

## Notice of a public meeting of

### Audit and Governance Committee

<b>To:</b>	Councillors Hollyer (Chair), J Burton (Vice-Chair), Fisher, Mason, Whitcroft, Merrett and Rose  Mr Leigh (Independent Member) and Mr Binney (Independent Member)
<b>Date:</b>	Tuesday, 9 July 2024
<b>Time:</b>	5.30 pm
<b>Venue:</b>	West Offices - Station Rise, York YO1 6GA

### AGENDA

#### 1. **Declarations of Interest** (Pages 1 - 2)

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.

*[Please see attached sheet for further guidance for Members].*

#### 2. **Minutes & Action Log** (Pages 3 - 20)

To approve and sign the minutes of the meeting held on 22 May 2024 and to consider the Committee's action log.

### **3. Public Participation**

At this point in the meeting members of the public who have registered to speak can do so. Members of the public may speak on agenda items or on matters within the remit of the Committee.

**Please note that our registration deadlines are set as 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, 5 July 2024.**

To register to speak please visit [www.york.gov.uk/AttendCouncilMeetings](http://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](http://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](http://www.york.gov.uk/COVIDDemocracy)) for more information on meetings and decisions.

### **4. Monitor 4 2023/24 - Key Corporate Risks (Pages 21 - 58)**

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.

### **5. Treasury Management Annual report & Review of Prudential Indicators 2023/24 (Pages 59 - 82)**

Attached at Annex 1 is the Treasury Management Annual Report and Review of Prudential Indicators 2023/24, which provides an update on treasury activity during the year and is due to be considered by Executive on 18 July 2024.

## 6. Audit and Governance Work Plan 2024/25 (Pages 83 - 86)

To consider the committee's work plan.

## 7. Urgent Business

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

Democracy Officer:

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我們也用您們的語言提供這個信息 (Cantonese)

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

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

Bu bilgiyi kendi dilinizde almanız mümkündür. (Turkish)

یہ معلومات آپ کی اپنی زبان (ہولی) میں بھی مہیا کی جاسکتی ہیں۔ (Urdu)

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.

### Declarations of Interest – guidance for Members

- (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 <u>unless</u> you have a dispensation.
Other Registrable Interests (Directly Related) <b>OR</b> Non-Registrable Interests (Directly Related)	Disclose the interest; speak on the item <u>only if</u> the public are also allowed to speak, but otherwise not participate in the discussion or vote, and leave the meeting <u>unless</u> you have a dispensation.
Other Registrable Interests (Affects) <b>OR</b> Non-Registrable Interests (Affects)	Disclose the interest; remain in the meeting, participate and vote <u>unless</u> the matter affects the financial interest or well-being: (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 <u>only if</u> the public are also allowed to speak, but otherwise do not participate in the discussion or vote, and leave the meeting <u>unless</u> 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.

City of York Council

Committee Minutes

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Meeting	Audit and Governance Committee
Date	22 May 2024
Present	Councillors J Burton (Vice-Chair) (from 5:36 pm), Hollyer (Chair), Fisher, Mason (from 5:32 pm), Melly, Rose and Whitcroft Mr Binney (Independent Member), Mr Leigh (Independent Member)
Apologies	None
Officers in Attendance	Bryn Roberts, Director of Governance and Monitoring Officer Lorraine Lunt, Information Governance and Feedback Manager/DPO Max Thomas, Head of Internal Audit, Veritau Connor Munro, Assistant Director of Audit Assurance, Veritau Mark Outterside, Partner, Mazars

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## 62. Declarations Of Interest (5:30 pm)

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.

## 63. Minutes & Action Log (5:30 pm)

Resolved: That the minutes of the meetings held on 28 February 2024 and 20 March 2024 be approved and then signed by the Chair as a correct record subject to the following amendments to the 20 March 2024 minutes:

- To remove Cllr Whitcroft as being present, add him to the apologies and include Cllr Kelly as present who substituted for Cllr Whitcroft.
- To include the words 'cross-party' in front of Constitution Working Group in the third and fourth paragraph of minute number 61.
- Remove the word 'further' from paragraph 2 of minute number 61.

It was also noted that:

- Mr Leigh, Independent Member, had raised some governance concerns regarding the 20 March 2024 Audit and Governance Committee meeting which he had circulated to Committee Members and the Director of Governance and Monitoring Officer. It was anticipated that the issues raised would be referred to in a report to the next committee from the Director of Governance.
- Webcasting videos were made available to view on-demand for a period of 6 years following the meeting after which time they would be permanently deleted from the council's YouTube channel, therefore, the Audit and Governance Committee webcast from 28 September 2016, as noted in the 28 February 2024 minutes, was no longer available to view.

Regarding the Action Log, it was noted that:

- Action 40 could now be closed as the York and North Yorkshire Combined Authority had adopted their Constitution.
- An appropriate time for the committee to receive an update on the no purchase order no pay action plan would be sought from officers (Action 51).

**64. Public Participation (5:35 pm)**

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

**65. Corporate Governance Performance Report (6:12 pm)**

Members considered a report that updated them on the:

- Corporate Governance performance report;
- Information Commissioners Office cases;
- Ombudsmen cases;
- Potential new and emerging data protection and digital information legislation.

The Information Governance and Feedback Manager/Data Protection Officer (DPO) presented her report and referenced various sections, where she acknowledged that:

- There had been a continuous and sustained improvement in both freedom of information and environmental impact reports (FOI/EIR) and subject access requests responded to within the statutory timescale for each quarter



throughout the full year reporting period of March 2023 to April 2024.

- Quarter 4 had seen an increase in the number of complaints received and dealt with under the children's social care services legislation and a decrease in the number of complaints received and dealt with under the adults' regulations. The numbers of complaints received were influenced by factors such as increased demand on council services and the restrictions the current budget and financial circumstances were placing on these services.
- There had been no published decision notice about the council's handling and responding to FOI/EIRs by the Information Commissioners Office (ICO) since the last report to this committee. There had also been no other ICO regulatory action against the council.
- All fourteen Local Government and Social Care Ombudsman cases had all been actioned and remedied within the timescale set by the Ombudsman, as reported in Annex 2 of the report.
- The data protection and digital information bill was expected to be passed in May 2024 and come into force shortly afterwards.

During discussion, the Information Governance and Feedback Manager/DPO answered questions raised regarding Annex 1 and 2 of the report, and it was noted that:

- The Ombudsman would not issue remedy satisfaction until the council had provided evidence that the actions had been completed and continued to make a difference.
- The number of corporate complaints received did fluctuate over the year due to seasonal trends such as the green waste collection service ending, which tended to reduce the complaints received in quarter 3.
- The annual corporate governance report, due to be considered by the Corporate Services, Climate Change and Scrutiny Management Committee and then by this committee later in the year, would include comprehensive complaints analyse from across all council services.
- Due to the nature and complexity of some children social care investigations and the volume received, Independent Person and Independent Investigating Officer services were available to Local Authorities to undertake statutory complaint investigations and reviews, and they had

assessed some of the complaints received on behalf of the council.

- As part of the lessons learnt and action planning from complaints, service areas would consider their processes, policies, guidance and strategies to incorporate change to reduce recurring complaints.

The Information Governance and Feedback Manager/DPO was thanked for her report and for the positive results achieved, and Members welcomed fuller analysis later in the year.

Resolved: That the report be noted.

Reason: So that Members were provided with details and current performance from the Corporate Governance Team.

**66. Counter Fraud Framework Report (5:52 pm)**

Members considered a report that presented the outcomes of the annual review of the council's counter fraud framework.

The Head of Internal Audit and the Assistant Director of Audit Assurance provided an update and noted that Annex 1 to the report set out key national developments and provided an indication of the local trends in terms of counter fraud. Officers reported that although the number of referrals had increased by 20% compared to the previous year, they estimated that no changes were required at this stage.

It was also noted that the annex included the counter fraud development plan at Appendix A, which set out actions that would be worked on this year, and the results of the fraud risk assessment at Appendix B, which supported officers in prioritising their programme of work.

Members noted that the greatest fraud risks were within Adult Social Care, Creditor Fraud and Cybercrime and the residual risks within these areas were difficult to fully mitigate with the limited resources available and would remain as a high risk.

During discussion and in answer to questions raised it was noted that:

- The council would continue to undertake every feasible measure to reduce the risks.
- The level of recovery and prevention for the council would be reported within Veritau's annual report to this committee.
- To raise the profile of fraud and the risks around it, training for all staff was available through the eLearning function but generally training was targeted more to teams that were most likely to encounter risks of fraud. Officers agreed to email Members further details on the courses that were being delivered.
- Whilst the levels of polygamous fraud was low, it was important to raise awareness of the emerging threat.
- The new compliance system was still at a conceptual point and the new process would allow Veritau to tighten resources on the higher value cases. Once the process was better developed, an update would be provided to Members.

Officers were thanked for their update.

Resolved: That the Counter Fraud and Corruption Development Plan and updated Fraud Risk Assessment at appendices A and B of Annex 1 to the report be noted.

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

**67. Internal Audit and Counter Fraud Work Programmes 2024/25 (5:42 pm)**

Members considered a report that sought their approval for the indicative programme of internal audit work to be undertaken in 2024/25. It also included the proposed programme of counter fraud work, which was provided for the committee's information at Annex 2 to the report.

The Head of Internal Audit and the Assistant Director of Audit Assurance provided an update, noting that the

- report represented the conclusion of initial consultation on the development of the 2024/25 internal audit work programme. Views of councillors and officers had been considered in the programme's initial development and

this would continue to be the case as the programme was updated and adjusted throughout 2024/25.

- internal Audit Work Programme for 2024/25 was over programmed to allow officers to respond to changes with already identified audit priorities. That didn't preclude other audits from coming in but allowed officers to move swiftly and in an agile fashion.
- work programme would allow Members to monitor the progress reports as well as observe how the reports moved and were delivered through the system of prioritisation.
- proposed counter fraud work programme would be reactive in nature with investigations being undertaken where fraud was suspected and taking cases through to an appropriate conclusion. Proactive work would also be undertaken to raise awareness of fraud risks across the council, together with ensuring that the public and other agencies know who to report suspected fraud cases to.

During discussion, Members questions were answered regarding the audit work programme and the prioritisation of the activity, which was not indicative by the order it appeared within the programme. It was also noted that operating practices were very flexible and the work programmes would be kept under review and changed if required in consultation with council officers.

Resolved: That the 2024/25 internal audit work programme be approved and that the proposed counter fraud programme be noted.

Reason: In accordance with the committee's responsibility for overseeing the work of internal audit and the counter fraud service.

**68. Auditor's Annual Report 2021/22 and 2022/23 (5:38 pm)**

Members considered a report that provided the Auditor's Annual Report (AAR) which summarised the work Mazars had undertaken as the auditor for City of York Council for the years ending 31 March 2022 and 2023.

Members were informed that the report was intended to also cover both the 2022/23 audit but due to the delay in receiving assurances from the pension fund auditor, officers were still

working on the audit but expected the commentary within the report to be what they would issue for 2022/23.

In answer to questions raised regarding outstanding recommendations included in the financial statements audit that had carried forward into the next financial year, officers confirmed they continued to monitor and report on outstanding actions until they were completed but could liaise with the Director of Finance regarding the inclusion of a timeline within the 2023/24 audit. Following further discussion, it was also indicated that the Director of Finance could be contacted to discuss the preventions in place to deter recommendations remaining as outstanding year on year.

Resolved: That the update be noted.

Reason: To ensure the committee remained up to date on external audit work.

**69. Audit and Governance Work Plan 2024/25 (6:31 pm)**

The committee considered their work plan for the 2024/25 municipal year, and following discussion it was noted that:

- The Salvation Army Early Intervention and Prevention contract report currently scheduled for 9 July was likely to be slipped to 31 July, given the recent announcement of a general election and to ensure it met the correct internal processes and expectations raised with the Salvation Army.
- The Annual Corporate Governance report would be received in either September or November.
- Training sessions would be scheduled for Members throughout the year to aide their scrutiny role and understanding of the Statement of Accounts, treasury management and audits.
- The Constitution review update on 9 July would include the council procedure rules.
- A report of the Director of Governance and Monitoring Officer required scheduling into the work plan and was to include the governance concerns raised by the Independent Person. It was suggested this could potentially be reported on 9 July.

