

Report of the Director of Customer and Corporate Services
Directorate

Monitor 3 2016/17 - Key corporate risks and update on major projects

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).
2. In addition, as agreed at A&G on 20 December 2016, an update on the major projects is now included within this report. As previously, this includes all the council's "Large" projects. The highlight report is included in Annex B.
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

Background

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. A fundamental review takes place every 3 years with our insurance and risk partners. The risks are continually reviewed through quarterly directorate management teams (DMT) sessions.
 - Risks are raised or escalated on an ad-hoc basis by any employee
 - Risks are identified at quarterly 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 requested by email to inform the risk officer of any updates on a quarterly basis.
 7. In addition to the current KCRs, in line with the policy, risks identified by any of the Directorates can be escalated to Corporate Management Team (CMT) for consideration as to whether they should be included as a KCR. KCRs are reported bi-annually to CMT.
 8. The risk management officer meets directors to update the KCRs and the directorate risks in one to one sessions and attends DMTs on a quarterly basis.
 9. The Verto system is used for the management of major projects (defined as large or medium sized) and is populated from the directorate project registers. This is reviewed on a two monthly basis at CMT, in addition to any individual reports relating to specific projects. The directorate project lists are being considered on at least a monthly basis by DMTs. The directorate process is facilitated by the directorate assurance lead.

10. The programme assurance group meets on a monthly basis where the corporate programme is considered. The group includes the directorate assurance leads and every other meeting is attended by support leads (which includes HR, legal, finance, audit, property and business support).
11. The project support group meets every month to ensure that project managers have a support mechanism and can discuss improvements to process, project management best practices and share experience.
12. The risk management section within Verto is consistent with the criteria recorded in Magique. The risk management officer has access to all projects in Verto for the purpose of risk oversight.

Key Corporate Risk (KCR) update

13. There are currently 10 KCRs which are included at Annex A in further detail, alongside progress to addressing the risks. As requested in the previous meeting the annex now includes the direction of travel.
14. In summary the key risks to the Council are:
 - KCR1 – Financial Pressures: 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 – Changing Demographics: Inability to meet statutory deadlines due to changes in demographics
 - KCR4 – Safeguarding: A vulnerable child or adult with care and support needs is not protected from harm
 - KCR5 – Health and Wellbeing: Failure of Health and Wellbeing Board to deliver outcomes, resulting in the health and wellbeing of communities being adversely affected.
 - KCR6 – Capital Programme: Failure to deliver the Capital Programme, which includes high profile projects
 - KCR7 - Local Plan: Failure to develop a Local Plan could result in York losing its power to make planning decisions and potential loss of funding

- KCR8 – Communities: Failure to ensure we have resilient, cohesive, communities who are empowered and able to shape and deliver services.
- KCR9 – Effective and Strong Partnership: Failure to ensure governance and monitoring frameworks of partnership arrangements are fit for purpose to effectively deliver outcomes.
- KCR10 – Workforce Capacity: Reduction in workforce/ capacity may lead to a risk in service delivery.

15. 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.

16. 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 monitor 2 are shown in brackets.

Impact					
Critical			5 (5)		
Major			5 (5)		
Moderate					
Minor					
Insignificant					
Likelihood	Remote	Unlikely	Possible	Probable	Highly Probable

17. 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 actions or controls since the last monitor

