

**North Yorkshire County Council and City of York Council
Shared Audit & Fraud Service
Risk Assessment**

PROJECT RISK

Reference	Risk		Assessment		Overall Risk Score	Owner	Action Plan	Target Date
	Description	Possible Consequences	Impact	Likelihood				
P1	Agreed project timetable becomes unachievable. The project takes longer than expected to implement.	There is a loss in credibility. The anticipated benefits from developing the shared service take longer to materialise.	3	2	13	PB	Agree realistic project plan and timetable. Project Board to monitor the completion of agreed deliverables and to keep the timetable under review.	Ongoing
P2	Differences in values / cultures between the two Councils create tensions.	The viability of the project is jeopardised.	3	1	6	PB / IT	Project Board to promote openness and transparency. Involve key stakeholders from both Councils in any decision making. Agree dispute resolution process. Prepare change management programme in conjunction with the project implementation plan.	31/8/08
P3	There is insufficient support / commitment for the project from Members, senior management and other key staff at one or both Councils.	Key stakeholders lack confidence in the process. The implementation is delayed or aborted.	5	2	22	PB	Project Board to maintain regular contact with all key stakeholders. Review and monitor stakeholder engagement throughout the implementation stage.	Ongoing
P4	There is a change in political control at either Council leading to a reduction in support for the project.	The viability of the project is jeopardised.	3	1	6	PB	Project Board to seek cross party support for the project.	30/4/08
P5	There is insufficient investment in project management to successfully deliver the agreed outcome.	The project is delayed and / or lacks credibility.	3	3	14	PB	Resource commitment to be set out in the Project Implementation Plan. Project Board to keep project resource requirement under review.	30/6/08
P6	There is inadequate provision for resolving disputes between the two Councils.	There is a reduction in trust and / or the implementation of the agreed option fails to be achieved.	3	2	13	PB	Agree dispute resolution process.	30/4/08
P7	Key staff associated with the project leave.	The project is delayed.	4	1	12	PB / IT	Prepare contingency plans and reduce current reliance on key project staff.	30/4/08
P8	There is uncertainty and / or disagreement between the two	The scope of the project changes because one or both Councils	2	1	2	PC / PB	Project scope to be agreed (as set out in the Outline Business Case). Any	31/3/08

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	Councils about the scope of the project (in terms of which services are to be included or not).	decides to add / take out services during the implementation stage. The implementation takes longer or is made more complicated as a result.					changes to be made only with the agreement of both Councils.	
P9	The two Councils are unable to reach agreement on the vision, objectives and priorities for the shared service.	The project is delayed and / or lacks credibility.	2	1	2	PC/ PB	Project vision and objectives to be agreed (as set out in the Outline Business Case). Members to be asked to endorse the vision and objectives.	31/3/08
P10	There is a lack of commitment to make the project a success.	Implementation of the agreed option is made more difficult and / or the viability of the project is jeopardised.	2	1	2	PC / PB	Both Councils continue to express clear support for the project vision and objectives as set out in the Outline Business Case. Members to be asked to endorse the vision and objectives.	31/3/08
P11	The two Councils are unable to agree on the most appropriate long term delivery vehicle for the shared service.	Implementation of the agreed option is made more difficult and / or the viability of the project is jeopardised.	5	1	17	PC / PB	Formal approval to be sought from Members before proceeding to implement the preferred delivery option.	31/3/08
P12	The implementation plan is poorly defined and / or managed.	Implementation of the agreed option is made more difficult and / or the viability of the project is jeopardised.	3	3	14	PB	Subject to Member approval, a detailed Project Implementation Plan will be developed. The Project Board will monitor the preparation and delivery of the Implementation Plan.	31/8/08
P13	Government policy changes leading to uncertainty about the rationale for the project.	The viability of the project is jeopardised.	2	1	2	PB	The Project Board to reflect any changes in the Outline Business Case and / or the Project Implementation Plan.	31/8/08
P14	There is disagreement between the two Councils about the identity / image of the new service.	The shared service cannot establish own identity resulting in a lack of 'buy-in' from staff and stakeholders.	3	1	6	PB	Identity and image to be addressed through the Project Implementation Plan. Agreement to be reached prior to formal implementation stage.	30/6/08
P15	There is disagreement between the two Councils about how the chosen option will be	Implementation of the agreed option is made more difficult and / or the viability of the project is	3	1	6	PB	Subject to Member approval, a detailed Project Implementation Plan will be developed. The Project Board will	31/8/08