Resolved: That the Director of Governance and Monitoring Officer considered how the announcement of the

general election would impact the work plan whilst ensuring the agenda for the committee meetings scheduled on 9 and 31 July remained substantial.

Reason: To ensure the committee maintained a programme of work for 2024/25.

Cllr Hollyer, Chair

[The meeting started at 5.30 pm and finished at 6.38 pm].

### Action Log

Action Number	Date of Meeting	Title	Action	Action Owner	Status/ Outcome	To be completed by	Completed
8	07/02/2023	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	Claire Foale/Lindsay Tomlinson	Officers reviewing how to operate the review and would bring proposals to the first meeting of the Committee post the upcoming local elections. This was due to be reported at the A&G meeting on 29 November 2023 but was then deferred to 28 Feb 2024, 22 May 2024 and now 31 July, due to recommendations from the LGA Peer Challenge not being ready for the report and the general election.	31-Jul-24	No
14	19/07/2023	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 part of the Constitution review	Bryn Roberts	Ongoing as part of the Constitution review	Ongoing	No
16	19/07/2023	Review of the Constitution	To inform the Monitoring Officer of any areas of the Constitution Committee Members would specifically like reviewing.	Committee Members	Ongoing as part of the Constitution review	Ongoing	No
31	08/11/2023	Corporate Governance Performance Report	Officers worked with the Business Intelligence Team to manage the corporate performance reports that were published on the council's open data platform. The Chair agreed to consult with the Business Intelligence Team to see if the data published could be consolidated to enable a more user friendly system	Chair/Lorraine Lunt	A York Open Data update is to be provided to A&G on 4 September	04-Sep-24	No
33	08/11/2023	Report of the Monitoring Officer on suggested Constitutional Changes	That a cross party working group be established to consider the Constitutional changes for onward endorsement by the Audit and Governance Committee and then Full Council.	Bryn Roberts	This is ongoing and an update will be provided to A&G on 9 July	Ongoing	No

35	08/11/2023	Publication of Internal Audit Reports	That the Access to Information procedure rules be included in the Constitution review, particularly around Members rights to information.	Bryn Roberts	Ongoing as part of the Constitution review	Ongoing	No
42	31/01/2024	Statement of Accounts	Provide members with a breakdown of the 2021/2022 and 2022/2023 member allowances and expenses.	Helen Malam Bryn Roberts	Will be emailed to Members	29/02/2024	No
43	31/01/2024	Key Corporate Risks	The officers working on the Local Plan be asked to provide an update on the risks to committee members.	Helen Malam	This will come as part of the KCR monitor 4 update	09/07/2024	No
44	31/01/2024	Key Corporate Risks	Officers to consider if there were any key corporate risks associated with accessing and utilizing additional resources through the York and North Yorkshire Combined Authority.	Helen Malam	This will come as part of the KCR monitor 4 update	09/07/2024	No
45	31/01/2024	Key Corporate Risks	1) The major metric risk definition used in the gross impact score for KCR 1, Financial Pressures be reconsidered. 2) The original risk scores could be included above the matrix that categorises the KCRs according to their net risk evaluation.	Helen Malam	This will come as part of the KCR monitor 4 update	09/07/2024	No
46	31/01/2024	Statement of Accounts and Work Plan	That the committee receives a summary of all the assets the council owns and officers consider the best way for this to be reviewed	Helen Malam/Bryn Roberts	Will be emailed to Members	29/02/2024	No
49	31/01/2024	Work Plan	That an update report be received on the Member Induction Programme including feedback from the Joint Standards Committee	Claire Foale/Lindsay Tomlinson	An update report to be received at the A&G meeting on 31 July 2024	31/07/2024	No
50	28/02/2024	Update on Action Plan - No Purchase Order No Pay	That communication to all suppliers be issued as soon as possible and that officers liaise with the Council Management Team and Executive Member for Finance to consider the barriers and ways to improve.	Helen Malam		31/05/2024	No
51	28/02/2024	Update on Action Plan - No Purchase Order No Pay	Consider when an appropriate time would be for the Committee to receive an update report.	Chair and Helen Malam	Report to be received at the A&G meeting on 27 November 2024	27/11/2024	No



55	28/02/2024	Update on the Review of the Constitution	Ahead of the A&G meeting where the Constitution will be presented, the Constitution Working Group to consider the most appropriate way to circulate to Committee Members the changes and outstanding points.	Bryn Roberts, Constitution Working Group	Ongoing as part of the Constitution review.	Ongoing	No
59	22/05/2024	Auditor's Annual Report 2021/22 and 2022/23	Mazars to liaise with the Director of Finance regarding the inclusion of a timeline within the 2023/24 audit and the preventions in place to deter recommendations remaining as outstanding year on year	Mazar/Debbie Mitchell		31/07/2024	No
60	22/05/2024	Work Plan	The Director of Governance and Monitoring Officer to consider how the general election will impact the work plan whilst ensuring the agenda for the committee meetings scheduled on 9 and 31 July remained substantial. A report of the Director of Governance and Monitoring Officer requires scheduling into the work plan and is to include the governance concerns raised by the Independent Person. It was suggested this could potentially be reported on 9 July.	Bryn Roberts		31-Jul-24	No

### Completed Actions Archive

Action Number	Date of Meeting	Title	Action	Action Owner	Status/ Outcome	Completed by	Completed
1	29/06/2022	Issuing of Parking Permits	That the Committee request that CCSMC review how the Council issues parking permits.	Bryn Roberts	This has been referred to the Scrutiny Work Planning meeting, with a request that it be considered for inclusion on the forward work plan.	Bryn Roberts	Yes
2	07/09/2022	KCR updates	<p>Updates to the Committee be provided on:</p> <p><b>KCR 1 (financial pressures):</b> Information was requested on the impact of inflation on business rates and council tax payments, the potential impact of the care cap, and any indications of additional government support.</p> <p><b>KCR 9 (communities):</b> A suggestion was made to include relationships with parish councils in this KCR.</p> <p><b>KCR 12 (major incidents):</b> It was suggested that an explanatory note be added against the new risk (relating to commercial power outages).</p>	Debbie Mitchell	Information requested has been included in the KCR3 report being presented to A&G on the 18th January.	Helen Malam	Yes
3	07/09/2022	Code of Conduct Training	That Members' comments regarding the training programme currently in preparation by officers be fed into the process, and that the committee have sight of the programme prior to the election period.	Bryn Roberts	Members' comments have been taken into account, and a report outlining the Members Induction Programme is to be considered by the Committee on 18 January 2023.	Bryn Roberts	Yes
4	30/11/2022	Final Statement of Accounts	Delegated authority to the Chair in consultation with the Vice Chair to approve and sign the final Statement of Accounts.	Debbie Mitchell	We are awaiting the outcome of technical discussions before the accounts can be finalised and approved.	Emma Audrain	Yes

5	18/01/2023	KCR updates	That report be added to the Committee work plan to review KCRs 8 The Local Plan and 12 Major Incidents.	Bryn Roberts/Debbie Mitchell	Added to work plan - 8 November, KCR Monitor 2 report - including review of KCR12 Major incidents and 31 January KCR Monitor 3 report including review of KCR 9 Local Plan.	Helen Malam	Yes
6	18/01/2023	KCR updates	That KCR 2 Governance include a control that the Committee will make recommendations to a meeting of Council following the Local Governance Association's report.	Debbie Mitchell	This has been actioned, with a control added to the latest version of the risk register.	Helen Malam	Yes
9	07/02/2023	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	Taking place w/c 5 Feb 2024	Bryn Roberts Jan 2024	Yes
10	19/07/2023	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	To close following the next meeting	Bryn Roberts Jan 2024	Yes
11	19/07/2023	Corporate Governance Report	That Q4 2022/23 data be included within the next Corporate Governance update report.	Lorraine Lunt	Included in the report on 8 November	Lorraine Lunt on 8/11/23	Yes
12	19/07/2023	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	Update provided in the report on 8th Nov	Lorraine Lunt on 08/11/2023	Yes
13	19/07/2023	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	Included in report on 8 Nov. Confirming duplicate case in Annex 3 of the July report and no additional decisions to include for that reporting period.	Lorraine Lunt on 08/11/2023	Yes
15	19/07/2023 and 12/09/23	Review of the Constitution	That the Monitoring Officer review, in the Constitution, the Public Participation Protocol, the language used and a specific point regarding incoming new Leaders of the Council, as part of the Constitution review.	Bryn Roberts	To close following the next meeting	Bryn Roberts on 8/11/2023	Yes

17	19/07/2023	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.	Debbie Mitchell	A report is included on the agenda for the November meeting	Debbie Mitchell	Yes
18	12/09/2023	Minutes	That the action log be reviewed to demonstrate a clearer control process.	Bryn Roberts	To also include the completed actions archive in the agenda	Bryn Roberts/Dem Services	Yes
19	12/09/2023	Minutes	That the full Key Performance Indicator range, discussed at the 19 July meeting, be split by directorates and circulated to Committee Members.	Lorraine Lunt	Will include updated format and content of KPI range in next report due on 28 February 2024 for further comment and feedback	Lorraine Lunt 28 Feb 2024	Yes
21	12/09/2023	Monitor 1 23/24 - Key Corporate Risks	Investigate what processes the council currently had in place for urgent extreme weather incidents and inform the Committee	Helen Malam	Update to be provided by email or at the next meeting	Helen Malam on 8/11/2023	Yes
22	12/09/2023	Monitor 1 23/24 - Key Corporate Risks	Consider expanding Key Corporate Risk 12 to include the impacts extreme weather incidents had on communities and people's wellbeing.	Helen Malam	Update to be provided by email or at the next meeting	Helen Malam on 08/11/2023	Yes
23	12/09/2023	Monitor 1 23/24 - Key Corporate Risks	Investigate if there were any government schemes in place to recover the lost council tax income, due to students being exempt.	Helen Malam	Update to be provided by email or at the next meeting	Helen Malam on 8/11/2023	Yes
24	12/09/2023	Monitor 1 23/24 - Key Corporate Risks	Consider the project management of the Castle Gateway Project and York Central to enable improved consultation and engagement with the general public. (KCR 7).	Helen Malam	Update to be provided by email or at the next meeting	Helen Malam on 08/11/2023	Yes
25	12/09/2023	Monitor 1 23/24 - Key Corporate Risks	Modify the wording used in relation to the adoption date of the Local Plan. (KCR 8).	Helen Malam	Completed	Helen Malam	Yes
26	12/06/2023	Treasury Management Monitor 1	That treasury management be included in the Member training schedule.	Debbie Mitchell	The explanation will be included in the next Corporate e Governance Performance report to Committee. Completed.	22-May-24	Yes

27	12/09/2023	Audit and Governance Work Plan	To receive a report that focused on implementing good practices in transparency, reporting, and audit, to deliver effective accountability.	Bryn Roberts	To close following the next meeting .	Bryn Roberts on 08/11/2023	Yes
28	12/09/2023	Urgent Business	That an initial response be provided to Committee Members on the strategy to clear the Freedom of Information backlog and then an update, from the Information Governance Team, be provided at the next meeting.	IG Team / Bryn Roberts	Ahead of next CGT report on 8th Nov, the progress and improvement plan has been published on the council website.  <a href="https://www.york.gov.uk/freedom-information/information-commissioner's-office-ico-enforcement-notice-improvement-plan">https://www.york.gov.uk/freedom-information/information-commissioner's-office-ico-enforcement-notice-improvement-plan</a>	Lorraine Lunt on 08/11/2023	Yes
29	08/11/2023	Corporate Governance Performance Report	Following the covert surveillance training provided to Members of the A&G committee on 8 November, Committee Members to provide any feedback on the content of the annual report to Lorraine Lunt.	Committee Members	Members had been reminded to send comments to officers.	Committee Members 08/03/2023	Yes
30	08/11/2023	Corporate Governance Performance Report	The Improvement Plan to be revised to ensure Members could monitor the progress of any improvements and completed outcomes.	Lorraine Lunt	An updated improvement plan has been published on the council website with progress and it will also be included in the next report on 28 February 2024. This has also been discussed with the ICO Group Manager.	Lorraine Lunt 28/02/2024	Yes
31	08/11/2023	Corporate Governance Performance Report	The Information Commissioners Office had confirmed the council had complied with their enforcement notice and this result would be published on their website. Once available, officers to share the uniform resource locator (URL) link with Members.	Lorraine Lunt	The ICO group manager confirmed that they will not publish until the end of the 6 month period of the Enforcement Notice. However, they did acknowledge that we had complied fully with the requirements of it i.e. send responses and publish plan. An update will be provided at the end of the 6 month period (13th March 2024)	Lorraine Lunt on 22 May 2024	Yes

