

Notice of a public meeting of

Audit and Governance Committee

- To:** Councillors J Burton (Vice-Chair), Hollyer (Chair), Fisher, Leigh (Independent Member), Mason, Melly, Rose and Whitcroft
- Date:** Tuesday, 12 September 2023
- Time:** 5.30 pm
- Venue:** The George Hudson Board Room - 1st Floor West Offices (F045)

AGENDA

1. Declarations of Interest

At this point in the meeting, Members and co-opted 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. The disclosure must include the nature of the interest.

An interest must also be disclosed in the meeting when it becomes apparent to the member during the meeting.

(1) Members must consider their interests, and act according to the following:

Type of Interest	You Must
Disclosable Pecuniary Interests	Disclose the interest, not participate in the discussion or vote, and leave the

	meeting unless you have a dispensation.
Other Registrable Interests (Directly Related) OR Non-Registrable Interests (Directly Related).	Disclose the interest; speak on the item only if the public are also allowed to speak, but otherwise not participate in the discussion or vote, and leave the meeting unless you have a dispensation.
Other Registrable Interests (Affects) OR Non-Registrable Interests (Affects).	Disclose the interest; remain in the meeting, participate and vote unless the matter affects the financial interest or wellbeing: (a) to a greater extent than it affects the financial interest or well-being of a majority of inhabitants of the affected ward; and (b) a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest. In which case, speak on the item only if the public are also allowed to speak, but otherwise do not participate in the discussion or vote, and leave the meeting unless you have a dispensation.

(2) Disclosable pecuniary interests relate to the Member concerned or their spouse/partner.

(3) Members in arrears of Council Tax by more than two months must not vote in decisions on, or which might affect, budget calculations, and must disclose at the meeting that this restriction applies to them. A failure to comply with these requirements is a

criminal offence under section 106 of the Local Government Finance Act 1992.

2. Exclusion of Press and Public

To consider the exclusion of the press and public from the meeting during consideration of the following:

Annex 3 to Agenda Item 9 on the grounds that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). This information is classed as exempt under paragraph 3 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by The Local Government (Access to Information) (Variation) Order 2006).

3. Minutes & Action Log (Pages 1 - 12)

To approve and sign the minutes of the meeting held on 19 July 2023, and to note the action log.

4. 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 Committee. 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 Friday, 8 September 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.

5. Review of the final draft of the Annual Governance Statement (Pages 13 - 46)

The draft Annual Governance Statement (AGS) 2022/23 is now available on the council's website. As this draft statement was not available until later in July, the accounts inspection period was extended to meet the statutory 30 working days requirement for the accounts being open for inspection by residents. In future the draft AGS will be published with the annual accounts.

The Statement attached at Annex A is a draft and will continue to be updated for any further comments or issues. A final version will be presented to this committee, along with the statement of accounts, once external audit have completed their work.

6. Monitor 1 2023/24 - Key Corporate Risks (Pages 47 - 88)

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.

7. Treasury Management Monitor 1 (Pages 89 - 110)

This information provides Members with an update of treasury management activity for the first quarter of 2023/24.

8. Audit and Governance Work Plan 2023/24 (Pages 111 - 114)

To consider the Committee's work plan for the 2023/24 municipal year.

9. Audit & Counter Fraud Progress Report (Pages 115 - 156)

This report provides an update on the delivery of the internal audit work programme for 2023/24 and on counter fraud activity undertaken so far in the year.

10. Urgent Business

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

Democracy Officer:

Name: Louise Cook

Telephone: (01904) 551031

Email: louise.cook@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.

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City of York Council

Committee Minutes

Meeting	Audit and Governance Committee
Date	19 July 2023
Present	Councillors Hollyer (Chair), J Burton (Vice-Chair), Fisher, Melly, Rose Leigh (Independent Member), and Healey (Substitute)
Officers in Attendance	Bryn Roberts – Director Of Governance And Monitoring Officer Debbie Mitchell - Chief Finance Officer Lorraine Lunt - Information Governance & Feedback Team Manager Mark Kirkham – Mazars Mark Outterside – Mazars Max Thomas – Veritau Connor Munro - Veritau
Apologies	Councillors Mason and Whitcroft

1. DECLARATIONS OF INTEREST (17:32)

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. None were declared.

2. PUBLIC PARTICIPATION (17:32)

It was reported that there had been three registrations to speak at the meeting under the Council's Public Participation Scheme.

Andy Mendus asked the Committee to undertake greater monitoring of purchased orders, due to the number that were raised after the invoice had been received. He also enquired as to why the Council no longer published internal audit reports and requested these be published and redacted where required.

Gwen Swinburn raised a number of concerns regarding governance of the Council and enquired as to why the Annual Governance Statement was not included with the Statement of

Accounts. She requested that reports into culture change include officer as well as Councillor conduct and asked when the second independent member of the Committee would be appointed.

Geoff Beacon spoke about his experience and the procedure of feeding into the York Central building development. He noted that due to the lack of affordable homes in the city that York Central should include far more homes in its plans that would be affordable for residents.

3. EXCLUSION OF PRESS AND PUBLIC (17:44)

The Monitoring Officer explained that the Council is permitted to exclude some information relating to its business or financial affairs as set out in the 1972 act. He noted that by having these internal audits exempt it would allow the Committee to scrutinize reports which could be candid regarding any challenges the Council was facing. He confirmed that the Council publishing internal audit reports in the past was not keeping with practices at other local authorities.

The Committee discussed how the Council had published internal audits in the past and how other Council consider these audits, noting that the security of the Council and its information is paramount. The Committee agreed to exclude the press and public for annexes 3 to 7 of agenda item 11 and requested a future update regarding how the Council would determine whether internal audit reports would need to be considered as private information.

Resolved:

- i. That the press and public be excluded from the meeting during the consideration of Annex 3 and 7 to Agenda Item 11 on the grounds that they relate to the financial or business affairs of any particular person (including the authority holding that information). This information is classed as exempt under Paragraph 3 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by the Local Government (Access to Information) (Variation) Order 2006).
- ii. That a report be brought to the Committee outlining the Council's process for determining what

information should be kept exempt from the press and public.

Reason: To ensure the Committee can scrutinise internal audit reports.

4. MINUTES (17:57)

Resolved: That the minutes of the meeting held on 15 March 2023 be approved and then signed by the Chair as a correct record.

5. CORPORATE GOVERNANCE REPORT (17:58)

The Committee received an update from the Council's Corporate Governance Team. The Committee discussed response times to complaints received and Members requested that a further update be provided to the Committee via email, outlining the reason for the rise in Adults and Childrens Social Care complaints shown as "in progress". Response times to freedom of information requests which had passed the 20-day deadline were considered. Members considered whether reporting could include how long after the deadline those that were out of time were when they were responded to.

The Committee noted that they did not believe that they had received a report on Q4 2022/23 data and asked that this be included in the Committees' next Corporate Governance report. Finally, it was also noted that two of the recorded decisions by the ombudsman at annex 3 appeared to be the same, officers confirmed that they would review and share information on any missing decision with the Committee.

Resolved:

- i. That Q4 2022/23 data be included in the Committees' next Corporate Governance Report.
- ii. That Officers provide an update to Committee Members via email into the progress on responding to Adult and Children's Social Care complaints.
- iii. That Officers review the ombudsman decisions and share with the Committee any additional decisions if not included within annex 3 to the report as intended.

Reason: To ensure the Committee has an oversight of the Council's Corporate Governance.

6. STATEMENT OF ACCOUNTS (18:34)

Officers introduced the draft Statement of Accounts and it was confirmed they were open to public inspection. The Committee discussed the narrative report and main financial statement which provided an outline of the Council's accounts in the financial year 2022/23 up until 31 March 2023.

Members asked about the impact of delays to major projects and how any increased costs would be funded. Officers noted that addressing overspends on projects could be done through seeking additional funding, adjustments to the spending on other projects, or increased borrowing. Members also requested further detail regarding the additional capital spend within the Housing Revenue Account. It was confirmed that a separate briefing note would be shared with the Committee.

Resolved:

- i. The Committee noted the draft pre-audit statement of accounts, for the financial year ended 31 March 2023.

Reason: To ensure that, in line with best practice, Members have had the opportunity to review the draft pre-audit Statement of Accounts.

7. TREASURY MANAGEMENT OUTTURN (19:07)

The Committee considered the report into the Council's treasury management and the review of prudential indicators for 2022/23. Members made a number of enquiries including enquiring why there had been a rise over the last 15 years in the percentage of Council Tax revenue being spent on supporting Council investments, Officers noted that the rise had been due to the Council maintaining a significant capital programme as well as specific projects such as York Central which had specific borrowing that would be recouped by the Council through revenue streams. Members were also informed that large increases in several metrics from 2022/23 to 2023/24 were due

to projects being carried over from the previous year when not completed as anticipated. Officers confirmed that the Council was working to improve its estimations on delivery to reduce the amount of slippage from the previous financial year.

Resolved:

- i. The Committee noted the Treasury Management Annual Report and Review of Prudential Indicators 2022/23.

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.

8. MAZARS AUDIT PROGRESS (19:16)

The Committee noted the work of the Council's external auditors Mazars.

Resolved:

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

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

9. REPORT OF THE MONITORING OFFICER (19:18)

The Monitoring Officer introduced his report and confirmed there were no major governance issues to report. He also confirmed that he was undertaking, with officers, a substantial review of the Constitution, and that if Members had areas they wished for the Monitoring Officer to look into then they could raise it with him. He highlighted the Local Government Association recommendation to improve the working relationship between Members and Officers.

The Committee discussed the current Public Participation Protocol in the Council's Constitution, Members considered what amendments to the Council's current procedure might improve participation for the public and Committee Members, including a requirement that comments be submitted in writing to assist Members.

Members enquired about the Annual Governance Statement being included in future years with the draft Statement of Accounts and officers confirmed they would look into this. The Committee also discussed the process that should be followed when a Leader of the Council has left their post following an election but before the meeting of Annual Council to elect a new Council Leader.

The Committee discussed the procedures and standing orders relating to the upcoming meeting of Council and amendment proposals to the Council's budget. The Monitoring Officer confirmed that the Council did not have a current process in the Constitution for how budget amendments should be proposed, but confirmed that this would be reviewed and included in the upcoming Constitutional amendments. The Committee voted three in favour, two against, and one abstention to note that the Committee had a concern regarding the process by which a budget amendment proposal was being presented to Full Council on the 20 July 2023. The Committee requested that Officers draft a procedure for how budget amendment proposals are considered by Council for inclusion to the Constitution, as part of the Constitution review.

Resolved:

- i. The Committee noted that it had a concern regarding the process by which a budget amendment proposal was being presented to Full Council on the 20 July 2023. The Committee requested that Officers drafted a procedure for how budget amendment proposals are considered by Council for inclusion to the Constitution, as part of the Constitution review;
- ii. That the Monitoring Officer review the Public Participation Protocol and language used in the Constitution as part of the Constitution review;

- iii. That Members of the Committee contact the Monitoring Officer about any areas of the Constitution they believe requires a review;
- iv. Noted the content of the report;
- v. Noted and agreed the 'direction of travel' in relation to the cultural change programme suggested by the LGA.

Reason: To assist the Monitoring Officer in his consideration of the review of the Constitution, and to provide guidance to the Assistant Director of Policy and Strategy in relation to the cultural change programme recommended by the LGA.

10. AUDIT AND GOVERNANCE WORK PLAN 2023/24 (20:08)

The Committee noted the work plan for 2023/24. Members enquired whether they could include an item to be considered the governance arrangements for the new combined authority for York and North Yorkshire.

Resolved:

- i. Noted the Committee work plan;
- ii. Item to be added to the work plan to consider governance arrangements for the new combined authority for York and North Yorkshire when possible prior to its creation.

Reason: To ensure the Committee maintains a programme of work for 2023/24.

11. ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT (20:12)

Veritau the Council's internal auditor introduced their report on fraud and the audits they had undertaken. Ordering documentation process was discussed due to the rise in the number of payments made without a payment order and why the issue has increased over several years, Members therefore considered adding a review of the ordering documentation process to the Committees work plan. Exit payments were also raised and it was confirmed by the Monitoring Officer that government had updated policies for Councils on Special

Severance Payments and agreed to share with Committee Members.

The Committee enquired as to how the work plan for internal audits was determined and it was confirmed that it was a risk based programme that was agreed with the Committee.

The Committee considered annexes 3 to 7 in private session as agreed in minute 2.

Resolved:

- i. That a report be added to the Committee work plan to review the policy and use of payment orders within the Council.

Reason: To identify the reason for the rise in payments without payment orders and potential solutions to raise compliance with Council Policy.

- ii. Noted the results of internal audit and counter fraud work undertaken.

Reason: To enable members to consider the implications of internal audit findings, and inform their assessment of the effectiveness of counter fraud arrangements.

- iii. Note the opinion of the Head of Internal Audit on the adequacy and effectiveness of the council's framework of governance, risk management and internal control.

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

- iv. Noted the outcome of the Quality Assurance and Improvement Programme and the confirmation that the internal audit service conforms with Public Sector Internal Audit Standards.

Reason: To enable members to consider the opinion of the Head of Internal Audit.

- v. Noted that no significant control weaknesses have been identified by internal audit during the year which are relevant to the preparation of the Annual Governance Statement.

Reason: To enable the Annual Governance Statement to be prepared.


Cllr Hollyer, Chair

[The meeting started at 5.32 pm and finished at 8.50 pm].

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Action Number	Date of Meeting	Title	Action	Action Owner	Status/ Outcome	To be completed by	Completed
8	07/02/23	LGA Recommendations Report	That the Council undertake a three year review reporting to the Audit and Governance Committee to review the Council's performance against the ten recommendations outlined by the LGA and to report on the progress of Member training	Bryn Roberts	Officers reviewing how to operate the review and would bring proposals to the first meeting of the Committee post the upcoming local elections.		No
9	07/02/23	LGA Recommendations Report	To recommend to the Chief Operating Officer and the Leader of the Council to engage the LGA about initiating a Corporate Peer Review	Bryn Roberts			No
10	19/07/23	Internal Audit Reports	That a report be brought to the Committee outlining the Council's process for determining what information should be kept exempt from the press and public in relation to internal audit reports.	Bryn Roberts			No
11	19/07/23	Corporate Governance Report	That Q4 2022/23 data be included within the next Corporate Governance update report	Lorraine Lunt			No
12	19/07/23	Corporate Governance Report	That Officers provide an update to Committee Members via email into the progress on responding to Adult and Children's Social Care complaints.	Lorraine Lunt			No
13	19/07/23	Corporate Governance Report	That Officers review the ombudsman decisions and share with the Committee any additional decisions if not included within annex 3 to the report as intended.	Lorraine Lunt			No
14	19/07/23	Review of the Constitution	The Committee requested that Officers drafted a procedure for how budget amendment proposals are considered by Council for inclusion to the Constitution, as	Bryn Roberts			No

15	19/07/23	Review of the Constitution	That the Monitoring Officer review the Public Participation Protocol and language used in the Constitution as part of the Constitution review.	Bryn Roberts			No
16	19/07/23	Review of the Constitution	That Members of the Committee contact the Monitoring Officer about any areas of the Constitution they believe requires a review	Committee Members			No
17	19/07/23	Internal Audit Reports	That a report be added to the Committee work plan to review the policy and use of payment orders within the Council.	Bryn Roberts			No

 CITY OF YORK COUNCIL		Agenda item
Audit & Governance		12 September 2023
Report of the Director of Governance		

Draft Annual Governance Statement 2022/23

Summary

1. The draft Annual Governance Statement (AGS) 2022/23 is now available on the council's website. As this draft statement was not available until later in July, the accounts inspection period was extended to meet the statutory 30 working days requirement for the accounts being open for inspection by residents. In future the draft AGS will be published with the annual accounts.
2. The Statement attached at Annex A is a draft and will continue to be updated for any further comments or issues. A final version will be presented to this committee, along with the statement of accounts, once external audit have completed their work.

Recommendations

3. (a) Audit & Governance Committee note and comment on the draft Annual Governance Statement attached at Annex A

Reason: To ensure that Members have had the opportunity to review the draft Annual Governance Statement.

Consultation

4. Internally officers across the council have been consulted on and contributed to the draft Annual Governance Statement.

Options

5. As this is a statutory requirement, no options are presented as part of this report.

Implications

6. The implications are
 - Financial – there are no financial implications to this report.

- Human Resources - there are no human resource implications to this report.
- Equalities - there are no equality implications to this report.
- Legal - there are no legal implications to this report.
- Crime and Disorder - there are no crime and disorder implications to this report.
- Information Technology - there are no information technology implications to this report.
- Property –there are no property implications to this report.
- Other – there are no other implications to this report.

Risk Management

7. Areas of risk identified throughout the production of the AGS are monitored and managed on an ongoing basis.

Contact Details			
Author:		Chief Officer responsible for the report:	
Bryn Roberts Director of Governance		Bryn Roberts Director of Governance	
		Report approved (on behalf of Bryn Roberts)	x 04.09.23
Specialist Implications Officer(s) None			
Wards Affected:		All	√

For further information, please contact the author of this report

Background Working Papers

Local Code of Corporate Governance

Annexes

A. Draft Annual Governance Statement 2022/23

ANNUAL GOVERNANCE STATEMENT

Financial Year 2022-2023

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2022-2023 DRAFT ANNUAL GOVERNANCE STATEMENT – June 2023

Introduction

City of York Council is a unitary Council with 47 councillors elected for a four-year term (2019-2023) to represent 21 local wards. For the duration of the 2022-2023 financial year, the Executive was formed from a coalition of the Liberal Democrats and the Green Party. During that time, the make-up of the Council was as follows:

- 21 Liberal Democrat
- 17 Labour
- 3 Green Party
- 2 Conservatives
- 2 York Independents
- 2 Independent

There are 31 Parish and Town Councils established within the boundary of City of York Council.

The 2022-2023 financial year saw the end of restrictions arising from the COVID-19 pandemic, and the beginning of recovery in earnest.

What is Governance in City of York Council?

City of York Council (“the Council”) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently, and effectively on behalf the of York council taxpayers.

The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

In order to discharge this responsibility, the Council must put in place proper arrangements for the governance of its affairs.

Governance is about how we ensure we are doing the right things, in the right way, for the right people in a timely, inclusive, open, honest, and accountable manner. Good governance leads to effective:

- Leadership and management;
- Performance and risk management;
- Stewardship of public money for York council taxpayers; and
- Public engagement and outcomes for residents and service users.

The Council has adopted a Local Code of Corporate Governance which is consistent with the seven principles set out in “proper practice” for the public sector, namely Delivering Good Governance in Local Government: Framework published by CIPFA/SOLACE 2016.

The overall aim of the Local Code of Corporate Governance is to ensure that:

- Resources are directed in accordance with agreed policy and according to priorities;
- There is sound and inclusive decision making;
- There is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

A copy of our Local Code is available on our website at www.york.gov.uk/CorporateGovernance

This Annual Governance Statement (“AGS”) for 2022-2023 demonstrates how we have complied with our local code and met the requirements of Regulation 6(1)(b) of the Accounts and Audit Regulations 2015, which requires us to prepare an annual governance statement.

