

Report of the Director of Customer and Corporate Services

Monitor 1 2017/18 - Key Corporate Risks and Update on Major Projects

Summary

1. The purpose of this paper is to present Audit & Governance Committee (A&G) with an update on the key corporate risks (KCRs) and an update on major projects for City of York Council (CYC).

Background

2. 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
3. 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
4. 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).
 5. 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.
 6. 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.
 7. The risk management officer meets attends DMTs bi-annually to update directorate risks and KCRs and has one to one sessions with Directors.
 8. The Verto system is used for the management of major projects (defined as large or medium sized) and is populated from the directorate project registers. This is reviewed on a two monthly basis at CMT, in addition to any individual reports relating to specific projects. The directorate project lists are being considered on at least a monthly basis by DMTs. The directorate process is facilitated by the directorate assurance lead.
 9. The programme assurance group meets on a monthly basis where the corporate programme is considered. The group includes the directorate assurance leads and every other meeting is attended by support leads (which includes HR, legal, finance, audit, property and business support).
 10. The project support group meets every month to ensure that project managers have a support mechanism and can discuss improvements to process, project management best practices and share experience.

11. The risk management section within Verto is consistent with the criteria recorded in Magique. The risk management officer has access to all projects in Verto for the purpose of risk oversight.

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. A new risk KCR11 is included in this monitor.

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 B 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 (0)			
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- 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 – External Market Conditions

17. A new risk has been added in relation to commissioned services. There is a risk that the council fail to deliver commissioned services due to the external market conditions. This would apply to provider failure (for example in adult social care) and also the risk that the council are unable to commission a service if external providers are limited in number or unwilling to tender. Some services cannot be provided by the

council internally (eg Park and Ride) and a lack of competition in the external market may result in an increase in costs for the council.

18. The net risk score is 13 (unlikely and moderate) as there are controls in place to mitigate the gross risk.

Updates to KCR actions or controls since the last monitor report

19. KCR1 –Financial Pressures; There are no changes to the controls or actions.

20. KCR2 – Governance; There are 3 new controls added as follows:

- Open data platform which provides FOI requested data
- Regular review of transparency code legislation and compliance
- Ongoing management of data architecture to provide de-personalised data to the open data platform

A new action is also included to ensure regular review of internal audit reviews and recommendations.

21. KCR3 – Effective and Strong Partnerships; There are 5 new controls added as follows;

- Creating Resilient Communities Working Group (CRCWG)
- Account management approach to monitoring key partnerships
- Safeguarding Board revised governance in place
- Shareholder Committee to monitor Council owned companies
- York Central Partnership

22. KCR4 – Changing Demographics; A new control has been added, Creating Resilient Communities Working Group (CRCWG). In addition an new action has been added to undertake a review to link the Local Plan and Major development projects to demographic data to determine the impact on CYC services.

23. KCR5 – Safeguarding; There are 2 new controls added as follows;

- Controls in place from the Peer Review action plan

- CORAG group (Chief Officer Reference and Accountability Group) which brings together Chief Officers from relevant organisations in relation to safeguarding
- A new action has been added. The Community Safety Plan is now included with a deadline of July 2017.

24. KCR6 – Health and Wellbeing; There are 5 new controls added as follows;
- Development sessions delivered by the Local Government Association (LGA)
 - Improved workforce awareness of Health & Wellbeing Strategy
 - One Planet York’s better decision making tool to assist with the Integration of the Health & Wellbeing Agenda in relation to all Council service areas and external organisations
 - Restructured Healthy Child Service
 - Public Health is a statutory requirement of the Council
25. KCR7 – Capital Programme; There are no changes to the controls or actions.
26. KCR8 – Local Plan; A new action has been added to provide an update report to Executive in July 2017.
27. KCR9 – Communities; There are 5 new controls added as follows;
- Revised Community Safety Plan
 - Devolved budgets to Ward Committees and delivery of local action plans through ward teams
 - Local area working restructures for Children’s, Adults and Housing Services
 - Improved information and advice, Customer Strategy and ICT support to facilitate self service
 - CYC staff and Member training and development
28. KCR10 – Workforce/ Capacity; There are 4 new controls added as follows;
- Development of coaching/ mentoring culture to improve engagement with staff
 - Corporate Cost Control Group monitoring of absence and performance reporting
 - Apprenticeship task group
 - Agency and Interim Staffing Policies

A new ongoing action to continually review HR policies to ensure they compliment the new ways of working is now included with a deadline of March 2018.

Update on Major or “Large” projects

29. The refresh of the corporate Project Management framework (All About Projects) continues and the corporate Project Management system has now been upgraded to the new version.
30. In terms of the Major Projects, the Housing Development (HCA partnership) project has been added to the list. This is a Programme of council-led housing delivery in partnership with the HCA.
31. In the next period the following items will also be added to the list after they emerged as “Large” projects following the matrix assessment.
 - Adult Social Care – Future focus
 - School place planning programme
 - Specialist therapeutic short breaks

Updates on Risk and Programme/Project Management

32. The recruitment process for filling the Project Assurance Officer post is now in train and will be out to advert in June.

Options

33. Not applicable.

Council Plan 2015 - 2019

34. 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

35. There are no further implications.

Risk Management

36. 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

37. Audit and Governance Committee are asked to:
- (a) consider and comment on the key corporate risks provided at Annex A;
 - (b) consider the project information provided at Annex B;
 - (c) 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 risk and is kept updated on major programme and project activities

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**Report
Approved ✓**

Date 12 June 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

KCR – Key Corporate Risk

CMT – Council Management Team

CYC – City of York Council

DMT – Directorate Management Team

RAG – this is a risk status rating, which stands for “Red”, “Amber” or “Green”

CRCWG – Creating Resilient Communities Working Group

CORAG - Chief Officer Reference and Accountability Group

Annexes

Annex A – Key corporate risk register

Annex B - Update of major projects