32	08/11/2023	Corporate Governance Performance Report	The stretch target set by the ICO was 95% or above, further analysis to be included in future updates to clarify the council's position.	Lorraine Lunt	This will be included in the next report due on 28 February 2024 and review for future reports from comments and feedback at the next Committee.	Lorraine Lunt 28/02/2024	Yes
34	08/11/2023	Publication of Internal Audit Reports	To include details in a public summary report that highlights the key points and an overall conclusion of assurance levels for completed reports.	Veritau/Bryn Roberts	This will be ongoing. The information will be provided as part of all future internal audit & counter fraud progress reports brought to the committee.	Veritau/Bryn Roberts 01/02/2024	Yes
36	08/11/2023	Treasury Management Mid-Year Review and Prudential Indicators 2022/23	Explore the investment portfolio available on the council's current accounts.	Debbie Mitchell	Covered as part of member training	Debbie Mitchell 31/01/2024	Yes
37	08/11/2023	Treasury Management Mid-Year Review and Prudential Indicators 2022/23	Further information to be issued to Committee Members regarding the Public Works Loan Board (PWLB) certainty borrowing rates, (as noted in table 6 at point 42 of Annex 1 to the report).	Debbie Mitchell	Covered as part of member training	Debbie Mitchell 31/01/2024	Yes
38	08/11/2023	Update on No Purchase Order No Pay Process	More analysis in future reports, particularly relating to the: Exemption list, Value of invoice, PO invoice dates/approvals , Retrospective POs and the Action Plan.	Helen Malam	This will be included in the next report	Helen Malam on 28/02/2024	Yes
39	08/11/2023	Monitor 2 2023/24 - Key Corporate Risks	To include an update on the progress of the Local Plan (KCR 8).	Helen Malam	This will be reported at the A&G meeting on 31 January 2024	Helen Malam on 31/01/2024	Yes

41	31/01/2024	Local Government Association (LGA) Peer Challenge	That Members comments regarding the interviewee list and the LGA engaging with a broader spectrum of stakeholders be fed back to the LGA for consideration.	Clare Foale	Recommendations from Audit and Governance were taken on board with additional workshops arranged for Trade Unions, Elected Members, and Talkabout panel members invited as residents.	Claire Foale 09/02/2024	Yes
47	31/01/2024	Treasury Management Training	The treasury management training recording would be circulated around committee members.	Louise Cook	Completed	Louise Cook 2/2/24	Yes
48	31/01/2024	Work Plan	That the workplan be populated to include the 2024/25 finance reports.	Debbie Mitchell	Completed	Helen Malam 12/03/2024	Yes
54	28/02/2024	Early Intervention and Prevention of Rough sleeping	That Members raise any specific matters within the report to the Director of Governance and Monitoring Officer.	Committee Members	Members had been reminded to send comments to the Director	Committee Members 10/05/2024	Yes
56	28/02/2024	Work Plan	Consider the timeframes required to produce the revised Salvation Army report and suggest a suitable meeting date.	Bryn Roberts, Chair and Vice Chair	Completed - arranged to take place on 22 May 2024	Bryn Roberts	Yes
58	22/05/2024	Counter Fraud Framework Report	Email Members more details on the courses/eLearning that were delivered to staff to raise the profile of fraud and the risks around it.	Max Thomas	Email sent to Committee Members on 26 June	26-Jun-24	Yes

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<b>Meeting:</b>	Audit & Governance Committee
<b>Meeting date:</b>	09/07/2024
<b>Report of:</b>	Debbie Mitchell, Chief Finance Officer
<b>Portfolio of:</b>	All Executive Members

## **Audit and Governance Committee Report: Monitor 4 2023/24 – Key Corporate Risks**

### **Subject of Report**

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.

### **Policy Basis**

2. The effective consideration and management of risk within all of the council's business processes helps support the administration's key commitments and priorities as outlined in the Council Plan 2023-2027.

### **Recommendation and Reasons**

3. 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.

### **Background**

4. 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.
5. 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.
6. 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).
7. 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.
8. 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**

9. There are currently 12 KCRs which are included at Annex A in further detail, alongside progress to addressing the risks.

10. Annex B is a one page summary of all the KCR's and their current gross and net risk ratings.
11. 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.
12. 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.
13. 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.

<b>Impact</b>					
Critical					
Major		1 (1)	5 (5)	1 (1)	
Moderate		1 (1)	3 (3)	1 (1)	
Minor					
Insignificant					
<b>Likelihood</b>	Remote	Unlikely	Possible	Probable	Highly Probable

14. 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

### **Updates to KCR risks, actions and controls**

15. KCR 1- Financial Pressures: the action to develop the 2024/25 budget strategy was completed in February and a new action for the forthcoming year's budget strategy has been added. This is replicated in KCR 7 for the Capital Programme.
16. KCR 2 – Governance: the risk details have been updated where required and the Health and Safety elements have been moved to KCR10. As the focus of this risk is now Information Governance and the title has been updated accordingly.

17. KCR 3 - Effective & Strong Partnerships: Risk details have been added/updated to reflect the new Mayoral Combined Authority.
18. KCR 5 – Safeguarding: The action to recruit to a new support role in ASC has now been completed.
19. KCR 6 - Health & Wellbeing: Some new risk details have been added this time.
20. KCR 8 – Local Plan: Further revisions to the target dates have been made to align with the revised timetable of the Local Plan approval.
21. KCR 10 – Workforce/Capacity: All ongoing actions have been reviewed and revised dates set.
22. KCR 12 – Major Incidents – Revised dates for the remaining action has been set. We are still awaiting the legislation for Terrorism (Protection of Premises)/Martyn’s Law to be passed, which will present new obligations for the Council to meet.

## **Consultation Analysis**

23. Not applicable

## **Risks and Mitigations**

24. 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.

## **Contact details**

For further information please contact the authors of this Report.

**Author**

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<b>Telephone:</b>	01904 551738
<b>Report approved:</b>	Yes
<b>Date:</b>	27/06/2024

**Background papers**

None

**Annexes**

- Annex A: Key Corporate Risk Register
- Annex B: Summary of Key Corporate Risks
- Annex C: Risk Scoring Matrix

**Abbreviations**

A&G – Audit and Governance Committee

CMT – Council Management Team

CYC – City of York Council

DMT – Directorate Management Team

KCR – Key Corporate Risk

**ANNEX A**  
**KEY CORPORATE RISK REGISTER AT JUNE 2024**

**Changes to Risk Register since last update (January 2024)**

<b>Key Corporate Risk</b>	<b>Changes</b>
KCR1 Financial Pressures	Action regarding financial strategy completed and new one for 2024/25 added. Updated risks and controls included
KCR2 Information Governance	Revised date for ongoing action; Health and Safety risks have been moved to KCR10
KCR3 Effective and Strong Partnerships	New risk details added and updates made in respect of Mayoral Combined Authority. No actions
KCR4 Changing Demographics	Controls updated to reflect actions completed at last review
KCR5 Safeguarding	Action now completed
KCR6 Health and Wellbeing	New risk detail added
KCR7 Capital Programme	Action regarding financial strategy completed and new one for 2024/25 added.
KCR8 Local Plan	Controls updated and ongoing action date revised
KCR9 Communities	Updated controls to reflect new structure; new control for Community Safety Strategy
KCR10 Workforce (incl Health & Safety)	Revised dates for review of ongoing actions; Health and Safety risk details added from KCR2
KCR11 External Market Conditions	Ongoing action revised date
KCR12 Major Incidents	Action for directorate risk registers complete, revised date for review of KCR as legislation is still outstanding.

## ANNEX A KEY CORPORATE RISK REGISTER AT JUNE 2024

**KCR 1 FINANCIAL PRESSURES: The ongoing government funding cuts and the impact of the 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><b>NEW</b> Election of new government results in changes to local government settlement</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><b>UPDATED</b> The spending review is one year only for 2023/24 and 2024/25</p> <p>Lasting 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>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 support due to unemployment.</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><b>UPDATED</b> Financial Strategy 2024/25 approved.</p> <p><b>NEW</b> Cost control measures are in place including ceasing non-essential spend</p> <p><b>NEW</b> Monthly cost control panels are held by the Council's statutory officers</p>	Probable	Major (20)	Completed action; new action	<p><b>RISK OWNER: Debbie Mitchell</b></p> <p><b>COMPLETED</b> Development of Financial Strategy strategy for 2024/25 (Debbie Mitchell, 31/01/2024)</p> <p><b>NEW</b> Development of Financial strategy for 2025/26 (Debbie Mitchell, 31/01/2025)</p>



**ANNEX A**  
**KEY CORPORATE RISK REGISTER AT JUNE 2024**

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p><b>UPDATED</b> Inflation falls slower than anticipated or starts to rise again</p> <p>Increased risk of UK recession</p> <p>General cost pressures due to impact of Ukraine conflict.</p> <p>UK Bank of England Interest rate expected to remain high until late 2024</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> <p><b>NEW</b> Council is unable to set a balanced budget or is required to request exceptional financial support from central government</p>			<p><b>NEW</b> Corporate Improvement Framework actions now underway.</p>				

**ANNEX A**  
**KEY CORPORATE RISK REGISTER AT JUNE 2024**

**KCR 2 INFORMATION GOVERNANCE: Failure to ensure key information 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 and transparency.

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, and failures to adhere to statutory timescales for responses.</p> <p>Failure to comply with data protection and privacy legislation</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>Adverse media/ social media coverage</p> <p>Reputational impact</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</p> <p><b>UPDATED</b> Regular Internal Audit reviews of information security including physical data security for the Council.</p> <p>Regular monitoring reports to Audit &amp; 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-personalised data to open data platform</p>	Possible	Major (19)	<b>Progress against ongoing action</b>	<p><b>RISK OWNER:</b> <b>Bryn Roberts</b></p> <p><b>REVISED DATE</b> Ongoing review: Continued implementation and embedding of relevant elements from the action plan.</p> <p>This is further supplemented by additional work by the LGA through the Peer Review to ensure improved member-officer relations and greater emphasis on due corporate governance.</p> <p>(Bryn Roberts 30/06/2024)</p>

**ANNEX A**  
**KEY CORPORATE RISK REGISTER AT JUNE 2024**

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				<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&amp;G to ensure transparency</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&amp;G</p> <p>Governance training provided for Directors</p> <p>Process for consistent completion of Data Protection Impact Assessments (DPIA) has been circulated across the council</p>				

**ANNEX A**  
**KEY CORPORATE RISK REGISTER AT JUNE 2024**

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				<p><b>UPDATED</b> Ongoing review of Council constitution.</p> <p><b>UPDATED</b> New induction programme for elected members including training in respect of the Code of Conduct and conflict of interests.</p> <p>Members now offered standard ICT equipment which will help to ensure appropriate information security and Information Governance.</p>				

**ANNEX A**  
**KEY CORPORATE RISK REGISTER AT JUNE 2024**

**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><b>NEW</b> Priorities of the newly elected Mayor does not align with council /or city priorities</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</p>	<p>Key partnerships fail to deliver or break down</p> <p><b>NEW</b> Failure to utilise commitment to the city, reduced impact overall impact</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 100 organisations who have the most potential to influence or affect organizational and city 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><b>UPDATED</b> The Integrated Care System now has a strategy in place that aligns with the Health &amp; Wellbeing Board . The York Place Board will oversee the delivery of this at a Place level. Financial pressure remains, with a newly established joint Commissioning Group chaired by the Director of Public Health however the Council, ICS and the Acute Trust work together to reduce delays increase flow to reduce escalation beds and increase staffing.</p> <p><b>NEW</b> Policy groups and arrangements with the newly established MCA to focus on key themes (housing, transport etc..) with the Strategy and Partnerships team maintaining a central</p>	Possible	Moderate (14)	No change	<p><b>RISK OWNERS: Claire Foale</b></p> <p>No current actions</p>

