

Audit & Governance Committee

**18 January
2023**

Report of the Chief Finance Officer

Monitor 2 2022/23 - Key Corporate Risks

Summary

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

Background

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

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

Key Corporate Risk (KCR) update

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

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

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

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

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

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

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

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

Follow up actions

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

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

Updates to KCR risks, actions and controls

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

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

Options

26. Not applicable.

Council Plan 2019-2023

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

Implications

28. There are no further implications.

Risk Management

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

Recommendations

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

Reason:

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

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Report
Approved ✓

Date
6/1/23

Specialist Implications Officer(s) None

Wards Affected All

Background Papers None

Annexes

A – Key Corporate Risk Register

B – Summary of Key Corporate Risks

C – Risk Scoring Matrix

D – Briefing Note regarding power outages (KCR12)