured and strategic approach to deliver the savings in order to ensure that any change to service provision is aligned to the council's key priorities. In addition, other partner organisations are facing financial pressures that impact on the council.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Reduction in government grants leading to the necessity to make savings</p> <p>Increased service demand and costs (for example an aging population).</p> <p>Financial pressures on other partners that impact on the council</p> <p>UPDATED The spending review is one year only for 2022/23 and 2023/24</p> <p>Financial impact of Covid-19 on Council budgets</p> <p>Financial impact of Covid-19 on the economy as a whole</p> <p>Increased severity and frequency of climate hazard events (e.g. flooding)</p>	<p>Potential major implications on service delivery</p> <p>Impacts on vulnerable people</p> <p>Spending exceeds available budget</p> <p>Lack of long term funding announcements from central government creates uncertainty which hinders long term financial planning</p> <p>Lack of long term funding announcements from central government may impact on staff retention as it creates uncertainty for temporary posts funded by external funding</p> <p>An economic downturn will affect the Council's main sources of funding; reducing business rates income if premises are vacant and</p>	Highly Probable	Major (21)	<p>Regular budget monitoring</p> <p>Effective medium term planning and forecasting</p> <p>Chief finance officer statutory assessment of balanced budget</p> <p>Regular communications on budget strategy and options with senior management and politicians</p> <p>Skilled and resourced finance and procurement service, supported by managers with financial awareness</p> <p>Climate change mitigation and adaptation programme</p> <p>Financial Strategy 2022/23 approved</p>	Probable	Major (20)	No change	<p>Development of budget strategy for 2023/24 (Debbie Mitchell, 31/01/2023)</p>

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2023**

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>UPDATED General cost pressures due to increasing inflation rate (latest CPI figures are 10.7% November 2022, and expected to remain above 10% into Q1 of 2023)</p> <p>Increased risk of UK recession</p> <p>General cost pressures due to impact of Ukraine conflict.</p> <p>Continued interest rate increases through to Sept 2023</p>	<p>reducing council tax income if more individuals require support due to unemployment.</p> <p>Increased cost of responding to emergency situations, as a result of climate change, and impact on service delivery.</p> <p>Increased interest rates and the continued impact of inflation will reduce the overall funding available to the Council and may therefore lead to reductions in service levels in some areas.</p>							

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2023**

KCR 2 GOVERNANCE: Failure to ensure key governance frameworks are fit for purpose. With the current scale and pace of transformation taking place throughout the organisation it is now more important than ever that the council ensures that its key governance frameworks are strong particularly those around statutory compliance including information governance, transparency and health and safety.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Increased interactions in relation to FOIA and transparency</p> <p>Failure to comply with data protection and privacy legislation</p> <p>Serious breach of health and safety legislation</p> <p>Failure to comply with statutory obligations in respect of public safety</p> <p>The actions to rectify governance weakness agreed by Council in May 2021 in response to the Public Interest Report (PIR) issued in April 2021 will not be achieved.</p>	<p>Increases in cases held or fines levied by Information Commissioner</p> <p>Failing to meet the legal timescales for responding to FOIA may result in reduced confidence in the council's ability to deal with FOIA and in turn, its openness and transparency</p> <p>Individuals will be at risk of committing criminal offences if they knowingly or recklessly breach the requirements of the GDPR legislation.</p> <p>Potential increased costs to the council if there are successful individual claims for compensation as a result of a breach of GDPR legislation.</p> <p>Impact on the end user/customer</p> <p>Public and staff safety may be put at risk</p> <p>Possible investigation by HSE</p>	Probable	Major (20)	<p>Electronic Communication Policy</p> <p>IT security systems in place</p> <p>Governance, Risk and Assurance Group (GRAG) covers a wide range of governance issues, including Covid-19 impacts</p> <p>Ongoing Internal Audit review of information security</p> <p>Health and Safety monitoring in place</p> <p>Regular monitoring reports to Audit & Governance committee and Executive Member decision sessions</p> <p>Open Data platform providing Freedom of Information (FOI) requested data</p> <p>Regular review of transparency code legislation and compliance</p> <p>Ongoing management of data architecture to provide de-</p>	Possible	Major (19)	Action completed	<p>COMPLETED The action plan, prepared in response to the PIR has been completed, and has been signed off as such by the A&G Committee in November 2022. (Bryn Roberts December 2022)</p> <p>Ongoing review: Continued implementation and embedding of relevant elements from the action plan. (Bryn Roberts 31/03/23)</p> <p>UPDATED An induction programme for members elected in May 2023 is currently under development, and details will be considered by A&G in January 2023. (Bryn Roberts, 31/01/23)</p>