**ANNEX A**  
**KEY CORPORATE RISK REGISTER AT JUNE 2024**

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>due to Covid-19 and the cost of living crisis</p> <p>Cumulative impacts of the pandemic and cost of living crisis and a reduction in volunteering on voluntary and community sector</p>				<p>coordination role, with the approved “pipeline” confirming areas of focus.</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 &amp; community sector as part of prevention and early help work)</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>				

## ANNEX A KEY CORPORATE RISK REGISTER AT JUNE 2024

**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> <p>Officer caseload monitoring</p>	Possible	Major (19)	No change	<p><b>RISK OWNER: SARA STOREY</b></p> <p>No current actions</p>

**ANNEX A**  
**KEY CORPORATE RISK REGISTER AT JUNE 2024**

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, 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>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>				



**ANNEX A**  
**KEY CORPORATE RISK REGISTER AT JUNE 2024**

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				<p>Interim Financial Inclusion Strategy monitored by the Financial Inclusion Steering Group</p> <p><b>UPDATED</b> CYC specific Anti Racism Strategy, Action Plan and Pledge</p> <p><b>NEW</b> Support early intervention through the frailty hub, working alongside health colleagues</p> <p>New Transition Strategy established</p>				

**ANNEX A**  
**KEY CORPORATE RISK REGISTER AT JUNE 2024**

**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, organizational 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>Failed statutory inspection (CQC/Ofsted)</p> <p>Supply failure within the national care market for children's placements following OFSTED introduction for ages 16-17</p>	<p>Vulnerable person not protected</p> <p>Children's serious case review or lessons learned exercise</p> <p>Safeguarding adults review</p> <p>Reputational damage</p> <p>Serious security risk</p> <p>Financial implications, such as compensation payments</p> <p>Financial and resource implications of an increase in demand as a result of shortage in supply of placements</p> <p>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 &amp; ASB)</p> <p>Ongoing inspection preparation &amp; peer challenge</p> <p>Local and Regional Data analysis</p> <p>National Prevent process</p> <p>DBS checks and re-checks</p>	Possible	Major (19)	Action completed	<p><b>RISK OWNERS:</b> <b>Sara Storey &amp; Martin Kelly</b></p> <p><b>COMPLETED</b> Establish and recruit to a new support role for ASC. The Adults Safeguarding Board Manager is now in place.</p> <p>(Director of Adults and Integration, 29/02/2024)</p>

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Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				<p>Effectively resourced and well managed service, supported by robust workforce strategy and clear practice model</p> <p>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 introduction of new OFSTED requirements in children's care homes</p> <p>Use of different methods of contact methods for vulnerable children, such as facetime, alongside working with the DoE and Ofsted</p>				

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Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				<p>Improvement Plan for Children’s social care in place since 2020</p> <p>Improvement Plan for Adult Social Care to address current budget pressures in place May 2021</p> <p>Increasing internal placement options with York by developing LA operated residential care</p> <p>Increasing targeted advertising to attract Foster Carers and increase capacity</p>				

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**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, new and emerging drug trends, environmental hazards 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, healthcare service pressures e.g. waiting lists or wider societal changes.</p> <p>Failure to protect citizens from the adverse health impacts of climate change</p>	<p>Likelihood of mass disease outbreaks</p> <p>Risk to life of chemical, biological or radiological hazard</p> <p>Late diagnosis &amp; delay in treatment of health conditions that could be prevented through eg healthier lifestyles, healthier living conditions eg housing, or identified earlier through routine screening e.g. breast &amp; cervical cancer, diabetic sight loss</p> <p>Reduction in life expectancy and quality of life</p> <p><b>NEW</b> Increase in health inequalities between population groups in the city</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 CYC Executive to approve</p> <p>Health protection governance arrangements are subject to regular inspection through the internal audit cycle.</p> <p>Emergency Preparedness arrangements including NYLRF arrangements, plans and exercises</p> <p>Mass vaccination programme for flu and Covid 19</p> <p><b>NEW</b> The 2022-2032 Health and Wellbeing Strategy sets 10 clear population health goals to improve health and the conditions which create health</p> <p>Climate change mitigation and adaptation programme</p>	Probable	Moderate (15)	Risk details updated	<p><b>RISK OWNER: PETER RODERICK</b></p> <p>No current actions, continuous monitoring of controls.</p>

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Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p><b>NEW</b> Budget for PH services, such as sexual health service, is insufficient to cope with rising demand.</p>	<p><b>NEW</b> Sexual health service is overwhelmed leading to poor sexual health and increasing infections across the local authority</p>							

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**KCR 7 CAPITAL PROGRAMME: Failure to deliver the Capital Programme, which includes high profile projects.** The capital programme currently has a budget of £395m from 2024/25 to 2028/29. The schemes range in size and complexity but are currently looking to deliver two very high profile projects, Castle Gateway and York Central, which are key developments for the city.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Complex projects with inherent risks</p> <p>Large capital programme being managed with reduced resources across the Council</p> <p>Increase in scale of the capital programme, due to major projects and lifting of borrowing cap for Housing</p> <p>Cost pressures due to increasing inflation rate (particularly in Construction where 20-30% increases in costs are being seen)</p> <p>UK Bank of England interest rate expected to remain high until late 2024</p>	<p>Additional costs and delays to delivery of projects</p> <p>The benefits to the community are not realised</p> <p>Reputational Damage</p> <p>Pausing or stopping projects because of the economic climate may create some compliance issues and may mean that existing projects require extensions</p> <p>Increased interest rates and the continued impact of inflation will reduce the overall funding available to the Council and may therefore lead to reductions in service levels in some areas.</p>	Probable	Major (20)	<p>Project boards and project plans</p> <p>Regular monitoring of schemes</p> <p>Capital programme reporting to Executive and CMT</p> <p>Financial, legal and procurement support included within the capital budget for specialist support skills</p> <p>Project Management Framework</p> <p>Additional resource to support project management</p> <p><b>UPDATED</b> Capital Strategy 2024/25 to 2028/29 approved in Feb 2024</p> <p>Capital Programmes are sufficiently staffed to deliver to timescales</p> <p>Internal Audit Report gave reasonable assurance on project management arrangements</p>	Possible	Moderate (14)	<b>Action Completed</b>	<p><b>RISK OWNER: Debbie Mitchell</b></p> <p><b>COMPLETED</b> Development of capital strategy for 2024/25 (Debbie Mitchell, 31/01/2024)</p> <p><b>NEW</b> Development of capital strategy for 2025/26 (Debbie Mitchell, 31/01/2025)</p>

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

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Failure to agree and adopt a Local Plan for the City.</p> <p>The Draft Local Plan has started but not completed the Examination stage. There remains a risk that if the Plan fails this stage more work may be required and / or the plan has to be withdrawn by Council and submitted again after the evidence base has been updated. In these circumstances the overall risk score remains unchanged.</p>	<p>The Local Plan Examination process continues and the policies in draft Local Plan is a “material planning consideration” in the consideration and determination of planning applications. Development proposals which are not in accordance with the Draft Plan may continue to be submitted as planning applications, resulting in refusals of planning permission and an increase in planning appeals. An “adopted” Local Plan following the Examination by the Planning Inspectors would carry greater weight than the draft Plan.</p> <p>There may be a negative impact on the council’s strategic economic goals and may have an adverse impact on investment in the city until there is an adopted Local Plan which provides greater direction through land use allocations and policies</p>	Probable	Major (20)	<p><b>UPDATED</b></p> <p>The Plan has completed examination in public phases 1 (in 2019) and 2-4 (in 2022) as well as its Main Modifications (regulation 19 compliant) Consultation in Spring 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"> <li>• DLUHC,</li> <li>• Planning Advisory Services</li> <li>• Planning Inspectorate</li> <li>• The appointed planning Inspectors.</li> </ul> <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>	Unlikely	Major (18)	New control	<p><b>RISK OWNER: Ian Floyd</b></p> <p><b>REVISED DATE</b> Ongoing action: Monitoring of controls (Ian Floyd, 31/06/2024</p> <p><b>REVISED DATE</b> The intention now is for the local plan to be adopted early in the Summer of 2024. After that the KCR will be considered for removal from the risk register. (Ian Floyd , 30/09/2024</p> <p><b>UPDATE</b> Following on from a single day phase 5 hearing on the 6<sup>th</sup> of March regarding the Gypsy and Traveller policies and site provision, the Inspectors have</p>



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Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
	<p>which guide and direct development.</p> <p>For some major planning applications which may be supported by the Council the development processes and decision making is slowed down by need to refer application to the Secretary of State for Levelling Up, Housing and Communities for consideration as to whether a Public Inquiry should be held or not.</p> <p>Central government (DLUHC) have already identified York as a high priority to produce a Local Plan. The failure to prepare and produce a Local Plan in accordance with the timescale accepted by central government could possibly result in action from the Secretary of State for Levelling Up, Housing and Communities to directly intervene in the plan making process.</p>			<p>Corporate Director for Place weekly monitoring / management of the process</p> <p>Additional resources to ensure delivery within timescales</p>				<p>confirmed they wish to undertake a final 6 week Consultation on the revised Gypsy and Traveller Policy wording. This has been delayed due to the General Election standstill period, consultation will now take place summer 2024 and a final report from the Inspectors subject to the consultation outcomes is anticipated in autumn 2024. However as noted previously the timetable is controlled by the planning Inspectors.</p>

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

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Failure to effectively engage with the communities we serve</p> <p>Failure to contribute to the delivery of safe communities</p> <p>Failure to effectively engage stakeholders (including Members and CYC staff) in the decision making process</p> <p>Failure to manage expectations</p> <p>Communities are not willing/able to fill gaps following withdrawal of CYC services</p> <p>Lack of cohesion in the planning and use of CYC and partner community based assets in the city</p> <p>Failure to mitigate wider determinants of health/deprivation impacts such as world conflicts and the cost of living increases</p>	<p>Lack of buy in and understanding from stakeholders</p> <p>Alienation and disengagement of the community</p> <p>Relationships with strategic partners damaged</p> <p>Impact on community wellbeing</p> <p>Services brought back under council provision – reputational and financial implications</p> <p>Budget overspend</p> <p>Create inefficiencies</p> <p>Services not provided</p> <p>Poor quality provision not focused on need, potential duplication, ineffective use of resources, difficulty in commissioning community services e.g. Library services</p>	Probable	Major (20)	<p><b>NEW</b> CMT working collegiately on joint initiatives around Early Intervention and prevention</p> <p>New early help and prevention community based service delivery models in Housing&amp; 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 in place for 2023/24</p> <p>Community Hubs set up to support residents</p> <p>Roll-out of the Community hubs model as agreed in Oct 2020</p>	Possible	Major (19)	<b>New action</b>	<p><b>RISK OWNER: Pauline Stuchfield</b></p> <p><b>REVISED DATE</b> Team being established to cover equalities, access &amp; inclusion.</p> <p>Updated JD under evaluation, ahead of advertising</p> <p>(Pauline Stuchfield 30/06/2024)</p> <p><b>NEW</b> Approval of Community Safety Strategy for 2024/25</p> <p>(Pauline Stuchfield, 30/11/2024)</p>

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Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
	Increase in cost of living and in deprivation			<p><b>UPDATED</b> Management structure 2024 bringing Communities and Housing together.</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>Interim Financial Inclusion Strategy monitored by the Financial Inclusion Steering Group</p>				

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**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. In addition, the council must ensure that its key governance frameworks are strong particularly those around statutory compliance for Health & Safety.