What is the purpose of our Governance Framework?

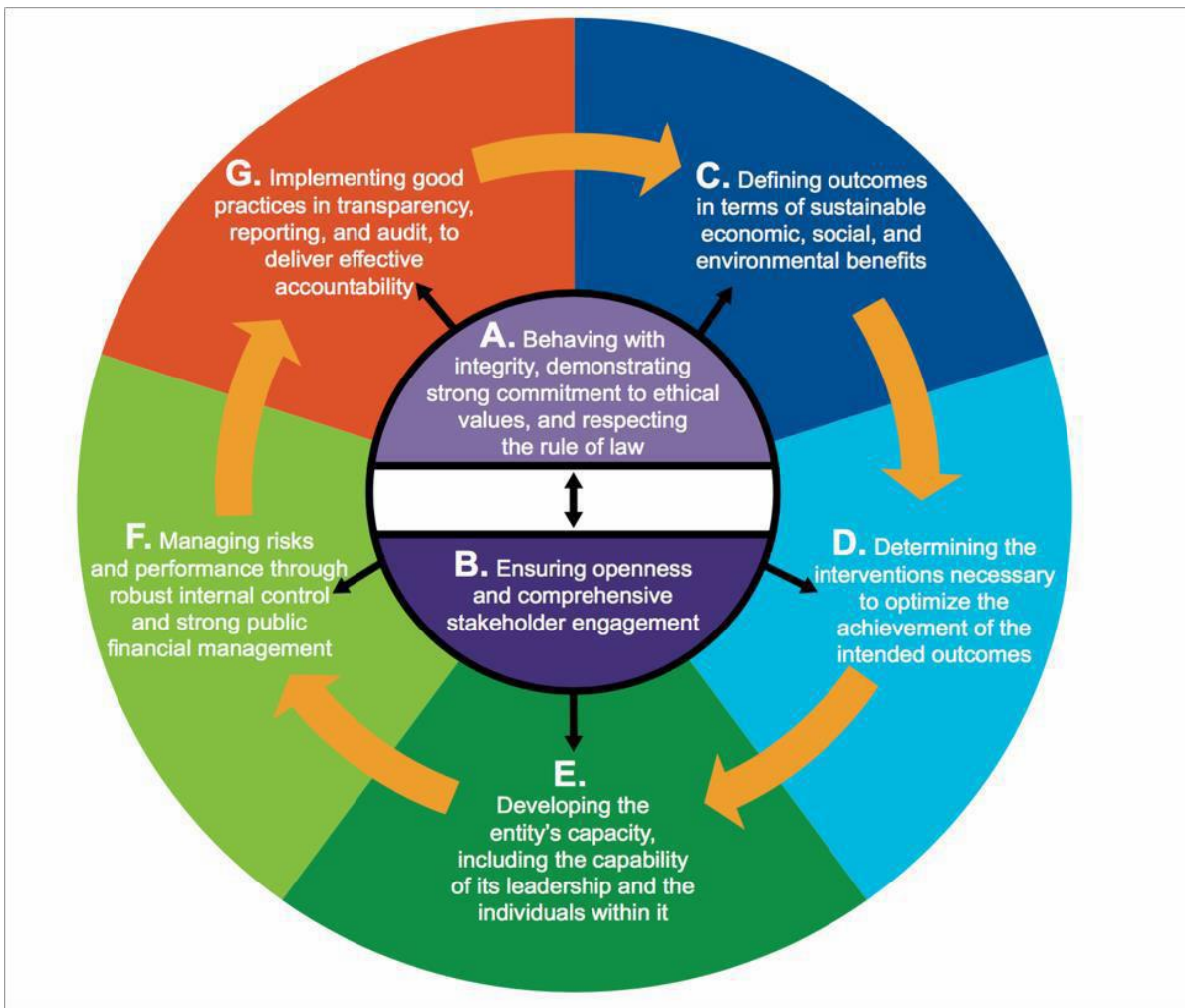
Our governance framework aims to ensure that in conducting our business, we:

- operate in a lawful, open, inclusive, and honest manner;
- make sure public money is safeguarded, properly accounted for, and spent wisely;
- have effective arrangements in place to manage and control risk;
- secure continuous improvements in the way we operate.

Our governance framework is comprised of the culture, values, systems, and processes by which we are directed and controlled. It brings together an underlying set of legislative and regulatory requirements, good practice principles and management processes.

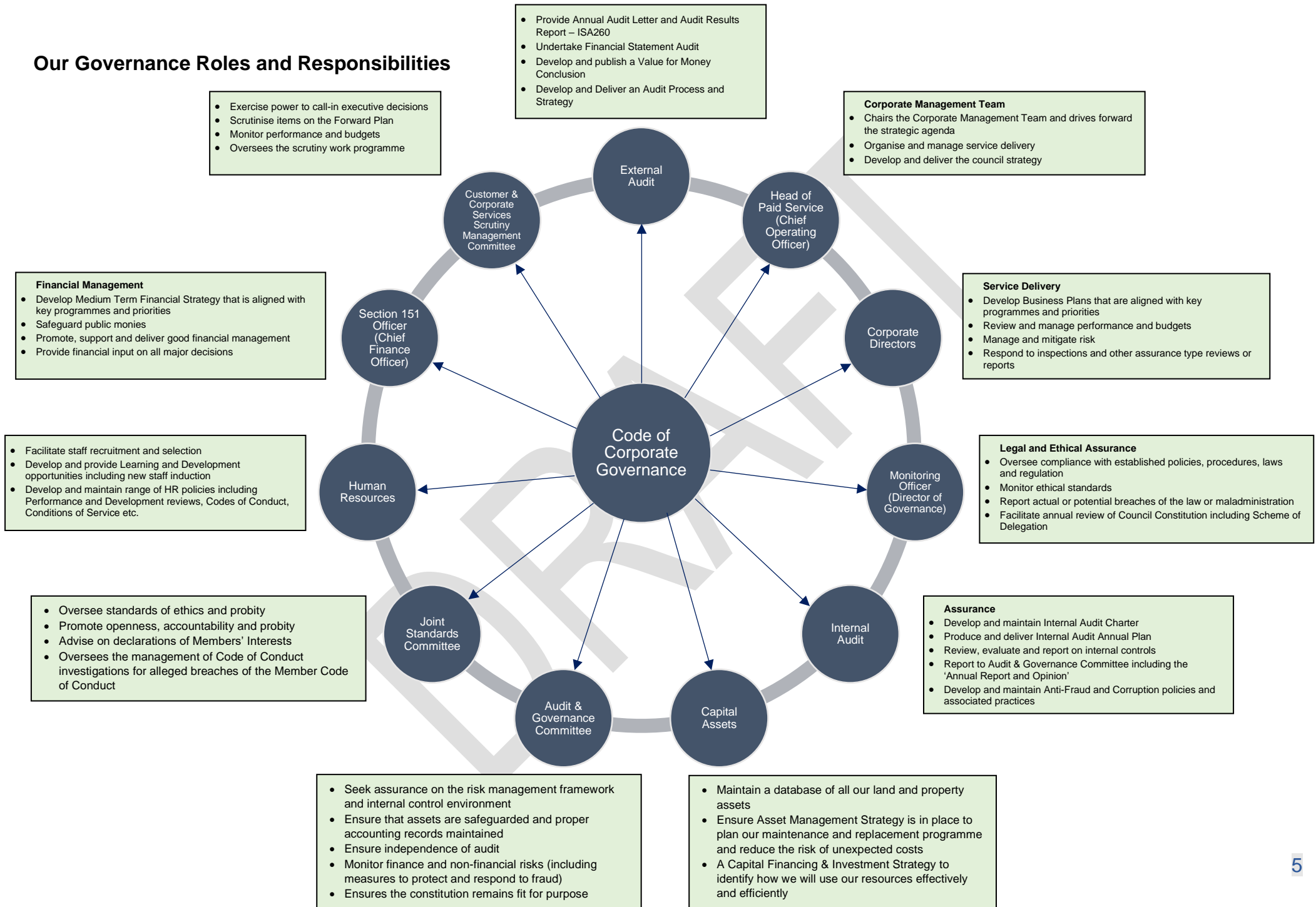
Our system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of Internal Control is based on an on-going process designed to identify and prioritise risks, evaluate the likelihood and impact should risks be realised, and efficiently, effectively, and economically manage such risks.

The "Delivering Good Governance" framework below envisages it will be a continuous process of seven principles with a core of A and B being about the behaviours of integrity demonstrating a strong commitment to ethics and respecting the rule of law with practices being carried out in the spirit of openness and comprehensive stakeholder engagement.



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Our Governance Roles and Responsibilities



What is our Governance Framework?

<p><i>What we do</i></p> <p>Constitution and decision-making framework Finance and Contract Procedure Rules Roles and Responsibilities Strategy and Policy Framework Promote Employee Standards</p>	<p><i>How we deliver</i></p> <p>Executive and scrutiny framework Project management Risk management Performance management</p>
<p><i>How we set priorities for change</i></p> <p>Medium Term Financial Strategy Community Engagement Partnership working/framework Strategic planning</p>	<p><i>How we behave</i></p> <p>Codes of conduct Employee values Leadership behaviours Whistleblowing, Standards, and complaints procedures Behavioural standards</p>

What Does Our Governance Assurance Framework look like?

Good assurance in any organisation provides confidence, based on sufficient evidence, that internal controls are in place and are operating effectively and that objectives are being achieved.

Our assurance framework is the structure within which Councillors and Senior Management identify the principal risks to the Council in meeting its key objectives, and through which we map out both the key controls to manage them and how they have gained sufficient assurance about the effectiveness of those controls. Our assurance framework underpins the statements made within this Annual Governance Statement.

Assurance can come from many sources:

- Internal: Self Assurance Statements, Corporate Management Team, Internal Audit Reviews, Scrutiny, Audit and Governance Committee, Service Reviews and performance intelligence, Governance Risk and Assurance Group (membership is key Statutory Officers), Corporate Governance;
- External: Inspections, External Audit, National Fraud Initiative, Partnerships, Trade Unions, stakeholders, and local forums

How has this Annual Governance Statement for 2022-2023 been prepared?

In preparing this Annual Governance Statement we have:

- Reviewed our existing governance arrangements against the revised CIPFA / SOLACE 'Delivering Good Governance in Local Government framework - 2016 Edition' good practice guidance;
- Assessed the effectiveness of our governance arrangements against the Local Code of Corporate Governance;
- Reviewed External Assessments; and

- Sought Self-Assurance Statements from all Directors.

How do we monitor and evaluate the effectiveness of our governance arrangements?

We continue to review the effectiveness of our governance arrangements on an ongoing basis and report on the position annually. The key sources of assurance that inform this review are outlined below:

- The work of Councillors (the Executive, and the Audit and Governance Committee) and Senior Officers (Corporate Management Team) who, individually and collectively, have responsibility for good governance;
- Consideration of the council's constitution and decision-making framework;
- The three statutory officers, being the Head of Paid Service, the Section 151 Officer, and the Monitoring Officer;
- The Head of Internal Audit's annual report on Internal Audit Activity 2022-2023, which provides independent assurance that key risks (financial and non-financial) are being adequately controlled and provides an opinion on the effectiveness of these arrangements;
- Consideration of any control weaknesses or issues identified by the Head of Internal Audit as part of the Audit Plan and as reported to the Audit & Governance Committee;
- Consideration of the council's counter fraud strategy and the level of conformance to the CIPFA code of practice on managing the risk of fraud and corruption;
- Regular updates to Audit and Governance Committee on the council's risk register and any other issues highlighted through the council's risk management arrangements;
- Performance monitoring of key deliverables in the Council Plan as well as key performance indicators which are reported quarterly to Executive;
- Challenge through Overview and Scrutiny (for example review of the work programmes, recommendations to the Executive, call-in's, etc. as can be seen in the reports to Corporate Services, Climate Change and Scrutiny Management Committee);
- Inspections and assessments (such as Ofsted Inspection of Local Authorities Children's Services Framework and Sector Led Improvement activity in Children's and Adults Services, NHS data security and protection toolkit);
- Any comments made by our External Auditors in their Value for Money Opinion;
- Recommendations and comments made by any other review agencies and inspectorates; and
- Customer insight through complaints, concerns, comments and compliments, the

media and Freedom of Information/Environmental Information Regulations requests and feedback given via the public participation in council meetings.

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How do we know that our arrangements are working?

The table below details the seven principles of the CIPFA/SOLACE Delivering Good Governance framework. It provides an analysis of the effectiveness of how we conform with each element of the framework, and identifies areas where improvements are required. These are then listed in the action plan at the end of the statement.

Governance Principle	Sub-Principle	Assurance on Compliance
Acting in the public interest requires a commitment to effective arrangements for:		
<p>Principle A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p>	<p>1. Behaving with integrity</p>	<ul style="list-style-type: none"> ➤ The political and managerial leadership sets the tone. ➤ Through this leadership we ensure that the required policies are put into place and monitored. ➤ The Employee Code of Conduct forms part of the Council’s Constitution and sets out the behaviours expected of employees. ➤ The Protocol on Officer Member Relations which forms part of the Constitution sets out the way Councillors and Officers should interact. ➤ Training has been made available to all Councillors following the whole-Council elections, including specialist training for those Councillors who are involved in a number of committees including Licensing, Audit & Governance Committee and Planning A. ➤ Joint Standards Committee produces an Annual Report to Council which includes a synopsis of Code of Conduct related complaints received during the Municipal Year in respect of Councillors (both City of York and Parish Councillors).
	<p>2. Demonstrating strong commitment to ethical values</p>	<ul style="list-style-type: none"> ➤ In accordance with the Localism Act 2011, and in common with the majority of Councils, CYC and its associated Parish Councils have adopted the LGA Model Code of Conduct for our Councillors, is in keeping with the general principles of public life. All Councillors and co-opted Members undertake that they will observe the Code of Conduct. Members and key Officers have been trained on the Model Code, including training as part of the Members Induction Programme.

		<ul style="list-style-type: none"> ➤ The Joint Standards Committee monitors and reviews the Councillors' Code of Conduct and prepares an annual statement to Full Council, covering standards matters within the Council and the associated Parish Councils. ➤ The Employee Code of Conduct provides guidance to our employees on the ethical framework within which we seek to conduct activities; and on the processes that the Council uses to ensure compliance with the highest ethical standards. City of York Council has adopted an Ethics Statement that reflects similar principles to the Nolan Principles which form the basis of the Members' Code of Conduct, and it is included in the constitution.
	3. Respecting the rule of law	<ul style="list-style-type: none"> ➤ Codes of Conduct set out the standards of behaviour that are expected of our Councillors and Officers. Should these standards be breached, they will be dealt with, either through the Members' Code of Conduct complaints process or, in relation to Officers, action taken under our capability and/or disciplinary procedures. ➤ The Whistleblowing Policy adopted by the Council ensures its effectiveness from a safeguarding perspective and to make it easier for staff to raise concerns about malpractice or illegal activity. The Policy contains clear guidance about how to report a concern, who to contact and sources of internal and external support. ➤ The Whistleblowing Policy is complemented by the Counter Fraud and Corruption Policy, Fraud and Corruption Prosecution Policy, Counter Fraud Strategy, Anti-Money Laundering Policy, and Anti-Bribery Policy.
Principle B Ensuring openness and comprehensive stakeholder engagement	1. Openness	<ul style="list-style-type: none"> ➤ We are committed to openness and publish information online in accordance with the provisions of the Local Government Transparency Code and the Freedom of Information Publication Scheme. ➤ We provide regular performance updates relating to information requests and complaints to management teams and the Audit & Governance Committee. ➤ We have in place procedures which allow, within certain parameters, the recording and filming of Council meetings, and for public

		<p>participation in the majority of meetings.</p> <ul style="list-style-type: none"> ➤ Only those reports which are considered exempt are dealt with in closed session (known as Part II), and for the majority of these reports there is a public facing report (known as Part I) which sets out the matter to be decided upon, but without the information that is exempt from publication.
	<p>2. Engaging comprehensively with institutional stakeholders</p>	<ul style="list-style-type: none"> ➤ We engage with large numbers of stakeholders, including our associated Parish Councils. We have a comprehensive engagement system with statutory stakeholders such as the NHS, CCG, North Yorkshire Police, Fire and Rescue Service. We have further subject based stakeholders particularly regional economic development such as the emerging York and North Yorkshire Combined Authority (which is due to come into being in November 2023), Local Enterprise Partnership (LEP), West Yorkshire Combined Authority and have strategic links with North Yorkshire Council and taking a regional approach to health and wellbeing. We are a member of the York Health and Social Care Board (sometimes called the York Place Board), which was established in April 2023 and is in response to the 2022 Health and Care Act. It is a place based integrated health and care board reporting into the Yorkshire and Humber integrated Health and Care System. Locally, we regularly engage with key institutions such as the universities, colleges, business representative and environmental groups, education system partners such as the academies, together with health and care partners in the NHS, private sector, and community sector. Following the co-design of the 10year plan, and with the new administration we are refreshing our approach to working with key city leaders, holding a series of 121s to explore thematic task and finish groups to provide opportunity to share expertise and resource. We also engage and consult extensively with our Local Trade Unions in respect of employment related issues. ➤ To shape the Climate Change plan, a group of sector specific stakeholders shared their views in roundtable discussions, and we continue to engage with institutional stakeholders through the independent York Climate Commission. ➤ We regularly engage with professional leads at the Head of

		<p>Communications Group, the Higher Education Group, the Financial Inclusion Group, the Bus Group, and the Sustainability Leads Group. Each of these groups provide rich insight about the challenges facing their sectors as we recover from the Coronavirus Pandemic and respond to the challenges of climate change and the cost of living.</p> <ul style="list-style-type: none"> ➤ We thematically engage with partners and stakeholders, for example our stakeholder engagement plan which is part of the local transport strategy consultation and engagement plan, our approach to engaging stakeholders during the budget setting process.
	<p>3. Engaging with individual citizens and service users effectively</p>	<ul style="list-style-type: none"> ➤ Local focus and community engagement are successfully promoted through a number of different activities: ➤ The Talk About Panel: a group of self-selected residents who comment on surveys throughout the year, the council actively promotes engagement in the panel through too hard to reach groups and those who are underrepresented. ➤ Our Big Conversation: invites residents to participate in different on and offline engagement activities designed to inform major council strategies such as the 10-year plan, the economic development, health and wellbeing, local transport plan and climate change strategies and related action plans. This has included targeted focus groups to encourage feedback from people who do not typically engage in council consultations, such as the disabled community, LGBTQi community, younger people not in work, etc. ➤ Annual Budget plan consultation invites residents to confirm their own priorities for council spend and growth and includes targeted focus groups to ensure the consultation is representative. ➤ Major capital programmes activities are heavily consulted on allowing residents to inform the build, structure, and shape of key developments across the city, influencing and adapting masterplans to meet their needs. ➤ Statutory consultation also takes part in advance of all major traffic/highways schemes, changes to services and to support the Local