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2023**

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
	<p>Prohibition notices might be served preventing delivery of some services</p> <p>Prosecution with potential for imprisonment if Corporate Manslaughter</p> <p>Adverse media/ social media coverage</p> <p>Reputational impact</p> <p>Failure to get sign off of statutory accounts (for governance reasons) if the actions agreed in the PIR report are not complete</p>			<p>personalised data to open data platform</p> <p>Public Protection Annual Control Strategy</p> <p>Additional resource, training and improved processes to deal with FOIA requests</p> <p>All officer and delegated decisions are reported publicly to Executive/ A&G to ensure transparency</p> <p>Ongoing Health and Safety Training programmes at all levels</p> <p>Ongoing regular review of internal audit reviews and recommendations</p> <p>SIRO role has changed to Director of Governance and the relationship between the Senior Information Risk Officer (SIRO) and the Caldicott Guardian is being strengthened</p> <p>Customer Complaints toolkit has been reviewed and reports to A&G</p> <p>Governance training provided for Directors</p>				

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2023**

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				<p>Process for consistent completion of Data Protection Impact Assessments (DPIA) has been circulated across the council</p> <p>The LGA will review and report on the achievement of PIR actions</p> <p>Member training in respect of the Code of Conduct and conflict of interests.</p> <p>NEW Review of Council constitution completed in 2022. Next review planned for after elections in May 2023.</p>				

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2023**

KCR 3 EFFECTIVE AND STRONG PARTNERSHIPS: Failure to ensure partnership arrangements are fit for purpose to effectively deliver outcomes. In order to continue to deliver good outcomes and services, the council will have to enter into partnerships with a multitude of different organisations whether they are public, third sector or commercial entities. The arrangements for partnership working need to be clear and understood by partners to ensure they deliver the best possible outcomes.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Failure to effectively monitor and manage partnerships</p> <p>Partner (especially NHS, Academies) financial pressures may affect outcomes for residents</p> <p>Unilateral decisions made by key partners may effect other partners' budgets or services</p> <p>Financial pressure on York and Scarborough Teaching Hospitals NHS Foundation Trust (YTHFT) and the Humber and North Yorkshire Health and Care Partnership ICS Board (previously Vale of York Clinical Commissioning Group (VOYCCG), which may have worsened further due to Covid-19</p>	<p>Key partnerships fail to deliver or break down</p> <p>Misalignment of organisations' ambitions and direction of travel</p> <p>Ability to deliver transformation priorities undermined</p> <p>Adverse impact on service delivery</p> <p>Funding implications</p> <p>Reputational impact</p>	Probable	Major (20)	<p>Account management approach to monitoring key partnerships. CMT identified the 60 organisations who have the most potential to influence or affect organisational aims and priority outcomes for residents, and monitors on a quarterly basis. Each Corporate Director and the Chief Executive lead on specific relationships.</p> <p>NEW The Integrated Care System now has a draft strategy that aligns in general with the Health & Wellbeing Board strategy</p> <p>Internal co-ordination such as Creating Resilient Communities Working Group (CRCWG) meet regularly to understand which areas of the council are working with different partners and what is happening across these agendas.</p> <p>There were many positive examples that partnerships worked well together in the event of the Covid-19 emergency and successfully deals with issues; e.g. the YCAB partnership; collaboration with DoE</p>	Possible	Moderate (14)	New controls	No current actions

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2023**

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				<p>NEW The York Health and Care Board is now in place chaired by Ian Floyd. Supports a integrated decision making approach across organisations</p>				

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2023**

KCR 4 CHANGING DEMOGRAPHICS: Inability to meet statutory duties due to changes in demographics. York has a rapidly changing demographic in relation to both residents and business. This brings with it significant challenges particularly in the delivery of adult social care and children's services. The council needs to ensure that community impacts are planned for and resourced.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Development and regeneration makes York more desirable and accessible to residents, students and business, resulting in increasing inward migration to York.</p> <p>An increase in the aging population requiring services from the council</p> <p>Increase in complexity of needs as people get older</p> <p>Increase in people living with dementia</p> <p>Increase in ethnic diversity of the population means that the council has to understand the needs of different communities in relation to how services are delivered</p> <p>Growing number of people with SEND or complex needs living into adulthood</p>	<p>Increased service demand from residents, including; statutory school placements, SEND, mental health, adult social care and environmental services (eg waste collection)</p> <p>Increased service demand in relation to business (e.g. Regulation, Planning)</p> <p>UPDATED Impact of additional demands cause significant financial and delivery challenges, such as a rise in delayed discharges, deterioration of people in the community awaiting elective surgery as well as increases in the number of people requiring care as the population ages</p> <p>Reputational impact as these mainly impact high risk adult and children's social care service areas</p> <p>Unable to recruit workers in key service areas eg care worker</p>	Probable	Major (20)	<p>Place planning strategy to ensure adequate supply of school places</p> <p>DfE returns and school population reported every 6 months</p> <p>Local area working structures in frontline services, including Early intervention initiatives and better self-care</p> <p>Assessment and Care management review complete, to better manage adult social care demand on CYC based on community led support</p> <p>Advice and Information Strategy complete, to provide residents with direct access to support and services, to better manage adult social care demand on CYC, resulting in the launch of Livewell York</p> <p>Investment in support brokerage work with NHS integrated commissioning</p> <p>Stakeholder and officer group, to create a more connected and integrated health and social care system.</p> <p>Officer caseload monitoring</p>	Possible	Major (19)	New action	<p>NEW Updated transition strategy to be agreed (Jamaila Hussain, 31/03/2023)</p>