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>Potential strike action impacting on delivery of services. Ongoing school</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> <p>A Workplace Health &amp; Wellbeing Group has been established with staff</p>	Possible	Moderate (14)	Progress against ongoing actions	<p><b>RISK OWNER: Helen Whiting</b></p> <p><b>REVISED DATE</b></p> <p>Ongoing action: Review of HR policies to ensure they complement the diverse ways in which our workforce deliver services (Helen Whiting, 30/09/2024)</p> <p>New Workforce Strategy and Action plan builds on the draft Council wide strategies such as the Draft equalities strategy and action plan which has numerous workforce actions, the Corporate improvement framework regarding building resilience and strengthening leadership and management,</p>

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Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>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>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>Stress sickness absence remains the highest absence reason, importance of managing stress and potential burnout of staff.</p>	<p>Impact on the health &amp; 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"> <li>Remote working (working from home) can have a negative impact on wellbeing.</li> <li>Work life balance – unable to separate work from home due to work being carried out within the home</li> <li>Ongoing vacancies and volume of work in hard to recruit roles</li> </ul> <p>However many staff may see an increase in their Health &amp; 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>Reduction in agency spend is a positive however, a reduced spend will impact on</p>			<p>&amp; trade union representation which is chaired by the Head of HR.</p> <p>A staff health &amp; wellbeing survey has been undertaken &amp; 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>Increased help and awareness of staff wellbeing and mental health; monthly make a difference communications which focuses on wellbeing</p>				<p><b>REVISED DATE</b> Ongoing action: Review of employee T&amp;Cs. Progress has started with costing options ahead of discussions with CMT and Trade Unions. (Helen Whiting, 30/09/2024)</p> <p><b>REVISED DATE</b> Ongoing action - Implementation of creative recruitment initiatives New ideas have already been implemented and these will be ongoing and bespoke to the role and service area. Employer Brand project continues, promoting our employer benefits (Helen Whiting, 30/09/2024)</p> <p><b>NEW</b> Implementation of 2024/25 national pay award once</p>

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Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>All LA's have a heightened awareness of the risk of equal pay claims, following recent events at Birmingham</p> <p>Serious breach of health and safety legislation</p> <p>Failure to comply with statutory obligations in respect of public safety</p>	<p>Teckal arrangements for City of York Trading (operating as Work With York)</p> <p>Financial &amp; reputational impact of successful challenges to T&amp;Cs and claims for equal pay</p> <p>Public and staff safety may be put at risk</p> <p>Possible investigation by HSE</p> <p>Prohibition notices might be served preventing delivery of some services</p> <p>Prosecution with potential for imprisonment if Corporate Manslaughter</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>2023/24 pay award accepted and implemented</p> <p><b>NEW</b> HR representatives on a number of regional task force groups, including for social care workforce promotion and addressing and considering changing terms and practices to mitigate challenges to equal pay. Corporate Governance Board reviewing EP risk progress on regular basis.</p> <p>Health and Safety monitoring in place</p> <p>Ongoing Health and Safety Training programmes at all levels</p>				<p>negotiations have been concluded.</p> <p>(Helen Whiting, 31/12/2024)</p>

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**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 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)	No change	<p><b>RISK OWNER:</b> <b>SARA STOREY</b></p> <p><b>ONGOING ACTION</b> Increase joint working with NHS commissioners to manage market effectively and get best value.</p> <p>(Director of Adults &amp; Integration, 30/09/2024)</p>

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



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**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"> <li>• Flood</li> <li>• Major Fire</li> <li>• Terrorist Attack</li> <li>• Pandemic</li> </ul> <p>Failure to protect citizens from the adverse impacts of climate change</p> <p>Potential for rolling commercial power outages over winter</p> <p>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>	<b>Probable</b>	<b>Catastrophic (24)</b>	<p>Emergency planning and Business Continuity Plans in place and regularly reviewed along with regional risk registers</p> <p>Strong partnerships with Police, Fire, Environment Agency and other agencies with principles such as JESIP and METHANE built into the way we work together</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><b>UPDATED</b> Work with partners across the city to minimise the risk of a terrorist attack through Protect and Prepare Group and Hostile Vehicle Management projects</p>	<b>Possible</b>	<b>Major (19)</b>	<b>Action completed and revised date</b>	<p><b>RISK OWNER: Neil Ferris</b></p> <p><b>REVISED DATE</b> The Government published a new resilience framework on 19th December 2022. The Terrorism (Protection of Premises) draft bill also known as Martyn's Law, is expected to be passed during 2024. This KCR will need to be reviewed in light of new obligations after that. (James Gilchrist , 31/12/ 2024)</p> <p><b>COMPLETED</b> Directorate risk registers to be updated to include</p>

**ANNEX A**  
**KEY CORPORATE RISK REGISTER AT JUNE 2024**

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				<p>Development of the local outbreak control plan and a variety of internal recovery strategies</p> <p>Local outbreak prevention, management and response in place</p> <p>Climate change mitigation and adaptation program</p> <p>Regular review and reporting of carbon emissions</p> <p>Carbon reduction and climate change action plan regular updates to PH/CMT</p> <p>Communications to citizens about steps they can take to reduce impact of climate change</p> <p>Sustainability leads group to encourage city partners to work together to reduce impact of Climate change</p> <p>Communications incident management plans, including outbreak</p> <p>Regular review of emergency and business continuity plans</p>				<p>relevant climate change risks</p> <p>This work is now a standard part of the directorate risk process that has been relaunched. (Claire Foale, 31/03/2024)</p>

## KEY CORPORATE RISK REGISTER SUMMARY

Key Corporate Risk	Gross Likelihood	Gross Impact	Gross Score	Net Likelihood	Net Impact	Net Score
KCR1 Financial Pressures	Highly Probable	Major	21	Probable	Major	20
KCR2 Governance	Probable	Major	20	Possible	Major	19
KCR3 Effective and Strong Partnerships	Probable	Major	20	Possible	Moderate	14
KCR4 Changing Demographics	Probable	Major	20	Possible	Major	19
KCR5 Safeguarding	Probable	Major	20	Possible	Major	19
KCR6 Health and Wellbeing	Probable	Major	20	Probable	Moderate	15
KCR7 Capital Programme	Probable	Major	20	Possible	Moderate	14
KCR8 Local Plan	Probable	Major	20	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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		<b>Impact</b>					<b>Likelihood</b>																					
		<b>Catastrophic</b>	<b>Major</b>	<b>Moderate</b>	<b>Minor</b>	<b>Insignificant</b>						<b>Remote</b>	<b>Unlikely</b>	<b>Possible</b>	<b>Probable</b>	<b>Highly Probable</b>												
<b>17</b>	<b>12</b>	<b>6</b>	<b>2</b>	<b>1</b>		<b>22</b>	<b>18</b>	<b>13</b>	<b>8</b>	<b>3</b>		<b>23</b>	<b>19</b>	<b>14</b>	<b>9</b>	<b>4</b>		<b>24</b>	<b>20</b>	<b>15</b>	<b>10</b>	<b>5</b>		<b>25</b>	<b>21</b>	<b>16</b>	<b>11</b>	<b>7</b>

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<b>Meeting:</b>	Audit & Governance Committee
<b>Meeting date:</b>	09/07/2024
<b>Report of:</b>	Debbie Mitchell, Director of Finance
<b>Portfolio of:</b>	Councillors Lomas and Baxter (job-share), Executive Members for Finance, Performance, Major Projects, Human Rights, Equality and Inclusion

## **Audit and Governance Committee Report: Treasury Management Annual report & Review of Prudential Indicators 2023/24**

### **Subject of Report**

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.
2. Attached at Annex 1 is the Treasury Management Annual Report and Review of Prudential Indicators 2023/24, which provides an update on treasury activity during the year and is due to be considered by Executive on 18 July 2024.

### **Policy Basis**

3. The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 requires that Council be updated with, review and approve, as a minimum three reports annually. These reports are the Treasury Management Strategy Statement setting out policy for the forthcoming year, a mid-year review report, and an annual report detailing the treasury activities and performance for the previous year. Quarterly reports are also required to provide an update on treasury management activities and can be assigned to a designated committee or member as deemed appropriate.

4. This report is the Treasury Management annual report detailing the activities undertaken and performance in the financial year 2023/24, highlighting compliance with the Council's policies previously approved by members, and the monitoring of the Prudential Indicators. The Council is required through legislation to have this report and Prudential Indicators approved by members; therefore, this report ensures this Council is implementing best practice in accordance with the Code.

## Recommendation and Reasons

5. Audit & Governance Committee are asked to note and scrutinise the Treasury Management Annual Report and Review of Prudential Indicators 2023/24 at Annex 1.

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.

## Contact details

For further information please contact the authors of this Report.

### Author

<b>Name:</b>	Debbie Mitchell
<b>Job Title:</b>	Director of Finance
<b>Email:</b>	debbie.mitchell@york.gov.uk
<b>Report approved:</b>	Yes
<b>Date:</b>	26/06/2024

### Annexes

Annex 1 - Treasury Management Annual Report and Review of Prudential Indicators 2023/24

Annex A to above report – Prudential Indicators 2023/24

### Abbreviations

CIPFA - Chartered Institute of Public Finance and Accountancy





<b>Meeting:</b>	Executive
<b>Meeting date:</b>	18/07/2024
<b>Report of:</b>	Debbie Mitchell Director of Finance
<b>Portfolio of:</b>	Councillors Lomas and Baxter (job-share), Executive Members for Finance, Performance, Major Projects, Human Rights, Equality and Inclusion

## **Decision Report:** Treasury Management annual report and review of Prudential Indicators for 2023/24

### **Subject of Report**

1. The purpose of this report is to provide an update on treasury management activity and position for the 2023/24 financial year which includes the prudential indicators at Annex A to this report.

### **Benefits and Challenges**

2. Treasury Management is the effective management of the Council's cash flow. Doing this effectively protects the Council from risks and ensures the ability to meet spending commitments as they fall due.

### **Policy Basis for Decision**

3. The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 requires that full Council be updated with, review and approve, as a minimum three reports annually. These reports are the Treasury Management Strategy Statement setting out policy for the forthcoming year, a mid-year review report, and an annual report detailing the treasury activities and performance for the previous year. Quarterly reports are also required to provide an update on treasury management activities and can be assigned to a designated committee or member as deemed appropriate.

4. This report is the Treasury Management annual report detailing the activities undertaken and performance in the financial year 2023/24, highlighting compliance with the Council's policies previously approved by members, and the monitoring of the Prudential Indicators. The Council is required through legislation to have this report and Prudential Indicators approved by members; therefore, this report ensures this Council is implementing best practice in accordance with the Code.

## **Financial Strategy Implications**

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.

## **Recommendation and Reasons**

6. Executive is asked to note:
  - The 2023/24 performance of treasury management activity.
  - The Prudential Indicators outlined in Annex A and note the compliance with all indicators.

Reason: To ensure the continued effective operation and performance of the Council's Treasury Management function and ensure that all Council treasury activity is prudent, affordable and sustainable and complies with policies set.

7. It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the 2023/24 financial year, the Council has operated within the Treasury and Prudential Indicators set out in the Council's Treasury Management Strategy Statement for 2023/24.
8. There are no policy changes to the Treasury Management Strategy Statement 2023/24 for members to agree and approve; the details in this report update the Treasury Management position and Prudential Indicators in the light of the updated economic position and budgetary changes already approved.

## **Background**

9. This annual treasury management 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 2023/24 financial year.
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy.
- A review of the treasury position as at 31st March 2024.
- A review of the Council's investment portfolio.
- A review of the Council's borrowing strategy.
- An update to the prudential indicators (set out at Annex A).
- A review of compliance with the Treasury and Prudential Limits.

## Economic Update

10. Financial year 2023/24 saw:

- Interest rates rise by a 100bps, taking Bank Rate from 4.25% to 5.25%.
- Short, medium and long-dated gilts have remained elevated as inflation remained high in the first half of the year before starting to decrease in the second half of the year at a slower pace than expected.
- CPI inflation fell from 8.7% in April to 3.2% in March.
- Core inflation stood at 4.2% in March, compared to 7.1% at the start of the financial year.
- A shallow recession in the second half of the year.

11. In its latest monetary policy meeting on 21<sup>st</sup> March 2024, the Bank of England left interest rates unchanged at 5.25% for the fifth meeting in a row and retained its hawkish guidance. The Bank of England has maintained the hawkish guidance that rates will stay “sufficiently restrictive for sufficiently long” to tackle the key indicators of inflation persistence which remain elevated.