		<p>Plan examination.</p> <ul style="list-style-type: none"> ➤ Public consultation is undertaken on specific areas of service, or on matters that may have a substantive impact on residents, facilitated by our Communications and Consultation Teams. ➤ The Communications Team ensure that specific matters are promoted via the media and engage with the media over enquiries on specific matters and are introducing a resident e-newsletter that will regularly update residents who opt-in to information. ➤ We have improved our comments and complaints framework (the 4Cs) and maximised the opportunities from technology e.g., Microsoft Teams to increase the channels customers can use to engage with the Corporate Governance Team. These improvements enable residents and service users to have a more flexible manner by which they can share their comments, complaints, concerns, and compliments with us. This enables us to identify themes and lessons learned for service providers across the council. ➤ Individual members of the public are able to participate in the majority of meetings, through the Council's Public Participation Protocol.
<p>In addition to the overarching requirements for acting in the public interest found in principles A and B, achieving good governance also requires a commitment to, and effective arrangements for:</p>		
<p>Principle C Defining outcomes in terms of sustainable economic, social, and environmental benefits</p>	<p>1. Defining outcomes</p>	<ul style="list-style-type: none"> ➤ The Council has adopted a 10-Year Plan (York 2032), which was developed in partnership with city stakeholders and is response to resident feedback collated during Our Big Conversation consultation and engagement programme. ➤ Resident feedback and stakeholder engagement informed the outcomes in the economic development strategy, climate change strategy (and carbon reduction action plan) approved by Council in December 2022 ➤ The Local Transport Strategy is currently in development and will use the same approach for consultation and engagement, launching in October 2023. ➤ Delivery of partnership priorities through partnership boards and

		<p>strategies (for example Health and Well-being strategy, Children and Young People's Plan).</p> <ul style="list-style-type: none"> ➤ The Council Plan 2023-2027 is in development and due to be presented to Council for adoption in September 2023. It sets out a vision for the council, key priorities, outcomes, and actions, together with key success measures (sharing what will be different in 2027) and how we will monitor progress. The draft Council Plan responds to the 10 Year Plan and strategy and policy framework. ➤ The fourth Monitor report presented to Executive provides an annual report with evidence about the council plan achievements and progress made in delivering the priorities and demonstrating value for money. ➤ A robust Medium Term Financial Plan (MTFP) which aligns available resources to the activities of the Council Plan and setting out the financial plans for the next 3-4 years is currently being developed.
	<p>2. Sustainable economic, social and environmental benefits</p>	<ul style="list-style-type: none"> ➤ Service plans have been agreed which include clear objectives, measures and risks that are actively managed during the year and inform the setting of individual objectives. ➤ Service plans feed into and align with both Directorate plans and in response to the Council Plan's priorities. ➤ Service plans are reviewed every 6 months and will better align to the new Council Plan from October 2023.
<p>Principle D Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	<p>1. Determining interventions</p>	<ul style="list-style-type: none"> ➤ Corporate Management Team and Executive review the council's performance on a quarterly basis. ➤ Review and challenge through directorate management team (DMTs) led Improvement Boards in key areas and regularly reporting to Corporate Management Team in respect of provision of children's and adults' services. Peer reviews are undertaken where necessary and appropriate to inform senior leaders ➤ Creation of cross council performance groups (e.g., enhanced corporate support for Adult Social Care provision). ➤ Quality assurance - examples of good practice exist at service level e.g.,

		<p>Children's Services.</p> <ul style="list-style-type: none"> ➤ Regular challenge from inspectorates such as Ofsted and Care Quality Commission (CQC). Annual Conversations with Ofsted make sure that progress of our services is tracked and challenged in between inspections. ➤ Sector Led Improvement (SLI) challenge from regional peers in Children's and Adults' services and Public Health. ➤ Overview and Scrutiny has a planned work programme that they scrutinise throughout the year.
	2. Planning interventions	<ul style="list-style-type: none"> ➤ Performance, audit, risk, and finance information is used to identify areas of concern and plan required interventions. ➤ There is an annual cycle of meetings that are planned through the municipal year, but internal procedures are flexible enough for Councillors to intervene, such as via call-in or the calling of extraordinary meetings, at any point in the year.
	3. Optimising achievement of intended outcomes	<ul style="list-style-type: none"> ➤ Outcomes are monitored on a regular basis and open to scrutiny. Matters which are formally project managed are required to be reported upon via published highlight reports at regular intervals. The performance framework ensures capacity is considered in balancing priorities against affordability and social value. ➤ Service planning and objectives set for the year for services and individual members of staff and the outcomes of these are reviewed regularly as part of the performance review process. ➤ Major Projects Board to oversee major capital projects and seek assurances from project teams and advisors. ➤ Our Corporate Management Team has strategic oversight of major issues affecting the Council with a tightly managed forward plan. ➤ The project management toolkit "all about projects" provides a framework for delivering projects which includes identifying clear and achievable outcomes. ➤ The decision report has been revised to include the intended outcomes set

		against the administration's priorities, together with broader policy implications.
Principle E Developing its capacity, including the capability of its leadership and the individuals within it	1. Developing the entity's capacity	<ul style="list-style-type: none"> ➤ The Head of Paid Service is responsible for the organisation of the staff. ➤ Leadership and Management is delivered through Corporate Management Team (meeting once a week) and Leading Together and The Corporate Leadership Group Network. ➤ The Council has a performance management framework for all of its staff. The process also involves appraisal by way of regular reviews of performance of those objectives including formal mid-year and end of year performance reviews which are formally recorded.
	2. Developing the capability of the entity's leadership and other individuals	<ul style="list-style-type: none"> ➤ We have a programme of training available for both Councillors, by way of the Induction Programme delivered after the May 2023 elections, and Officers (at all levels). ➤ All new starters are required to undertake an induction programme, which is available both virtually and face to face, together with an evaluation of the sessions after they have been delivered. Induction is also supported by starter checklists for managers and employees to ensure all mandatory training and key Corporate and local information is cascaded. ➤ There is mandatory training for all staff on key policies via the e-Learning system. ➤ Professional members of staff are required to undertake additional training requirements (continuing professional development) as set by their professional bodies.
Principle F Managing risks and performance through robust internal control and strong public	1. Managing risk	<ul style="list-style-type: none"> ➤ We have adopted a formal system of risk management overseen by the Corporate Finance Team. ➤ This ensures that the council's assets are adequately protected, losses resulting from hazards and claims against the council are mitigated through the effective use of control measures, and that our managers are adequately supported in their responsibilities in respect of risk management.

financial management		<ul style="list-style-type: none"> ➤ Departments maintain risk registers which include corporate, operational, reputational, project and partnership risks in accordance with best practice. ➤ Key staff receive training on risk management principles. ➤ We maintain a Corporate Risk Register containing the council's key strategic risks and these are monitored by the Corporate Management Team, and by the Audit & Governance Committee. ➤ We continue to maximise the benefits from the council wide online tool to help us conduct robust and quality risk assessments for data protection and privacy issues to ensure we comply with the fundamental principles and requirements of legislation.
	2. Managing performance	<ul style="list-style-type: none"> ➤ Principal performance targets are captured within our Performance management system and are subject to review (including Council Delivery Plan, Council Scorecard, and Departmental business and service plans). ➤ Individual projects have their own targets and performance reviews set within them and are reported via the projects teams as required. Major Projects are tracked through the Place Executive Recovery Group. ➤ Performance management is reported on a quarterly basis to the Executive, the Corporate Management Team, and the Corporate Services, Climate Change, and Scrutiny Management and Economy, Place, Access, and Transport Scrutiny Committees. Complaints, FOI/EIR, data protection and associated regulator feedback are included in these reports and are also reported to the Governance, Risk and Assurance Group, Corporate Management Team, and to Audit and Governance Committee. ➤ The 10-year strategies (Climate Change, Health and Wellbeing and the Economy) are monitoring progress against a set of indicators in 10-year scorecards.

<p>3. Robust internal control</p>	<ul style="list-style-type: none"> ➤ Preventative procedures are in place which include the segregation of duties, approval/authorisation process, security of assets and regular reconciliations. ➤ Assurance is gained through regular internal audits and reporting. ➤ Our Internal Audit Service has received an independent external review which demonstrates that the service conforms with the Public Sector Internal Audit Standards (PSIAS). The Head of Internal Audit also presents the results of the Quality Assurance and Improvement Programme as part of the annual report to the Audit and Governance Committee.
<p>4. Managing data</p>	<ul style="list-style-type: none"> ➤ We have in place a suite of Policies and Procedures covering information governance and information security that are managed and monitored by the Corporate Governance Team and ICT. ➤ We have senior officers who fulfil the roles of the Senior Information Risk Owner, Caldicott Guardians, and Information Asset Administrators. ➤ All officers and Councillors are required to undertake mandatory e-Learning training on information governance and all officers are required to undertake e-learning on information security. ➤ Regular council wide communications and targeted awareness sessions with teams are provided to ensure the need, and process, for reporting of all potential breaches of Data Protection legislation is clearly understood and that lessons are learned and implemented from them.
<p>5. Strong public financial management</p>	<ul style="list-style-type: none"> ➤ We have a budget setting process with the Budget and Medium Term Financial Plan decided annually by Council. ➤ Budget setting includes resident and business engagement. ➤ The Finance Strategy sets the overall direction for how we will fund our activities and invest in the future. ➤ We have in place a statutory Section 151 Officer with finance teams that support the budget holders. ➤ Financial Procedure Rules and Contract Procedure Rules are in place and

		are regularly updated.
Principle G Implementing good practices in transparency, reporting, and audit to deliver effective accountability	1. Implementing good practice in transparency	<ul style="list-style-type: none"> ➤ Agendas for all Council meetings are publicly available on website. ➤ We comply with the local Government Transparency Code 2015, publishing required information at https://www.yorkopendata.org/ ➤ We comply with The Openness of Local Government Bodies Regulations 2014 and the Freedom of Information Act publication scheme. ➤ We have a Whistleblowing Policy in place which is actively publicised.
	2. Implementing good practices in reporting	<ul style="list-style-type: none"> ➤ We have in place comprehensive procedures for the making of decisions, either by Full Council, Committees, the Executive, or individual decisions made by Chief Officers or Executive Members. ➤ All reports are taken through Democratic Services and require clearance by legal and finance as a minimum. ➤ Reports for Council, Committees and Executive business and minutes of these meetings are available on our website, save for reports which contain information that is exempt from publication.
	3. Assurance and effective accountability	<ul style="list-style-type: none"> ➤ The Constitution has been fully reviewed and a refreshed version was implemented on 26 May 2022, following its approval by Full Council on 27 April 2022. A rolling review of the Constitution is underway. ➤ The Constitution sets out the executive arrangements and the roles and responsibilities of the Leader of the Council, the Executive and each of the Cabinet Members and the roles and responsibilities of other Council Members. ➤ The Constitution sets out the functions of Council, Executive and the various committees. ➤ We have an effective Scrutiny function with a number of Scrutiny Committees whose responsibilities are also set out in the Constitution. ➤ The principal roles and responsibilities of the Chief Operating Officer and senior officers, including the Section 151 Officer and the

		Monitoring Officer, are also set out in the Constitution.
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What specific assurances do we receive?

Whilst a number of assurances have been obtained to support this conclusion, it is important that we consider the following specific assurances to support this statement:

1. Chief Finance Officer (Section 151 Officer)

The CIPFA Statement on the Role of the Chief Finance Officer (CFO) in Local Government (2016) requires that assurance be provided on a number of governance arrangements relating to the organisation including financial control, reporting, the approach to decision making, compliance with relevant codes and the influence of the CFO within the organisation. These have been considered within the context of this Statement and it has been established that our arrangements conform to the CIPFA requirements, and the Section 151 Officer has no significant concerns.

2. Monitoring Officer

The Monitoring Officer is required to report to the Council in any case where it appears that any proposal, decision or omission by the authority has given rise to or is likely to or would give rise to any contravention of any enactment, rule of law or code of practice or maladministration or injustice in accordance with Sections 5 and 5A of the Local Government and Housing Act 1989; (LGHA 1989). These have been considered within the context of this statement and the Monitoring Officer has no significant concerns to report.

3. Head of Internal Audit

In accordance with the Accounts and Audit Regulations 2015, the CIPFA Statement on the Role of the Head of Internal Audit 2019 and the Public Sector Internal Auditing Standards (PSIAS), the Head of Internal Audit provides an opinion on the overall adequacy and effectiveness of our risk management, internal control, counter-fraud, and governance processes.

The Head of internal Audit is satisfied that sufficient work has been undertaken to allow him to draw a reasonable conclusion on the adequacy and effectiveness of our arrangements. Based on the work performed during 2022-2023 and other sources of assurance, the Head of Internal Audit has provided the following opinion on our risk management, internal control, counter fraud, and governance processes, in operation during the year to 31 March 2023:

*The overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating at the council is that it provides **Reasonable Assurance**.*

The opinion given is based on work that has been undertaken directly by internal audit, and on the cumulative knowledge gained through our ongoing liaison and planning with officers. No reliance was placed on the work of other assurance providers in reaching this opinion, and there are no significant control weaknesses which, in the opinion of the Head of Internal Audit, need to be considered for inclusion in the Annual Governance Statement.

Full details on the assurance provided by the Head of Internal Audit are detailed within the Internal Audit Annual Report for 2022-2023 presented to the Audit & Governance Committee on 19 July 2023.

Under the Public Sector Internal Audit Standards (the Standards), we are required to undertake a review of the effectiveness of our Internal Audit function and to report the results in the Annual Governance Statement. An independent assessment against the Public Sector Internal Audit Standards must be carried out every five years. The last review was completed in 2018 by the South-West Audit Partnership (SWAP), and the current assessment is ongoing.

4. External Audit

Throughout the year regular reports are presented to Audit & Governance Committee from Mazars, our external auditors.

In their Audit Completion Report for the year ending 31st March 2022, (presented to the Audit & Governance Committee on 30th November 2022) External Audit had not yet completed their work in respect of the Council's arrangements for Value for Money. We await details of their final conclusions and will respond as necessary.

5. SIRO and Data Protection

The Director of Governance is the Council's Senior Information Risk Officer (SIRO) and Senior Responsible Officer (SRO) for surveillance systems and use of investigatory powers. The Corporate Governance Team support these roles and are responsible for data protection, information governance, records management and oversight of the surveillance systems framework and use of investigatory powers policy and procedures.

Whilst there was an increase in the number of potential personal data breaches reported to the Corporate Governance Team for the 2022-2023 financial year from the previous year, the number of these that were found to be actual breaches has increased in 2022 – 2023 financial year from the previous year. This highlights the continued improvements in the awareness of timely reporting of potential personal data breaches.

However, the number of significant breaches reported to Information Commissioners Office has remained the same i.e., 1 in 2021-2022 and 1 in 2022-2023.

During 2022-2023, the council's corporate complaints procedures (the 4C's toolkit) continued to be embedded across the Council.

The Council maintained the required level of assurance on the annual NHS Digital data security and protection toolkit.

The Council received positive assurances in respect of its use of investigatory powers and covert surveillance e.g., RIPA in its last inspection by the Investigatory Powers Commissioner Office (IPCO) inspection that took place on 27th August 2021. These are undertaken by the IPCO every three years. Updates on the required work and ongoing actions from this inspection are reported to Audit and Governance Committee including training for the Committee to enable their oversight of the council's use of covert surveillance, acquisition of communications data and use of a Covert Human Intelligence Source (CHIS).

The Council continues to provide mandatory data protection and information security (Cyber security) e-learning for all staff including agency staff and Elected Members. The requirement for this training to be completed annually is reinforced by regular all staff communications and targeted messages to senior managers. There is also ongoing targeted training for the roles SIRO, information asset owners, Caldicott Guardians, and for investigatory powers/covert surveillance applying and authorising officers.

Investment was made in the Council's ICT infrastructure to strengthen against Cyber-attacks, improve disaster recovery arrangements and record retention.

6. Senior Management Assurance Statements

Senior Management Assurance Statements were produced by all Directors for the financial year 2022-2023. In the Assurance Statements, the Directors' self-assessed compliance and detailed the basis of Assurance and the frequency of testing and review. Most of these statements/assurances evidenced full compliance with the principles of good governance. Areas for development are detailed at the end of this statement.