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2023**

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Demographic of workforce supply unable to meet workforce demand</p> <p>Failure to plan for the impact of a rapid change in demographics to front line service provision</p> <p>The impact of Covid-19 may disproportionately affect certain demographics; eg BAME and the older community are more likely to suffer health issues, blue badge holders affected by city centre changes, younger people by job losses</p>	<p>To ensure that decisions made in relation to Covid- 19 are taken with a recognition of the different impacts on certain demographics</p>			<p>Internal co-ordination such as Creating Resilient Communities Working Group (CRCWG)</p> <p>NEW Establishing a “preparing for adulthood and LD/Autism lead” to ensure smooth transition</p> <p>York Skills Plan</p> <p>The Education Planning Team have completed a review of demographic data to determine the impact on schools</p> <p>Community Impact Assessments are carried out before decision making</p> <p>Redesign and implementation of new arrangements for early help and prevention</p> <p>Ongoing analysis of the Local Plan and Major development projects demographic data to determine the impact on all CYC services.</p> <p>NEW The Covid 19 review ensures that lesson are learned, links to the population hub providing access to the right data ensure services and support is delivered across localities to reduce inequalities</p>				

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2023**

KCR 5 SAFEGUARDING: A vulnerable child or adult with care and support needs is not protected from harm. Ensuring that vulnerable adults and children in the city are safe and protected is a key priority for the council. The individual, organisational and reputational implications of ineffective safeguarding practice are acute.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Failure to protect a child or vulnerable adult from death or serious harm (where service failure is a factor)</p> <p>Potential for an increased demand on Children's and Adult services after Covid-19 measures are lifted</p>	<p>Vulnerable person not protected</p> <p>Children's serious case review or lessons learned exercise</p> <p>Safeguarding adults review</p> <p>Reputational damage</p> <p>Serious security risk</p> <p>Financial implications, such as compensation payments</p> <p>Financial and resource implications of an increase in demand once the Covid 19 measures are lifted</p>	Probable	Major (20)	<p>Safeguarding sub groups</p> <p>Multi agency policies and procedures</p> <p>Specialist safeguarding cross sector training</p> <p>Quantitative and qualitative performance management</p> <p>Reporting and governance to lead Member, Chief Executive and Scrutiny</p> <p>Annual self assessment, peer challenge and regulation</p> <p>Audit by Veritau of Safeguarding Adults processes</p> <p>Children's and Adults Safeguarding Boards (LSCB & ASB)</p> <p>Ongoing inspection preparation & peer challenge</p> <p>National Prevent process</p> <p>DBS checks and re-checks</p> <p>Effectively resourced and well managed service</p>	Possible	Major (19)	No change	No current actions

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2023**

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				<p>Annual Safeguarding Board annual plan</p> <p>Controls implemented from peer review action plan</p> <p>Chief Officer Group which brings together Chief Officers from relevant organisations in relation to safeguarding eg police, CYC</p> <p>Children's Social Care records system is upgraded. This is monitored by a project board. Ongoing development is planned and awaiting costings.</p> <p>Ongoing work to ensure capacity is assured to enable any increase in demand to be met after Covid-19 restrictions are lifted</p> <p>Use of different methods of contact methods for vulnerable children, such as facetime, alongside working with the DoE and Ofsted</p> <p>Improvement Plan for Children's social care in place since 2020</p> <p>Improvement Plan for Adult Social Care to address current budget pressures in place May 2021</p>				

