

Audit & Governance Committee

14 February 2011

Report of the Assistant Director CBSS (Head of Financial Services)

Key Corporate Risk Monitor Three 2010/11

Summary

1. The purpose of this paper is to present to Audit and Governance Committee (A&G) the current position of the risks associated with the Key Corporate Risks (KCRs) as at the end of December 2010.

Background

2. The KCRs are reported to both the Audit & Governance Committee (A&G) and CMT four times a year as part of the council's overall governance arrangements. The KCRs are regularly reviewed at A&G, CMT and also at Directorate Management Teams (DMT's) at least four times a year.
3. Three new KCRs were added and approved by Executive on 7 September 2010 as a result of this review process. These were 'Financial Pressures' as a result of the Government's spending policy, 'Corporate Performance Management Framework' to replace the CAA and UoR risk and Climate Change. The risks associated with Climate Change have yet to be provided however risks associated with the other two new KCRs are set out at Annex B (corporate risk monitor).

Monitor Three

4. Annex A provides a summary sheet, which highlights the movement in the risks reported under each of the KCR focus areas since the last monitor. The position of the KCRs as at the end of December 2010 is set out at Annex B and confidential Annex C of this report. The monitor is complete in terms of accurately reflecting the information recorded in the council's risk register (Magique) however, there is an on-going requirement for risk owners to ensure their risks are accurate, complete and up-to-date.
5. It is worth highlighting that the critical risk in relation to the York Sports Village has been removed as the University has now set a date for starting the project, outline planning permission has been received and the funding is in place. Two 'medium' risks remain the details of which

are set out at Annex B. Whilst A&G can review the monitor (Annex B) in its entirety there remains only two Critical risks and these are set out below with the risk owners' up to date views on the situation:

KCR 0016 Capital Programme

Failure to obtain funding for Access York Phase 1

'The delivery risk for the Access York Phase 1 has been elevated to critical because of the current suspension of the government's transport major scheme procedure for certain schemes. The other key risks such as planning consent and land purchase have all been resolved satisfactorily but the availability of the principal funding source, confirmed by the previous administration in March, is now more uncertain. Approximately 90% of the funding (£22.9m) was expected to be provided by the Department for Transport (DfT). Their budgets have now been reduced and this has resulted in the scheme being placed in what is termed the 'Development Pool'. The final number, and value, of schemes in this pool will be known in January 2011 when potentially a significant number of other schemes could be added. The budget available for Development Pool schemes, over the period of the Comprehensive Spending Review, is £600 million but this is expected to be much lower than the total value of the competing schemes. An Expression of Interest will be submitted to DfT by 4 January 2011. This will be followed later in the year, but before the autumn deadline, by a 'Best and Final Funding Bid'. DfT will make a decision regarding the funding of the schemes by the end of 2011 and the earliest that successful schemes could re-start with DfT funding is April 2012. This delay means that if the Access York Phase 1 scheme is successful, it would be completed and the Park & Ride sites operational, by early summer 2014.'

KCR 0019 Safeguarding

Safeguarding

"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 quarter include, participation in an LGID Peer Review of our Local Safeguarding arrangements, implementation of our local action plan following the recent unannounced inspection of our contact, referral and assessment service, implementation of a new supervision policy for all children's social care workers involved in child protection activity and improved case file auditing arrangements."

6. More detailed information can be provided by the appropriate risk owner from the relevant directorate, if it is required, in relation to any of the above risks or any others contained within the monitor.

7. The above comments from the risk owners help provide context around the critical risks contained with the monitor (Annex B & C). Risk owners also provide comments around some of their other risks that whilst not critical they feel need bringing to A&G'S attention to show the progress that has been made in managing the risk. As part of monitor three the following observation has been raised in relation to other KCRs within the attached monitor (Annex B & C):

Risk Area – Administration and Accommodation Review

'The failure to discharge planning conditions risk has recently been reduced as the developers have demonstrated that sufficient of the conditions have been satisfied to enable work to start. However this risk remains on the register, as the risk will not be fully discharged until a licence is granted to occupy the building upon completion. The risks associated with the specification and costs are, to an extent, related to this risk and discussions are continuing to finalise the details of the specification.

