

Report of the Chief Finance Officer

Monitor 3 2021/22 - Key Corporate Risks

Summary

1. The purpose of this paper is to present Audit & Governance Committee (A&G) with an update on the key corporate risks (KCRs) for City of York Council (CYC), which is included at Annex A.
2. A detailed analysis of KCR12 (Response to Major Incidents) is included at Annex B.

Background

3. 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
4. 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
5. 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).
 6. 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.
 7. 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.
 8. Each quarter, over the last 3 years, A&G have received detailed reviews of each individual KCR in the form of Annex B. The inclusion of KCR12 in this report is the final detailed submission, since all KCR's have now been covered in detail. It is proposed that A&G now return to the 'usual' monitoring report format which covers the summary (annex A) only. This proposal is included below as a recommendation.

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 C 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. The risks in relation to Covid-19, continue to affect most council services and have an impact on 11 out of 12 existing KCRs.
13. 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 D for reference.
14. The following matrix categorises the KCRs according to their net risk evaluation. To highlight changes in each during the last quarter, the number of risks as at the previous monitor are shown in brackets.

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

15. 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

16. KCR1 – Financial Pressures. The council recognise the emerging risk of the increasing inflation rate which will create greater cost pressures for the Council (and also has an impact on other KCRs as mentioned below). The existing mitigations in place would manage this and the risk scores remain unchanged.

17. KCR2 – Governance. The Member training action covering Code of Conduct and Conflict of Interest was achieved and is now included as mitigation to the risk score. Dates have been

revised on outstanding actions to review the Constitution and Delivery of the Member training programme. A new action/timescale is included for the implementation and embedding of actions in response to the April 2021 Public Interest Report.

18. KCR7 – Capital Programme. The council recognise the emerging risk of the increasing inflation rate which will create greater cost pressures for the Council’s capital programme. The existing mitigations in place would manage this and the risk scores remain unchanged.
19. KCR8 – Local Plan. A new action has been included to note that 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.
20. KCR9 – Communities. A new control has been added to note the Volunteer Centre established through York CVS. The ‘People Helping People Strategy’ is being reviewed and a new action is included to note that the Access & Inclusion role has been established and will shortly be recruited to.
21. KCR10 – Workforce/ Capacity. A new risk is included of potential strike action. There are additional risks included in relation to recruitment and retention including a lack of qualified workforce (eg care staff, HGV drivers) and the ongoing national skills shortage in certain sectors. The existing mitigations in place would manage this and the risk scores remain unchanged.
22. KCR11 – External Market Conditions. A new risk has been added to note the emerging risk of the increasing inflation rate which will create greater cost pressures for Providers and subsequently the Council. In addition Providers may face short to medium term recruitment issues, or face an increase in costs which is passed on to the Council. An existing action to complete the Market Position Statement has a revised date of May 2022. The existing mitigations in place would manage this and the risk scores remain unchanged.
23. KCR12 – Response to Major Incidents. Several new mitigations are included. These include the Outbreak Management Advisory Board, regular review and

communication of climate change actions. This is covered in further detail in Annex B.

Options

24. Not applicable.

Council Plan 2019-2023

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

Implications

26. There are no further implications.

Risk Management

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

Recommendations

28. Audit and Governance Committee are asked to:

- (a) consider and comment on the key corporate risks included at Annex A, summarised at Annex C;
- (b) consider and comment on the information provided in relation to KCR12 Response to Major Incidents included at Annex B;
- (c) note that in future reports there will be no further detailed analysis of a specific KCR (Annex B) unless requested;
- (d) provide feedback on any further information that they wish to see on future committee agendas

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

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Report
Approved ✓

Date
11/01/22

Specialist Implications Officer(s)

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Wards Affected All

Background Papers

Response to Major and Critical Incidents (RMCI) Joint Decision Model

Annexes

A – Key Corporate Risk Register

B – Analysis of KCR12 Response to Major Incidents

C – Summary of Key Corporate Risks

D - Risk Scoring Matrix