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2023**

KCR 6 HEALTH AND WELLBEING: Failure to protect the health of the local population from preventable health threats through preventable control measures.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Failure to protect the health of citizens against preventable disease by ensuring appropriate levels of vaccination, immunisation and screening.</p> <p>Failure to ensure there are plans in place to respond to wide-scale impacts on the health of citizens from future pandemics, infectious diseases and the health impacts of adverse weather impacts</p> <p>The impact of the non or late diagnosis of health issues due to the impact of Covid-19 on health services.</p> <p>Failure to protect citizens from the adverse health impacts of climate change</p> <p>Failure to protect citizens from the adverse impacts of climate change</p>	<p>Likelihood of mass disease outbreaks</p> <p>Late diagnosis & delay in treatment of health conditions that could be identified earlier through routine screening e.g. breast & cervical cancer, diabetic sight loss</p> <p>UPDATED Reduction in life expectancy and quality of life</p>	Probable	Major (20)	<p>York Health Protection Committee is in the process of being relaunched with to ensure good engagement with partners locally and regionally.</p> <p>The Health Protection Committee will produce an Annual Health Protection Report for the Health and Wellbeing Board and Health & Adult Social Care Policy and Scrutiny Committee</p> <p>CYC Director of Public Health is co-chair of the Humber and North Yorkshire Health and Care Integrated Care Board Local Health Resilience Partnership.</p> <p>Health protection governance arrangements are subject to regular inspection through the internal audit cycle.</p> <p>Mass vaccination programme for flu and Covid</p> <p>The 2020 to 2022 Director of Public Health Annual Report is focused on the response to the COVID-19 pandemic and makes a number of recommendations..</p>	Probable	Moderate (15)	No change	<p>No current actions</p> <p>Whilst the Covid pandemic has not been declared over, the Government moves to the next phase of living with Covid from 1st April 2022. Therefore, our emergency outbreak response phase is over.</p>

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2023**

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
		High	High	Climate change mitigation and adaptation programme	Medium	Medium		

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2023**

KCR 7 CAPITAL PROGRAMME: Failure to deliver the Capital Programme, which includes high profile projects. The capital programme currently has a budget of £531m from 2022/23 to 2026/27. The schemes range in size and complexity but are currently looking to deliver two very high profile projects, Castle Gateway and York Central, which are key developments for the city.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Complex projects with inherent risks</p> <p>Large capital programme being managed with reduced resources across the Council</p> <p>Increase in scale of the capital programme, due to major projects and lifting of borrowing cap for Housing</p> <p>Cost pressures due to increasing inflation rate (particularly in Construction where 20-30% increase in costs are being seen)</p> <p>Continued interest rate increases through to Sept 2023</p>	<p>Additional costs and delays to delivery of projects</p> <p>The benefits to the community are not realised</p> <p>Reputational Damage</p> <p>Pausing or stopping projects as a result of Covid-19 may create some compliance issues and may mean that existing projects require extensions</p> <p>Increased interest rates and the continued impact of inflation will reduce the overall funding available to the Council and may therefore lead to reductions in service levels in some areas.</p>	Probable	Major (20)	<p>Project boards and project plans</p> <p>Regular monitoring of schemes</p> <p>Capital programme reporting to Executive and CMT</p> <p>Financial, legal and procurement support included within the capital budget for specialist support skills</p> <p>Project Management Framework</p> <p>Additional resource to support project management</p> <p>Capital Strategy 2022/23 to 2026/27 approved in Feb 2022</p> <p>Capital Programmes are sufficiently staffed to deliver to timescales</p> <p>Internal Audit Report gave reasonable assurance on project management arrangements</p>	Possible	Moderate (14)	No change	Development of capital strategy for 2023/24 (Debbie Mitchell, 31/01/2023)

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2023**

KCR 8 LOCAL PLAN: Failure to develop a Local Plan could result in York losing its power to make planning decisions and potential loss of funding. The council has a statutory duty to develop a Local Plan, a city wide plan, which helps shape the future development in York over the next 20 years. It sets out the opportunities and policies on what will or will not be permitted and where, including new homes and businesses. The Local Plan is a critical part of helping to grow York’s economy, create more job opportunities and address our increasing population needs.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Failure to agree and adopt a Local Plan for the City.</p> <p>The Draft Local Plan has started but not completed the Examination stage. There remains a risk that if the Plan fails this stage more work may be required and / or the plan has to be withdrawn by Council and submitted again after the evidence base has been updated. In these circumstances the overall risk score remains unchanged.</p>	<p>The Local Plan Examination process continues and the policies in draft Local Plan is a “material planning consideration” in the consideration and determination of planning applications. Development proposals which are not in accordance with the Draft Plan may continue to be submitted as planning applications, resulting in refusals of planning permission and an increase in planning appeals. An “adopted” Local Plan following the Examination by the Planning Inspectors would carry greater weight than the draft Plan.</p> <p>There may be a negative impact on the council's strategic economic goals and may have an adverse impact on investment in the city until there is an adopted Local Plan which provides greater direction through land use allocations and policies</p>	Probable	Major (20)	<p>The Plan is at the Hearing stage of the Examination Process (which commenced Dec 2019)</p> <p>Correspondence as to the latest local plan position is regularly published on the Councils website to ensure all parties are kept abreast of the Planning Inspector and CYC dialogue.</p> <p>The plan following national guidance, good practice and specialist legal advice.</p> <p>Continued close liaison with:</p> <ul style="list-style-type: none"> • DLUHC, • Planning Advisory Services • Planning Inspectorate • The appointed planning Inspectors. <p>The Local Plan Working Group (LPWG) , the Executive and full Council have all been engaged in the plan making process at appropriate stages and before submission of Draft Local Plan for Examination.</p> <p>Corporate Director for Place weekly monitoring / management of the process</p>	Possible	Major (19)	New action	<p>Ongoing action: Monitoring of controls (Neil Ferris, 31/03/2023)</p> <p>NEW KCR will be reviewed following consideration by Executive on 25th Jan 2023 of the next steps following Public Inquiry (Neil Ferris, 31/03/2023)</p>

