

Audit & Governance Committee

6 November 2013

Report of the Director CBSS

Key Corporate Risk Monitor Two 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 A&G 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 A&G members in advance of the committee meeting.

Current Risk Issues

3. With regards to the waste project, the appeal court refused the Judicial Review appeal by Marton-cum-Grafton parish council on October 15th 2013 and therefore Allerton Park Waste Recovery Plant has planning permission. City of York Council along with North Yorkshire County Council will now work with AmeyCespa on the final stage of the project leading to Financial Close when the costs and value for money will be confirmed. It is anticipated that this will be in late spring next year.

Highways Risk Management

- Further to Risk Monitor One which provided some detail around the efficiency savings which had been identified within the Highways department, Members requested an update in relation to whether those savings have had a detrimental impact on the numbers of claims received and the number that have had to be settled.
- Please see the table below showing the Highways claims history for the past five years.

Policy Year	Number of Claims	Claims Closed	Paid	Closed with no payment	Repudiation rate %
2009/2010	237	228	£72,561.96	219	96
2010/2011	208	199	£86,880.15	183	92
2011/2012	123	112	£18,033.75	106	95
2012/2013	197	113	£15,030.27	102	90
2013/2014	65	3	£400.00	2	66

Note – the repudiation rate is only a snapshot at that time until all the claims are closed for that year. It is also a little inaccurate in that even though we may have successfully defended a claim, we may have incurred legal costs and as such would not be settled with nil payment.

- The average time from the incident occurring to the claim being reported is 87 days with some being reported some considerable time later than that. With this in mind, the fact that the figures do not yet show deterioration is no surprise.
- I would expect the increased numbers and costs to filter through in the next 12-18 months when the missed inspections are identified and exploited by the claimant fraternity. In addition, claims will be submitted through the portal and therefore subject to the reduced timescales with the potential for incurring greater costs should we fail to comply.

Critical Key Corporate Risks

- The position of the council's three critical key corporate risks as at the end of September are set out below:

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 CYSCB 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.”

KCR 0016 Capital Programme

Financial contribution from tenant clubs (Tim Atkins)

“This is a risk regarding the occupying of the stadium and the rental income required from the two tenant clubs. If the clubs refuse to occupy or refuse deals that provide a realistic income the affordability target of the project may become unachievable causing bidders to withdraw or force the Council to provide extra funds to support the stadium running costs. Rents under

discussion are at a level that is affordable for the clubs, allows bidders to still meet the targets but that will not cover the running costs thus impacting the financial affordability of the project. Bidders at this stage believe they can still work within these parameters without further financial input from CYC and can therefore meet the affordability target for the project. The risk is critical impact rated, as, if we do not meet the affordability target for the project we cannot progress.”

Risk Management Work Plan

9. A work plan has now been developed in relation to the work required to reinvigorate risk management. It is recognised that there has previously been a significant amount of work been done in this area but we now need to review, update and make the process fit for purpose.
10. The work plan has been put together from our own perspective around what is required and the recommendations made by Zurich as part of the Whole Risk Diagnostic. It is not intended to be set in stone but to evolve as the work is undertaken to ensure it accurately reflects the requirements and aspirations of the business areas as they begin to engage more with the process.
11. A copy of the work plan can be found at Annex A. It is anticipated that some consultancy support will be purchased from Zurich to assist with delivery of the objectives. The funding for this will come from a ring fenced budget that was created as part of the insurance renewal for the purpose of risk management. Should these funds not be invested in risk management consultancy, it will be converted into premium. It is therefore in the authority's interests to derive maximum benefit from the funds.

Directorate Risk Reports

12. The risks in respect of Customer and Business Support 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.

13. The timetable for risk reports from the other council directorates is set out below:

<u>A&G Committee Date</u>	<u>Directorate</u>
12 February 2014	Communities and Neighbourhoods City and Environmental Services
16 April 2014	Adults, Children and Education

Options

14. Not applicable.

Council Plan 2011 - 2015

15. The effective consideration and management of risk within all of the council's business processes helps support achieving 'a confident collaborative organisation' and aid 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

16. 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

17. A&G are 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

Author:

Lisa Nyhan
Corporate Transactional
and Business Services
Manager
Phone No. 01904 552953

Chief Officer Responsible for the report:

Ian Floyd
Director Customer and Business
Support Services

Report Approved ✓ **Date** 29.10.13

Specialist Implications Officer(s) Not applicable

Wards Affected Not applicable

All

For further information please contact the author of the report

Background Papers

Key Corporate Risk Monitor One 2013/14.

Annexes

Annex A – Workplan

Annex B – Customer and Business Support Risk Report