Audit & Governance Committee   **5 December 2018**

Report of the Deputy Chief Executive/ Director of Customer and
Corporate Services

Monitor 3 2018/19 - 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 KCR5 (Safeguarding) 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 bi-annually to CMT.

8. The Risk and Insurance Officer attends DMTs bi-annually to update directorate risks.

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. 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 of Health and Wellbeing Board to deliver outcomes, resulting in the health and wellbeing of communities being adversely affected.
- 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.

11. 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.

12. 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			5 (5)		
Major			6 (6)		
Moderate		1 (1)			
Minor					
Insignificant					
Likelihood	Remote	Unlikely	Possible	Probable	Highly Probable

13.   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- There are no new risks 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 report

14.   KCR1 Financial Pressures and KCR11 External Market Conditions. A new control has been added to both of these risks to recognise the Brexit impact- Ongoing analysis of 'no deal' Brexit implications through reports to Executive.

15.   KCR4 – Changing Demographics. As discussed in the previous meeting, the York Skills Plan has been added as an additional control. The Skills Plan has a focus on tackling skills gaps and shortages and connecting people to jobs. In particular it has a specific focus on tackling skills and employment gaps in health and care, which are key to addressing the needs of York's ageing population and also to ensuring sufficiency in early years and childcare. A specific strands of activity in the Skills Plan has been to promote apprenticeships which is one way to address workforce supply and demand.

16.   KCR5 – Safeguarding. A new control has been added - Interim Director arrangements in place in CEC and HHASC directorates, until permanent replacements start. The action 'New Children's Social Care records system' has a revised completion date from 30/9/2018 to 31/3/2019.

17.   KCR6 – Health and Wellbeing. New controls have been added to recognise the improved engagement with the CCG and recognition of the Placed Based Improvement Partnership.

18.   KCR9 - Communities. There is already an existing action to refresh the Community Engagement Strategy. The completion

deadline for this has changed from 30/3/2019 to 31/12/2019. A new action has also been added to develop a new framework of consultation across the City to support the existed action on the Community Engagement Strategy.

19. KCR10 - Workforce/ Capacity. New controls have been added to recognise new HR polices in relation to Absence Management and Substance Misuse.

20. KCR12 – Major Incidents. The Health and Wellbeing Board have set up a multi agency Health Protection Committee to deal with communicable disease.

21. Further details on the above are included at Annex A.

Options

22. Not applicable.

Council Plan 2015 - 2019

23. 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

24. There are no further implications.

Risk Management

25. 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

26. Audit and Governance Committee are asked to:

    (a) consider and comment on the key corporate risks included at Annex A;

(b) consider and comment on the information provided in relation to KCR5 Safeguarding included at Annex B;

(c) note that the 2018/19 Monitor 4 report will include a detailed analysis of KCR6 Health and Wellbeing;

(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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Wards Affected All

Annexes
Annex A – Key Corporate Risk Register
Annex B – Analysis of KCR5 Safeguarding
Annex C - Risk Scoring Matrix