

**Audit & Governance Committee**

**11 February 2015**

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

**Key Corporate Risk Monitor 3 2014 /15**

**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. The council has taken the opportunity over the past 12 months to review its Key Corporate Risks (KCRs) following Zurich Municipal's report on the council's risk management arrangements which was referred to in some detail at the meeting of this Committee on 10 December 2014. Since the last corporate risk register was produced (see Annex A) the financial constraints imposed on the council through Government austerity measures have increased.

5. The December 2014 report also reviewed the national risk management landscape. The risks contained within the paper were identified as the top 10 key risks facing local authorities by Chief Executives and Senior Management Teams in 70 authorities surveyed by Zurich Municipal risk management Services. The top 10 risks identified are set out in summary at Table 1 below:

**Table 1**

<b>Risk</b>	<b>2014</b>
Budget Pressures	1
Changes in Government policy, legislation & regulation	2
Workforce (attracting, retaining, right skills, rewards)	3
Business and Organisational transformation	4
Working with other organisations (Partnerships, Outsourcing, Supply Chains)	5
Reputation Management	6
Social Risk e.g. crime, population changes, antisocial behaviour	7
Data protection or security	8
Operational risk management including health & safety	9
Environmental challenges e.g. extreme weather, climate change	10

6. The risks above can be used as a point of reference by the Committee and alongside the previous risks outlined in Annex A.

## **Review Process**

7. During 2014 there was a top down review of existing and proposed new risks undertaken across the organisation. In addition the risk management framework (Policy and Strategy) as well as the risk management processes used by the council was reviewed. The review was supported by the Council Management Team (CMT) and individual Directorate Management Teams (DMTs) who helped shape the revised KCR register.

## Refreshed Key Corporate Risks

8. The council has statutory responsibilities for delivery of services to often our most vulnerable service users and the nature of some of this work carries inherent risks. New and innovative ways of delivering services more efficiently has been sought and with this transformation also comes a higher level of risk. The organisation now more than ever needs to embrace risk management as part of good management practice placing risk and opportunity at the heart of the key decisions that it makes.
  
9. The council takes a positive approach to risk management. It is not possible to eliminate all risk but understanding and seeking to manage risk in a controlled way can have a direct impact in mitigating the consequences. Positive risk taking to gain greater benefit and support innovation and change is necessary in the current financial environment if the council is to meet its objectives
  
10. All risks at strategic and operational/service level have been mapped against the risk matrix shown below in terms of **probability** (likelihood) and **impact**. By their nature KCRs are high risk and before controls are applied the **gross rating** will always be high. After controls are applied the scores will remain high even after mitigating action has taken place (known as the **net rating**). In many cases further management action needs to take place to reduce the likelihood of the risk occurring.

Impact	Catastrophic	17	22	23	24	25
	Major	12	18	19	20	21
	Moderate	6	13	14	15	16
	Minor	2	8	9	10	11
	Insignificant	1	3	4	5	7
		Remote	Unlikely	Possible	Probable	Highly Probable
Likelihood						

- 11 The table below lists the new 11 KCRs for ease and the detailed risk register at Annex B sets out the risk ratings, causes, consequences, controls in place and actions planned to manage the risks along with their individual gross and current net risk ratings.
12. The following definitions may be helpful when reading the detail contained in Annex B:

**Cause:** explains what can lead to the risk happening;

**Consequence:** explains what the effect could be if the risk becomes reality;

**Controls:** the mitigating and preventative measures that are already in place to reduce the likelihood and/or impact of the risk.

