

**Audit & Governance Committee**

**12 February 2014**

Report of the Director CBSS

**Key Corporate Risk Monitor Three 2013/14**

**Summary**

1. The purpose of this paper is to present to Audit & Governance Committee (A&G) an update on the key corporate risks, and to highlight in more detail any emerging risk issues with a view to members considering any further information they would wish to receive on these matters.

**Background**

2. The risk management process at York ensures that all key and emerging risks are reported regularly to Audit and Governance Committee and on at least a quarterly basis. The purpose of this paper is to provide assurance that the council identifies, understands and effectively manages its key risks. The detailed corporate risk register containing the key high and critical corporate risks is provided to Audit and Governance Committee members alongside this paper at Annex A.

**Current Risk Issues**

3. New risks can arise by virtue of decisions taken in legal proceedings and one such risk that has developed follows the supreme court ruling in *Woodland v Essex County Council*.
4. In short, the claim arose from a woman who suffered serious brain injuries as a pupil when she nearly drowned during a swimming lesson at a council run pool in Essex. The issue in *Woodland* concerned the standard and extent of care to

be imposed on a local authority, or other public body – and the circumstances in which they can be liable for the acts or omissions of an independent contractor to whom functions are outsourced. For service provision to certain groups of people to include children or those who are otherwise vulnerable, public bodies will remain **liable for the actions of those independent contractors**.

5. The risks arising through this judgement can be managed principally through rigorous procurement procedures and contract specifications. Including conditions designed to minimise the authority's exposure such as stating that the work can not be subcontracted and insisting on detailed information in relation to service delivery, risk assessments and qualifications and experience of key staff.

### **Critical Key Corporate Risks**

6. There are now just two critical corporate risks as the risk previously reported regarding the community stadium has now been reviewed and an update has been provided by the risk owner:

#### **KCR0016 Capital Programme**

##### Community Stadium

“Match day agreements are nearing completion with both clubs. Rents have been agreed and detailed agreements have been drawn up for signature. Bidders have confirmed rents are within the affordability target for the project and are happy to proceed. This risk is therefore reduced to reflect the current situation.”

7. The current position in relation to the remaining critical risks are as follows:

## **KCR0019 Safeguarding**

### Safeguarding (Eoin Rush)

*“In common with every other local authority this risk remains a constant. The controls in place are regularly reviewed and updated in line with emerging national guidance. Measures to review and strengthen the controls in place to manage this risk in the next year include, implementation of the Keeping Families Together; Keeping Families Safe vision for childrens social care, apply the learning from the City of York Safeguarding Children Board peer review and refresh the city wide information sharing lists with all schools.”*

## **KCR 0022 Financial Pressures**

### Reduction in Revenue Budgets (Ian Floyd)

*“The requirement to respond to the public sector spending reductions/deal with demographic cost pressures, presents a financial challenge the scale of which the Council has never experienced. Reductions of some £40m from 2011-14 are required, and further savings will be needed in the future. Whilst long term financial planning provides a key control, critical to the organisation being able to manage this risk effectively lies in identifying and achieving the savings identified in service reviews and through making difficult choices in the way services are delivered. Achievement of the savings will also require both a full commitment across the organisation and a robust approach to the ongoing monitoring of the savings programme.”*

## **Whole Risk Diagnostic**

8. The Whole Risk Diagnostic exercise has now been completed and the report was circulated to Members on Audit and Governance committee separate to this report. The report has also been formally presented by the authors to Corporate Leadership Group.
9. The key finding in relation to the risk management approach employed by City of York Council was that it is based on

sound risk management principles and is fairly robust. There are certainly areas to be improved upon and these will be considered and delivered as part of the risk management workplan.

10. It was clear from the interaction at Corporate Leadership Group that there is a desire to engage and utilise risk management at the highest levels. It was also clear that the current key corporate risks need to be reviewed to ensure that they remain current in a constantly changing environment.
11. Arising out of this work, the way that risk is being reported has been reviewed. A new structure and hierarchy has been agreed that helps to ensure that consistent, quality risk information is reported at each level.
12. In addition, the report that will be submitted to Audit and Governance will change. The risk register report and the directorate reports will still be included but the main report will be in summary format with the main risk information being provided by means of a presentation. It is hoped that this format will enable the author to explore the risk issues in more depth in order to provide further assurance that the risks are understood and are being effectively managed.

### **Directorate Risk Reports**

- 13 The risks in respect of City and Environmental Services are attached to this paper at Annex B. Officers from this Directorate are in attendance to answer any queries you have in respect of the risks contained within the annex.
14. The timetable for risk reports from the other council directorates is set out below:

<u>A&amp;G Committee Date</u>	<u>Directorate</u>
16 April 2014	Communities and Neighbourhoods Adults, Children and Education
30 July 2014	Office of the Chief Executive

## Options

15. Not applicable.

## Council Plan 2011 - 2015

16. The effective consideration and management of risk within all of the council's business processes helps support achieving 'a confident collaborative organisation' and aids the successful delivery of the five priorities.

## Implications

- (a) **Financial** - There are no implications
- (b) **Human Resources (HR)** - There are no implications
- (c) **Equalities** - There are no implications
- (d) **Legal** - There are no implications
- (e) **Crime and Disorder** - There are no implications
- (f) **Information Technology (IT)** - There are no implications
- (g) **Property** - There are no implications

## Risk Management

17. 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

18. Audit and Governance Committee is asked to:
  - (a) Consider and comment on the issues set out in this paper.

Reason

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

**Contact Details**

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**Report** ✓ **Date** 4 February 2014  
**Approved**

**Specialist Implications Officer(s)** Not applicable

**Wards Affected** Not applicable

**For further information please contact the author of the report**

**Annexes**

Annex A – High and critical risks linked to Key Corporate Risks  
Annex B – City and Environmental Services Risk Report