

Audit & Governance Committee

16 April 2014

Report of the Director of Customer and Business Support Services

Key Corporate Risk Monitor Four 2013/14

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 risks are reported regularly to the Audit and Governance Committee and on at least a quarterly basis. The purpose of this paper is to provide assurance that the council identifies, understands and effectively manages its key risks. The detailed corporate risk register containing the key high and critical corporate risks is provided to Audit and Governance Committee members alongside this paper at Annex A.

Current Risk Issues

3. The current risks have been provided in the usual way, however, the risk register is evolving and as such given that the risks have remained largely unchanged for a significant time, the risk register that will be provided to the next Audit and Governance Committee meeting will be refreshed and more accurately reflect the current risk profile of the council.
4. There are some broad themes emerging which will eventually crystallise and become the key corporate risks under which each of the individual risks will reside. Currently

they are financial, governance, service delivery, major projects and people although before the refresh is complete we may identify others.

5. It is no surprise that risks arising out of the financial position are prominent and common to all directorates. For Adults one risk lies in the increasing demographic demand for the services which means that the outcome of achieving a balanced budget and delivering savings is compromised. In Customer and Business Support Services, there is a risk around the collection of council tax and business rates and the achievement of anticipated trading income as this again will impact on their ability to achieve the objective of delivering budget savings. Clearly, there are significant mitigations in place to manage these risks as far as possible.
6. Information governance has now been identified as a risk to the organisation and is currently ranked in the top 10 risks globally. It is agreed that the risk at York is relatively low given the controls that are in place, however, cyber attacks and crime is becoming increasingly prevalent and should not be discounted altogether as a risk. In addition, as a result of the sheer volume of data that is held by the authority and the ways in which that data is used and shared or disclosed gives rise to risk. The Information Commissioner is willing to penalise councils for failing to comply with data legislation and this is highlighted by numerous fines such as the £95,000 for Leeds City Council and £90,000 for Devon Council among others.

Critical Key Corporate Risks

7. There is now just one critical corporate risk as the risk previously reported regarding safeguarding has now been reviewed and an update has been provided by the risk owner:

KCR0019 Safeguarding

Safeguarding

Successive internal and external scrutiny of local safeguarding services confirm that they are robust and

effectively delivered. The ongoing performance management and quality assurance arrangements for these services has been significantly strengthened. Without any complacency, it is reasonable to adjust the overall rating from Critical to High. Without this adjustment and to retain a static critical rating effectively neutralises the impact of the risk monitoring process. A more dynamic use of the register that is sensitive to changes in performance of the services is more helpful.

8. The current position in relation to the remaining critical risk are as follows:

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.”

Ongoing Risk Management work

9. Risk identification workshops have now been held with the Adult Services Directorate Management Team, Customer and Business Support Services Directorate Management Team and Children’s Services Directorate Management Team.
10. The workshop for Public Health is booked in for the 13th May and we are awaiting confirmation when we are able to attend the City and Environment Services and Communities and Neighbourhoods Directorate Management Team which we have agreed will be a joint risk identification session. We are

also awaiting confirmation from the Transformation Programme as to their availability.

11. The workshops have been facilitated by Zurich and have taken a blank sheet of paper approach to ensure that the risks identified are current and importantly, correctly articulated, really getting to the root of the risk.
12. The next step is to organise the corporate risk training for both members and officers and a combined training event for both groups, to this end, the contact at Zurich has provided some dates. We have had an in depth discussion around the training requirement and have agreed that the sessions should be interactive rather than power point driven, with very little theory, the emphasis being on the “doing” of risk management and how it can benefit the service as we believe it is by selling the benefits that we will win hearts and minds.
13. In association with this work on the strategic risks, we are also having meetings with Heads of Service to look at operational risk and how that might be captured within the corporate risk register. This also provides them with a formal route to escalate the risk to Directorate Management Team level should they feel that it merits such consideration. It is certainly the authors belief that in order to ensure that risk is effectively embedded throughout the organisation, risk information should be available to, and utilised by the services in their day to day operations.

Directorate Risk Reports

14. There are no Directorate Risk reports for inclusion in this risk monitor. The report from Communities and Neighbourhoods and City and Environmental Services will be included in Monitor one 2014/15 and will reflect the updated risk register in these areas.
15. The timetable for risk reports from the other council directorates is set out below:

Audit & Governance

Committee Date

Directorate

30 July 2014

Communities and
Neighbourhoods
City & Environment Services

24 September 2014

Adults, Children & Education

10 December 2014

Office of the Chief Executive

11 February 2015

Customer & Business Support
Services

Options

16. Not applicable.

Council Plan 2011 - 2015

17. 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

18. 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

18. Members 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 Author:

Lisa Nyhan
Corporate Transactional
and Business Services
Manager
Phone No. 01904 552953

Chief Officer Responsible for the report:

Ian Floyd
Director Customer and Business
Support Services

Report ✓ **Date** 7 April 2014
Approved

Specialist Implications Officer(s) Not applicable

Wards Affected Not applicable

All

For further information please contact the author of the report

Annexes

Annex A – High and critical risks linked to Key Corporate Risks