

Directorate Risks – CBSS

This note looks at the main risks within CBSS, and focuses upon a generic overarching risk of reduced funding, and then more specific service based issues.

1) Reduced Funding

In looking at the overall risks facing the Directorate, the overwhelming major risk area is that of reduced funding and the implications that brings to the Directorate.

The scale of the funding reductions, and the level of savings required is unprecedented, and is on the back of major reductions that have already taken place.

Within CBSS efficiency savings of some £7m have already being achieved in the last 4-5 years (incl. approved savings for 14/15). This has been achieved through restructuring, consolidation of services, and additional income.

Looking ahead however, further savings will be expected of the Directorate in 15/16 and beyond.

This brings with it risks in a number of ways, and in particular there are two broad themes to these risks

- Reduced staff levels which mean lower service levels, impacting on both internal and external customers
- Impact on staff morale, due to ongoing restructuring/potential job loss
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Each of these areas is discussed more below

- **Reduced staffing levels, and the implications for service delivery**

Key services are provided by the CBSS Directorate, covering Finance, ICT, HR, Legal, Customer Services, Benefits, Democratic Services, Asset Management Facilities Management, and Procurement. These services are provided to both internal customers (e.g. other departments), to the Council as a whole (e.g. financial

management/democratic) and to external customers (e.g. benefits/customer centre)

At a time of major change, and financial pressures, many of these “support” services are in greater need than they have been. For example the need for sound financial advice, for HR support in dealing with staffing changes, and in ICT in delivering more efficient solutions which are essential to other services to achieve greater efficiency. This brings with it a huge challenge – in simple terms the demands and expectations of the services are increasing but the resources available to deliver those are declining.

There are natural risks in all of this – a failure to deliver some of these critical services, due to reduced resource levels, could lead to further implications and cost. Failure to manage budgets effectively, or to properly address the HR implications of major change, could result in added cost pressures. Failure to manage major projects could have significant implications.

In respect of external customers, the expectations of Customers are increasing, with people expecting more ways to interact with the Council, and at different times. This brings with it potential resource issues, and also related ICT implications in developing new solutions. In respect of benefits, there is a huge national agenda, with complex changes in the benefits system, alongside increased client numbers seeking assistance.

The risks are clear then, and the challenge is how best to respond, as the one certainty is that we face reduced funding.

The Directorate has to date shown its ability to deliver major efficiency changes, and structural change. Major restructuring has taken place in recent years; including major reductions in senior management (all the AD posts for example now have considerably increased portfolios of responsibility than say 2-3 years ago). Work in relation to income collection/debt management has been very successful, along with wide ranging changes in all areas.

Opportunities are being reviewed to see what areas of service we could trade to other organisation (i.e. attract income), and to see how we can work with other authorities. The Directorate has lead on the establishment of City of York Trading, and the Work with York service run through the company.

There will be continued detailed review of all service areas, to seek out opportunities for efficiency. However, it's clear that not all savings can be delivered through "efficiency", there will need to be a significant element of "cuts". Managing those cuts, and prioritising service delivery, will need very careful handling to mitigate the potential risks.

Part of this assessment is the need to ensure that core statutory service activity is maintained at a high level. In some respects much of the core activities (e.g. final accounts, governance, and internal controls) often do not attract the highest attention, but these remain the core elements of service which require the highest attention. Other examples of the need to deliver include Payroll, benefits, core ICT systems, customer services – all of which have daily activity which is critical for both the Council and its customers.

The Council is also involved in a number of complex major projects, including the Community Stadium and the EPH programme. These major projects also have significant resource requirements and present challenges in terms of managing workload.

- Impact of Staff Morale

In order to achieve high levels of service, during a time of reduced resource, there is a need to ensure that staff remain committed and deliver services to the highest standards.

However, with the considerable change, and at times uncertainty that staff are facing, there is a natural danger that morale suffers and that this leads to some implications in terms of service.

Throughout such periods it is important to be open with staff, and to engage with them, and this is something the Directorate seeks to achieve at all times. Close working exists with the Unions, and the Directorate is committed to avoid compulsory redundancies wherever possible. It is also more than ever important that staff feel valued, and are also encouraged to innovate.

2) Other Directorate Risks

Significant specific tasks which the Directorate lead upon are summarised below, with brief comment about the main risks (these only covered some main select risks within the Directorate, and are not a comprehensive list)

- **Developing the financial strategy** – linked to earlier comments, the challenges facing the Council are major in terms of the impact of funding changes, increased costs, and unavoidable pressures. There are risks in the non achievement of savings, and risks in terms of service delivery with reduced funding. ***(High Impact and Medium Likelihood – further reductions in funding almost certain, with significant implications on all Council services, high financial values,)*** Mitigation – through effective long term planning, risk assessment of savings.
- **Budget Monitoring** – risk of non achievement of the budget in year. ***(High impact, medium likelihood – Council has managed expenditure within budget in recent year, but each years cuts place further pressure on budgets, impacts on services if savings not delivered requiring alternative actions)*** Mitigation – regular monitoring, detailed verification of all savings
- **Final Accounts** – linked to earlier general comments, the pressures on reduced staff could potentially lead to delays to final accounts productions/errors in production. ***(High Impact – Low Likelihood - direct financial risk, risk is more in reputational risk in terms of accounts being qualified.)*** Mitigation – effective project planning, and ensuring staff are adequately trained and understand accounting legislation
- **Council Tax Benefit Changes** – major changes in the funding of council tax benefits, require ongoing monitoring of collection, and also on the spend side of benefit costs where all additional claims have cost implications ***(Medium impact- Low Likelihood, potential financial implications if system is not managed effectively)***. Mitigation – regular monitoring of collection and expenditure.
- **Localisation of Business Rates** – this brings with it both the potential to benefit from additional income, but also places any shortfalls in collection upon the Council. This was recognised as an area where greater resource needed to be targeted, and the income team was reviewed accordingly. ***(Medium impact, Low likelihood - financial impacts if collection levels not maintained)*** Mitigation – effective monitoring, and staffing of the income team

- **Ensuring Legal Compliance** – general ongoing need to ensure that all the Council does is in line with legislation, ***(High Impact, Low Likelihood - individual issues can be high risk, particularly major projects)*** Mitigation – effective internal team that is adequately resources/skilled
- **HR Issues** – significant changes in terms of roles being undertaken by staff, major restructuring, and significant numbers of staff being made redundant/taken voluntary redundancy. These all require effective HR to mitigate any risks. ***(Medium impact, medium likelihood - implications if restructuring/redundancy not handled effectively, continual pressures on the service given the scale of changes mean there are significant demands upon the service)*** Mitigation – effective policies and procedures and close working with services
- **ICT** – all services rely upon ICT, and any period without systems would impact on service delivery. ***(High impact, low likelihood – impact of major loss of ICT would have high impact on service delivery.)*** Mitigation – adequately resourced and skilled team, plus disaster management procedures.
- **Customer Services** – handle complex range of customer issues, including council tax, benefits, and various service issues across the Council. Risk of not being able to deliver services effectively to customers. ***(High impact, medium likelihood)*** Mitigation – ensuring sufficient resources, implementing new technology, and various channels of interaction
- **Major Projects** – Directorate supports or leads on a number of major projects, including Community Stadium, EPH review, each of these has their own risk assessment and are monitored through appropriate project teams. Key risks naturally involve issues in terms of ensuring schemes stay within budget, within timescale, and deliver the project objectives. ***(High impact, medium likelihood – projects involve many millions of pounds delivering highly visible projects with complex procurements)*** Mitigation – effective project planning, effective financial/legal and procurement resources.