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2023**

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
	<p>which guide and direct development.</p> <p>For some major planning applications which may be supported by the Council the development processes and decision making is slowed down by need to refer application to the Secretary of State for Levelling Up, Housing and Communities for consideration as to whether a Public Inquiry should be held or not.</p> <p>Central government (DLUHC) have already identified York as a high priority to produce a Local Plan. The failure to prepare and produce a Local Plan in accordance with the timescale accepted by central government could possibly result in action from the Secretary of State for Levelling Up, Housing and Communities to directly intervene in the plan making process.</p>			<p>Additional resources to ensure delivery within timescales</p>				

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2023**

KCR 9 COMMUNITIES: Failure to ensure we have resilient, cohesive, communities who are empowered and able to shape and deliver services. The council needs to engage in meaningful consultation with communities to ensure decisions taken reflect the needs of residents, whilst encouraging them to be empowered to deliver services that the council is no longer able to do. Failing to do this effectively would mean that services are not delivered to the benefit of those communities or in partnership.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Failure to effectively engage with the communities we serve</p> <p>Failure to contribute to the delivery of safe communities</p> <p>Failure to effectively engage stakeholders (including Members and CYC staff) in the decision making process</p> <p>Failure to manage expectations</p> <p>Communities are not willing/able to fill gaps following withdrawal of CYC services</p> <p>Lack of cohesion in the planning and use of CYC and partner community based assets in the city</p> <p>Failure to mitigate wider determinants of health/deprivation impacts such as world conflicts and the cost of living increases</p>	<p>Lack of buy in and understanding from stakeholders</p> <p>Alienation and disengagement of the community</p> <p>Relationships with strategic partners damaged</p> <p>Impact on community wellbeing</p> <p>Services brought back under council provision – reputational and financial implications</p> <p>Budget overspend</p> <p>Create inefficiencies</p> <p>Services not provided</p> <p>Poor quality provision not focused on need, potential duplication, ineffective use of resources, difficulty in commissioning community services e.g. Library services</p>	Probable	Major (20)	<p>Resilient Communities Strategy Group in place</p> <p>New early help and prevention community based service delivery models in People & Customer & Communities</p> <p>Revised Community Safety Plan</p> <p>Devolved budgets to Ward Committees and delivery of local action plans through ward teams</p> <p>Improved information and advice, Customer Strategy and ICT support to facilitate self service</p> <p>CYC Staff and Member training and development</p> <p>Community Safety Strategy approved on 2 March 2020 covering the period 2020-2023</p> <p>Community Hubs set up to support residents through pandemic</p> <p>Roll-out of the Community hubs model as agreed in Oct 2020</p>	Possible	Major (19)	Updated and new action	<p>COMPLETED Access Officer has now started in post and a workplan is being developed (Pauline Stuchfield, October 2022)</p> <p>UPDATED Approval of Financial Inclusion Framework The cost of living crisis has changed the landscape from when the original work was completed, so the outputs from the Cost of Living Summit (the key themes were discussed there) and the 3x10 year strategies have been built into the new draft. Consultation expected in Jan/Feb and decision in March 2023</p>

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2023**

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
	Increase in cost of living and in deprivation			<p>Management structure (Mar 2021) appointed Director Of Customers and Communities</p> <p>Community Engagement Strategy published</p> <p>Volunteer Centre established through York CVS. 'People Helping People Strategy' being reviewed.</p> <p>Financial Inclusion Steering Group</p> <p>Establishment of Food roles in Communities Team</p> <p>Support for Anti-Racism group provided</p> <p>NEW Maintaining strong relationships with parish councils</p>				<p>(Pauline Stuchfield 31/03/2023)</p> <p>NEW Team being established to cover equalities, access & inclusion. (Pauline Stuchfield 30/09/2023)</p>

