



Audit & Governance Committee

20 September 2017

Report of Deputy Chief Executive / Director of Customer & Corporate Services

Monitor 2 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.
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 (1)			
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- no new risks have 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

Updates to KCR actions or controls since the last monitor report

17. KCR2 – Governance. A new control ‘revised media and social media protocols’ has been added - this is a completed action.
18. KCR5 – Safeguarding. Completion dates for some of the actions have been amended.

19. KCR9 – Communities. The completion date for the action has been revised.
20. Further details are included at Annex A.

Update on Major or “Large” projects

21. The refresh of the corporate Project Management framework (All About Projects) continues and this will be concluded as part of an exercise with the Project Support Group in November. Audit and Governance committee can then be updated on the work at the December meeting.
22. In terms of the Major projects list there have been 3 additions since the last period:
 - Adult Social Care – Future focus
 - School place planning programme
 - Specialist therapeutic short breaks
23. These have been added after an appraisal against the project assessment criteria by respective DMTs. The detail of these, and all the Major projects, can be found in Annex B of this document.

Updates on Risk and Programme/Project Management

24. The interviews for the Project assurance officer post were held on the 12th September and the successful candidate is expected to be in post in the autumn. This role is key to moving forward with a sustainable approach to applying control, managing risk associated and monitoring and reporting with respect to the council’s diverse, complex project portfolio.

Options

25. Not applicable.

Council Plan 2015 - 2019

26. 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

27. There are no further implications.

Risk Management

28. 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

29. 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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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

ASC – Adult Social Care

AWRP – Allerton Waste Recovery Park

BAU – Business as Usual

CMT – Council Management Team

CYC – City of York Council

CRCWG – Creating Resilient Communities Working Group

CORAG - Chief Officer Reference and Accountability Group

CPO – Compulsory Purchase Order

CRM – Customer Relationship Management

DBOM – Design, Build, Operate and Maintain

DHP – Discretionary Housing Payments

DMT – Directorate Management Team

DCLG – Department of Communities and Local Government

ESFA – Education and Skills Funding Agency

EPH- Elderly Persons Home
ECI – Early Contractor Involvement
FIRST – Family Intensive Rapid Support Team
FTE – Full Time Equivalent
GLL – Greenwich Leisure Ltd
HCA – Homes and Communities Agency
ITT – Invitation to Tender
KCR – Key Corporate Risk
LDS – Local Development Scheme
LGWP – Local Plan Working Group
LBC – Lawful Development Certificate
LCR LEP – Leeds City Region Local Enterprise Partnership
LGF – Local Growth Fund
LCR SEP – Leeds City Region Strategic Economic Plan
LEP – Local Enterprise Partnership
LHA – Local Housing Association
NYCC – North Yorkshire County Council
OPH – Older Persons Home
PB – Project Board
RAG – this is a risk status rating, which stands for “Red”, “Amber” or “Green”
RTB – Right to Buy
RIBA – Royal Institute of British Architects
VSM – Value Stream Mapping
WYCA – West Yorkshire Combined Authority
YORR – York Outer Ring Road

Annexes

Annex A - Key corporate risk register
Annex B - Update of major projects