**Table 2**

Ref	Title/Lead	Description
KCR 01	Financial Pressures <i>Ian Floyd</i>	Over the course of the last 4 years there has been a substantial reduction in government grants leading to significant financial savings delivered. The expectation is that £10million annually will be required in future years. The council needs a structured and strategic approach to deliver the savings in order to ensure that any change to service provision is aligned to the council's key priorities.
KCR 02	Governance <i>Ian Floyd</i>	With the current scale and pace of transformation taking place throughout the organisation, it is now more important than ever that the council ensures that its key governance frameworks are strong including those around information governance and transparency.
KCR 03	Transformation /Rewiring <i>Stuart Halliday</i>	Delivering the objectives set for the transformation programme moving from the existing model to the desired outcome, will require looking at innovative ways of meeting business objectives and service delivery going forward whilst ensuring that services continue to be delivered effectively whilst the work is ongoing.
KCR 04	Changing demographics <i>Jon Stonehouse/ Guy Van Dichele</i>	York has a rapidly changing demographic and this brings with it significant challenges particularly in the delivery of adult social care. On the converse, the results of the recent baby boom will have a future impact on school places and services not to mention social care. There has also been significant inward migration and as such the council needs to ensure that community impacts are planned for and resourced.
KCR 05	Safeguarding <i>Jon Stonehouse/ Guy Van Dichele</i>	Ensuring that vulnerable adults and children in the city are safe and protected is a key priority for the council. The individual, organisational and reputational implications of ineffective safeguarding practice are acute.

Ref	Title	Description
KCR 06	Workforce/ Capacity <i>Ian Floyd</i>	It is crucial that the council remains able to retain essential skills and also to be able to recruit to posts where necessary, during the current periods of uncertainty caused by the current financial climate and transformational change. The health, wellbeing and motivation of the workforce is therefore key in addition to skills and capacity to deliver.
KCR 07	Health and Wellbeing <i>Sally Burns</i>	The council now has the responsibility for the provision of public health services and also for the formation of the Health & Wellbeing Board, which has the ambition to bring together local organisations to work in partnership to improve outcomes for the communities in which they work. Failure to adequately perform these functions could result in the health and wellbeing of communities being adversely affected.
KCR 08	Local Plan <i>Sarah Tanburn</i>	The council has a statutory duty to develop a Local Plan, a citywide plan, which helps shape future development in York over the next 20-years. It sets out the opportunities and policies on what will or will not be permitted and where, including new homes and businesses. The Local Plan is a critical part of helping to grow York's economy and create more job opportunities and address our increasing population needs. Failure to develop a suitable Plan could result in York losing its power to make planning decisions.
KCR 09	Communities <i>Sally Burns</i>	The council needs to engage in meaningful consultation with communities to ensure decisions taken reflect the needs of the residents, whilst encouraging them to be empowered to deliver services that the council is no longer able to do. Failing to do this effectively would mean that services are not delivered to the benefit of those communities or in partnership.
KCR 10	Effective and strong partnerships <i>Stewart Halliday</i>	In order to continue to deliver some services the council will have to enter into partnerships with a multitude of different organisations whether they are third sector or commercial entities. There needs to be robust, clear governance arrangements in place for these partnerships as well as performance monitoring arrangements to ensure delivery of the objectives.
KCR 11	Capital Programme <i>Ian Floyd</i>	The capital programme currently has approximately 85 schemes with a budget of £203 million. The schemes range in size and complexity but are currently looking to deliver two very high profile projects, the Community Stadium and York Central, which are key developments for the city.

13. Members will note that risks have changed over time and that whilst some risks remain and are shown in both Annex A and Annex B, others no longer feature. This will be because council priorities and objectives change over time. This does not mean they do not exist or are not being managed, but they will feature elsewhere in risk registers at management team

level or at operational level in the council's risk management system.

14. Members will also see a direct correlation with most of the risks identified nationally in Table 1. Of those that do not feature specifically in Table 2:
- Health & Safety risk features in every service and Directorate risk register in the council and is part of **KCR02 Governance**, as are changes in government, policy, legislation and regulation, and data protection and security.
  - Environmental risk management tends to relate specifically to flood risk in York and features in operational risk registers and in emergency and business continuity plans.
  - CYC sees reputational risk as a consequence of not managing risk effectively not a risk in itself.

## 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 aid the successful delivery of the five priorities.

## Implications

17.

- (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**

18. 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**

19. Audit and Governance Committee is asked to:
- (a) consider and comment on the refreshed corporate risk register set out at Table 2 above and in detail at Annex B;
  - (b) note the controls in place and the planned management actions to be monitored by the Committee as part of its Forward Plan of work.

### Reason

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

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**Report** ✓ **Date** 2/2/15  
**Approved**

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

**Wards Affected** Not applicable

**All**

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

**Background Papers**

Overview of National Risk Picture Report – Audit & Governance  
Committee 10 December 2014

**Annexes**

A – Existing Key Corporate Risk Register

B – Proposed Key Corporate Risk Register