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2023**

KCR 10 WORKFORCE/ CAPACITY: Reduction in workforce/ capacity may lead to a risk in service delivery. It is crucial that the council remains able to retain essential skills and also to be able to recruit to posts where necessary, during the current periods of uncertainty caused by the current financial climate and transformational change. The health, wellbeing and motivation of the workforce is therefore key in addition to skills and capacity to deliver.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>The necessity to deliver savings has resulted in a reduced workforce requiring new and specialist skills</p> <p>Recruitment and retention difficulties as the council may be seen as a less attractive option than the private sector</p> <p>Lack of succession planning</p> <p>HR Policies may not be consistent with new ways of working (eg remuneration policy)</p> <p>Uncertainty around long term funding from central government.</p> <p>Adjustment to the new ways of working following the pandemic eg hybrid working.</p>	<p>Increased workloads for staff</p> <p>Impact on morale and as a result, staff turnover in key services impacting on business continuity and performance</p> <p>Inability to maintain service standards</p> <p>Impact on vulnerable customer groups</p> <p>Reputational damage as a current and prospective employer.</p> <p>Single points of failure throughout the business</p> <p>Lack of long term funding announcements from central government may impact on staff retention as it creates uncertainty for temporary posts funded by external funding</p>	Probable	Major (20)	<p>Organisational Development Plan (replaces Workforce Strategy/ People Plan)</p> <p>Stress Risk Assessments</p> <p>PDRs</p> <p>Comprehensive Occupational Health provision including counseling</p> <p>HR policies e.g. whistleblowing, dignity at work</p> <p>Development of coaching/ mentoring culture to improve engagement with staff</p> <p>Corporate Cost Control Group monitoring of absence and performance reporting</p> <p>Apprenticeship task group</p> <p>Agency and Interim Staffing Policies</p> <p>Absence Management Policies</p> <p>Substance Misuse Policy</p>	Possible	Moderate (14)	Complete and updated actions	<p>REVISED DATE Ongoing action: Review of HR policies to ensure they complement the new ways of working in the future</p> <p>HR policies and advice to managers have been updated and as new working arrangements are embedded details are being updated in policies.</p> <p>(Helen Whiting, 31/03/23)</p> <p>REVISED DATE Review of employee T&Cs Progress has started with costing options ahead of discussions with CMT and Trade Unions. (Helen Whiting, 31/03/2023)</p>

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2023**

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Reduction in posts due to restructures required to achieve budget savings</p> <p>Potential strike action</p> <p>Lack of qualified workforce (eg care staff, HGV drivers)</p> <p>Ongoing national skills shortage</p> <p>Pay structure issues causing pressure at lower end having knock on impact on middle grades and especially supervisory roles around Grade 5</p>	<p>Potential recruitment issues if staff with EU citizenship leave and are difficult to replace.</p> <p>Impact on the health & wellbeing of staff has been and will be significant and may increase early retirements and leavers. Due to</p> <ul style="list-style-type: none"> • Remote working (working from home) can have a negative impact on wellbeing. • Work life balance – unable to separate work from home due to work being carried out within the home • Juggling childcare and working hours • Supporting home schooling for children <p>However many staff may see an increase in their Health & Well Being due to more agile working. Having greater flexibility between work and home life. As we are able to start returning to the office in a covid secure way it is expected that this will have an increase in Health & Well Being.</p>			<p>A Workplace Health & Wellbeing Group has been established with staff & trade union representation which is chaired by the Head of HR.</p> <p>A staff health & wellbeing survey has been undertaken & this is being followed up by staff focus groups.</p> <p>Increase in regulatory compliance to protect the workforce eg Health and Safety regulations, working time directives</p> <p>Increase in Living wage (although there is no control over this rate and conflicts with NJC rates)</p> <p>Engagement with staff that had concerns about the EU settlement Scheme for European Citizens and offer of support through York Learning, Registrars and Citizens' Advice Bureau</p> <p>Joint Health and Safety Board and regular review of support for staff</p> <p>Improved frequency of informal and formal meetings with Trade Unions to improve communications and relationships</p> <p>Staff questionnaire about returning to the workplace and impact on their health & well being</p>				<p>REVISED DATE Ongoing action - Implementation of creative recruitment initiatives New ideas have already been implemented and these will be ongoing and bespoke to the role and service area. Employer Brand project started to ensure that the good employer benefits are promoted. This will be ongoing and initiatives can be evaluated.</p> <p>(Helen Whiting, 31/03/2023)</p> <p>COMPLETED Successful conclusion of 22/23 pay award negotiations</p> <p>(Helen Whiting, December 2022)</p>