18. KCR1 – Financial Pressures; A new control has been added. The Financial Strategy 2017/18 was approved by Council in February 2017. A new action to complete the Financial Strategy 2018/19 is now included with a deadline of January 2018.
19. KCR2 – Governance; The action ‘Health and Safety training programmes at all levels’ was due in March 2017. This is an ongoing action and therefore is extended until March 2018. A new action ‘revise media and social media protocols’ is now included with a deadline of April 2017.
20. KCR3 – Changing Demographics; The action to ‘Ensure adequate supply of schools places’ was due in March 2017. This is an ongoing action and therefore is extended until March 2018. The actions ‘Assessment and care management Review’ and ‘Advise and Information Strategy and Action Plan’ have extended the deadline to December 2018 and March 2018 respectively.
21. KCR4 – Safeguarding; A new control has been added. The Safeguarding Board annual action plan and Strategic Plan to 2019/20 are now complete. A new action to complete the Safeguarding Board annual action plan for 2018/19 is now included with a deadline of March 2018.
22. KCR5 – Health and Wellbeing; The action ‘Review of Strategy and Policy under way including delivery structure’ is complete and 2 new controls have been added to reflect this. A new action to ‘develop a Performance Management Framework for monitoring of outcomes’ has been added with a deadline of September 2017.
23. KCR6 – Capital Programme; Two new controls have been added. The Capital Strategy 2017/18 to 2021/22 was approved by Council in February 2017 and included approval of funding for an additional resource to support project and programme management. This is covered in further detail below. A new action to complete the Capital Strategy 2018/19 is now included with a deadline of January 2018.
24. KCR7 – Local Plan; The action ‘monitoring of controls’ was

due in March 2017. This is an ongoing action and therefore is extended until March 2018.

25. KCR8 – Communities; The action to ‘develop a community engagement strategy’ is underway but not yet complete. The deadline has extended to June 2017.
26. KCR9 – Effective and Strong Partnerships; The action ‘monitoring of controls’ was due in March 2017. This is an ongoing action and therefore is extended until March 2018.
27. KCR10 – Workforce/ Capacity; A new action to develop a comprehensive health and wellbeing policy consolidating all current and planned actions is now included with a deadline of March 2018.

Update on Major or “Large” projects

28. Progress on embedding the Project Management framework continues and through April 2017 there will be a review of the framework and the associated toolkit to ensure it is still fit for purpose and efficient. There will also be a move to the latest version of the Verto Project management software in this period and a review of training provision, including the Introduction to Projects course and identify further training for Project managers and support staff.
29. In terms of the Major Projects, Allerton Waste Recovery Park (AWRP) has been added to the list. This project is managed by North Yorkshire County Council (NYCC) who engage direct with Amey Cespa. City of York Council are a major stakeholder and as the project nears completion closer attention is being given to ensure the Council is ready when commissioning starts in the summer and when the facility is operational at the beginning of 2018.
30. The Local Area Teams early intervention/prevention project in Children’s Services is now complete and is in the closure stage. This will no longer appear on the list from the next period.

Updates on Risk and Programme/Project Management

31. Mandatory officer training in risk management has taken place in March utilising the icomply method. All staff logging onto the CYC system are required to read a short presentation covering the main areas of the risk management policy and answer questions correctly before they are permitted to proceed.
32. Since the last report to A&G line management of the risk and insurance team has moved to Corporate Finance in an attempt to provide additional capacity and support for risk management and foster a closer link to Finance.
33. As agreed in the February 2017 Capital Strategy Report, the project support fund was increased to provide ongoing funding for corporate project management assurance to build on the work to date and to further strengthen assurance around project management and delivery.
34. The additional resource will support the work of the Corporate Programme Assurance group and project teams in ensuring that the reporting process is robust and that as projects progress the necessary governance, risk management, planning and documentation is in place and gateways are observed.
35. This post will also sit within Corporate Finance and will provide the capacity to further improve the integration between risk management, programme/ project management and finance.

Options

36. Not applicable.

Council Plan 2015 - 2019

37. 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

38. There are no further implications.

Risk Management

39. 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

40. Audit and Governance Committee are asked to:

- (a) consider and comment on the key corporate risks provided at Annex A;
- (b) consider the project information provided at Annex B;
- (c) 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 risk and is kept updated on major programme and project activities

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report:**

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**Report
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Specialist Implications Officer(s) Not applicable

Wards Affected Not applicable

All

For further information please contact the authors of the report

Background Papers

For interpretation of the risk scoring see the corporate risk management policy and guide

Abbreviations

KCR – Key Corporate Risk

CMT – Council Management Team

CYC – City of York Council

DMT – Directorate Management Team

RAG – this is a risk status rating, which stands for “Red”, “Amber” or “Green”

Annexes

Annex A – Key corporate risk register

Annex B- Update of major projects