## Interest Rate Forecast

12. 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. Table 1 is Link Groups Interest Rate forecast for both the bank base rate and long-term Public Works Loans Board (PWLB) Certainty borrowing rates (gilt yields plus 80 bps):

	Bank rate %	PWLB borrowing rates % (including certainty rate adjustment)			
		5 year	10 year	25 year	50 year
Mar 2024	5.25	4.50	4.70	5.20	5.00
Jun 2024	5.25	4.40	4.50	5.10	4.90
Sep 2024	4.75	4.30	4.40	4.90	4.70
Dec 2024	4.25	4.20	4.30	4.80	4.60
Mar 2025	3.75	4.10	4.20	4.60	4.40

Jun 2025	3.25	4.00	4.10	4.40	4.20
Sep 2025	3.00	3.80	4.00	4.30	4.10
Dec 2025	3.00	3.70	3.90	4.20	4.00
Mar 2026	3.00	3.60	3.80	4.20	4.00
Jun 2026	3.00	3.60	3.70	4.10	3.90
Sep 2026	3.00	3.50	3.70	4.10	3.90
Dec 2026	3.00	3.50	3.70	4.10	3.90
Mar 2027	3.00	3.50	3.70	4.10	3.90

**Table 1 – Link’s interest rate forecast as at 25<sup>th</sup> March 2024**

13. Market expectations are currently that Bank Rate has reached its peak at 5.25% and the Bank of England Monetary Policy Committee (MPC) have held rates at 5.25% at the last five meetings (21<sup>st</sup> September 2023, 2<sup>nd</sup> November 2023, 14<sup>th</sup> December 2023, 1<sup>st</sup> February 2024 and 21<sup>st</sup> March 2024). Inflation had fallen in the second half of 2023/24 and it is forecast to fall further during 2024. Markets views are that Bank Rate will start to decrease from 5.25% in the second half of 2024 which in turn will mean a falling back of Gilt yields and PWLB rates. Link’s view on the overall longer-run trend is for gilt yields and PWLB rates to fall back over the timeline of the forecasts in Table 1 as inflation continues to fall through 2024.

## **Treasury Management Strategy Statement 2023/24**

14. Full Council approved the Treasury Management Strategy Statement for 2023/24 on 23<sup>rd</sup> February 2023 which can be viewed here <https://democracy.york.gov.uk/ieListDocuments.aspx?CId=331&MId=13284> and this included the Annual Investment Strategy.
15. 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)
16. The Council continues to aim to achieve the optimum return (yield) on investments commensurate with the proper levels of security and liquidity and the Councils risk appetite.
17. There are no investment policy changes and the details in this report do not amend the Statement.

## Overall treasury position at 31<sup>st</sup> March 2024

18. Table 2 shows the Councils net treasury debt and investment position for financial year end 2023/24 compared to 2022/23:

	Principal	Average Rate	Principal	Average Rate
	31/03/2024	31/03/2024	31/03/2023	31/03/2023
<b>External Debt</b>				
General Fund Borrowing	£175.79m	3.42%	£154.91m	3.17%
Housing Revenue Account (HRA) Borrowing	£149.26m	3.31%	£146.35m	3.20%
Total Borrowing	£325.05m	3.37%	£301.26m	3.18%
Other Long-term Liabilities inc. PFI	£41.74m		£42.81m	
Total External Debt	£366.79m		£344.07m	
<b>Investments</b>				
Investment balance	£5.04m	4.86%	£10.81m	2.02%
<b>Net Treasury Position</b>				
Debt less Investments	£361.75m		£333.26m	

**Table 2 summary of year end treasury position as at 31<sup>st</sup> March 2024**

## Investment outturn for 2023/24

19. The Council's investment policy is governed by DLUHC guidance, which has been implemented in the annual investment strategy approved by the Council on 23<sup>rd</sup> February 2023. This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.). The Council will also consider environmental, social and governance issues when placing investments after the core investment priorities of security, liquidity and yield have been assessed and this will be done through the use of the FTSE4Good index or any suitable alternative responsible investment index or information to be decided by the s151 officer. The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.
20. Investment returns the Council earns on its surplus cash is dependent on the level of cash held for investment purposes, cash backed reserves and cash flow requirements which is due to the timing of precept payments, receipt of grants, receipt of developers contributions, borrowing for capital purposes,

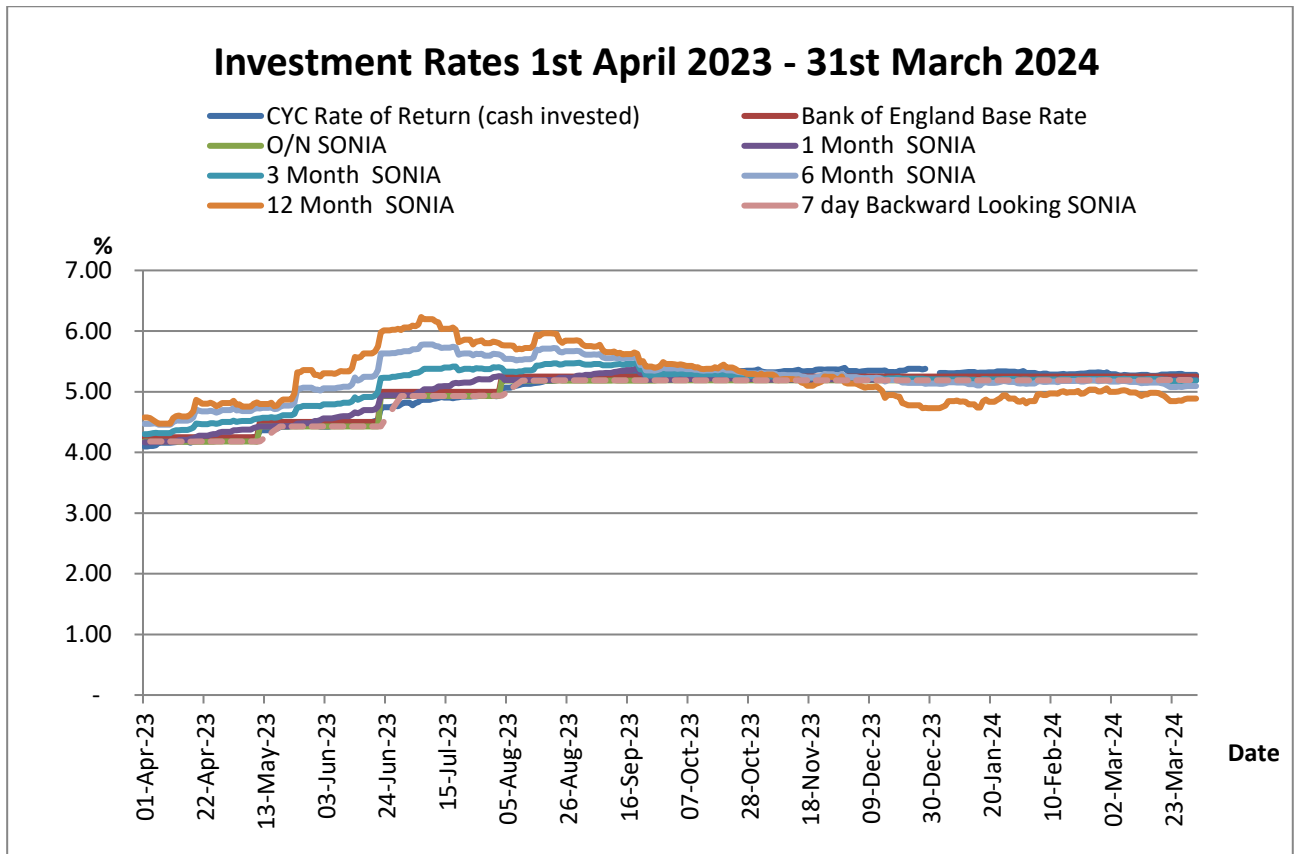
payments to its suppliers of goods and services and spend progress on the Capital Programme. Cash balances are therefore only available on a temporary basis depending on cash flow movement.

21. The Council maintained an average investment balance of £23.238m in 2023/24 compared to £52.422m in 2022/23. The surplus funds earned an average rate of return of 4.86% in 2023/24 compared to 2.02% in 2022/23. During 2023/24 all cash has been kept in liquid investments which has meant investments returns are not as high as market averages.
22. The level of average cash balances has decreased compared to a year ago 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 level of average balance available for investment has decreased during 2023/24 due to the continuing policy of avoiding new borrowing by running down spare cash balances to fund the capital programme.
23. The policy of using cash to delay long-term borrowing has served well over the last few years and is being kept under review for 2024/25 as cash balances for investment are projected to fall more sharply due to the timing of receipts and payments increasing the Councils underlying borrowing need. The Council is currently maintaining an under-borrowed position in relation to the Capital Financing Requirement.
24. Investment returns have improved in the financial year 2023/24 compared to those seen in 2022/23. This is due to increases in the Bank of England Base Rate (BBR) reflected in market rates. The last BBR increase came on 3<sup>rd</sup> August 2023 and the last 5 meetings since to 21<sup>st</sup> March 2024 have held rates at 5.25%. Market expectation is that the BBR will not rise further but stay at this level until the second half of 2024. If this is the case investment returns are likely to have reached their peak.
25. Investment return (calculated as the amount of interest earned on invested cash for the period) during 2023/24 is shown in table 3:

	<b>2023/24 (full year)</b>	<b>2022/23 (full year)</b>
Average CYC Rate of Return	4.86%	2.02%
<b><u>Benchmarks</u></b>		
Average Overnight SONIA	4.96%	2.24%
Average 7 day Backward Looking SONIA	4.95%	2.23%

**Table 3: CYCs investment rate of return performance vs. SONIA benchmark**

26. The Council uses a benchmark indicator to assess the Councils investment performance, and this is the average Sterling Overnight Index Average (SONIA). SONIA is based on actual transactions reflecting the average of the interest rates that banks pay to borrow sterling overnight. The comparators given are based on overnight and 7 day benchmarks.
27. The average rate of return achieved for invested cash in 2023/24 has been steadily increasing compared to the average seen in 2022/23, due to the Bank of England raising and holding the base rate at 5.25%. The Council has been keeping cash in highly liquid Money Market Funds which provide instant access to cash. 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.
28. Opportunities for longer term investments at higher yields are available, 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.
29. 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 2023/24. 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 31<sup>st</sup> March 2024**

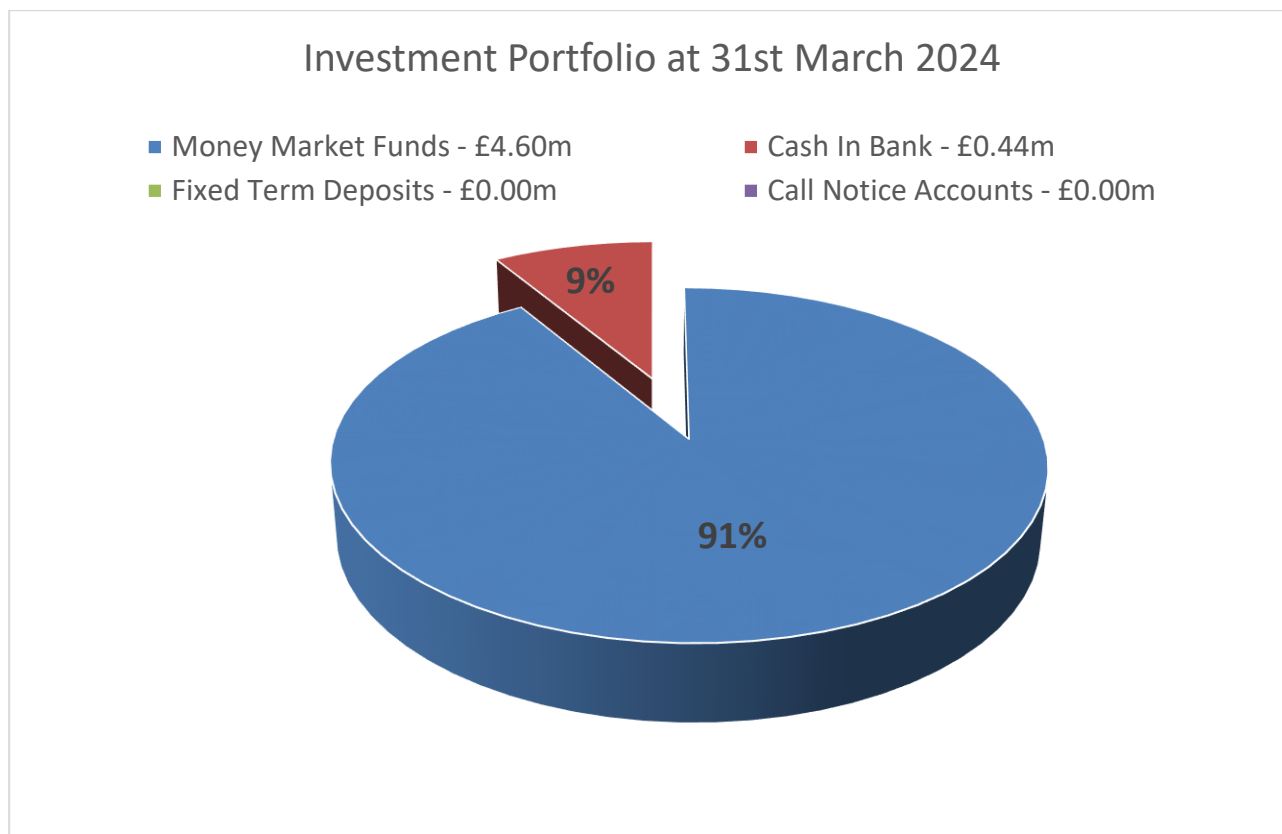
30. Table 4 shows the current fixed term investments at 31<sup>st</sup> March 2024.