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2023**

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
	<p>More agile and flexible working may also result in increased retention of staff and increase the attraction of candidates for vacant positions.</p>			<p>Increased help and awareness of staff wellbeing and mental health as a result of the new ways of working including Covid secure workspace, provision of PPE, establishment of office readiness group, regular communication and information sessions, advice, risk assessments, help with home office and ICT equipment, absence systems, symptom free testing and vaccinations, close working with Public Health.</p> <p>Business Continuity Planning to assist with redeployment of staff or reduction of service during times of shortage eg HGV drivers</p> <p>Managers being equipped with the right training to manage and lead teams and workforce plan</p> <p>Review of job descriptions and not one size fits all</p> <p>Retention payments and market supplements agreed for key posts</p> <p>NEW HR Advisory circulars now being issued to managers</p>				

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2023**

KCR 11 EXTERNAL MARKET CONDITIONS: Failure to deliver commissioned services due to external market conditions.
 The financial pressures experienced by contracted services (in particular Adult Social Care providers) as a result of increases to the living wage and Covid-19 could put the continued operation of some providers at risk. The Council has a duty to ensure that there is a stable/diverse market for social care services delivery to meet the assessed needs of vulnerable adults/children.
 Some services provided by the Council cannot be provided internally (eg Park and Ride) and must be commissioned. External market conditions such as the number of providers willing to tender for services may affect the Council's ability to deliver the service within budget constraints.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Increases to the national living wage.</p> <p>Recruitment and retention of staff</p> <p>If failure occurs, the Council may remain responsible for ensuring the needs of those receiving the service continue uninterrupted.</p> <p>Providers may go out of business as a result of Covid-19</p> <p>Many sectors under financial pressure due to Covid-19 (reductions in income or increase in expenditure)</p> <p>Costs and cost of living pressures due to increasing inflation rate</p> <p>Cost pressures due to conflict in Ukraine</p>	<p>Vulnerable people do not get the services required or experience disruption in service provision</p> <p>Safeguarding risks</p> <p>Financial implications: Increased cost of alternative provider Increased cost if number of providers are limited</p> <p>Reputational damage</p> <p>Providers may face short to medium term recruitment issues due to current market conditions, or face an increase in costs which is passed on to the Council</p>	Unlikely	Major (18)	<p>Clear contract and procurement measures in place and have been further updated</p> <p>NEW A clear progression process is now in place together with changes to JDs and HoS posts. Retention and recruitment drives in place to support staff within the council and potential new employees</p> <p>UPDATED Ongoing review of operating and business models of all key providers and putting further mitigation in place, such as more robust contract monitoring and commissioning some 'enhanced' credit checks. Enhanced contract and quality team in place to work with providers reducing the potential for failure</p> <p>CYC investment in extra care OPHs has reduced recruitment pressure</p> <p>Revised SLA with independent care group and quarterly monitoring meetings with portfolio holders</p>	Unlikely	Moderate (13)	No change	<p>Ongoing action Latest Market Position Statement REVISED DATE (Jamaila Hussein 31/03/23)</p>

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2023**

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				<p>NEW Ongoing work with providers to set a York cost of care</p> <p>Local policies in place for provider failure</p> <p>Ongoing attendance at Independent Care Group Provider Conference</p> <p>NEW DASS will have oversight of market sustainability. The appointment of a Head of Commissioning starting in Jan 2023 will co-produce a market position statement with health colleagues and providers</p> <p>Focus on prevention and early support to ensure residents are support to stay at home for longer</p> <p>Co-producing model of care with people using services and their carers</p> <p>The Council's market position statement is regularly reviewed</p>				

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2023**

KCR 12 MAJOR INCIDENTS: Failure to respond appropriately to major incidents. Local Authorities are required by law to make preparations to deal with emergencies. Local Authorities have four main responsibilities in an emergency 1. to support the Emergency Services, 2. to co-ordinate non-emergency organisations, 3. to maintain their own services through a robust Business Continuity Management process, 4. to facilitate the recovery of the community and 5. since 2013 the council also has a statutory duty to protect the health of the population under the Health and Social Care Act 2012 and the transfer of public health responsibilities to local authorities. The Council must ensure that its resources are used to best effect in providing relief and mitigating the effects of a major peacetime emergency on the population, infrastructure and environment coming under it's administration. This will be done either alone or in conjunction with the Emergency Services and other involved agencies, including neighbouring authorities.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>An uncoordinated or poor response to a major incident such as:</p> <ul style="list-style-type: none"> • Flood • Major Fire • Terrorist Attack • Pandemic <p>Failure to protect citizens from the adverse impacts of climate change</p> <p>Potential for rolling commercial power outages over winter</p>	<p>Serious death or injury</p> <p>Damage to property</p> <p>Reputational damage</p> <p>Potential for litigation</p> <p>Potential for corporate manslaughter charges if risks are identified and proposed actions not implemented</p> <p>UPDATED Reduction in life expectancy and quality of life</p>	Probable	Catastrophic (24)	<p>Emergency planning and Business Continuity Plans in place and regularly reviewed</p> <p>Strong partnerships with Police, Fire, Environment Agency and other agencies</p> <p>Support to Regional Resilience forums</p> <p>Support and work in partnership with North Yorkshire local resilience forums</p> <p>Investment in Community Resilience (re Flooding)</p> <p>Work with partners across the city to minimise the risk of a terrorist attack</p> <p>Implemented physical measures for certain events</p> <p>Review of city transport access measures</p>	Possible	Major (19)	New Action	<p>Ongoing action: Improvements to enhance flood protection (The Environment Agency) (Neil Ferris, April 2023)</p> <p>NEW The Government published a new resilience framework on 19th December 2022. This KCR will need to be reviewed in light of proposed changes (Neil Ferris, April 2023)</p>