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PROGRESS ON Governance issues arising from the previous Annual Governance Statement (2021-2022)

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2022-2023
1 – Existing Issue, updated	<p>Financial Risks (i) Pressures - Impact of funding reductions - The council continues to face significant funding pressures and changes to both national and regional funding regimes which naturally present a potential risk to the council's overall governance arrangements.</p>	<p>The Medium-Term Financial Strategy (MTFS) reflects the expected need to make future savings over the medium term taking into account anticipated changes in financing. This informs the budget process for future years. The council set a budget in February 2022 covering detailed proposals for 22/23. Further development of the medium-term financial plan will be needed to ensure continued financial resilience. The MTFS includes contingencies and a service risk reserve to assist in dealing with cost pressures generally.</p>	<p>The outturn position for 2022/23 was an overspend position and therefore this remains a significant risk. The Council again set a balanced budget for 2023/24 and made proper provision for growth. However, early indications are that there remain significant financial pressures especially within social services</p>
Existing Issue	<p>There is continued uncertainty around any future government funding and the long-term impact on income streams, including business rates and council tax.</p>	<p>Ongoing discussions with Health Organisations in York, and reporting to Health & Wellbeing board</p>	<p>The Medium-Term Financial Strategy continues to be updated and refreshed. There remain significant challenges to deliver savings and outturn within the approved budget.</p>
	<p>The financial position of the health economy in York, and the impact that</p>		<p>The uncertainty around central government funding remains an issue.</p>

	<p>may bring for the Better Care Fund, and implications on the Adult Services budget</p> <p>(ii) Major capital projects The council has a number of major capital projects at different stages, including Guildhall, York Central, York Outer Ring Road, and the Housing Delivery Programme. As outlined above, the Coronavirus pandemic. The current inflationary pressures will have a significant, ongoing financial impact on the capital programme.</p>	<p>There are significant risks associated with the range of major schemes which have been identified in various reports, including the potential implications for both capital and revenue budgets. Key programmes include Housing Delivery and York Central. Ongoing regular reporting to various member meetings, alongside effective project management continues to be essential to ensure risks can be mitigated/ managed.</p> <p>The council has put in place dedicated project management expertise for its major projects and uses a project management system to manage programme / cost risks attached to these major projects.</p>	
<p>2 – Existing Issue, updated</p>	<p>Local Plan The Council has submitted a draft Local Plan for inspection; however, a final version is yet to be approved. Planning policy sits within a national</p>	<p>At an extraordinary meeting of Full Council on 17th May 2018 members resolved to submit the Local Plan to the Planning Inspectorate for examination. The Local Plan was submitted on 25th May 2018. The Council will have proceeded through three phases of the public inquiry by the end of July 2022 with a fourth and final stage being held in September 2022.</p>	<p>The Council continues to respond to the requests of the planning Inspectors in respect of the Local Plan public enquiry process. Clearly the Council is not in control of the process and there remains risks with the adoption of the plan and the associated timetable. In respect of resources the Councils 2021 budget has provided permanent ongoing funding for the Councils forward Strategic Planning team beyond the Local Plan process.</p>

	<p>regulatory framework; non-compliance with that framework means that planning decisions by the local authority can be successfully challenged both in the Courts and through the Secretary of State. In addition, failure to adopt a compliant Local Plan, given the expectations embodied in the National Planning Policy Framework (NPPF) leaves undeveloped areas of the city vulnerable to development proposals which the council will be unable to stop.</p> <p>Also given Ministerial statements failure to progress a plan could lead to interventions by Government into the City's planning services along with the removal of</p>	<p>The final Statutory Consultation has been completed in first quarter 2023 and Planning Inspectors have received the responses and CYC comments. The Inspector's report is the final remaining stage of the Local Plan process which is anticipated Autumn 2023. Updates to the Local Plan examination timetable and correspondence with the Inspectors can be found at www.york.gov.uk/localplanexamination</p>	
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	funding such as New Homes Bonus.														
3 – Existing Issue, updated	<p>Absence Management The Council introduced a mechanism for reporting and recording employee sickness absence in 2019. Prior to 2019, there was limited ability to report on absence trends with ease. In November 2022 Executive approved the re-procurement of a joint Occupational Health and One day Absence Management Service. The new contract was implemented in July 2023.</p>	<p>With the merge of the Occupational Health and day one reporting contracts, the Council will see efficiencies in reporting absence and having swift transfer to occupational health advice. The new contract is in the early stages of implementation; however, the onboarding and transfer has been smooth, managers have had training and employees continue to access the one-day absence system with ease. Managers also have access to quality reporting tools relating to employee absence and employee occupational health referrals.</p>	<p>Latest data published for “Average Sickness Days per FTE - CYC (Excluding Schools) - (Rolling 12 Month)” is:</p> <table border="1"> <thead> <tr> <th>2018/19</th> <th>2019/20</th> <th>2020/21</th> <th>2021/22</th> <th>2022/23</th> <th>2022/23</th> </tr> </thead> <tbody> <tr> <td>11.3</td> <td>11.6</td> <td>8.8</td> <td>11.8</td> <td>12.01</td> <td>11.43 May 2023</td> </tr> </tbody> </table> <p>The systemic issue related to the absence of a sickness reporting system has now been resolved, and the governance issue is therefore concluded.</p>	2018/19	2019/20	2020/21	2021/22	2022/23	2022/23	11.3	11.6	8.8	11.8	12.01	11.43 May 2023
2018/19	2019/20	2020/21	2021/22	2022/23	2022/23										
11.3	11.6	8.8	11.8	12.01	11.43 May 2023										
4 – New issue	Robust Delivery of the City Election in May 2023	The Council will re-elect all 47 city of York Councillors in May 2023. Effective project and integrity plans need to be in place. Compliance with the Elections Act 2022 and supporting Regulations (once published) will need to be	Extensive preparatory work and regular involvement from the Returning Officer, together with the Monitoring Officer, electoral staff, communications team, and representatives from the Electoral Commission ensured a safe and well-run election, with no challenges to results and with an increased postal vote base and turnout. Equally, Parish												

		<p>considered as part of the planning and delivery.</p> <p>Newly elected members will need to benefit from a robust Induction Programme following their election.</p>	<p>Council elections were successfully delivered, with contested elections being run where required. This issue is, therefore, concluded.</p>
5 – Existing issue, updated	Embedding Good Governance across the Council	<p>To continue to promote a culture of good governance across the council by continuing to embed the revised constitution and ensure it remains fit for purpose; to continue to embed member development following the city Election in 2023.</p>	<p>The work of embedding good governance continued throughout 2022-2023, with no significant governance issues identified (although occasional human errors required remedial action to be taken). As a consequence, the Audit and Governance Committee noted the completion of the Governance Action Plan in November 2022.</p> <p>Subsequently, the Local Government Association undertook a review of the culture of the organisation, which has resulted in a requirement to include further training on cultural change to be included in the Member Induction programme and officer training programme, and to be reported to the Audit and Governance Committee in the new municipal term, and to be implemented over the following years.</p>
6 – Existing issue, updated	Embedding of a refreshed member and officer development programme	<p>Member and Officer development is a key governance theme both as a stand-alone piece of work and as integral to other identified governance priorities.</p>	<p>A comprehensive member induction programme was developed by the Assistant Director, Policy and Strategy in advance of the 2023 elections and was approved by the Audit and Governance Committee.</p> <p>It was scheduled to be delivered by a variety of officers and outside agencies, ensuring returning and new members had access to essential and desirable training in a timely manner, and Member engagement will be particularly aided by each session being filmed and made</p>

			<p>available after the event for those members who were unable to attend the face-to-face training sessions.</p> <p>In addition, following the LGA’s review of the culture of the organisation, further training on cultural change will be included in the Member Induction programme and officer training programme.</p>
7 – New issue	Impact of North Yorkshire devolution and creation of combined authority	Work with colleagues in NYCC, LEP and OPFCC to define and implement effective and compliant governance arrangements for the new Combined Authority, subject to Executive approval. Establish a new Joint Committee for devolution with NYCC, subject to approval from Executive.	<p>Significant work has been undertaken by the Chief Operating Officer, Chief Finance Officer, and Head of Human Resources, together with other Corporate Directors and Directors, to prepare the Council for the forthcoming YNYCA.</p> <p>On 6 October 2022, at an Extraordinary Meeting, full Council agreed to the recommendations of the Executive to proceed with the Devolution Deal as presented and consented to the commencement of public consultation on the proposals. Following that consultation process, at the Council’s budget meeting on 23 February 2023, Council agreed to the Executive’s recommendation to accept the outcome of the public consultation, and to agree the submission of the Consultation Summary Report to central government, in order that the devolution deal could be pursued.</p> <p>Separately, a Joint Devolution Committee was established between CYC and NYCC/NYC to ensure that preparations for creation of the Combined Authority were undertaken. That committee met on 30 November 2022 at West Offices, and again on 13 March 2023 at County Hall, and its work continues.</p>

What Are Our Key Governance Development Priorities For 2023-2024?

City of York's key governance priorities for 2023-2024 are:

2023-2024 Priority	Planned/Proposed Action	Responsible Officer(s)
Financial Risks/MTFS/Financial sustainability	<i>Existing priority</i>	Chief Finance Officer (Section 151 Officer)
Local Plan	<i>Existing priority</i> To secure the adoption and implementation of the Local Plan.	Corporate Director of Place
Embedding Good Governance across the Council	<i>Existing priority</i> To continue to promote a culture of good governance across the council by continuing to embed the revised constitution and ensure it remains fit for purpose; to continue to embed member development following the city Election in 2023	Head of Paid Service Monitoring Officer Section 151 Officer Head of HR
Impact of North Yorkshire devolution and creation of combined authority	<i>Existing priority</i> Continue to work with colleagues in NYC, the LEP and OPFCC to define and implement effective and compliant governance arrangements for the new Combined Authority, subject to Executive approval.	Monitoring Officer Section 151 Officer Head of HR
Delivery of a member induction programme	<i>Existing priority</i> Member and Officer development is a key governance theme both as a stand-alone piece of work and as integral to other identified governance priorities.	Assistant Director, Policy and Strategy

Assurance Opinion of the Leader of the Council and the Chief Operating Officer

We have been advised on the effectiveness of the governance framework by senior management. The arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

It is our opinion that the Council's governance arrangements in 2022-2023 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2023-2024.

Councillor C Douglas
Leader of the City of York Council

Ian Floyd
Chief Operating Officer

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Audit & Governance Committee**12 September 2023**

Report of the Chief Finance Officer

Monitor 1 2023/24 - 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		1 (0)	5 (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

Update on the Risk of Extreme Weather Events (KCR 12)

13. When the latest KCRs were discussed at the Executive/CMT briefing on 29 August, a request was made to consider the risk of 'extreme weather events' within the risk register. KCR12 Response to Major Incidents already contained reference to climate change and so the risk details have been revised with regard to extreme weather events and the likelihood of these increasing in frequency.
14. As a Local Authority, York continues to strengthen its climate resilience. According to the World Resource Institute[i], global temperatures have so far risen by 1.1°C, and already the planet has seen an increase in natural disasters such as flooding, hurricanes, and other extreme natural events. The 2022 IPCC Report[ii] warned that the world is set to reach above 1.5°C pre-industrial levels within the next two decades and stated only the most drastic cuts in carbon emissions would help prevent an environmental disaster.
15. In 2022 this prediction became a reality. York experienced the hottest day ever recorded at 38°C. This exceeded estimates for the hottest summer day of 35.6°C if global average temperatures increase 2°C above pre-industrial levels, demonstrating the urgency of action.
16. Across Yorkshire and Humber unprecedented summer heatwaves had temperatures rising above 40°C. During the heatwaves, the North Yorkshire Local Resilience Forum managed regional risks in line with multi-agency incident management and the council stood up silver command. Issues included fires in rural areas threatening isolated homes and farms, overhead electric cable disruption and road tarmac melting causing travel disruption. During the July 2022 heatwave, West Offices suffered an electrical malfunction from overheating causing the sprinklers to activate leading to additional disruption of council services.
17. Increased frequency of adverse weather events as a result of the changing climate brings multiple impacts that every council service will need to address. To prepare for increases in global

temperatures and the impact it brings locally and to council services requires a shift in how the council responds, learning from the council's well-rehearsed response to flooding, to prepare the city for adverse weather by putting in place controls to strengthen the city's resilience.

Other updates to KCR risks, actions and controls

18. KCR 1 – Financial Pressures and KCR 7 - Capital Programme: a new action has been added to develop a budget strategy for 2024/25 with a target date of 31 January 2024.
19. KCR 2 – Governance: Now that the action to finalise the member development and training programme has been completed, this has been added the list of controls.
20. KCR 4 – Changing Demographics: The action to establish an interim Financial Inclusion Strategy has been completed, as this was approved in March 2023. A new action has been assigned to prepare an Anti-Racism Action Plan, specific to York. The transition strategy action date has been revised as further consultation time was needed to develop a new strategy, instead of revising the previous version, as had been the intention.
21. KCR 5 – Safeguarding: Risk detail and associated controls have been added to this KCR to document the risk of a failed statutory inspection, both financially and reputationally to the Council. These mitigations were already established and therefore there is no change to the risk score.
22. KCR 8 – Local Plan; revised target dates have been set and an update has been made to the control regarding the progress in developing and adopting the local plan. A further update is expected on this KCR once the inspection report has been issued in Autumn 2023. A more detailed report will then come to a future meeting of this committee.
23. KCR 10 – Workforce/Capacity; this risk has been updated throughout to update references to Covid 19 that are no longer applicable. All ongoing actions have been reviewed and revised dates set. A new action regarding the 2023/24 pay award implications has been targeted for 31 December 2023.

24. KCR 11 – External market conditions; the ‘All Age Market Position Statement 2023-2025’ was completed in April 2023 and is now available on the Council’s website.

Options

25. Not applicable.

Council Plan 2019-2023

26. 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

27. There are no further implications.

Risk Management

28. 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

29. 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.

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Chief Officer Responsible for the report:

Debbie Mitchell
Chief Finance Officer

**Report
Approved ✓**

**Date
30/8/23**

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

^[i] <https://www.wri.org/climate>

^[ii] <https://www.ipcc.ch/report/ar6/wg2/>

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KEY CORPORATE RISK REGISTER AT AUGUST 2023

Changes to Risk Register since last update (March 2023)

Key Corporate Risk	Changes
KCR1 Financial Pressures	New action for completion of this year's financial strategy
KCR2 Governance	New control in respect of the members induction programme; revised date for ongoing action
KCR3 Effective and Strong Partnerships	No updates at this monitor
KCR4 Changing Demographics	One action completed; one new action regarding anti-racism action plan. One new control.
KCR5 Safeguarding	New risk detail added regarding statutory inspection and revised controls
KCR6 Health and Wellbeing	No updates at this monitor
KCR7 Capital Programme	New action in respect of the new Financial Strategy
KCR8 Local Plan	Revised dates for actions
KCR9 Communities	New control. One new action and one action completed
KCR10 Workforce/ Capacity	New action regarding this year's pay award. Updates made to ongoing actions. Controls updated for references to Covid and potential strike action.
KCR11 External Market Conditions	Action completed
KCR12 Major Incidents	One action updated; one new action and new risk detail regarding extreme weather events

KEY CORPORATE RISK REGISTER AT AUGUST 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>The spending review is one year only for 2022/23 and 2023/24</p> <p>Financial impact of the pandemic on Council budgets</p> <p>Financial impact of the pandemic on the economy as a whole</p> <p>Increased severity and frequency of climate hazard events (e.g. flooding)</p> <p>UPDATED</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 reducing council tax income if more individuals require</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>NEW Financial Strategy 2023/24 approved.</p>	Probable	Major (20)	New Action	NEW Development of budget strategy for 2024/25 (Debbie Mitchell, 31/01/2024)

KEY CORPORATE RISK REGISTER AT AUGUST 2023

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>General cost pressures due to continued high inflation (latest CPI figures are 6.8% July 2023, and has been slower to fall than anticipated)</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>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>							

KEY CORPORATE RISK REGISTER AT AUGUST 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)	New control	<p>REVISED DATE</p> <p>Ongoing review: Continued implementation and embedding of relevant elements from the action plan. (Bryn Roberts 30/09/23)</p>

KEY CORPORATE RISK REGISTER AT AUGUST 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>				

KEY CORPORATE RISK REGISTER AT AUGUST 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. Review of Council constitution completed in 2022. Next review planned for after elections in May 2023.</p> <p>Approval of the action plan, prepared in response to the PIR. A&G Committee will make recommendations to Council, following the LGA report.</p> <p>NEW New induction programme for elected members</p>				

KEY CORPORATE RISK REGISTER AT AUGUST 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 affect 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 and the cost of living crisis</p> <p>Cumulative impacts of the pandemic and cost of living</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>The Integrated Care System now has a strategy in place that aligns with the Health & Wellbeing Board . The York Place Board will oversee the delivery of this at a Place level. Financial pressure remains, however the Council, ICS and the Acute Trust are working together to reduce delays increase flow to reduce escalation beds and increase staffing.</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 (including overall monitoring of arrangements with voluntary &</p>	Possible	Moderate (14)	No change	No current actions

KEY CORPORATE RISK REGISTER AT AUGUST 2023

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
crisis and a reduction in volunteering on voluntary and community sector				<p>community sector as part of prevention and early help work)</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> <p>Commissioners and the NHS place directors are working closely to deliver a number of key joint services across health and social care.</p> <p>The York Health and Care Board is now in place chaired by Ian Floyd, which supports an integrated decision-making approach across organisations</p>				

KEY CORPORATE RISK REGISTER AT AUGUST 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>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>	Possible	Major (19)	Action added and completed, new controls	<p>REVISED DATE New transition strategy to be agreed (Jamaila Hussain, 31/10/2023)</p> <p>COMPLETED Interim Financial Inclusion Strategy – approved in March 2023 (Pauline Stuchfield)</p> <p>NEW Produce CYC specific Anti-Racism Action Plan (Pauline Stuchfield, 31/12/2023)</p>

KEY CORPORATE RISK REGISTER AT AUGUST 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 the cost of living crisis 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 cost of living support are taken with a recognition of the different impacts on certain demographics</p>			<p>Officer caseload monitoring</p> <p>Internal co-ordination such as Creating Resilient Communities Working Group (CRCWG)</p> <p>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>The Covid 19 review ensures that lessons 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>				

KEY CORPORATE RISK REGISTER AT AUGUST 2023

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				<p>NEW Interim Financial Inclusion Strategy monitored by the Financial Inclusion Steering Group</p> <p>NEW Anti Racism Strategy, Action Plan and Pledge</p>				

KEY CORPORATE RISK REGISTER AT AUGUST 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 following the pandemic</p> <p>NEW Failed statutory inspection</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>UPDATED Financial and resource implications of an increase in demand following the pandemic</p> <p>NEW Financial investment required as a result of a failed inspection</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>NEW Local and Regional Data analysis</p> <p>National Prevent process</p> <p>DBS checks and re-checks</p>	Possible	Major (19)	Risk details added with controls	<p>Jamaila Hussain, Martin Kelly</p> <p>No current actions</p>

KEY CORPORATE RISK REGISTER AT AUGUST 2023

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				<p>UPDATED Effectively resourced and well managed service, supported by robust workforce strategy and clear practice model</p> <p>NEW Effective recruitment to senior roles with expert assessment contributing to the process</p> <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>				

KEY CORPORATE RISK REGISTER AT AUGUST 2023

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				Improvement Plan for Children’s social care in place since 2020 Improvement Plan for Adult Social Care to address current budget pressures in place May 2021				

KEY CORPORATE RISK REGISTER AT AUGUST 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 and cost of living increases on health services.</p> <p>Failure to protect citizens from the adverse health 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>Reduction in life expectancy and quality of life</p>	Probable	Major (20)	<p>York Health Protection Committee is established with 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 focused on the response to the COVID-19 pandemic and makes several recommendations.</p> <p>Climate change mitigation and adaptation programme</p>	Probable	Moderate (15)	No change	<p>Director of Public Health</p> <p>No current actions</p>

KEY CORPORATE RISK REGISTER AT AUGUST 2023

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions

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
Complex projects with inherent risks	Additional costs and delays to delivery of projects	Probable	Major (20)	Project boards and project plans	Possible	Moderate (14)	New Action	NEW Development of capital strategy for 2024/25 (Debbie Mitchell, 31/01/2024)
Large capital programme being managed with reduced resources across the Council	The benefits to the community are not realised Reputational Damage			Regular monitoring of schemes				
Increase in scale of the capital programme, due to major projects and lifting of borrowing cap for Housing	Pausing or stopping projects because of the economic climate may create some compliance issues and may mean that existing projects require extensions			Capital programme reporting to Executive and CMT				
Cost pressures due to increasing inflation rate (particularly in Construction where 20-30% increases in costs are being seen)				Financial, legal and procurement support included within the capital budget for specialist support skills				
Continued interest rate increases through to Sept 2023	Increased interest rates and the continued impact of inflation will reduce the overall funding available to the Council and may			Project Management Framework				
				Additional resource to support project management				
				UPDATED Capital Strategy 2023/24 to 2027/28 approved in Feb 2023				
				Capital Programmes are sufficiently staffed to deliver to timescales				
				Internal Audit Report gave reasonable assurance on project management arrangements				

KEY CORPORATE RISK REGISTER AT AUGUST 2023

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
	therefore lead to reductions in service levels in some areas.							

