

Audit & Governance Committee

12 December 2012

Report of the Assistant Director CBSS (Finance, Asset Management & Procurement)

Key Corporate Risk Monitor Three 2012/13

Summary

1. The purpose of this paper is to present to Audit & Governance Committee (A&G) an update on the key corporate risks, and to highlight in more detail any emerging risk issues with a view to members considering any further information they would wish to receive on these matters.

Background

2. The risk management process at York ensures that all key and emerging risk are reported regularly to A&G and on at least a quarterly basis. The purpose of this paper is to provide assurance that the council identifies understands and is effectively managing its key risks. The detailed corporate risk register containing the key high and critical corporate risks is provided to A&G members in advance of the committee meeting.

Current Risk Issues

3. The council is entering a critical period in terms of financial risk. The budget process for 2013/14 and 2014/15 is currently underway with a background of continuing Government spending cuts, inflationary and demographic pressures on the Adult Social Care budget and the localisation of Council Tax Support and Business Rates. The autumn statement is likely to bring further cuts in local authority funding and increasing financial pressure hindering our ability to continue to deliver all council services.

4. The Council will need to make a decision in December 2012 on its local council tax support scheme the options open to the council all carry financial risk whether this is through non collection from former council tax benefit customers, restrictive billing powers through the Government's transitional grant, the requirement for additional savings to be identified in 2013/14 or a combination of all.
5. The council's ability to raise additional income through locally retained business rates is also at a critical stage with the Government about to announce York's business rate baseline. Once this is known we will have a clearer picture of our position and the level of opportunity to generate additional income through continuing to develop and grow the York economy.
6. The plans for relocating all council services into the two locations at Hazel Court and West Offices is also reaching a critical phase with services due to start moving out of existing accommodation in early February 2013 with all moves being completed by 31 March 2013.
7. The council's mid year budget position has improved but there is still much work to be done in ensuring that the council outturns with a balanced budget.
8. Progress has been made in terms of the waste PFI following the approval of planning permission for the Allerton Waste Recovery Park but the risk of a public enquiry remains until such time as it is approved by the Secretary of State.
9. The Community Stadium risk in relation to a Judicial Review expired at the end of October 2012. There are however continuing risk issues in relation to S106 funding, agreeing terms on the new athletic facility, the lease for interim operation of the stadium during procurement and project funding & resource.
10. The transfer of Public Health to the council also has a number of risks associated with it. Two key risks are in relation to the level of funding the council will receive compared to the level and cost of responsibility being

transferred and the ability to efficiently deliver the service due to restrictive access to health data.

11. The position of the council's two critical key corporate risks as at the end of October are set out below:

KCR0019 Safeguarding

Safeguarding (Eoin Rush)

“In common with every other local authority this risk remains a constant. The controls in place are regularly reviewed and updated in line with emerging national guidance. Measures to review and strengthen the controls in place to manage this risk in the next year include, review of social care structure in light of Munro, Social Work Reform Board recommendations and the development of a City wide Integrated Family Service

KCR 0022 Financial Pressures

Reduction in Revenue Budgets (Ian Floyd)

“The requirement to respond to the public sector spending reductions/deal with demographic cost pressures, presents a financial challenge the scale of which the Council has never experienced. Reductions of some £40m from 2011-14 are required, and further savings will be needed in the future. Whilst long term financial planning provides a key control, critical to the organisation being able to manage this risk effectively lies in identifying and achieving the savings identified in service reviews and through making difficult choices in the way services are delivered. Achievement of the savings will also require both a full commitment across the organisation and a robust approach to the ongoing monitoring of the savings programme.”

Whole Risk Diagnostic

12. The council is intending to review its risks and risk management processes during the 2012/13 financial year. Whilst the current risk management methodology ensures

that risks are regularly reviewed it is some time since a full review has been undertaken. This work will be supported by Zurich Municipal's Risk Management Services under the council's insurance programme and at no cost to the council.

13. The purpose of the Whole Risk Diagnostic (WRD) approach is to allow us to gain new insight into some of the risks we face and provide fresh thinking as regards potential solutions around these risks. An initial meeting has already been undertaken with the council's Chief Executive to provide a strategic overview of some of the key challenges facing the council. Some of the challenges highlighted at the meeting included:
 - Changes to Health & Social Care and risks to vulnerable elderly residents;
 - Changes to the Criminal Justice System including the appointment of Police & Crime Commissioners and their new role;
 - The management of key partnerships such as the Waste Management Strategy Partnership;
 - Enabling the citizens of York to take a role in their community by building both hard and soft infrastructure;
 - Management of key assets;
 - Delivery of the key aspirations of the Capital Programme;
 - Housing supply;
 - Welfare reform changes.

14. The review will also look at the current risk management processes and how they can be more clearly integrated with the Business Strategy of the council.

Directorate Risk Reports

15. The risks in respect of Communities and Neighbourhoods and City & Environmental Services are attached to this paper at Annex A & B respectively. Officers from both Directorates are in attendance to answer any queries you have in respect of the risks contained within the annex.

16. The timetable for risk reports from the other council directorates is set out below:

A&G Committee Date Directorate

13 February 2013

Adults, Children and Education

Options

17. Not applicable.

Council Plan 2011 - 2015

18. 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

- (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

19. 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

20. A&G are asked to:

- (a) Consider and comment on the issues set out in this paper.

Reason

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

Contact Details

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**Report
Approved**



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Specialist Implications Officer(s) Not applicable

Wards Affected Not applicable

All



For further information please contact the author of the report

Background Papers

Key Corporate Risk Monitor Two 2012/13.

Annexes

Annex A – Communities and Neighbourhoods Risk Report
Annex B – City and Environment Services Risk Report