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2023**

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				<p>Development of the local outbreak control plan and a variety of internal recovery strategies</p> <p>Local outbreak prevention, management and response in place</p> <p>Climate change mitigation and adaptation program</p> <p>Regular review and reporting of carbon emissions</p> <p>Carbon reduction and climate change action plan regular updates to PH/CMT</p> <p>Communications to citizens about steps they can take to reduce impact of climate change (</p> <p>Sustainability leads group to encourage city partners to work together to reduce impact of Climate change</p> <p>Communications incident management plans, including outbreak</p> <p>NEW Regular review of emergency and business continuity plans</p>				

KEY CORPORATE RISK REGISTER SUMMARY

Key Corporate Risk	Gross Likelihood	Gross Impact	Gross Score	Net Likelihood	Net Impact	Net Score
KCR1 Financial Pressures	Highly Probable	Major	21	Probable	Major	20
KCR2 Governance	Probable	Major	20	Possible	Major	19
KCR3 Effective and Strong Partnerships	Probable	Major	20	Possible	Moderate	14
KCR4 Changing Demographics	Probable	Major	20	Possible	Major	19
KCR5 Safeguarding	Probable	Major	20	Possible	Major	19
KCR6 Health and Wellbeing	Probable	Major	20	Probable	Moderate	15
KCR7 Capital Programme	Probable	Major	20	Possible	Moderate	14
KCR8 Local Plan	Probable	Major	20	Possible	Major	19
KCR9 Communities	Probable	Major	20	Possible	Major	19
KCR10 Workforce/ Capacity	Probable	Major	20	Possible	Moderate	14
KCR11 External Market Conditions	Unlikely	Major	18	Unlikely	Moderate	13
KCR12 Major Incidents	Probable	Catastrophic	24	Possible	Major	19

This page is intentionally left blank

Annex C- Risk Matrix

		Impact					Likelihood				
		Catastrophic	Major	Moderate	Minor	Insignificant					
	17	22	23	24	25		1	3	4	5	7
	12	18	19	20	21		2	8	9	10	11
	6	13	14	15	16		3	6	7	8	9

This page is intentionally left blank

Briefing Note – Power Outages included in Key Corporate Risk 12: Major Incidents

1. At the first risk monitor of 2022/23 the following risk detail was added to KCR 12 – Major Incidents: *Potential for rolling commercial power outages over Winter*. Members of the Audit & Governance committee asked for a further explanatory note on this to be provided.
2. Since this request was made, no further updates have been made by the energy markets in respect of power outages, this is because there has been a winter heatwave across Europe and therefore European energy markets are not at risk of hitting worse case scenarios.
3. The risk of an unplanned, no notice national power outage is one of the highest assessed risks in the National Security Risk Assessment. A suggested loss of power for up to 7 days would be a major challenge and would cause loss of telecoms, water, gas, sewerage treatment, traffic lights, CCTV and electronic payments for goods.
4. The 'Reasonable Worst-Case Scenario' would involve a perfect storm requirement of factors combining:
 - Prolonged period of extreme cold weather
 - No wind
 - No gas
5. As previously mentioned, the weather this year would appear warmer across Europe. In the UK, so far, demand for gas is lower than predicted. There have been periods of wind and sunny bright days providing energy to wind and solar farms and no disruption to the gas pipeline.
6. It was anticipated the highest risk would be during February with the coldest weather usually around this time, although the forward look at the weather does not show any severe or prolonged events likely to cause such an issue.
7. There is also a series of plans in place for further assurance; the National Utility Outage Plan, a Regional (York and the Humber) plan and the LRF North Yorkshire plan, however, it may be worth noting the risk level would differ for a 'no notice loss' and a planned rota outage, which it could be argued would become a business continuity incident rather than major incident for many organisations, as the rota for outages would be programmed with advance notification given to affected postcodes, thus

allow time to alter work practices and allow for personal adaptations in lifestyle and behaviour to minimise the disruption.