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>	Probable	Major (20)	<p>UPDATED</p> <p>The Plan has completed public inquiry phase and its regulation 19 Consultation is complete. A final report from Inspectors for consideration by full council is expected in Autumn 2023.</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 	Unlikely	Major (18)	Reducing risk	<p>REVISED DATE</p> <p>Ongoing action: Monitoring of controls (Neil Ferris, 30/09/2023)</p> <p>REVISED DATE</p> <p>Once the local plan has been adopted – later in 2023- the KCR will be considered for removal from the risk register. (Neil Ferris, 30/09/2023)</p>

KEY CORPORATE RISK REGISTER AT AUGUST 2023

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
	<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 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</p>			<ul style="list-style-type: none"> 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> <p>Additional resources to ensure delivery within timescales</p>				

KEY CORPORATE RISK REGISTER AT AUGUST 2023

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
	Communities to directly intervene in the plan making process.							

KEY CORPORATE RISK REGISTER AT AUGUST 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</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)	Action complete, new control	<p>COMPLETED</p> <p>Interim Financial Inclusion Strategy – approved in March 2023 (Pauline Stuchfield)</p> <p>Team being established to cover equalities, access & inclusion. (Pauline Stuchfield 30/09/2023)</p>

KEY CORPORATE RISK REGISTER AT AUGUST 2023

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
such as world conflicts and the cost of living increases	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>Maintaining strong relationships with parish councils</p> <p>Access Officer role has been established in Communities</p> <p>NEW Interim Financial Inclusion Strategy monitored by the Financial Inclusion Steering Group</p>				

KEY CORPORATE RISK REGISTER AT AUGUST 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>Reduction in posts due to restructures required to achieve budget savings</p> <p>UPDATED</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)	Controls and actions updated	<p>UPDATED Ongoing action: Review of HR policies to ensure they complement the diverse ways in which our workforce deliver services (Helen Whiting, 30/09/23)</p> <p>UPDATED Ongoing action: Review of employee T&Cs. Progress has started with costing options ahead of discussions with CMT and Trade Unions. (Helen Whiting, 30/09/2023)</p> <p>UPDATED Ongoing action - Implementation of creative recruitment initiatives</p>

KEY CORPORATE RISK REGISTER AT AUGUST 2023

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Potential strike action impacting on delivery of services. Ongoing school strikes and wider transport strikes also implicate on workforce availability.</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>NEW Sickness absence levels remain high. COVID infections likely to be a feature of winter months, with reduced testing and no need to test and report, staff may be impacted. Important to remind re flu vaccinations and COVID vaccinations for those eligible.</p> <p>NEW Stress sickness absence remains the highest</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 Ongoing vacancies and volume of work in hard to recruit roles <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.</p> <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>NEW Reduction in agency spend is a positive however, a</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>UPDATED Increased help and awareness of staff wellbeing and mental health; monthly</p>				<p>New ideas have already been implemented and these will be ongoing and bespoke to the role and service area. Employer Brand project continues, promoting our employer benefits.</p> <p>(Helen Whiting, 30/09/2023)</p> <p>NEW Awaiting the outcome of negotiations of the national 2023/24 pay award and impact on pay model (Helen Whiting, 31/12/2023)</p>

KEY CORPORATE RISK REGISTER AT AUGUST 2023

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
absence reason, importance of managing stress and potential burnout of staff.	reduced spend will impact on Teckal arrangements for City of York Trading (operating as Work With York)			<p>make a difference communications which focuses on wellbeing</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>HR Advisory circulars now being issued to managers</p> <p>2022/23 pay award accepted and implemented</p>				

KEY CORPORATE RISK REGISTER AT AUGUST 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 due to the cost of living crisis 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 and wage inflation in general.</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 the cumulative effects of the pandemic and the cost of living crisis</p> <p>Many sectors under financial pressure due to the pandemic and cost of living crisis (reductions in income or increase in expenditure)</p> <p>Costs and cost of living pressures due to increasing inflation rate</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>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>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)	Action completed	<p>COMPLETED</p> <p>Market Position Statement has been revised (Jamaila Hussain 30/09/2023)</p>

KEY CORPORATE RISK REGISTER AT AUGUST 2023

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Cost pressures due to conflict in Ukraine</p>				<p>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>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 supported 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>				

KEY CORPORATE RISK REGISTER AT AUGUST 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>NEW Increasing frequency of extreme weather events</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>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>	Possible	Major (19)	Revised action and new action	<p>UPDATED The Government published a new resilience framework on 19th December 2022. This KCR will need to be reviewed in light of proposed changes when legislation passed (expected Autumn 2023 along with Martyn's law obligations for CYC)</p> <p>(Neil Ferris, 31st December 2023)</p> <p>NEW Directorate risk registers to be updated to include</p>

KEY CORPORATE RISK REGISTER AT AUGUST 2023

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				<p>Review of city transport access measures</p> <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>Regular review of emergency and business continuity plans</p>				<p>relevant climate change risks</p> <p>(Claire Foale, 31st December 2023)</p>

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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	Unlikely	Major	18
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

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

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Agenda item

Audit & Governance**12 September 2023**

Report of the Chief Finance Officer

Scrutiny of Treasury Management and Prudential Indicators Q1 2022/23**Summary**

1. Audit & Governance Committee are responsible for ensuring effective scrutiny of the treasury management strategy and policies, as stated in the Treasury Management Strategy 2023/24 approved by full Council on 23 February 2023. The Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance (“the Code”) stipulates that:
 - There needs to be a quarterly review of treasury management strategy and performance. This is intended to highlight any areas of concern that have arisen since the original strategy was approved.
 - Those charged with governance are also personally responsible for ensuring they have the necessary skills and training.
2. Attached at Annex 1 is the Treasury Management Q1 Review and Prudential Indicators 2023/24 report which will be presented to Executive on 14th September. This information provides Members with an update of treasury management activity for the first quarter of 2023/24.

Recommendations

3. (a) Audit & Governance Committee note and scrutinise the Treasury Management Review and Prudential Indicators 2023/24 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.

Consultation

4. Not applicable

Options

5. It is a statutory requirement under Local Government Act 2003 for the council to operate in accordance with the CIPFA prudential Code and the CIPFA Treasury Management in the Public Services Code of Practice “the Code”. No alternative options are available.

Council Plan

6. Treasury management is an integral part of the council’s finances providing for cash flow management and financing of capital schemes. It aims to ensure that the council maximises its return on investments, (whilst the priority is for security of capital and liquidity of funds) and minimises the cost of its debts. This allows more resources to be freed up to invest in the Council’s priority areas as set out in the council plan. It therefore underpins all of the council’s aims.

Implications

7. The implications are
 - Financial – the security of the Councils capital funds is a priority, maximising returns on investments is still key along with minimising the finance costs of debt.
 - Human Resources - there are no human resource implications to this report.
 - Equalities - there are no equality implications to this report.
 - Legal - there are no legal implications to this report.
 - Crime and Disorder - there are no crime and disorder implications to this report.
 - Information Technology - there are no information technology implications to this report.
 - Property –there are no property implications to this report.
 - Other – there are no other implications to this report.

Risk Management

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

Contact Details			
Author:		Chief Officer responsible for the report:	
Debbie Mitchell Chief Finance Officer		Debbie Mitchell Chief Finance Officer	
Tony Clark Senior Accounting Technician			
		Report approved	X 31.08.23
Specialist Implications Officer(s) None			
Wards Affected:		All	√

For further information, please contact the author of this report

Background Working Papers

None

Annexes

1. Treasury Management Q1 Review and Prudential Indicators 2023/24
2. Annex to above report – Prudential Indicators 2023/24

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Meeting:	Executive
Meeting date:	14/09/2023
Report of:	The Chief Finance Officer
Portfolio of:	Executive Member for Finance & Performance

Decision Report: Treasury Management Update Quarter Ended 30th June 2023

Subject of Report

1. The purpose of this report is to provide a regular update to the Executive on treasury management activity for the first quarter of the year and provide the latest estimates for the prudential indicators as given in Annex A to this report.

Policy Basis for Decision

2. The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that Members be updated quarterly on treasury management activities.
3. This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

Recommendation and Reasons

4. Executive is asked to:
 - Note the performance of treasury management activity for the quarter ended 30th June 2023.
 - Note the latest Prudential Indicators set out at Annex A.

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

Background

5. The Treasury Management function is responsible for the effective management of the Council's investments, cash flows, banking, and money market transactions. It also considers the effective control of the risks associated with those activities and ensures optimum performance within those risk parameters.

6. This quarterly report has been prepared in compliance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management, and covers the following:
 - A brief economic update for the quarter;
 - A review of the Council's investment strategy and portfolio;
 - A review of the Council's borrowing strategy and portfolio;
 - The latest Prudential Indicators set out at Annex A;
 - A review of compliance with the Treasury and Prudential Limits.

Economic Update & Interest Rate Forecast

7. 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. In terms of borrowing, PWLB rates are based on gilt (UK Government bonds) yields through HM Treasury determining a specified margin to add to gilt yields.

8. Gilt yields and PWLB rates were on a rising trend between 1st April 2023 and 30th June 2023. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. As a general rule, short-dated gilt yields will reflect expected movements in Bank Rate, whilst medium to long-dated yields are driven primarily by the inflation outlook. Table 1 below gives Link Asset Services forecast for Bank rate and PWLB certainty rates, gilt yields plus 80 bps.

	Bank rate %	PWLB borrowing rates % (including certainty rate adjustment)		
		5 year	25 year	50 year
Jun 2023	5.00	5.50	5.30	5.00
Dec 2023	5.50	5.30	5.20	5.00
Jun 2024	5.25	4.80	4.90	4.70
Dec 2024	4.25	4.20	4.50	4.30
Jun 2025	3.25	3.60	4.00	3.80
Dec 2025	2.75	3.30	3.80	3.60
Jun 2026	2.50	3.20	3.70	3.50

Table 1 – Link’s interest rate forecast as at 26th June 2023

9. At the start of quarter 1 2023/24 Bank Rate was 4.25%. On 11th May 2023, the Bank of England’s Monetary Policy Committee (MPC) increased Bank Rate by 25 basis points to 4.50%, and on 22nd June 2023 moved rates up a further 50 basis points to 5.00% as UK inflation was the highest of the G7 countries.
10. In terms of economic outlook, 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 rate rises continuing too quickly or going too far, trade flows and trade arrangements, and geopolitical risks. Upside risks include interest rate rises not going far enough leading to inflation remaining for a longer period, the pound weakening due to a lack of confidence in the UK governments fiscal policy, and impacts of US treasury policy.

Investment Strategy Update

11. Full Council approved the Treasury Management Strategy Statement for 2023/24 on 23rd February 2023 which can be viewed [here](https://democracy.york.gov.uk/ieListDocuments.aspx?CId=331&MIId=13284) <https://democracy.york.gov.uk/ieListDocuments.aspx?CId=331&MIId=13284> and this included the Annual Investment Strategy.
12. The Council’s Annual Investment Strategy, which is incorporated in the Strategy, outlines the Council’s investment priorities as follows:
- Security of capital
 - Liquidity
 - Yield

- Ethical, Social & Governance (using the FTSE4GOOD index, or any suitable alternative responsible investment index or information)
13. The Council continues to aim to achieve the optimum return (yield) on investments commensurate with the proper levels of security and liquidity and the Council's risk appetite.
 14. There are no investment policy changes and the details in this report do not amend the Statement.

Investment Portfolio

15. Investment returns have improved in first quarter ending 30th June 2023 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. 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.
16. The average level of cash balances available for investment purposes in the first quarter ending 30th June 2023 was £31.153m (£37.633m for quarter ending 31st March 2023).
17. 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 developer contributions, borrowing for capital purposes, payments to its suppliers of goods and services and spend progress on the Capital Programme. These funds are therefore only available on a temporary basis depending on cash flow movement.
18. There has been a decrease in average cash levels due to cash being used to support the Council's capital programme spending and no additional borrowing for capital being taken in 2022/23. The policy of using cash to delay long-term borrowing is kept under review.

19. Investment return (calculated as the amount of interest earned on invested cash for the period) during the first six months of 2022/23 is shown in table 2:

	2022/23 (full year)	2023/24 (Quarter 1 only)
Average CYC Rate of Return	2.02%	4.29%
<u>Benchmarks</u>		
Average Overnight SONIA	2.24%	4.37%
Average 7 day Backward Looking SONIA	2.23%	4.34%

Table 2: CYCs investment rate of return performance vs. SONIA benchmark

20. The average rate of return achieved in the first quarter of 2023/24 has continued to increase and this is expected as the Bank of England continues to raise base rate. The Council has been keeping cash in highly liquid Money Market Funds which provide instant access to cash and therefore has used the average overnight SONIA rate to compare it's return too. There is a slight time lag between the interest earned from investing in these Money Market Funds compared to the base rate and overnight SONIA as Money Market Funds adjust their portfolios in a rising interest rate environment.
21. Opportunities for longer term investments at higher yields are now becoming more prevalent, however as stated above the Council is using its cash balances to delay taking on long-term borrowing. Opportunities that arise for notice and fixed investments are considered in terms of the Councils short to medium term cash flow requirement and under borrowed position.
22. Figure 1 shows the average SONIA rates for a number of investment durations compared with the Bank of England base rate and the rate of return that the Council has achieved on invested cash for the first six months of 2022/23. It shows that the Councils average rate of return on its instant access cash has been steadily increasing for the first six months of the year on the same trend as the Bank of England base rate and the average overnight SONIA and average 7

day backward looking SONIA rates whilst ensuring the required liquidity and security of funds for the Council.

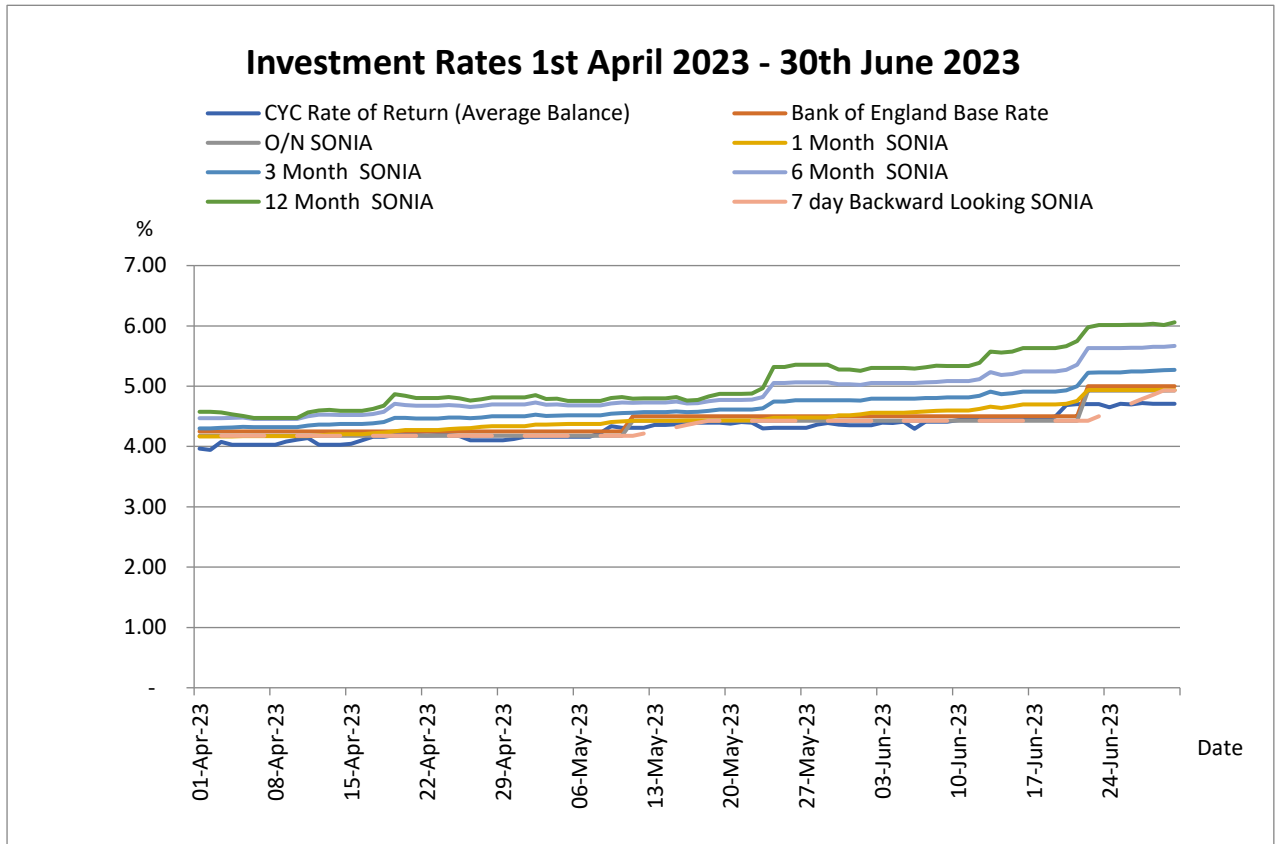


Figure 1 CYC Investments vs Bank of England base rate and SONIA up to 30th June 2023

23. Table 3 shows the current fixed term investments at the quarter ended 30th June 2023.

Institution Type	Principal 30/06/23	Average Principal Q1	Average Rate Q1
Fixed Term Deposits	£0.00m	£0.00m	0.00%
Call / Notice	£0.00m	£0.00m	0.00%
Money Market Funds	£19.00m	£30.67m	4.36%
Cash in bank	£0.44m	£0.48m	0.00%
Total Investments	£19.44m	£31.15m	4.29%

Table 3: Investment Portfolio by type at 30th June 2023

24. Figure 2 shows the investments portfolio split by cash in bank, deposits in short term call accounts, fixed term investments and

Money Market Funds. All of the Money Market Funds have an AAA credit rating and the cash bank account is A+.

