

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

Monitor 3 2017/18 - 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).
2. In recent Key Corporate Risk reports to A&G, a Major Project Update was included as an Annex. At the last A&G meeting on 20 September the committee agreed that they were satisfied there was sufficient assurance in relation to the governance of major projects, and the Major Project Update annex was no longer required.
3. Committee Members requested the major project information still be made publicly available on a regular basis since it provided useful information. This will now be available on the City of York Council website.
4. At the meeting on 20 September it was also agreed that in addition to the overview of the KCR's which are currently presented to the Committee in Annex A, it would be beneficial to provide a more in depth analysis of each KCR. It was agreed that one KCR would be presented to the Committee at a time and that the order of presentation would be chronological, i.e. KCR1 (Financial Pressures) would be presented at the next Committee's meeting, followed by KCR2.

5. A detailed analysis of KCR1 (Financial Pressures) is included at Annex B.

Background

6. 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
7. 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
8. 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).
9. 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 on at least a quarterly basis.
10. 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.

11. The Risk and Insurance Officer attends DMTs bi-annually to update directorate risks and KCRs and has one to one sessions with Directors.

Key Corporate Risk (KCR) update

12. There are currently 11 KCRs which are included at Annex A in further detail, alongside progress to addressing the risks.

13. 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.

14. 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.

15. 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			5 (5)		
Moderate		1 (1)			
Minor					
Insignificant					
Likelihood	Remote	Unlikely	Possible	Probable	Highly Probable

16. 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 risks 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 report

17. KCR5 – Safeguarding. A completed action ‘to prepare a Community Safety Plan’ has moved into ‘Controls’.
18. KCR6 – Health and Wellbeing. A completed action ‘to develop a Performance Management Framework for monitoring of outcomes’ has moved into ‘Controls’.
19. Further details are included at Annex A.

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. There are no further 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 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 KCR1 Financial Pressures included at Annex B;
- (c) note that the 2017/18 monitor 4 report will include a detailed analysis of KCR2 Governance
- (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

**Contact Details
Authors:**

Sarah Kirby
Principal Accountant
(Corporate Finance)
01904 551635

Lisa Nyhan
Corporate Risk and
Insurance Manager
01904 552953

**Chief Officer Responsible for the
report:**

Ian Floyd
Deputy Chief Executive/ Director of
Customer & Corporate Services

**Report
Approved** ✓

Date 24 Nov 2017

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

ASC – Adult Social Care
CCG – Clinical Commissioning Group
CMT – Council Management Team
DMT – Directorate Management Team
DCLG – Department of Communities and Local Government
KCR – Key Corporate Risk
SFA – Settlement Funding Assessment
BCF – Better Care Fund

Annexes

A – Key Corporate Risk Register
B – Analysis of KCR1 Financial Pressures
C - Risk Scoring Matrix