Confidence in the ability to negotiate dilapidations within the budget has improved following the successful conclusion of the negotiations with the landlord at 10/12GHS, which tied the revised lease arrangements and the dilapidations together in a single package.

The failure of the organisation to implement the corporate change agenda remains unchanged on the risk register as many of the assumptions on which the projects business case is based are reliant on the change agenda being implemented. In particular, 5:4 staff to desk ratios, the use of shared spaces and the introduction of flexible and mobile working practices. A further report is being prepared for CMT.'

Risk Area – Financial Pressures

"The financial pressures on the council following CSR2010 continue to be managed efficiently and effectively by CBSS. The councils Executive have been kept informed in relation to the development of the Budget Planning Framework for 2011/12 and have received three reports on this issue. In addition they have also been regularly briefed by CMT. The Budget process is on target to meet the publication deadlines and will outline a robust financial strategy to deal with the pressures resulting from reducing resources and increasing cost & demand. Whilst risks under this KCR remain high the proactive approach to managing these financial pressures provides assurance and ensures non of the risks have escalated to critical in what is a very severe financial environment for all local authorities"

Risk Area – Fairness & Inclusion

"The current Corporate Fairness and Inclusion Strategy 2009-12 (FIS) and the corporate Single Equality Scheme were approved by the

council Executive in December 2009 and will be refreshed by June 2011. The FIS was produced with the involvement and engagement of the council's Equality Advisory Group following a two-year consultation with key equality community groups. It puts in place the common minimum standards for equality and inclusion policy-making and practice across all council services. Each Directorate has its own Single Equality scheme, Directorate schemes identify the specific equality outcomes to be achieved. The schemes are monitored by each Directorate Management Team at least quarterly. They have led to improvements some of which have been recognised nationally, for example in disabled children services.

Officers use the Equality Framework for Local Government to assure progress with equality in the council. It has three levels: Developing Achieving and Excellent. Currently officers assess that the council is at the top end of Achieving and has attained Excellent in some areas. This self assessment will be reviewed by external peers in summer 2011."

Risk Area – Waste Strategy

"During the last quarter Members will be aware that both the City Council and North Yorkshire County Council have agreed to award the Long Term Waste Management Contract to Amey Cespa. This has meant that the previously highlighted critical risk relating to the Termination of the Project is no longer a critical risk to the council. The project will now enter the Planning phase with a planning application anticipated to be submitted in February 2011. There remains a number of high risks relating to planning as well as affordability due to delays and changing interest rates / exchange rates. These risks are being constantly monitored with mitigation controls been undertaken where appropriate."

8. Following the more detailed presentations at A&G in December 2010 in relation to Fairness and Inclusion and the York Community Stadium A&G members may wish to consider whether they would like a more detailed report at there next meeting in April 2011 and which risk area they would like to review?

Directorate High & Critical Risks

9. In terms of high and critical directorate risks there are none requiring escalation to A&G for this monitor.

Options

10. Not applicable.

Corporate Strategy

11. The effective consideration and management of risk within all of the council's business processes will contribute to achieving an 'Effective Organisation' and aid the successful delivery of each theme within the Corporate Strategy.

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

12. 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

13. A&G are asked to:
 - a. Consider, comment and agree on the risks set out at Annex B, confidential Annex C and paragraph 5 of this report;

Reason
To provide assurance that risks to the council are continuously reviewed and updated.
 - b. Consider what area of risk they would like to review in more detail at A&G in April 2011 (Paragraph 8).

Reason
To provide assurance that key risks to the council are been properly managed.

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 2010/11.

Annexes

Annex A – KCR summary page

Annex B – Key Corporate Risk Monitor

Annex C – Key Corporate Risk Monitor (Confidential)