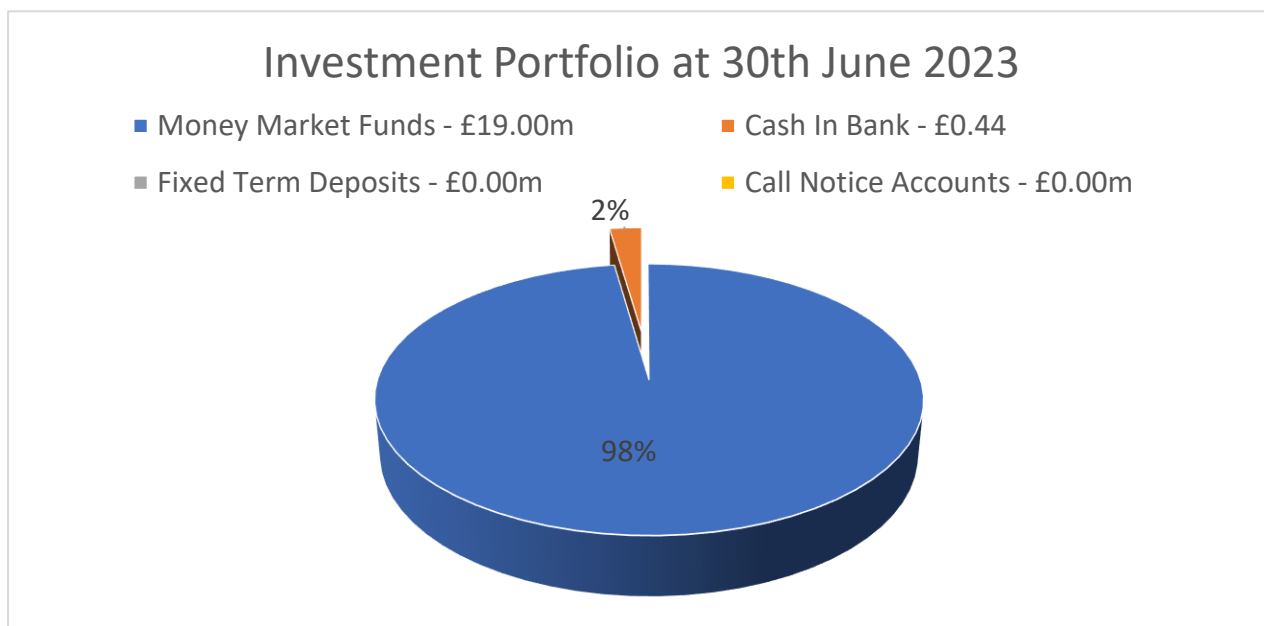


Figure 2 Investment Portfolio by type at 30th June 2023

Borrowing Strategy Update

25. The Council undertakes long-term borrowing in accordance with the investment requirements of the capital programme and all borrowing is therefore secured for the purpose of its asset base.
26. The level of borrowing taken by the Council is determined by the Capital Financing Requirement (the Councils underlying need to borrow for capital expenditure purposes). Borrowing needs to be affordable, sustainable and prudent.
27. Under regulation, the Council can borrow in advance of need and Markets are therefore constantly monitored and analysed to ensure that advantage is taken of favourable rates and the increased borrowing requirement is not as dependant on interest rates in any one year.
28. On the reverse side, the Council's level of borrowing can also be below the Capital Financing Requirement. This would mean that instead of increasing the Council's level of borrowing, surplus funds held for investment purposes would be utilised.

29. 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 Councils Liability Benchmark graph as shown by the gap between the loans outstanding and CFR.

Borrowing Portfolio

30. The Councils long-term borrowing portfolio position at the quarter ending 30th June 2023 totalled £301.265m.

Institution Type	Principal	Average Rate
<u>Public Works Loan Board</u> PWLB (60) – Money borrowed from the Debt Management Office (HM Treasury)	£293.9m	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)	£301.3m	3.18%

Table 4 Current position at 30th June 2023

31. The Council had £301.265m of fixed interest rate debt, of which £146.359m was HRA (£121.550m self-financing debt) and £154.906m General Fund.

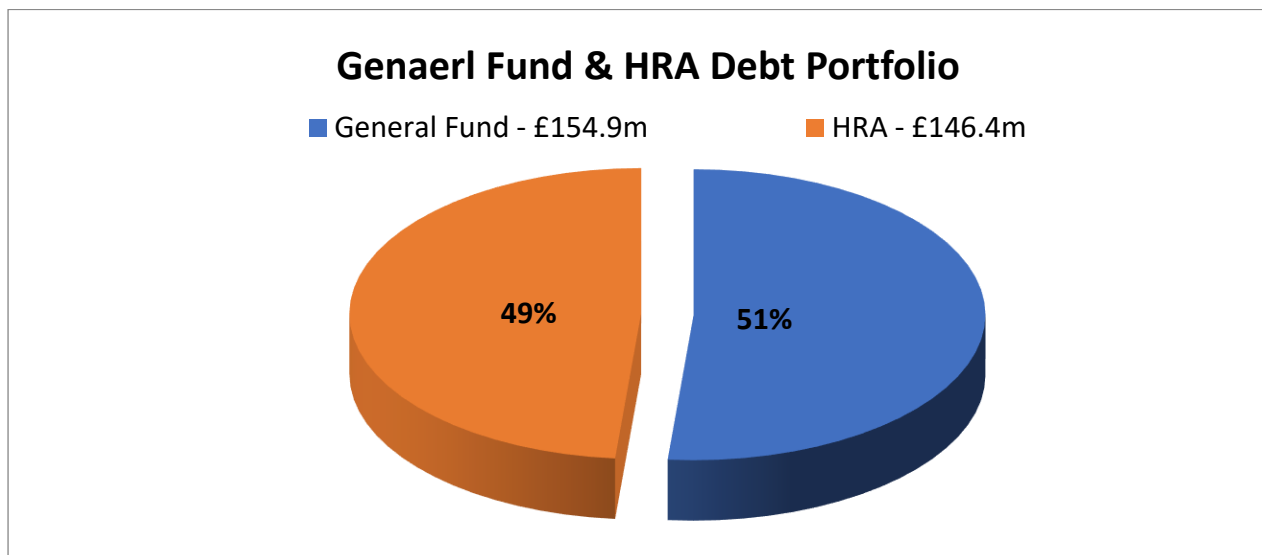


Figure 4 General Fund and HRA debt at 30th June 2023

32. No new loans have been taken during the first quarter ending 30th June 2023 and no loans have matured or been refinanced. There are 5 scheduled repayments of long-term borrowing that will occur this financial year 2023/24 totalling £6.2m.

Lender	Issue Date	Repayment Date	Amount	Rate	Duration (years)
PWLB	23/11/2000	05/11/2023	£3,000,000.00	4.75%	22.95
PWLB	03/04/2001	05/11/2023	£1,000,000.00	4.75%	22.59
PWLB	15/11/2001	28/02/2024	£114,956.00	4.50%	22.29
PWLB	15/11/2001	28/02/2024	£200,000.00	4.50%	22.29
PWLB	28/03/2012	31/03/2024	£1,900,000.00	2.76%	12.01
			£6,214,956.00		

Table 5 Maturing loans in 2023/24

33. Figure 3 illustrates the 2023/24 maturity profile of the Council's debt portfolio at 30th June 2023. The maturity profile shows that there is no large concentration of loan maturity in any one year, thereby spreading the interest rate risk dependency.

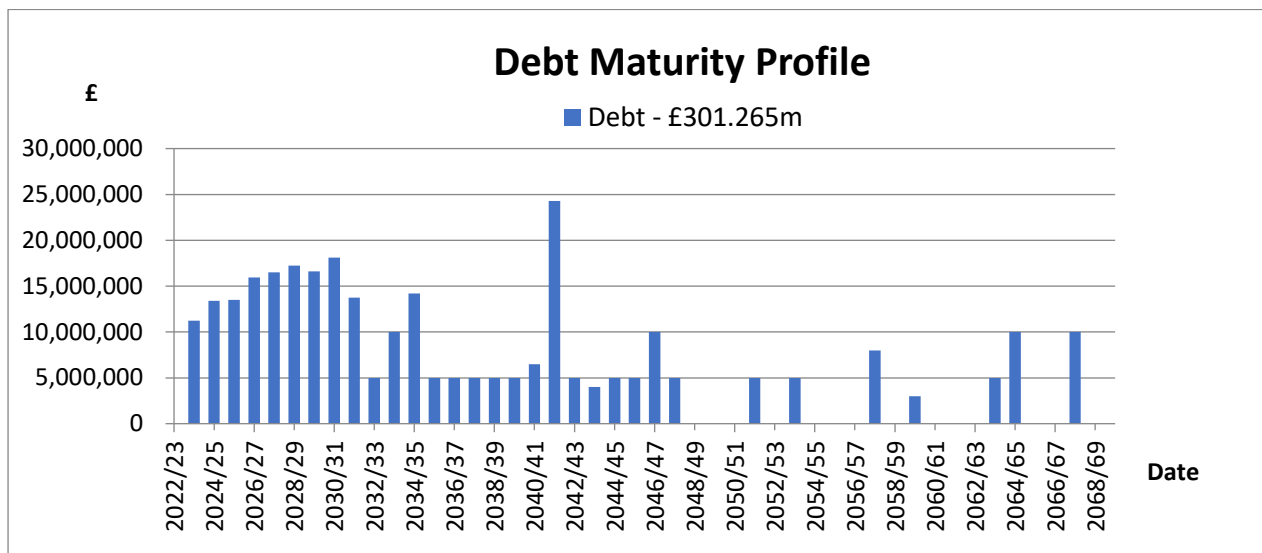


Figure 3 – Debt Maturity Profile at 30th June 2023

34. Should new debt need to be taken in 2023/24, the timing of when that debt is drawn down will depend on the progress of the capital programme. 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 minimise total interest costs. Temporary borrowing, including inter authority borrowing, is another borrowing option. Longer-term borrowing could also be undertaken for the purpose of certainty, where that is desirable, or for smoothing the maturity profile of debt repayments.
35. Table 6 shows PWLB Certainty borrowing rates available for selected loan durations between 1st April 2023 and 30th June 2023 at the highest, lowest and average rates.

	PWLB Certainty borrowing rates by duration of loan				
	1 Year	5 Year	10 Year	25 Year	50 Year
High	6.24%	5.71%	5.28%	5.44%	5.23%
Low	4.65%	4.14%	4.20%	4.58%	4.27%
Average	5.32%	4.87%	4.78%	5.09%	4.82%

Table 6 PWLB Borrowing Rates 1st April 2023 to 30th June 2023

Compliance with Treasury policy Prudential Indicators

36. The Prudential Indicators for 2023/24 included in the Treasury Management Strategy Statement are based on the requirements of the Council's capital programme and approved at Budget Council on 23rd February 2023 and can be viewed here <https://democracy.york.gov.uk/ieListDocuments.aspx?CId=331&MIId=13284>. An update of the Prudential Indicators is shown in Annex A.
37. It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the quarter ended 30th June 2023 the Council has operated within the treasury and Prudential Indicators set out in the Council's Treasury Management Strategy Statement for 2023/24.

Consultation Analysis

38. 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.

Options Analysis and Evidential Basis

39. The report shows the latest quarterly position of the treasury management portfolio at quarter ending 30th June 2023 and is for the review of the Executive Member for Finance and Performance to show compliance with treasury policy and ensure the continued performance of the treasury management function.

Organisational Impact and Implications

40. The treasury management function aims to achieve the optimum return on investments commensurate with the proper levels of security, and to minimise the interest payable by the Council on its debt structure. It thereby contributes to all Council Plan priorities.

- **Financial** - The financial implications are in the body of the report.
- **Human Resources (HR)** - None.
- **Legal** – 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.
- **Procurement** - None
- **Health and Wellbeing** - None.
- **Environment and Climate action** - None
- **Affordability** - None
- **Equalities and Human Rights**, n/a
- **Data Protection and Privacy**, n/a
- **Communications** - None.
- **Economy** - None.
- **Specialist Implications Officers** - None.

Risks and Mitigations

41. The Treasury Management function is a high-risk area because of the volume and level of large money transactions. As a result, there are procedures set out for day to day treasury management operations that aim to reduce the risk associated with high volume high value transactions. These are detailed in the Treasury Management Strategy Statement at the start of each financial year.

Wards Impacted

All

Contact details

For further information please contact the authors of this Decision Report.

Author

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Date:	17/07/2023

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Report approved:	Yes
Date:	17/07/2023

Background papers

None

Annexes

Annex A – Prudential Indicators 2023/24 Qtr 1 (30.06.23)

Glossary of Abbreviations used in the report:

CIPFA	Chartered Institute of Public Finance & Accountancy
CFR	Capital Financing Requirement
CYC	City of York Council
DLUHC	Department for Levelling Up, Housing and Communities

GF	General Fund
HRA	Housing Revenue Account
MPC	Monetary Policy Committee
MRP	Minimum Revenue Provision
PWLB	Public Works Loan Board
SONIA	Sterling Overnight Index Average

Prudential Indicators 2023/24 Qtr 1 (30.06.23)

	Prudential Indicator		2023/24	2024/25	2025/26	2026/27	2026/27	
1	Capital expenditure To allow the authority to plan for capital financing as a result of the capital programme and enable the monitoring of capital budgets.	GF	£218.7m	£67.1m	£25.5m	£23.8m	£24.3m	
		HRA	£65.9m	£38.2m	£32.8m	£25.1m	£12.1m	
		Other LT	£0.0m	£3.4m	£0.5m	£0.5m	£0.5m	
		<u>Total</u>	<u>£284.6m</u>	<u>£108.7m</u>	<u>£58.8m</u>	<u>£49.4m</u>	<u>£36.9m</u>	
2	CFR Indicates the Council's underlying need to borrow money for capital purposes. The majority of the capital programme is funded through government support, government grant or the use of capital receipts. The use of borrowing increases the CFR.	GF	£391.6m	£403.0m	£404.9m	£408.2m	£414.0m	
		HRA	£146.4m	£149.8m	£153.4m	£153.4m	£153.4m	
		Other LT	£41.7m	£44.1m	£42.9m	£41.7m	£40.6m	
		<u>Total</u>	<u>£579.7m</u>	<u>£596.9m</u>	<u>£601.1m</u>	<u>£603.2m</u>	<u>£608.0m</u>	
3	Liability Benchmark The Liability Benchmark is based on current capital plans and cash flow assumptions, therefore giving 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.	<p style="text-align: center;">Liability Benchmark</p> <p>The chart illustrates the projected total amount of loans over time. It shows a significant peak in total loans around 2029-2031, followed by a steady decline. The Net Loans Requirement (forecast net loan debt) and Market Loans (excl LOBO loans) are shown as dashed lines, while Existing Loan Debt Outstanding and Loans CFR are shown as solid lines. The PWLB Loans are represented by blue bars at the bottom of the chart.</p>						
4	Ratio of financing costs to net revenue stream An estimate of the cost of borrowing in relation to the net cost of Council services to be met from government grant and council taxpayers. In the case of the HRA the net	GF	15.20%	17.80%	18.27%	18.14%	18.07%	
		HRA	13.10%	12.57%	12.29%	12.02%	11.74%	
		<u>Total</u>	<u>14.79%</u>	<u>16.80%</u>	<u>17.13%</u>	<u>17.00%</u>	<u>16.91%</u>	

	Prudential Indicator		2023/24	2024/25	2025/26	2026/27	2026/27	
	revenue stream is the income from rents. <i>Note that financing costs include debt and other long-term liabilities such as PFI and Leases.</i>							
5	External debt To ensure that borrowing levels are prudent over the medium term the Council's external borrowing, net of investments, must only be for a capital purpose and so not exceed the CFR.	Gross Debt Invest Net Debt	£448.0m £15.0m £433.0m	£474.7m £15.0m £459.7m	£489.5 £15.0m £474.5m	£502.9m £15.0m £487.9m	£519.6m £15.0m £504.6m	
6 a	Authorised limit for external debt The authorised limit is a level set above the operational boundary in acceptance that the operational boundary may well be breached because of cash flows. It represents an absolute maximum level of debt that could be sustained for only a short period of time. The council sets an operational boundary for its total external debt, gross of investments, separately identifying borrowing from other long-term liabilities.	Borrowing / Other long term liabilities	£590.9m £30.0m £620.9m (£620.9m set at 2023/24 Strategy)	£606.9m £30.0m £636.9m (Based on current CFR projection)	£611.1m £30.0m £641.1m (Based on current CFR projection)	£613.2m £30.0m £643.2m (Based on current CFR projection)	£618.0m £30.0m £648.0m (Based on current CFR projection)	

	Prudential Indicator		2023/24	2024/25	2025/26	2026/27	2026/27	
6 b	<p>Operational boundary for external debt</p> <p>The operational boundary is a measure of the most likely, prudent, level of debt. It takes account of risk management and analysis to arrive at the maximum level of debt projected as part of this prudent assessment. It is a means by which the authority manages its external debt to ensure that it remains within the self-imposed authority limit. It is a direct link between the Council's plans for capital expenditure; our estimates of the capital financing requirement; and estimated operational cash flow for the year.</p>	Borrowing / Short Term Liquidity Requirement	£579.7m	£596.9m	£601.1m	£603.2m	£608.0m	
			£11.2m	£10.0m	£10.0m	£10.0m	£10.0m	
			<u>£590.9m</u>	<u>£606.9m</u>	<u>£611.1m</u>	<u>£613.2m</u>	<u>£618.0m</u>	
			(£590.9m set at 2023/24 Strategy)	(Based on current CFR projection)	(Based on current CFR projection)	(Based on current CFR projection)	(Based on current CFR projection)	

	Prudential Indicator		2021/22	2022/23	2023/24	2024/25	2025/26	
7	<p>Maturity structure of fixed rate borrowing</p> <p>To minimise the impact of debt maturity on the cash flow of the Council. Over exposure to debt maturity in any one year could mean that the Council has insufficient liquidity to meet its repayment liabilities, and as a result could be exposed to risk of interest rate fluctuations in the future where loans are maturing. The Council therefore sets limits whereby long-term loans mature in different periods thus spreading the risk.</p>	Maturity profile of debt against approved limits	Maturity Profile	Debt (£)	Debt (%)	Approved Minimum Limit	Approved Maximum Limit	
			Less than 1 yr	£11.2m	4%	0%	30%	In line with the TMSS Lobo loans are shown as due at their next call date as this is the date the lender could require payment.
			1 to 2 yrs	£16.4m	5%	0%	30%	
			2 to 5 yrs	£43.0m	14%	0%	40%	
			5 to 10 yrs	£70.7m	24%	0%	40%	
			10 yrs and above	£160.0m	53%	30%	90%	
			Total	£301.3m	100%	-	-	
7	<p>Upper limit for total principal sums invested for over 364 days</p> <p>The Council sets an upper limit for each forward financial year period for the level of investments that mature in over 364 days. These limits reduce the liquidity and interest rate risk associated with investing for more than one year. The limits are set as a percentage of the average balances of the investment portfolio.</p>		£15.0m	£15.0m	£15.0m	£15.0m	£15.0m	

Audit & Governance Committee – work plan

Training/briefing events will be held at appropriate points in the year to support members in their role on the Committee.

Theme	Item	Lead officers	Scope
12th September			
Veritau (internal audit / counter fraud)	Internal audit & counter fraud progress report	<u>Veritau</u> <u>Max Thomas/ Richard Smith</u>	An update on progress made in delivering the internal audit work plan for 2022/23 and on current counter fraud activity.
Governance / Finance	Review of the final draft of the AGS	<u>CYC</u> <u>Bryn Roberts / Debbie Mitchell</u>	
Risk	Key Corporate Risks monitor 1	<u>CYC</u> <u>Helen Malam</u>	Update on Key Corporate Risks (KCRs)
Finance	Treasury Management Monitor 1	<u>CYC</u> <u>Debbie Mitchell</u>	
8th November			
Governance	Corporate Governance Report	<u>CYC</u> <u>Lorraine Lunt</u>	To provide Members with an update on corporate governance including issues.
Governance	Changes to Membership of Committees & Outside Bodies	<u>CYC</u> <u>Dawn Steel</u>	
Governance	Changes to the Constitution	<u>CYC</u> <u>Bryn Roberts</u>	Report from the Monitoring Officer on suggested Constitutional changes
Veritau (internal audit / counter fraud)	Internal audit & counter fraud progress report	<u>Veritau</u> <u>Max Thomas/ Richard Smith</u>	An update on progress made in delivering the internal audit work plan for 2022/23 and on current counter fraud activity.
External Audit	Audit Completion Report	<u>Mazars</u> <u>Mark Kirkham</u>	
Finance	Final Accounts	<u>CYC</u> <u>Debbie Mitchell/Emma Audrain</u>	Date subject to External Audit.

