Audit & Governance Committee   **11 April 2018**

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

Monitor 4 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), which are included at Annex A.

2. A detailed analysis of KCR2 (Governance) 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. A new risk KCR12 is included in this monitor.

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 (5)		
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- One new KCR has 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

New KCR – Response to Major Incidents

14. A new risk has been added in relation to the Council's response to major incidents such as flood, major fire, terrorist attack or an outbreak of a communicable disease.   Local Authorities are required by law to make preparations to deal with emergencies. Local Authorities have four main responsibilities in an emergency which are to support the Emergency Services, to co-ordinate non-emergency organisations, to maintain their own services through a robust Business Continuity Management process and to facilitate the recovery of the community.

15. The Council must ensure that its resources are used to best effect in providing relief and mitigating the effects of a major peacetime emergency on the population, infrastructure and environment coming under it's administration. This will be done either alone or in conjunction with the Emergency Services and other involved agencies, including neighbouring authorities.

16. The net risk score is 19 (possible and major) as there are controls in place to mitigate the gross risk.

Updates to KCR actions or controls since the last monitor report

17.   KCR1 – Financial Pressures. The action 'development of Budget Strategy' has been updated to reflect the new financial year.

18.   KCR2 – Governance. Some new controls and implications have been added which are covered in more detail in Annex B. The ongoing actions have updated timescales to reflect the new financial year.

19.   KCR3 – Effective and Strong Partnerships. The ongoing actions have updated timescales to reflect the new financial year.

20.   KCR4 – Changing Demographics. The ongoing action has updated timescales to reflect the new financial year. The redesign and implementation of arrangements for early intervention and prevention is part complete but further work is required. A revised deadline is included. The action 'to undertake a review to link the Local Plan and Major development projects to demographic data' has a revised deadline as work will begin on this in December 2018.

21.   KCR5 – Safeguarding. A completed action 'to restructure Children's Social Care Services' has moved into 'Controls'. The ongoing action has updated timescales to reflect the new financial year.

22.   KCR6 – Health and Wellbeing. A new action 'to develop a Public Health Strategy for 2018 to 2021' has been added and the controls have been updated.

23.   KCR7 – Capital Programme. The action 'development of Capital Strategy' has been updated to reflect the new financial year.

24.   KCR8 – Local Plan. The ongoing action has updated timescales to reflect the new financial year.

25.   KCR9 – Communities. The action 'Develop a Community Engagement Strategy' has a revised date.

26.   KCR10 – Workforce/ Capacity. The ongoing action has updated timescales to reflect the new financial year and the action 'Develop a comprehensive health and wellbeing policy' has a revised date.

27.   KCR11 External Market Conditions. The ongoing action has updated timescales to reflect the new financial year and a new control added.

28.   Further details are included at Annex A.

Options

29.   Not applicable.

Council Plan 2015 - 2019

30. 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

31.   There are no further implications.

Risk Management

32.   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

33.   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 KCR2 Governance included at Annex B;

(c) note that the 2018/19 monitor 1 report will include a detailed analysis of KCR3 Effective and Strong Partnerships

(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

Author:	**Chief Officer Responsible for the report:**
Sarah Kirby	Ian Floyd
Principal Accountant	Deputy Chief Executive/ Director of
Corporate Finance	Customer & Corporate Services
01904 551635	

Lisa Nyhan	**Report Approved** ✓	**Date** 29/03/2018
Corporate Risk and		
Insurance Manager		
01904 552953		

Wards Affected: Not applicable **All** ☐

For further information please contact the author of the report.

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

Annexes:
A – Key Corporate Risk Register

B – Analysis of KCR2 Governance

C – Risk Scoring Matrix

Abbreviations:
CMT – Council Management Team
DMT – Directorate Management Team
DPA – Data Protection Act
ECP – Electronic Communication Policy
FOI (A) – Freedom of Information (Act)
GDPR – General Data Protection Regulation
GRAG – Governance and Assurance Group
H&S – Health and Safety
ICO – Information Commissioner's Office
JHSC – Joint Health and Safety Committee
KCR – Key Corporate Risk