Institution Type	Principal 31/03/24	Average Principal	Average Rate
Fixed Term Deposits	£0.00m	£0.00m	0.00%
Call / Notice	£0.00m	£0.00m	0.00%
Money Market Funds	£4.60m	£22.87m	5.02%
Cash in bank	£0.44m	£0.37m	0.00%
<b>Total Investments</b>	<b>£5.04m</b>	<b>£23.34m</b>	<b>4.86%</b>

**Table 4: Investment Portfolio by type at 31<sup>st</sup> March 2024**

31. 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 AAAM credit rating and the cash bank account is AA-.





**Figure 2 Investment Portfolio by type at 31<sup>st</sup> March 2024**

## **Borrowing requirement and debt at 31<sup>st</sup> March 2024**

32. 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.
33. 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.
34. Table 5 shows the Council's underlying need to borrow to finance capital expenditure and is termed the Capital Financing Requirement (CFR).

	<b>31 March 2024 Actual</b>	<b>31 March 2024 Budget</b>	<b>31 March 2023 Actual</b>
CFR General Fund	£313.96m	£392.83m	£292.76m
CFR HRA	£147.34m	£146.36m	£146.36m
PFI	£41.74m	£41.74m	£42.81m
<b>Total CFR</b>	<b>£503.04m</b>	<b>£580.93m</b>	<b>£481.93m</b>

**Table 5 Capital Financing Requirement as at 31<sup>st</sup> March 2024**

35. 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.

36. 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.
37. The borrowing strategy takes into account the borrowing requirement, the current economic and market environments and is also influenced by the interest rate forecast.
38. During 2023/24, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This position can be seen on the Councils Liability Benchmark graph as shown by the gap between the loans outstanding and CFR. This strategy was still prudent in 2023/24 as long-term borrowing rates have remained elevated across the curve.
39. Where debt is required to finance the capital programme the Treasury team will look at temporary and short-term borrowing options if internal borrowing cannot be maintained and also look out for, and at, opportunities to draw down long term debt at more favourable rates should the opportunities arise through either PWLB or market borrowing in order to try to minimise the longer-term impact of debt costs.
40. As cash balances decreased it was not possible to delay borrowing in the last quarter of 2023/24. Short term debt was taken from the PWLB which will require refinancing towards the end of 2024/25 (see Table 7). This has increased the Council's refinancing interest rate risk as a greater proportion of its overall debt will mature in 2024/25 but this is still within the approved maturity limits set as part of Prudential Indicator 8. The decision to take short term debt from PWLB was felt prudent in the current climate as forecasts for longer term borrowing rates show they are predicted to decrease in the second half of 2024/25. If this occurs, then borrowing rates should be cheaper when refinancing this short-term debt.

## **Borrowing outturn for 2023/24**

41. The Councils long-term borrowing started the year at a level of £301.265m. The current borrowing portfolio position as at 31<sup>st</sup> March 2024 is £325.050m.

	31 <sup>st</sup> March 2024			31 <sup>st</sup> March 2023		
Institution Type	No. of Loans	Principal	Average Rate	No. of Loans	Principal	Average Rate
<b><u>Public Works Loan Board</u></b> PWLB – Money borrowed from the Debt Management Office (HM Treasury)	59	£317.70m	3.38%	60	£293.91m	3.20%
<b><u>Market Loans</u></b> LOBO Loans – Lender Option Borrower Option	1	£5.00m	3.88%	1	£5.00m	3.88%
<b><u>West Yorkshire Combined Authority</u></b> WYCA – Zero interest loans the purpose of which are to help to fund York Central infrastructure projects.	4	£2.35m	0.00%	4	£2.35m	0.00%%
<b>Total Borrowing (GF &amp; HRA)</b>	<b>64</b>	<b>£325.05m</b>	<b>3.37%</b>	<b>65</b>	<b>£301.26</b>	<b>3.18%</b>

**Table 6 Current borrowing position at 31<sup>st</sup> March 2024**

42. During 2023/24 four new loans were taken totalling £30,000,000. These are detailed in the Table 7 below. This borrowing was anticipated and is as a result of the progress made in delivering the capital programme. The associated revenue implications were included in the annual budget setting process. The borrowing drawn down has been less than anticipated during 2023/24 due to the reappraisal of the capital programme and actual expenditure being less than forecast. Less expenditure has meant some of the capital programme has continued to be funded by internal borrowing while borrowing rates remain elevated, although this internal borrowing will need to be externalised in the near future.

Lender	Issue Date	Repayment Date	Amount	Rate	Duration (years)
PWLB	29/01/2024	29/01/2025	£10,000,000.00	5.35%	1.00
PWLB	28/02/2024	28/02/2025	£10,000,000.00	5.46%	1.00
PWLB	27/03/2024	27/03/2025	£5,200,000.00	5.39%	1.00
PWLB	27/03/2024	27/03/2025	£4,800,000.00	4.99%	1.00
			<b>£30,000,000.00</b>		

**Table 7 New loans in 2023/24**

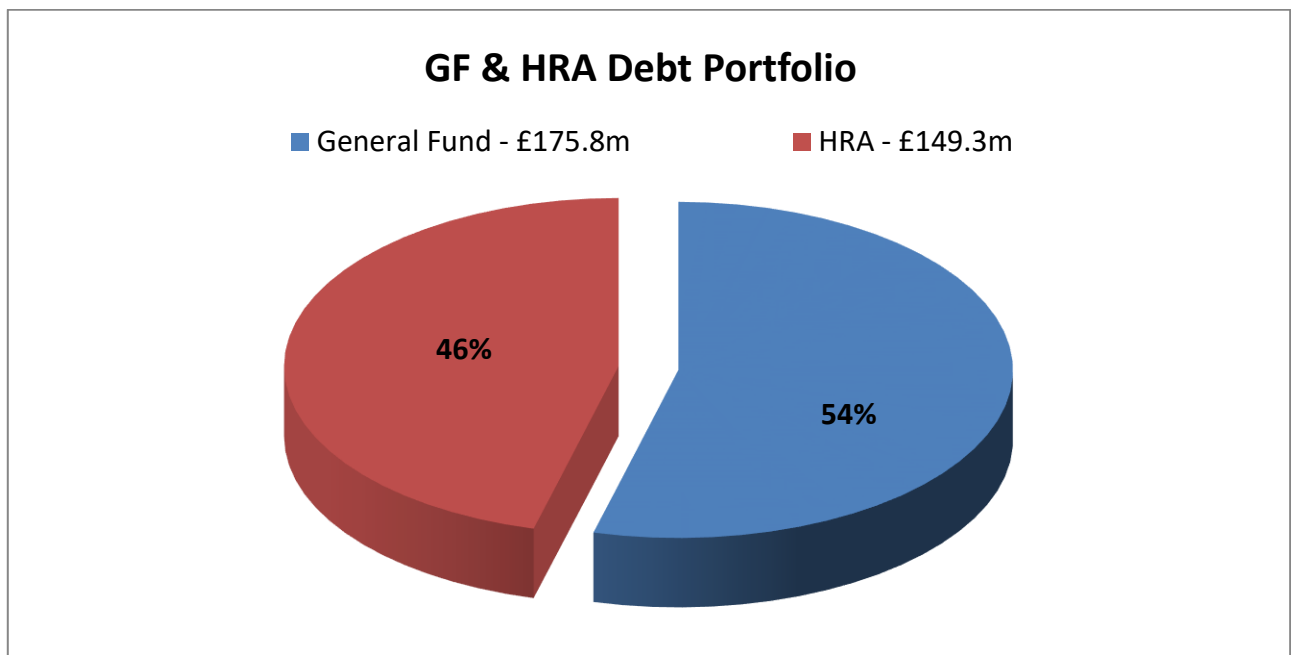
43. During financial year 2023/24 the following existing loans matured. The total of maturing loans was £6.2m. These are detailed in the Table 8 below.

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
			<b>£6,214,956.00</b>		

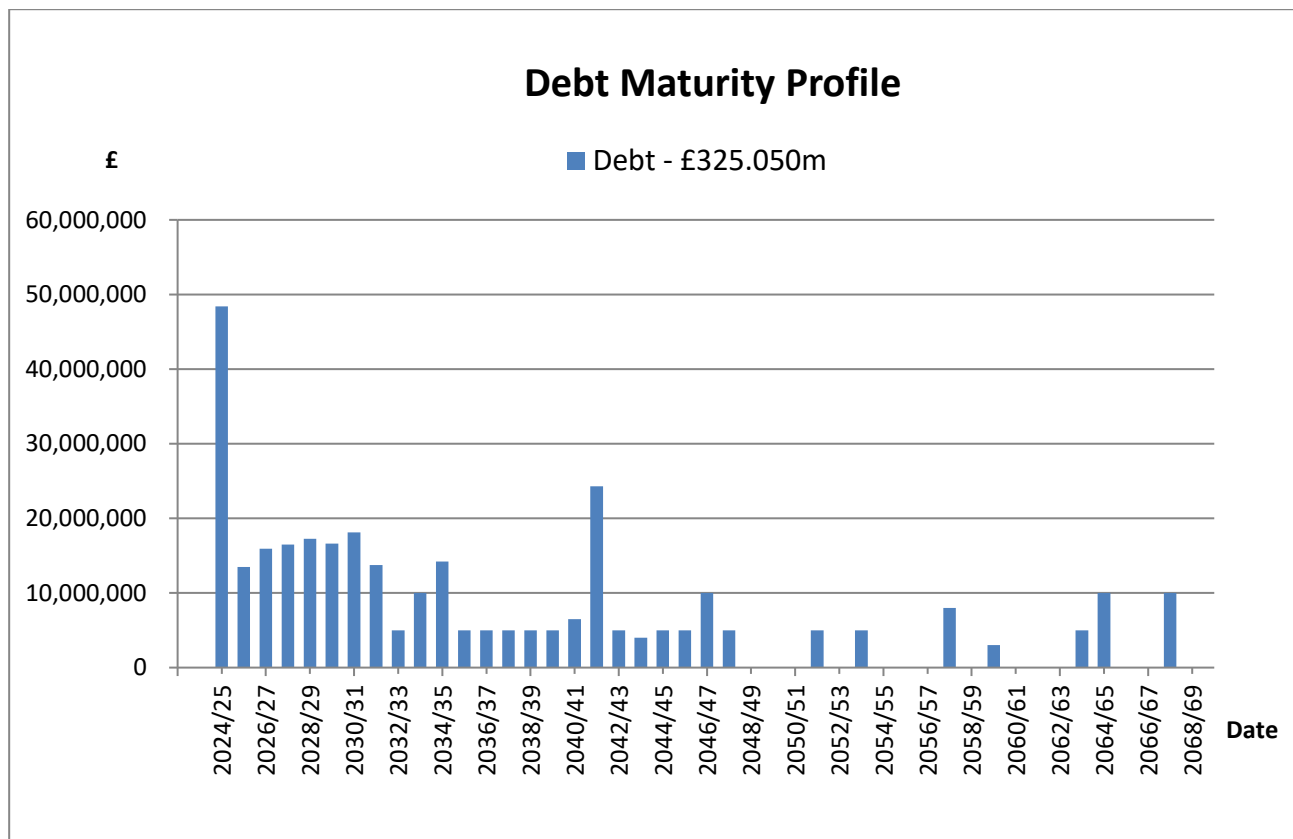
**Table 8 Matured loans in 2023/24**

44. No loan rescheduling was done during the financial year 2023/24.

45. The Councils £297.265m of fixed interest rate debt, is split between £149.259m for HRA (£121.550m self-financing debt) and £175.791m for General Fund as shown in Figure 3.

