

Audit & Governance Committee

19 April 2011

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

Key Corporate Risk Monitor Four 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 February 2011.

Background

2. The KCRs are reported to both the A&G and Corporate Management Team (CMT) four times a year as part of the council's overall governance arrangements. The KCRs are regularly reviewed and updated at CMT, A&G and also at Directorate Management Teams (DMT's).

Risk Overview

3. Since monitor 3 the key changes to note is that under the KCR "Financial Pressures" the risk in relation to "Reduction in Revenue Budgets" has had its score increased to Critical (Paragraph 8 of this report provides some high level context in relation to this risk). Within the detailed risk register itself (Magique) there are further associated risks at Directorate level that provide some of the more operational challenges including the scale of the savings required to be met within the Directorates, the financial risk due to the reliance on high income from a few service areas, and external environmental issues including the increase in fuel costs and the tough market conditions for the council's externally traded services.
4. At the same time there is more positive news in relation to key risks including Fairness & Inclusion, Waste Strategy and the Local Government Pension scheme where the council is successfully managing and reducing the level of risk. More background from the relevant risk owners is provided at Paragraph 10.
5. At monitor 3 the critical risk in relation to the York Sports Village was removed as the University had set a date for starting the project, outline planning permission had been received and the funding was in place.

As full planning permission has now been formally received the two remaining risks have been removed at monitor 4. In addition the risk in relation to the Barbican has also been removed as refurbishment work is underway and the opening is planned for the third week in May 2011.

6. The risks in relation to the More for York programme reported as KCR 0017 within the monitor are undergoing a fundamental review and are not included in Annex B at monitor 4.

Monitor Four

7. 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 February 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.
8. Whilst A&G can review the monitor (Annex B & C) in its entirety the three Critical risks are set out below with the risk owners' up to date views on the position:

KCR 0016 Capital Programme

Failure to obtain funding for Access York Phase 1

The delivery risk for Access York Phase 1 is considered to be critical because the way that the government distributes funding for transport major schemes has significantly altered since the scheme obtained Programme Entry status in March 2010. 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, 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'. An Expression of Interest for the continuation of the scheme was submitted to the DfT by 4 January 2011. Following the addition of 23 schemes into the Development Pool in February 2011 there are now 45 projects valued at an estimated £945m competing for £630m of funding. A 'Best and Final Funding Bid' for the scheme will be prepared and submitted before the autumn deadline (9 September). The DfT will make a decision regarding the funding of the schemes dependent on a number of criteria including value for money, extent of local contribution, and deliverability by the end of 2011 meaning that the earliest that successful schemes could re-start with DfT funding is April 2012. If the Access York Phase 1 scheme is successful in obtaining funding, it is anticipated that the

project 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."

KCR 0022 Financial Pressures

Reduction in Revenue Budgets

"The requirement to reduce revenue budgets by approximately 28% and a 45% reduction in capital funding over the next 4 years presents a challenging financial scenario for the council to manage. Whilst long term financial planning provides a key control, critical to the organisation been able to manage this risk effectively lies in identifying and achieving the savings identified in service reviews and delivered through the More for York efficiency program."

9. The appropriate risk owner from the relevant directorate can provide more detailed information, if it is required, in relation to any of the above risks or any others contained within the monitor.
10. The above comments from the risk owners help provide context around the critical risks contained with the monitor (Annex B & C) however risk owners often provide information 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 them:

Waste Strategy

"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 in December 2010 . This has meant that the previously highlighted critical risk relating to the Termination of the Project is no longer a critical risk to council. The project will now enter the Planning phase with a planning application anticipated to be submitted in April 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.”

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.”

KCR 0020 Climate Change

“Since the A&G report in 2010 we have carried out a significant risk assessments with key services across CYC and a detailed report of the potential risks is being compiled. Once complete this will illustrate the key future risks and actions to mitigate the consequences of the risks. The climate change framework and action plan were approved in October 2010 and will be live from March 2011. Part of this work will coordinate a city wide response to managing the risks of a changing climate across York (and including CYC + WoW partners)”

KCR 0022 Financial Pressures – Local Government Pension Scheme

“The NYPF's actuary has completed the tri-ennial valuation and set the employer's contribution rate for the 3 years from 2011-12. Mindful of the significant cuts to local government funding and the need to keep council tax rises to a minimum, the actuary has extended the period over which employers can pay back their deficit in the fund. This has had the effect of significantly reducing the required increase in contribution rates. CYC's estimated contribution rate for the 3 year period has increased by just 1% to 19 %. This risk has now been removed from the monitor”

Issues arising from A&G committee February 2011

11. At A&G on 14 February members asked why the Action (Consultation to be completed as statutory consultation on planning) set out at KCR 003 in relation to the Waste Management Strategy Partnership (Ref 1005) had been revised from 31 August 2010 to 31 December 2011. The risk owner has provided some clarity around this issue as follows “the initial risks, controls and actions were in relation to whether the solution would be approved by Members. Now this has happened the project will start to go through the statutory planning processes which means that this action will not be completed until December 2012”.
12. A&G asked for some further information regarding the Bullying and Harassment policy in schools following the Fairness and Inclusion report that was presented in December 2010. The responsibility for managing bullying and harassment in schools rest with the individual school and not the local education authority. There are various legal requirements on and powers for schools that relate to bullying (including homophobic, racist and cyber bullying). In particular, the Education and Inspections Act 2006 requires that head teachers must determine measures on behaviour and discipline that form the school's behaviour policy, acting in accordance with the governing body's statement of principles in so doing. The policy determined by the head teacher must include measures to be taken with a view to 'encouraging good behaviour and respect for others on the part of pupils and, in particular, preventing all forms of bullying among pupils'.
13. The law empowers head teachers, to such extent as is reasonable, to regulate the behaviour of pupils when they are off school site (which is particularly pertinent to regulating cyberbullying) and empowers members of school staff to impose disciplinary penalties for inappropriate behaviour. There are two key policies in relation to bullying and harassment these are the Local Authority Anti-Bullying policy and the Local Authority Abusive Parent Policy. These policies are attached at annex D & E respectively.

Detailed reports requested by A&G

14. A&G requested three detailed reports at its meeting on 14 February 2011 in respect of the York Community Stadium, Administrative Accommodations Project and iTrent payroll system. These reports are attached at annex F (1-2), G & H (1-3) respectively of this paper and the relevant officers are here to present and take and questions in relation to these reports.

Options

15. Not applicable.

Corporate Strategy

16. 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

17. 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. A&G are asked to :
- a. Consider, comment and agree on the risks set out at Annex B & C and paragraph 8 of this report;

Reason
To provide assurance that risks to the council are continuously reviewed and updated
 - b. Consider and comment on the risks reports presented in respect of the Bullying & Harassment, York Community Stadium, Administrative Accommodation Project and iTrent Payroll System.

Reason
To provide assurance that projects are properly managing risks as part of the project methodology

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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 Three 2010/11.

Annexes

Annex A – KCR summary page

Annex B – Key Corporate Risk Monitor

Annex D – Local Authority Bullying and Harassment Policy

Annex E – Local Authority Abusive Parent Policy

Annex F – Detailed risk report York Community Stadium

Annex G – Detailed risk report Administrative Accommodation Project

Annex H – Detailed risk report iTrent payroll system

Confidential Annexes

Annex C – Confidential Risk Monitor