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	implemented and / or the timescales for implementation.	jeopardised.					monitor the preparation and delivery of the Implementation Plan. Agree dispute resolution process.	
P16	The project does not take proper account of other corporate strategies / initiatives in each Council.	The Project lacks credibility.	2	1	2	PB	Project Board to maintain regular contact with all key stakeholders. Review and monitor stakeholder engagement.	Ongoing
P17	Critical success factors are not defined.	It is not possible to judge whether the project has been a success.	2	1	2	PB	To be addressed through the Project Implementation Plan.	30/6/08
P18	Significant new partner expresses wish to join the partnership prior to implementation of the agreed option.	Implementation of the agreed option is made more difficult and / or is delayed.	3	1	6	PB	Project Board to assess the impact of any such change. Any future changes to membership to be made only with the agreement of both Councils.	Ongoing
P19	There is a failure to engage with potential new partners and / or customers.	The potential views and / or requirements of future partners and / or customers are not taken account of in preparing the Outline Business Case and / or the implementation plan.	2	1	2	PB	Potential partners and / or customers to be consulted as part of the work to prepare the Outline Business Case. Contact to be continued through the development of the Project Implementation Plan, and afterwards.	31/8/08
P20								

Implementation Risks - Preferred Option

Risk			Assessment		Overall Risk Score	Owner	Action Plan	Target Date
Reference	Description	Possible Consequences	Probability	Impact				
Financial								
F1	The set up costs for the chosen option (company incorporation, staff transfer, infrastructure etc) are more than estimated and/or greater than the available budget.	The company is not properly set up and / or cannot deliver the required services, resulting in the project being aborted. Alternatively, there is significant cost escalation.	3	2	13	PB	Estimate of set up costs for the company included in the Outline Business Case. Estimate to include company incorporation, staff transfer and the development of necessary infrastructure. Detailed assessment of set up costs to be prepared as part of	30/6/08

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							the Project Implementation Plan. Project Board to monitor actual costs during implementation. Action to be taken early to address any overspends.	
F2	Integration of services between the two Council's audit teams is too difficult or costly.	Anticipated benefits from the shared service do not materialise within required timescales.	2	3	9	PB	Integration team to monitor delivery of key aspects of the Implementation Plan. Key milestones to be identified. Action to be taken to address any failings. Exit clauses to be agreed in the event of significant failure.	31/3/09
F3	Payment mechanisms for the new service cannot be agreed.	The payment methodology is not agreed in time to enable the company to function properly.	2	4	10	PB	Payment methodology to be agreed as part of the detailed Project Implementation Plan. Implementation will not proceed until agreement has been reached between the two Councils on the appropriate payment mechanism.	31/8/08
F4	Financial / efficiency targets are not achieved within the anticipated timescales.	The company has insufficient funds to reinvest and / or to cover existing expenditure commitments. The company is unable to pay dividends to the shareholders for the foreseeable future.	2	4	10	PB	Company may require a loan facility to finance any short term delays in efficiency realisation.	31/3/09
F5	Existing contracts with external customers for the supply of internal audit services cannot be transferred to the company.	The Council's are unable to service existing contracts.	1	3	4	PB	Further legal advice to be obtained, and necessary agreements arranged.	30/6/08
Benefit Realisation / Service Delivery								
B1	The anticipated benefits of the shared service are not achieved within the required timescales.	Capacity and resilience are not improved.	2	4	10	PB	Success criteria to be agreed as part of the Project Implementation Plan. Project board to monitor benefits realisation. Action to be taken to address any failings.	30/6/08
B2	The expectations of internal and	The reputation and credibility of the	2	4	10	PB	Client arrangements to be put in place,	31/8/08