**Figure 3 General Fund and HRA debt at 31<sup>st</sup> March 2024**

46. Figure 4 illustrates the 2023/24 maturity profile of the Council's debt portfolio at 31<sup>st</sup> March 2024. The maturity profile, aside from the short-term debt taken in 2023/24 (for the reasons as stated in paragraph 42 that will mature in 2024/25 with details shown in Table 7), shows that there is no large concentration of loan maturity in any one year, thereby spreading the interest rate risk dependency.



**Figure 4 – Debt Maturity Profile at 31<sup>st</sup> March 2024**

47. The timing of when that debt is drawn down depends 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.
48. Table 9 shows PWLB Certainty borrowing rates available for selected loan durations between 1st April 2023 and 31<sup>st</sup> March 2024 at the highest, lowest and average rates.

	<b>PWLB Certainty borrowing rates by duration of loan</b>				
	<b>1 Year</b>	<b>5 Year</b>	<b>10 Year</b>	<b>25 Year</b>	<b>50 Year</b>
High	6.36%	5.93%	5.53%	5.96%	5.74%
Low	4.65%	4.13%	4.20%	4.58%	4.27%
Average	5.54%	4.99%	4.96%	5.33%	5.08%

**Table 9 – PWLB Borrowing Rates 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024**

## **Compliance with Treasury policy Prudential Indicators**

49. 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&MId=13284>.
50. The Treasury Management budget was set in light of the council's expenditure plans and the wider economic market conditions, based on advice from Link Group.
51. It is a statutory duty for the Council to determine and keep under review the "Affordable Borrowing Limits" included in the Prudential Indicators. During the financial year 2023/24 to date the Council has operated within the treasury limits and Prudential Indicators set out.
52. An update of the Prudential Indicators is shown in Annex A.

## Consultation Analysis

53. 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

54. The Treasury Management annual report and Prudential Indicators details the treasury management portfolio at 31st March 2024 and is for the review of the Executive Member for Finance to show compliance with treasury policy and ensure the continued performance of the treasury management function.

## Organisational Impact and Implications

55. 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 of the Treasury Management Strategy are contained in the body of the report and set out in the Financial Strategy and Capital Strategy reports also on this agenda.

- **Human Resources (HR)** - n/a
- **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** - n/a
- **Health and Wellbeing** - n/a
- **Environment and Climate action** - n/a
- **Affordability** - The financial implications of the Treasury Management Strategy are contained in the body of the report and set out in the Financial Strategy and Capital Strategy reports also on this agenda.
- **Equalities and Human Rights** - n/a
- **Data Protection and Privacy** - n/a
- **Communications** - n/a
- **Economy** - n/a.
- **Specialist Implications Officers** - n/a

## Risks and Mitigations

56. 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 as set out as part within the Treasury Management Strategy Statement at the start of each financial year. As a result of this the Local Government Act 2003 (as amended), supporting regulations, the CIPFA Prudential Code and the CIPFA

Treasury Management in the Public Services Code of Practice (the code) are all adhered to as required.

## Wards Impacted

All

## Contact details

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

## Author

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<b>Date:</b>	

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<b>Date:</b>	

## Background papers

- Treasury Management Strategy Statement and Prudential Indicators for 2023/24 to 2027/28 and Annexes A, B, C and D to that report.  
<https://democracy.york.gov.uk/ielssueDetails.aspx?IId=68802&PlanId=0&Opt=3>

## Annexes

- Annex A – Prudential Indicators 2023/24 Outturn (31.03.24)



## 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

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## Prudential Indicators 2023/24 Outturn (31.03.24)

	Prudential Indicator		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
1	<b>Capital Expenditure</b> To allow the authority to plan for capital financing as a result of the capital programme and enable the monitoring of capital budgets.	GF	£68.3m	£167.3m	£60.4m	£36.8m	£25.8m	£26.4m
		HRA	£30.1m	£47.6m	£19.0m	£12.7m	£12.1m	£12.3m
		Other LT	£0.0m	£3.2m	£0.5m	£0.5m	£0.5m	£0.5m
		<u>Total</u>	<u>£98.4m</u>	<u>£218.1m</u>	<u>£79.9m</u>	<u>£50.0m</u>	<u>£38.4m</u>	<u>£39.2m</u>
2	<b>CFR</b> 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	£313.2m	£396.8m	£406.0m	£413.9m	£422.1m	£430.6m
		HRA	£147.3m	£149.3m	£149.3m	£149.3m	£149.3m	£149.3m
		Other LT	£41.7m	£43.2m	£41.9m	£40.6m	£39.3m	£38.0m
		<u>Total</u>	<u>£502.2m</u>	<u>£589.3m</u>	<u>£597.2m</u>	<u>£603.8m</u>	<u>£610.7m</u>	<u>£617.9m</u>
3	<b>Liability Benchmark</b> 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;"><b>Liability Benchmark</b></p> <p>The chart displays the total amount of loans and requirements over time. The Y-axis represents the Total Amount in £'000, ranging from £0 to £700,000. The X-axis represents years from 2023 to 2093. The chart includes several data series: PWLB Loans (dark blue bars), LOBO Loans (grey bars), Variable rate loans (light blue bars), Market Loans (excl LOBO loans) (orange bars), Short Term inc LA Temporary Borrowing (&lt;1 year) (yellow bars), Existing Loan Debt Outstanding (black line), Net Loans Requirement (forecast net loan debt) (red line), and Liability Benchmark (Gross Loans Requirement) (dashed red line). The total amount peaks around 2029-2031 at approximately £580,000 and then declines steadily, reaching near zero by 2055.</p>						
4	<b>Ratio of Financing Costs to Net Revenue Stream</b> 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	11.39%	16.92%	16.84%	17.06%	17.18%	17.30%
		HRA	14.01%	12.95%	12.54%	12.10%	11.80%	11.51%
		<u>Total</u>	<u>11.90%</u>	<u>16.13%</u>	<u>16.00%</u>	<u>16.10%</u>	<u>16.15%</u>	<u>16.21%</u>

	Prudential Indicator		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	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	<b>External Debt</b> 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	£366.8m  £5.0m <hr/> £361.8m	£459.3m  £5.0m <hr/> £454.3m	£476.4m  £5.0m <hr/> £471.4m	£493.1m  £5.0m <hr/> £488.1m	£510.9m  £5.0m <hr/> £505.9m	£529.6m  £5.0m <hr/> £524.6m
6 a	<b>Authorised Limit for External Debt</b> 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 CFR / Other long-term liabilities	£590.9m  £30.0m <hr/> £620.9m  (£620.9m set at 2023/24 Strategy)	£602.3m  £30.0m <hr/> £632.3m  (£632.3m set at 2024/25 Strategy)	£607.2m  £30.0m <hr/> £637.2m  (Based on current CFR projection)	£613.8m  £30.0m <hr/> £643.8m  (Based on current CFR projection)	£620.7m  £30.0m <hr/> £650.7m  (Based on current CFR projection)	£627.9m  £30.0m <hr/> £657.9m  (Based on current CFR projection)

	Prudential Indicator		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
6 b	<p><b>Operational Boundary for External Debt</b></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 CFR / Short Term Liquidity Requirement	£502.2m	£589.3m	£597.2m	£603.8m	£610.7m	£617.9m
			£88.7m	£13.0m	£10.0m	£10.0m	£10.0m	£10.0m
			<u>£590.9m</u>	<u>£602.3m</u>	<u>£607.2m</u>	<u>£613.8m</u>	<u>£620.7m</u>	<u>£627.9m</u>
			(£590.9m set at 2023/24 Strategy)	(£602.3m set at 2024/25 Strategy)	(Based on current CFR projection)	(Based on current CFR projection)	(Based on current CFR projection)	(Based on current CFR projection)



## 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
<b>9<sup>th</sup> July 2024</b>			
Risk	Key Corporate Risks monitor 4	<u>CYC</u> <u>Debbie Mitchell</u>	Update on Key Corporate Risks (KCRs).
Finance	Treasury Management Outturn	<u>CYC</u> <u>Debbie Mitchell</u>	
<b>31<sup>st</sup> July 2024</b>			
External Audit	Audit Progress Report	<u>Mazars</u> <u>Mark Kirkham</u>	
Finance	Draft Statement of Accounts 2023/24	<u>CYC</u> <u>Debbie Mitchell / Helen Malam</u>	
Veritau (internal audit / counter fraud)	Annual Head of Internal Audit report	<u>Veritau</u> <u>Max Thomas / Richard Smith</u>	
Veritau (internal audit / counter fraud)	Audit Committee Self-Assessment	<u>Veritau</u> <u>Max Thomas / Richard Smith</u>	To set out the options for taking the self-assessment forward.
Governance	Updates on Member Training and the LGA recommendations	<u>CYC</u> <u>Claire Foale / Lindsay Tomlinson</u>	To review the Council's performance against the 10 recommendations outlined by the LGA and to report on the progress of Member training. To include feedback from the Joint Standards Committee.

Finance / Procurement / Governance	Report on the Salvation Army's Early Intervention & Prevention contract	<u>CYC</u> Pauline Stuchfield / Frances Harrison / Denis Southall	
<b>4<sup>th</sup> September 2024</b>			
Finance	Treasury Management Monitor 1	<u>CYC</u> <u>Debbie Mitchell</u>	
Risk	Key Corporate Risks monitor 1 & 2	<u>CYC</u> <u>Helen Malam</u>	Update on Key Corporate Risks (KCRs).
Governance	Corporate Governance Report	<u>CYC</u> <u>Lorraine Lunt</u>	To provide Members with an update on corporate governance including issues. To also include York Open Data update.
Veritau (internal audit / counter fraud)	Internal Audit Progress Report	<u>Veritau</u> <u>Max Thomas / Richard Smith</u>	
<b>27<sup>th</sup> November 2024</b>			
Finance	Final Statement of Accounts 2023/24	<u>CYC</u> <u>Debbie Mitchell / Helen Malam</u>	
Finance	Treasury Management Monitor 2	<u>CYC</u> <u>Debbie Mitchell</u>	
Finance	No Purchase Order No Pay	<u>CYC</u> <u>Debbie Mitchell / Helen Malam</u>	
Veritau (internal audit / counter fraud)	Audit Committee Self-Assessment	<u>Veritau</u> <u>Max Thomas / Richard Smith</u>	To share the results of the self-assessment undertaken.
External Audit	Audit Completion Report 2023/24	<u>Mazars</u> <u>Mark Kirkham</u>	
<b>29<sup>th</sup> January 2025</b>			
Risk	Key Corporate Risks monitor 3	<u>CYC</u> <u>Helen Malam</u>	Update on Key Corporate Risks (KCRs).



Finance	Treasury Management Monitor 3	<u>CYC</u> Debbie Mitchell	
Finance	Treasury Management Strategy	<u>CYC</u> Debbie Mitchell	
Governance	Corporate Governance report	<u>CYC</u> Lorraine Lunt	To provide Members with an update on corporate governance including issues.
<b>26<sup>th</sup> March 2025</b>			

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