Finance	Treasury Management Monitor 2	<u>CYC</u> <u>Debbie Mitchell</u>	
Finance	PO Policy & Usage	<u>CYC</u> <u>Debbie Mitchell</u>	
Risk	Key Corporate Risks monitor 2	<u>CYC</u> <u>Helen Malam</u>	Update on Key Corporate Risks (KCRs) including review of KCR12 Major incidents.
31st January			
Veritau (internal audit / counter fraud)	Annual review of the counter fraud framework	<u>Veritau</u> <u>Max Thomas/ Richard Smith</u>	To present the findings of the annual review of the counter fraud framework and risk assessment, and seek comments on any updates needed to counter fraud and related policies.
Finance	Treasury Management Monitor 3	<u>CYC</u> <u>Debbie Mitchell</u>	
Finance	Treasury Management Strategy	<u>CYC</u> <u>Debbie Mitchell</u>	
Governance	Report of the Monitoring Officer	<u>CYC</u> <u>Bryn Roberts</u>	
Risk	Key Corporate Risks monitor 3	<u>CYC</u> <u>Helen Malam</u>	Update on Key Corporate Risks (KCRs) including review of KCR 8 Local Plan.
28th February 2024			
Governance	Corporate Governance Report	<u>CYC</u> <u>Lorraine Lunt</u>	To provide Members with an update on corporate governance including issues.
Veritau (internal audit / counter fraud)	Consultation on the annual audit work programme	<u>Veritau</u> <u>Max Thomas/ Richard Smith</u>	To seek the committee's view on priorities for audit work in 2024/25.
Veritau (internal audit / counter fraud)	Internal audit & counter fraud progress reports	<u>Veritau</u> <u>Max Thomas/ Richard Smith</u>	An update on progress made in delivering the internal audit work plan for 2023/24 and on current counter fraud activity.
May 2024			
Governance	Corporate Governance Report	<u>CYC</u> <u>Lorraine Lunt</u>	To provide Members with an update on corporate governance including issues.
Risk	Key Corporate Risks monitor 4	<u>CYC</u>	Update on Key Corporate Risks (KCRs)

		Helen Malam	
Veritau (internal audit / counter fraud)	Approval of indicative annual internal audit programme and counter fraud plan	<u>Veritau</u> <u>Max Thomas/ Richard Smith</u>	To seek approval for the 2024/25 internal audit work programme, and the counter fraud plan.

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Agenda Item

Audit and Governance Committee

12 September 2023

Report of the Head of Internal Audit

Audit & Counter Fraud Progress Report

Summary

- 1 This report provides an update on the delivery of the internal audit work programme for 2023/24 and on counter fraud activity undertaken so far in the year.

Background

- 2 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS). In accordance with the standards, periodic reports on internal audit work are presented to this committee.

Internal Audit

- 3 The 2023/24 internal audit work programme was approved by this committee at its meeting on 15 March 2023.
- 4 Annex 1 to this report provides an update on progress made against the 2023/24 internal audit work programme. This includes a summary of current work in progress and revised internal audit priorities for the year.

Counter Fraud

- 5 The counter fraud progress report is contained in annex 2. It reports on progress against the counter fraud work programme. A range of work is detailed including activity to promote awareness of fraud, work with external agencies, and information on the level of fraud reported to date.

Consultation

- 6 Not relevant for the purpose of the report.

Options

- 7 Not relevant for the purpose of the report.

Analysis

- 8 Not relevant for the purpose of the report.

Council Plan

- 9 The work of internal audit and counter fraud helps to support overall aims and priorities by promoting probity, integrity and accountability and by helping to make the Council a more effective organisation.

Implications

- 10 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

- 11 The council will be non-compliant with the PSIAS if the results of audit work are not reported to the committee and could therefore be exposed to increased levels of scrutiny and challenge.

Recommendation

- 12 Members are asked to:

- (a) note the progress made in delivering the 2023/24 internal audit work programme, and current counter fraud activity.

Reason

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

Contact Details

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Bryn Roberts
Director of Governance
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**Report
Approved**



Date 01/09/2023

Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All



For further information please contact the author of the report

Background Papers

- 2023/24 Internal Audit Work Programme and Counter Fraud Plan

Annexes

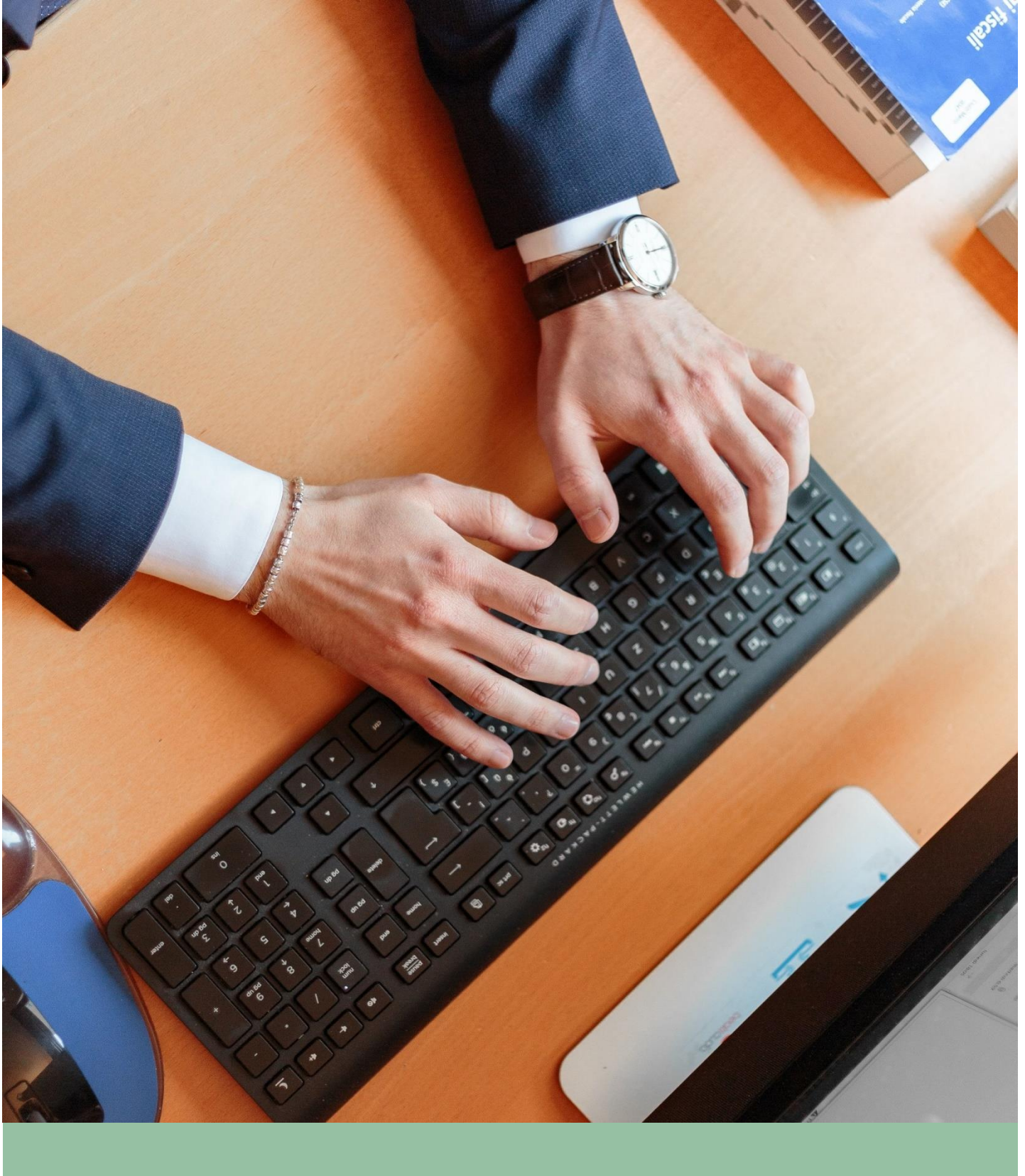
Annex 1 – Internal Audit progress report
Annex 2 – Counter Fraud progress report

Exempt annex 3 – Jewson managed stores contract internal audit report

INTERNAL AUDIT PROGRESS REPORT

Date: 12 September 2023

Annex 1



BACKGROUND

- 1 Internal audit provides independent and objective assurance and advice about the council's operations. It helps the organisation to achieve its overall objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control and governance processes.
- 2 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and relevant professional standards. These include the Public Sector Internal Audit Standards (PSIAS), CIPFA guidance on the application of those standards in Local Government and the CIPFA Statement on the role of the Head of Internal Audit.
- 3 In accordance with the PSIAS, the Head of Internal Audit is required to report progress against the internal audit plan (the work programme) agreed by the Audit and Governance Committee, and to identify any emerging issues which need to be brought to the attention of the committee.
- 4 The internal audit work programme was agreed by this committee in March 2023. The number of agreed days is 1,023.
- 5 Veritau follows a fully flexible approach to work programme development and delivery, to keep pace with developments in the internal audit profession and to ensure that we can continue to deliver a responsive service. In line with this approach, work is being kept under review to ensure that audit resources are deployed to the areas of greatest risk and importance to the council.
- 6 The purpose of this report is to update the committee on internal activity up to 1 September 2023.

INTERNAL AUDIT PROGRESS

- 7 In the period to 1 September 2023, six audits have been finalised. A further five audits have been reported in draft. We expect to finalise these audits in time for the November meeting of this committee.
- 8 As at the time of reporting, 14 audits are in progress. A number of audits that are currently in progress are a good way through the fieldwork stage. We expect to be able to report on findings from the following audits at the next meeting of this committee:
 - Schools themed audit: Schools Financial Value Standard (SFVS)
 - Teckal company governance: Make it York
 - ICT remote access
 - CIPFA Financial Management Code (consultative)
 - Adherence to constitution: decision-making
 - Adult education
 - Highways maintenance scheme development review

- 9 In addition, we are in the process planning a further nine audits, with fieldwork set to commence over the coming weeks. These audits will continue into quarter 3 2023/24.
- 10 A summary of internal audit work currently underway, as well as work finalised in the year to date, is included in appendix A.
- 11 The work programme showing current priorities for internal audit work is included at appendix B.
- 12 A total of 14 audits are shown in the 'do next' category where we expect work to begin during quarter 3 2022/23. Some of these audits already have agreed start dates. Start dates for the remaining audits will be determined through liaison with responsible officers across the directorates.
- 13 The programme also includes 15 audits in the 'do later' category. The internal audit work programme is designed to include all potential areas that should be considered for audit in the short to medium term, recognising that not all of these will be carried out during the current year (work is deliberately over-programmed).
- 14 In determining which audits will actually be undertaken, the priority and relative risk of each area will continue to be considered throughout the remainder of the year, and as part of audit planning for 2024/25 which will commence towards the end of quarter 3. Consideration will also be given to the coverage of each of the 11 key assurance areas when prioritising any remaining work during 2023/24.
- 15 The six audits that have been finalised since the last report to this committee in July 2023 are included in appendix C. The appendix summarises the key findings from these audits and actions agreed with officers to address identified control weaknesses. The finalised reports listed in appendix C are published online, along with the papers for this committee. This is with the exception of the Jewson managed stores audit which is instead included as an exempt annex to this report.
- 16 Appendix D lists our current definitions for action priorities and overall assurance levels.



FOLLOW UP

- 17 All actions agreed with services as a result of internal audit work are followed up to ensure that issues are addressed. As a result of this work we are generally satisfied that sufficient progress is being made to address the control weaknesses identified in previous audits. A summary of the current status of follow up activity is included at appendix E.

APPENDIX A: INTERNAL AUDIT WORK IN 2023/24

Audits in progress

Audit	Status
Risk management	Draft
Insurance	Draft
Parking	Draft
Data security incident management	Draft
Housing rents (inc. data quality)	Draft
Schools themed audit: SFVS	In progress
Teckal company governance: Make it York	In progress
ICT remote access	In progress
Foster carer payments	In progress
CIPFA Financial Management Code (consultative)	In progress
Adherence to constitution: decision-making	In progress
Adult education	In progress
Highway maintenance scheme development review	In progress
Transparency	In progress
Section 106 agreements	In progress
Agency staff (Children and Education / Adult Social Care and Integration)	In progress
Payroll	In progress
Budget management	In progress
Treasury management	In progress
Asset management	Planning
ICT procurement and contract management	Planning
Continuing healthcare	Planning
Health and Safety (Place directorate)	Planning
Officer declarations of interest	Planning
Business continuity	Planning
Adult social care: safeguarding	Planning
Placements and commissioning (children's services)	Planning
Safety Valve (implementation review)	Planning

Final reports issued

Audit	Reported to Committee	Opinion
Climate Change Strategy: governance framework	September 2023	Reasonable Assurance
Public health: procurement and contract management	September 2023	Reasonable Assurance
Jewson managed stores contract	September 2023	Reasonable Assurance
Health and safety	September 2023	Reasonable Assurance
CCTV: Surveillance Camera Code of Practice	September 2023	Reasonable Assurance
Council tax and NNDR	September 2023	Reasonable Assurance
Commercial procurement and compliance	July 2023	Substantial Assurance
Sundry debtors	July 2023	Substantial Assurance
Savings plans	July 2023	Reasonable Assurance
Ordering and creditor payments	July 2023	Substantial Assurance
Main accounting system	July 2023	Substantial Assurance

Other work in 2023/24

Internal audit work has been undertaken in a range of other areas during the year, including those listed below.

- Follow up of agreed actions
- Grant certification work:
 - Scambusters
 - UKSPF assurance return support (2022/23)
 - ESFA 2022/23 academic year subcontracting standard
 - Rough Sleeping Accommodation Programme
 - Supporting Families
 - WYCA Transport Fund and Transforming Cities Fund
- UKSPF assurance framework development support
- Review of the council's PDR policy framework and related guidance, training uptake, and appraisal completion rates
- Completion of consultation work on the system for booking of hire cars and the monitoring of their use

Provision of support and advice:

- Housing benefits – supported housing claims (rent review process)
- Compliance efforts relating to additional payments to care workers, including feedback to the Adult Social Care & Integration DMT
- Administration of adults' direct payments

APPENDIX B: CURRENT PRIORITIES FOR INTERNAL AUDIT WORK

Audit / activity	Rationale / comments on progress
Strategic risks / corporate & cross cutting	
Category 1 (do now)	
Risk management	Provides coverage of key assurance area.
Insurance	Provides broader assurance.
Data security incident management	Significant risk area.
Teckal company governance: Make it York	Key area of corporate governance.
CIPFA Financial Management Code (consultative)	Provides broader assurance. Support being provided to CFO.
Adherence to constitution: decision-making	Key area of corporate governance.
Transparency	Provides coverage of key assurance area.
Agency staff (C&E / ASC&I)	Significant risk area.
Officer declarations of interest	Provides coverage of key assurance area.
Business continuity	Risks / controls are changing. Provides broader assurance.
Category 2 (do next)	
Member induction programme	Risks / controls are changing. Provides coverage of key assurance area.
Contract management	Provides coverage of key assurance area.
Physical information security compliance (WO and HC)	Provides coverage of key assurance area.
Absence management	Significant risk area. Requested by Audit & Governance Committee.
Category 3 (do later)	
York 2032: The 10-year Plan	
Risk management	
Management of external funding sources	
Data and decision-making	
Climate adaptation / carbon reduction	

Audit / activity	Rationale / comments on progress
Public health	
Fundamental / material systems	
Category 1 (do now)	
Payroll	Risks / controls are changing. Provides coverage of key assurance area.
Budget management	Emerging risk area.
Treasury management	Provides coverage of key assurance area.
Housing rents (inc. data quality)	Risks / controls are changing. Provides coverage of key assurance area.
Category 2 (do next)	
Ordering and creditor payments	Provides coverage of key assurance area.
Sundry debtors	Provides coverage of key assurance area.
Housing benefits	Provides coverage of key assurance area.
Category 3 (do later)	
Main accounting system	
Operational / regularity	
Category 1 (do now)	
Parking	Emerging risk area.
Schools themed audit: SFVS	Emerging risk area.
Foster carer payments	Emerging risk area.
Asset management	Emerging risk area.
Highway maintenance scheme development review	Identified in discussions with officers.
Section 106 agreements	Risks / controls are changing. Provides broader assurance.
Health and Safety (Place directorate)	Emerging risk area. Identified in discussions with officers.
Adult education	Significant risk area.
Continuing healthcare	Emerging risk area.