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	external customers are not met.	service are damaged.					to monitor service deliver / quality.	
B3	There is disagreement between the Councils regarding future service delivery/ priorities.	The service cannot be developed.	1	2	3	PB	Project Board to promote openness and trust between the two Councils. Key stakeholders from both Councils to be consulted to help shape the future development of the service. Agree dispute resolution process.	31/8/08
B4	The company becomes too remote from one or both Councils.	The service is no longer responsive to the needs of one or both Councils. The effectiveness of the service diminishes.	2	4	10	PB	Client arrangements to be put in place, to monitor service deliver / quality. Service delivery to be monitored and remedial action taken in the event that the requirements of both Councils are no longer being met.	Ongoing
Future Development								
D1	The chosen option is not attractive to new potential public sector partners.	The service cannot be developed as expected. The viability of the company is jeopardised.	1	1	1	PB	To maintain contact with potential partners through the implementation stage, and afterwards.	Ongoing
D2	The service is unable to attract new external (public and third sector) customers.	The company cannot develop appropriate income streams, and therefore has insufficient funds to reinvest.	2	4	10	PB	Business development opportunities to be explored in detail as part of the Project Implementation Plan.	31/8/08
D3	The new company is uncompetitive when compared to private sector providers.	The company cannot sell services to other public or third sector bodies.	1	1	1	PB	Pricing policy to be agreed, and kept under review.	31/8/08
Legal / Reputational								
L1	Other key stakeholders (for example, the external auditors) raise questions about the legality and / or appropriateness of the chosen option.	The viability of the chosen option is jeopardised.	3	1	6	PB	Project Board to brief all key stakeholders, and to maintain regular contact through the implementation stage.	31/3/09
L2	The decision not to follow an EU procurement tender exercise before implementing the chosen	Appropriate legal advice is taken before the chosen option is implemented. The impact of the	3	1	6	PB	Further legal advice to be taken before the actual implementation date.	30/6/08

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	option is challenged.	Teckel decision is fully evaluated.						
L3	Future public sector partners are unable to join due to the legal constraints.	The partnership cannot be extended.	1	1	1	PB	To maintain contact with potential partners through the implementation stage, and afterwards.	31/8/08
L4	The company is unable to develop its own culture / image.	The shared service cannot establish own identity resulting in a lack of 'buy-in' from stakeholders, staff and customers.	3	1	6	PB	Project Board to agree on appropriate image (name, logo etc) which stakeholders, staff and customers can identify with, as part of the project implementation plan. Agreement to be reached before formal implementation stage.	30/6/08
L5	There is a legal challenge regarding the company's ability to sell services to the third sector (due to state aid rules).	The company cannot sell services to third sector bodies.	1	1	1	PB	Further legal advice to be taken before the actual implementation date.	30/6/08
Governance								
G1	The client / governance arrangements within both Councils are not adequately resourced and / or properly defined.	The service is no longer provided in accordance with the needs and expectations of the two Councils.	2	4	10	PB	Client arrangements to be put in place, to monitor service deliver / quality. Resource commitment to be set out in the Project Implementation Plan. Project Board to keep under review. Service delivery to be monitored and remedial action taken in the event that the requirements of both Councils are no longer being met.	Ongoing
G2	There is disagreement between the two Councils about the provision of support services (IT, finance, HR, legal and property) to the new company.	The company is unable to obtain the necessary support from one or both Councils.	2	4	10	PB	Agree dispute resolution process.	30/4/08
G3	Existing service contracts (for example, computer audit) cannot be transferred to the new company.	The company is unable to receive support from external service providers.	2	2	8	PB / IT	Further legal advice to be obtained, and necessary agreements arranged.	30/6/08

