

## **Audit & Governance Committee**

**27 July 2016**

Report of the Assistant Director, Customers & Business Support Services, Customers & Employees

### **Key Corporate Risk Monitor 1 2016/17**

#### **Summary**

1. The purpose of this paper is to present to Audit & Governance Committee (A&G) an update on the key corporate risks for City of York Council (CYC), and the present refreshed Key Corporate Risk (KCR) Register 2015.
2. Risk management at CYC identifies the key risks for the authority and how they are being managed. This process may demonstrate that risks are being managed very well but need ongoing monitoring, others need action taken to manage the risk effectively. The role of this Committee is to assess whether the full risk environment is being adequately reviewed, key risks are identified and receive assurances that risks are being mitigated through targeted monitoring and/or action.

#### **Background**

3. The risk management process at CYC ensures that all key and emerging risks are reported regularly to A&G on at least a quarterly basis. The purpose of this paper is to provide assurance that the council identifies understands, effectively manages and reviews its key risks.
4. A key element in the work to revitalise risk management throughout the authority was to get risk back onto the corporate agenda.
5. This work has been very successful and we now see risk routinely featuring on DMT agendas on a quarterly basis. These sessions are used to update any key corporate risk (KCR) which has been allocated to the Director for

management. It is also an opportunity to consider any risks which might be on the horizon and facilitate dialogue around risk in general.

6. However, given the time constraints within these meetings, we will now be arranging additional one to one meetings with the Directors and Assistant Directors where appropriate to ensure that sufficient time is allocated to allow a full and proper consideration of the risks.

### **Key Corporate Risk (KCR) update**

7. By their very nature, the KCRs remain reasonably static with any real movements being further actions that are undertaken which strengthen the control of the risk further. The current KCRs can be found at Annex A.
8. Work has been started following the feedback from committee that the risks were not clearly articulated. This issue arose due to the evolution of the KCRs which had initially been themes rather than actual risks that required management. This work is ongoing.
9. There will be work required to reallocate some of the KCRs and realign services following the implementation of the new Directorate structure from September.

### **KCR 01 Financial Pressures**

10. The author has sought the assistance of the Corporate Finance Manager to provide further information around each of the controls for the above referenced risk.

11. Regular budget monitoring

This takes place within the services and allows for the identification of potential issues or challenges at the earliest opportunity. This early identification enables mitigating measures to be put in place. Meetings are undertaken on a monthly basis between the service and the nominated finance contact and are reported quarterly to the Executive.

12. Two year budget cycles and effective medium term planning and forecasting

This enables the organisation to understand the level of saving required and to ensure that transformation can take place over a reasonable time frame. It also means that this work can be well thought through, planned and the impacts fully understood prior to the work commencing thus reducing the burden on the organisation whilst ensuring that the requisite savings are delivered.

13. Chief Finance Officer statutory assessment of balanced budget

It is for the Chief Finance Officer who is also Section 151 Officer to be able to confirm in February each year that the budget that has been agreed is deliverable and this is a statutory duty.

14. Regular communications on budget strategy and options with senior management and politicians

Once the budget has been formulated and the report produced, meetings take place with portfolio holders to ensure that it is deliverable and that they understand any issues and savings targets which will impact on their area. This is also an opportunity for them to refuse the savings proposed and identify others in their stead which will deliver the same level of savings.

15. Skilled and resourced finance function, supported by managers with financial awareness.

The finance team is currently made up of three finance managers and 11 accountants with accounting technician support. The Section 151 Officer has responsibility to ensure an effective finance function.

The current resourcing levels ensure that there can be an appropriate level of support and challenge to the business as a whole.

In addition, ensuring that managers are financially aware means that the individual budgets that they are responsible for managing can be viewed in context of the overall financial position of the council.

To facilitate this awareness, budget management training is held 2 to 3 times a year. There is also guidance available on the intranet which is accessible to all.

For day to day support each service has a named finance contact. Finance Managers sit on the DMTs and also have one to ones with Directors.

### **Risk Management next steps**

16. It is a priority that once the new Chief Executive has taken up her post that risk is featured on the CMT agenda to ensure that she is comfortable with the risks identified as being KCRs and has an opportunity to identify any others which she feels should be included to enable ownership at the highest level. Also to provide assurance that there are robust risk management arrangements in place throughout the business.
17. Initial discussions have taken place with Zurich with regards to the development of a risk appetite statement. It is intended that a defined risk appetite would assist decision making by both members and officers in that it would provide much needed context around the risk scores. This work will be reported to Audit & Governance Committee in risk monitor 3.
18. Work will then be undertaken with the Workforce Development Unit to arrange training sessions for officers and to ensure that the issues experienced previously with regards to attendance on risk training are not repeated. One element of this has seen the author volunteer to deliver a session at the regular Customer and Business Support Services (CBSS) staff briefing sessions in the hope that colleagues will understand the potential benefits of risk management and would like to learn more resulting in them booking on the training.
19. The development of risk reporting is an ongoing task which moves with the needs of the business. Risk reporting traditionally has been restricted to the current risks and the information associated with them such as scores and in the past this has been adequate. However, it is recognised that as the risk management arrangements mature there comes a requirement for a wider suite of reports which seek to present risk information in a more visual format and also to report on issues such as the development of a risk over time.

## Options

20. Not applicable.

## Council Plan 2015 - 2019

21. The effective consideration and management of risk within all of the council's business processes helps support achieving 'evidence based decision making' and aid the successful delivery of the three priorities.

## Implications

22.

- (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

23. 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

24. Audit and Governance Committee is asked to:

- (a) consider and comment on the refreshed key corporate risks which can be found in detail at Annex A;

(b) Consider and provide feedback/comment on the information provided in respect of the controls applicable to KCR 01 Financial Pressures

Reason

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

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**Report Approved** ✓

**Date** 19 July 2016

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

**Wards Affected** Not applicable

**All**

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

**Annexes**

A – Refreshed Key Corporate risk register