Audit / activity	Rationale / comments on progress
Adult social care: adults safeguarding	Significant risk area.
Placements and commissioning (children's services)	Emerging risk area.
Safety Valve (implementation review)	
Category 2 (do next)	
Public protection	Emerging risk area.
Additional landlord duties	Emerging risk area.
Integrated care partnerships	Risks / controls are changing. Provides broader assurance.
Reablement and independent living	Emerging risk area. Provides broader assurance.
Schools themed audits / full school audits	Identified in discussions with officers.
Category 3 (do later)	
Ward committee model / locality working	
Public EV Charging Strategy (tariff management)	
Community Infrastructure Levy	
Mental health services	
Payments to care providers and contract management	
Section 17 payments	
Technical / projects	
Category 1 (do now)	
ICT remote access	Provides coverage of key assurance area.
ICT procurement and contract management	Provides coverage of key assurance area.
Category 2 (do next)	
Project management	Provides coverage of key assurance area.
ICT disaster recovery	Provides coverage of key assurance area. Provides broader assurance.
Category 3 (do later)	
ICT OneDrive & MS Teams information governance	

Audit / activity	Rationale / comments on progress
NHS Data Security and Protection Toolkit (thematic review)	

APPENDIX C: SUMMARY OF KEY ISSUES FROM AUDITS FINALISED SINCE THE LAST REPORT TO THE COMMITTEE

System/area (month issued)	Opinion	Area reviewed	Comments	Management actions agreed
Climate Change Strategy: governance framework (September 2023)	Reasonable Assurance	The Climate Change Strategy is organised into eight main themes covering 32 objectives and is guided by five principles. This audit concentrated on the theme of governance, assessing the effectiveness of the governance arrangements established through the strategy.	<p>The council has established the Climate Change Programme Board (CCPB) to provide internal oversight and challenge to delivery groups and projects, make recommendations and provide advice to officers, Council Management Team (CMT) and Members. CCPB also monitors progress against the Climate Change Strategy.</p> <p>The CCPB terms of reference require review and alignment with the work of the city-wide partnership known as the York Climate Commission and the internal Sustainability Leads Group terms of reference. There is a discrepancy between stated CCPB membership and actual meeting attendance and not all council directorates are represented. CCPB action logs do not provide clarity on attendance and updates received from delivery groups and officers.</p> <p>The Climate Change Strategy Action Plan contains actions for which funding and delivery mechanisms have not yet been identified.</p>	<p>The CCPB terms of reference will be reviewed to ensure they are fit for purpose. The action log will include attendance records and make clear any recommendations made on projects or decisions for CMT to consider. CMT will also review membership.</p> <p>The strategy action plan will be refreshed to focus on deliverable SMART actions. The refresh will be completed once the Council Plan 2023-27 has been published.</p> <p>The Carbon Reduction team will work with council departments to support them to recognise and understand</p>

System/area (month issued)	Opinion	Area reviewed	Comments	Management actions agreed
			<p>Climate risks are included in the corporate risk register. However, these are not reflected at the directorate risk register level.</p>	<p>climate change risks in their services. CMT will ensure that directorate risk registers are updated to include relevant climate change risks.</p>
<p>Public health contract management (August 2023)</p>	<p>Reasonable Assurance</p>	<p>Contract management arrangements were reviewed for the integrated sexual health service and the alcohol and illicit drug integrated treatment and recovery service.</p>	<p>Governance and reporting mechanisms are in place for both public health contracts reviewed. Roles and responsibilities and reporting lines for contract management are clearly documented in contract managers' job descriptions. Public health governance meetings take place regularly, and the relevant contract managers attend and report on the contracts.</p> <p>Key performance indicators (KPIs) are set out in the service specifications of the sampled contracts, and the specifications comprehensively outline arrangements for collecting and sharing information, requiring both parties to meet regularly to discuss performance as part of the respective performance management frameworks. However, we found that the integrated sexual health service provider had not</p>	<p>Officers responsible for the management of the integrated sexual health contract will agree future reporting arrangements with the provider and ensure that an annual report is completed.</p> <p>Annual financial appraisals will be built into contract monitoring arrangements for all public health contracts.</p> <p>The public health team will request training and advice from the council's risk management team to ensure that risks impacting service delivery are captured and</p>

System/area (month issued)	Opinion	Area reviewed	Comments	Management actions agreed
			<p>complied with the contractual requirement to produce an annual report.</p> <p>Beyond initial financial appraisal at point of contract award, there is no formal process in place for monitoring the financial health of public health service providers.</p> <p>Public health maintains a risk register but not in the format required by the council's risk management policy and strategy. Significant contract risks are not included on the risk register despite a challenging external environment with the potential to impact on service delivery and continuity.</p>	<p>monitored in accordance with the council's risk management policy and strategy.</p>
<p>Jewson managed stores contract (August 2023)</p>	<p>Reasonable Assurance</p>	<p>This audit aimed to provide assurance that the council is receiving value for money from the contract, that the contract is being effectively managed, and that the council's interests are adequately protected. It also reviewed</p>	<p>The council operates on an open book basis with Jewson and profit margins are in line with the agreed rate.</p> <p>Although regular client meetings are taking place with Jewson to discuss issues that are relevant to the management of the contract, the agendas do not include all items that should be discussed in these meetings according to the contract.</p> <p>None of the KPIs included in the contract are clearly defined and do not appear to provide information on price and quality.</p>	<p>Clear definitions of what the KPIs are measuring will be produced and shared with the contractor and the council officers who are responsible for managing the contract. A summary of contract performance will be included in monthly Building Services performance monitoring meetings.</p>

System/area (month issued)	Opinion	Area reviewed	Comments	Management actions agreed
		whether invoicing for materials is accurate.	<p>The council receives monthly KPI reports from Jewson but the information contained in these reports does not correspond with the KPIs that are set down in the contract.</p> <p>Invoices are generated automatically from the management information system that is operated by Jewson. Invoices are received each week and checked to ensure charges relate to valid job numbers.</p>	Annual meetings with the contractor will be reinstated. All agenda items from the contract will be listed on the agenda for each monthly and quarterly meeting, even though not all items will be addressed in every meeting.
Health and safety (August 2023)	Reasonable Assurance	This audit involved a review of risk assessment processes and incident reporting at a sample of council premises. It evaluated processes against the compliance note in the council's health and safety policy and use of the B-Safe system.	<p>The council's risk assessment process is guided by the health and safety policy and risk assessment compliance note within the council's Safety Management System. The compliance note includes a comprehensive procedure for completing risk assessments.</p> <p>However, the audit identified that not all premises risk assessments had been recently reviewed and did not effectively capture required changes arising from reviews undertaken. A number of discrepancies were also identified between the requirements of the compliance note and the risk assessments in place for the sites visited. In addition, risk assessment logs required by the compliance note (ie a</p>	Council Management Team will define corporate expectations for risk assessments that should be held at council premises. It will also define training requirements for managers with health and safety responsibilities at sites, and requirements for health and safety inductions for new staff or those that take on site management responsibilities.

System/area (month issued)	Opinion	Area reviewed	Comments	Management actions agreed
			<p>consolidated register which identifies the risk assessments that are in place at each site) were not held for four of the five sites visited.</p> <p>Health and safety training requirements are unclear and there is variation in the provision of training for officers with responsibility for health and safety at sites.</p> <p>Incidents are generally reported promptly, with 76% of incidents across sites during 2022/23 reported within two days of occurrence and all except one within nine days of occurrence.</p>	<p>DMTs will ensure that risk assessment logs are in place for premises and activities within their area of responsibility. In addition, they will review and seek assurances that observational monitoring is undertaken to ensure risk assessments comply with the risk assessment compliance note.</p>
<p>CCTV: Surveillance Camera Code of Practice (August 2023)</p>	<p>Reasonable Assurance</p>	<p>This audit was undertaken in response to the new Biometric and Surveillance Camera Commissioner's survey and their heightened focus on compliance with the Surveillance Camera Code of Practice ("the Code"). It involved review of</p>	<p>The council has identified suitable officers to act as Senior Responsible Officer (SRO) and the Single Point of Contact.</p> <p>The council's security contractor, Gough & Kelly (G&K), is responsible for most of the council's CCTV installations. G&K regularly completes the Commissioner's self-assessment tool to monitor and validate compliance with the Code.</p> <p>The council last completed a compliance self-assessment in 2020. Knowledge of the compliance of service-operated systems is</p>	<p>The council will undertake a complete survey of CCTV systems (issued to both G&K and council service areas), following which a central log of CCTV systems and locations will be compiled and maintained by the SRO.</p> <p>A full DPIA will be completed by all CCTV systems owners, utilising</p>

System/area (month issued)	Opinion	Area reviewed	Comments	Management actions agreed
		arrangements for managing the council's overt surveillance systems and availability of information to support compliance assertions made in the survey return.	<p>limited to those where the SRO and DPO are actively consulted by services (eg during procurement or where issues arise as part of ongoing management of systems).</p> <p>The council has no single central register of all CCTV systems and cameras. The audit identified that several CCTV systems belonging to Housing were omitted from the Commissioner's survey and no traffic enforcement cameras had been included.</p>	<p>the Commissioner's template, for all systems not maintained by G&K.</p> <p>Compliance with the Surveillance Code will be formally assessed and documented via completion of a self-assessment, to be undertaken by both G&K and council service areas.</p>
Council tax and NNDR (July 2023)	Reasonable Assurance	This audit involved a review of processes in place to manage the billing and collection of income due from eligible households (council tax) and business premises (NNDR).	<p>Quarterly reconciliations between the Valuation Office (VOA) and the Revenue and Benefits IT system (NEC/SX3) databases are carried out. However, completion notices had not been issued or sent to the VOA for several months, reducing the council's ability to bring properties into taxation in a timely way.</p> <p>Bills and demand notices were issued and calculated correctly for both council tax and NNDR. Where the council had been notified of a change to the liable party, the account has been updated correctly. However, full reviews of historical discounts and</p>	<p>An officer has been visiting council properties since May 2023 and will attend a dedicated completion notice course in October 2023. Completion notices will be issued before the end of October 2023.</p> <p>The team has already been working through some of the reviews this year and will be on schedule by September 2023.</p>

System/area (month issued)	Opinion	Area reviewed	Comments	Management actions agreed
			<p>exemptions had not been conducted in 2022.</p> <p>Arrears are promptly and effectively pursued with a detailed debt recovery timetable in place for issuing reminders, final notices, and summons. Write-off cases and refunds are reviewed regularly and authorised by a suitable officer. However, refund reconciliations (ie between the property database and the finance system) had not been carried out in accordance with the procedure established by the service.</p>	<p>The Service has asked Finance whether the refund reconciliation process is necessary going forward and will act on their response.</p>

APPENDIX D: AUDIT OPINIONS AND PRIORITIES FOR ACTIONS

Audit opinions	
Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. It cannot guarantee the elimination of fraud or error. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit.	
Opinion	Assessment of internal control
Substantial assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Priorities for actions	
Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

APPENDIX E: FOLLOW UP OF AGREED AUDIT ACTIONS

Where weaknesses in systems are found by internal audit, the auditors agree actions with the responsible manager to address the issues. Agreed actions include target dates and internal audit carry out follow up work to check that the issue has been resolved once these target dates are reached. Follow up work is carried out through a combination of questionnaires completed by responsible managers, risk assessment, and by further detailed review by the auditors where necessary. Where managers have not taken the action they agreed to, issues are escalated to more senior managers, and ultimately may be referred to the Audit and Governance Committee.

A total of 50 actions have been followed up. A summary of the priority of these actions and the directorate they relate to is included below.

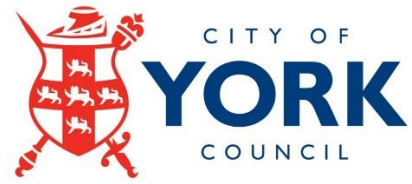
Actions followed up		Actions followed up by directorate			
Priority of actions	Number of actions followed up	Other (Customers, Governance, Finance, HR)	Place Directorate	Adult Social Care and Integration	Children and Education
1	0	0	0	0	0
2	19	12	6	1	0
3	31	17	6	2	6
Total	50	29	12	3	6

Of the 50 agreed actions, 29 (58%) had been satisfactorily implemented and 14 (28%) had been superseded. The number of actions marked as superseded is high due to the continuing impact of a review of all outstanding actions dating back to the Covid period, which found that in some cases circumstances had changed significantly and the previous actions were no longer appropriate. In some cases controls were re-examined and new actions raised if issues were found. In 7 cases (14%) the action had not been implemented by the target date and a revised date was agreed. This is done where the delay in addressing an issue will not lead to unacceptable exposure to risk and where, for example, the delays are unavoidable.

COUNTER FRAUD PROGRESS REPORT

Date: 12 September 2023

Annex 2





BACKGROUND

- 1 Fraud is a significant risk to the public sector. The government estimated that between £33.2 and £58.8 billion of public spending was lost to fraud in 2020/21¹. Financial loss due to fraud can reduce a council's ability to support public services and can cause reputational damage.
- 2 Veritau delivers a corporate fraud service to the council which aims to prevent, detect and deter fraud and related criminality. The counter fraud team investigate allegations of fraud, plan and take part in counter fraud campaigns (eg the National Fraud Initiative), undertake fraud awareness activities with staff and the public, and maintain and update the council's counter fraud framework and associated policies.
- 3 The purpose of this report is to update the Committee on counter fraud activity in 2023/24.



FRAUD MANAGEMENT

- 4 In June 2023 the council participated in a National Day of Action against Blue Badge fraud alongside 80 other councils. The exercise involved making checks on all blue badges displayed in the city to determine if they were being properly used by legitimate badge holders. The counter fraud and parking teams worked together to check 84 badges on the day which resulted in two penalty charge notices (PCNs) being issued, one blue badge was seized, and four investigations were instigated. Nationally 5000 badges were inspected, 196 PCNs were issued, and 92 badges were seized.
- 5 Veritau is responsible for maintaining and promoting the whistleblowing policy for the council. We maintain records of all whistleblowing concerns raised within the council. Working with officers in Human Resources, Veritau helps to ensure that all whistleblowing concerns are identified and appropriately addressed. We also work with the communications team to raise awareness of whistleblowing procedures with employees. Our latest campaign took place in June 2023 as part of World Whistleblowers' Day.
- 6 A key objective for the counter fraud team is to raise awareness of fraud with members of staff and the public. Bespoke training has been provided to the business rates, benefits, and customer service teams in so far in 2023/24.



MULTI-AGENCY WORK

- 7 The National Fraud Initiative (NFI) is a large-scale data matching exercise that involves all councils and other public sector bodies in the UK. The work of the NFI is overseen by the Public Sector Fraud Authority (PSFA) and the exercise runs every two years. The results of the 2022/23 datamatching exercise (7500 data matches) are currently being reviewed by the counter fraud team and other services across the council.

¹ [Tackling fraud and corruption against Government](#), National Audit Office

- 8 The council are required to respond to requests for information from the Department for Work and Pensions (DWP) who investigate Housing Benefit fraud. In cases where council tax support is in payment, the counter fraud team can jointly investigate with DWP counterparts. The team have responded to 15 requests for information to date this year.

INVESTIGATIVE WORK

- 9 In 2023/24, the counter fraud team has received 126 reports of suspected fraud. These cover areas including adult social care, social housing, council tax, council tax support, internal fraud, parking, and business rates.
- 10 In June 2023 the council prosecuted a Lincolnshire resident who travelled to York and used a deceased relative's blue badge to park in a disabled parking bay in Castle carpark. They pleaded guilty to offences under the Road Traffic Act and were ordered to pay £1600 in fines and costs.
- 11 Up to 31 July 2023, the counter fraud team helped the council to make £54k in savings following investigation work. The team has completed 41 investigations and there are currently 65 ongoing. One person has been successfully prosecuted. One internal fraud investigation has been completed. Twelve people have been issued with formal warnings about their conduct. In addition, the team has helped the council verify 22 Right to Buy applications.
- 12 A summary of investigative work can be found in appendix A, below.

APPENDIX A: SUMMARY OF INVESTIGATIVE WORK 2023/24

The table below shows the success rate of investigations and levels of savings achieved through counter fraud work in 2023/24.

	2023/24 (As at 31/07/23)	2022/23 (Target: Full Yr)	2022/23 (Actual: Full Yr)
Amount of actual savings (quantifiable savings - eg repayment of loss) identified through fraud investigation	£53,738	£200,000	£263,715
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked)	51%	30%	50%

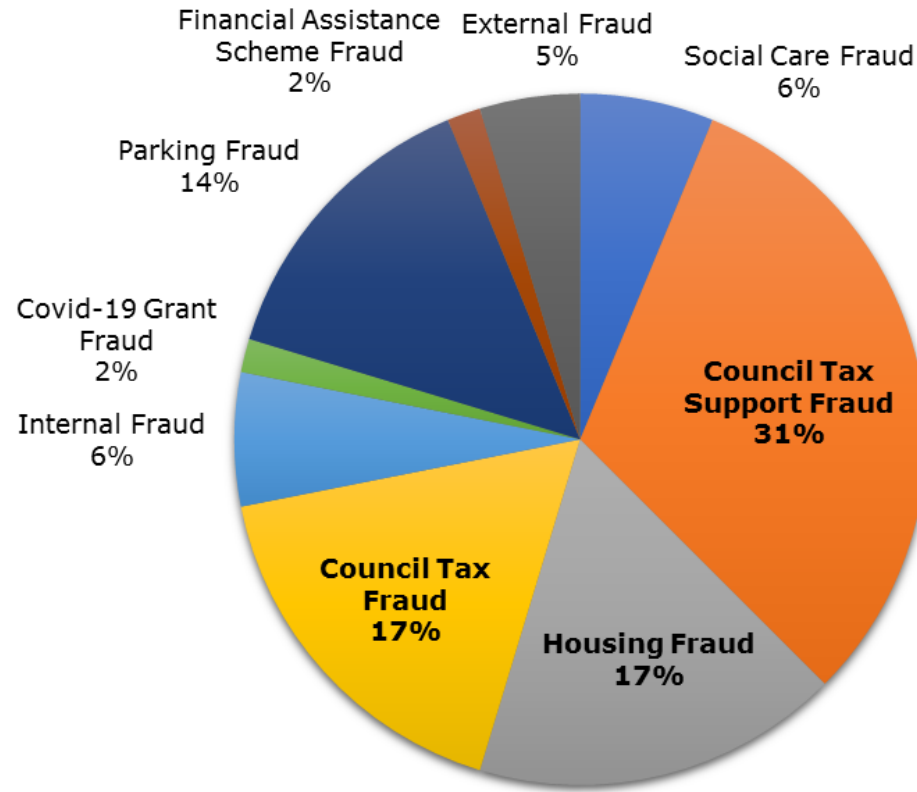
Caseload figures for the period are:

	2022/23 (As at 31/07/23)	2022/23 (Full Year)
Referrals received	126	319
Number of cases under investigation	65	85 ²
Number of investigations completed	41	146
Number of verifications completed ³	22	54

² As at the end of the financial year (ie 31/03/2023)

³ Verification cases are reviews of applications for Right to Buy and school placements.

The chart below shows the proportion of different case types under investigation as at 31 July 2023.



Activity	Work completed or in progress
Fraud detection and investigation	<p>The service promotes the use of criminal investigation techniques and standards to respond to any fraud perpetrated against the council. Activity to date includes the following:</p> <ul style="list-style-type: none"> • Adult Social Care fraud – The team has completed one investigation in this area and four are ongoing. Fraud in this area relates to deprivation of capital, financial abuse, direct payment fraud, and abuse of position. Investigative work has assisted the council to recover £15k to date. • Housing fraud – There are 11 investigations ongoing in this area. The majority of cases relate to sub-letting and abandonment of council properties, but the team is also investigating false applications for Right to Buy and Homelessness. Four investigations have been completed to date. • Internal investigations – One internal investigation has been completed. There are four ongoing. • External (or third party) fraud – Fraud in this area relates to financial scams perpetrated against the council, eg mandate fraud or cybercrime. There are two ongoing investigations. • Council Tax Support fraud – Eleven council tax support (CTS) investigations have been completed and there are 20 cases under investigation. Fraud in this area can occur when claimants provide false information when they apply, or fail to declare changes to their circumstances, relating to income or capital. Four CTS claimants have received formal warnings in 2023/24. Work in this area has resulted in £10k of savings for the council. • Council Tax fraud – Council Tax fraud often involves households falsely claiming single person discount, however other types of discounts can also be abused. Five investigations have been completed this year and 11 are ongoing. • Parking fraud – Parking fraud usually relates to blue badge abuse however, there have been a rising number of investigations of misuse of residential parking permits by owners of holiday lets. Fifteen investigations have been completed – five relating to blue badges and ten to parking permits. One person has been successfully prosecuted and another received a formal warning for misuse of blue badges. Nine holiday let owners have had their residential permits removed, five of whom were issued with formal warnings about their conduct.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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