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G4	IT licences and agreements (Galileo, Intec and IDEA) cannot be transferred to the company.	The company is unable use relevant IT applications.	2	3	9	PB	Further legal advice to be obtained, and necessary agreements arranged to transfer licences to the company.	30/6/08
G5	Staff in the new company are unable to use each Council's pool cars.	Staff are unable to use pool cars.	1	1	1	PB / IT	Alternative transport arrangements to be put in place, if existing arrangements cannot be continued.	31/8/08
G6	There is disagreement between the two Councils about the length and specification for the contract with the new company.	The viability of the project is jeopardised, and / or the implementation is delayed.	2	2	8	PB	Contract terms to be agreed as part of the Project Implementation Plan. Agree dispute resolution plan.	31/8/08
G7	There is disagreement regarding the allocation of support service and central recharges.	The allocation of costs is not agreed in time to enable the company to function properly.	2	4	10	PB	Cost allocation methodology to be agreed as part of the detailed Project Implementation Plan. Implementation will not proceed until agreement has been reached between the two Councils on the financial charging and costing arrangements.	31/8/08
Staffing								
S1	Differences in the cultures of the two teams create tensions.	Staff turnover increases and / or there is a detrimental effect on staff motivation and performance.	3	3	14	PB / IT	Prepare change management programme in conjunction with the Project Implementation Plan. Maintain effective communication with staff (in accordance with the agreed Communications Strategy).	31/8/08
S2	Staff are reluctant to accept the chosen option.	Staff resistance/ lack of buy-in. Staff turnover increases. Current performance deteriorates.	3	3	14	PB / IT	Prepare change management programme. Maintain effective communication with staff (in accordance with the agreed Communications Strategy). Seek to address concerns raised by staff.	31/8/08
S3	Key staff in both teams leave before or during the implementation phase.	Implementation is delayed or jeopardised.	4	1	12	PB / IT	Prepare contingency plans and reduce reliance on key staff, if possible.	30/4/08

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S4	The chosen option is unattractive to potential new members of staff.	Staff recruitment is difficult.	3	1	6	PB / IT	Communicate the benefits of the company to potential new recruits. Explore alternative recruitment methods.	31/8/08
S5	Differences in terms and conditions, and other benefits cause resentment between the two sets of transferring staff	Staff resistance / low morale leading to higher staff turnover, poor attendance and reduced performance.	4	3	19	PB	Further HR and legal advice to be taken before consideration of any changes. Project Board to offer equal benefits package to staff as part of the implementation process. Note – any future changes to terms and conditions subject to TUPE legislation.	31/8/08
S6	Staff concerns about impact on continuous service (for example, losing entitlement to additional annual leave and long service awards).	Staff resistance / low morale leading to higher staff turnover, poor attendance and reduced performance.	4	3	19	PB	Project Board to seek agreement from both Councils that employment by the company will be counted as continuous service.	31/8/08
S7	Staff concerns about being unable to apply for ring fenced jobs in either Council.	Staff resistance / low morale leading to higher staff turnover, poor attendance and reduced performance.	4	3	19	PB	Project Board to seek agreement from both Councils that staff employed by the company will be able to apply for internally advertised posts (and vice versa).	31/8/08
S8	Staff concerns about the impact on their pensions.	Staff resistance / low morale leading to higher staff turnover, poor attendance and reduced performance.	1	1	1	PB	Project Board to obtain confirmation that the company will be granted admitted body status to the NY Pension Scheme.	30/4/08
S9	Staff concerns about union recognition in future company.	Staff resistance / low morale.	1	1	1	PB	Project Board to reaffirm commitment to work closely with Unison through the project implementation stage, and afterwards. Note – union recognition is legal requirement in certain circumstances.	Ongoing
S10	Staff concerns about the application of future national pay awards	Low staff morale leading to higher turnover, poor attendance and reduced performance.	1	1	1	PB	Shareholder agreement to be prepared which commits the company to apply future national pay awards in full.	31/8/08

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S11	Staff concerns about whether new employees will be on different terms and conditions to those who are transferred from each Council.	Low staff morale leading to higher turnover, poor attendance and reduced performance.	1	1	1	PB	Shareholder agreement to be prepared which commits the company to employ new staff on same terms and conditions. Note – two tier workforce regulations apply.	31/8/08
S12	Staff concerns about the two Council's future commitment to the new company.	Low staff morale leading to higher turnover, poor attendance and reduced performance.	2	2	8	PB	Contract terms to be agreed as part of the Project Implementation Plan.	31/8/08
S13	Unison oppose the choice of a company to deliver the shared service.	Implementation of the chosen option is resisted.	4	3	19	PB	Project Board to reaffirm commitment to work closely with Unison through the project implementation stage, and afterwards. All appropriate steps to be taken to address staff concerns.	Ongoing

Key

PC Project Champions (CYC – Simon Wiles, NYCC – John Moore)
 PB Project Board
 IT Integration Team

Overall Risk Scores

1 – 5 Very low
 6 – 10 Low
 11 – 15 Medium
 16 – 20 High
 21 – 25 Critical