

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

26 June 2014

RISK MANAGEMENT – PROGRESS REPORT

Report of the Corporate Director – Strategic Resources

1.0 PURPOSE OF THE REPORT

- 1.1 To receive details of the updated Corporate Risk Register.
- 1.2 To note the links between the Corporate Risk Register and the Directorate Risk Registers

2.0 BACKGROUND

- 2.1 According to the Terms of Reference of the Audit Committee, its role in risk management is:
 - (i) to assess the effectiveness of the authority's risk management arrangements and
 - (ii) to review progress on the implementation of risk management throughout the authority.
- 2.2 Following a recommendation by this Committee, the County Council formally approved a revised Corporate Risk Management Policy on 18 July 2012 with a provision that it will be reviewed and updated every two years. This work is in progress but has been delayed due to unavoidable circumstances.
- 2.3 Regular reports to this Committee therefore cover the implementation of the Policy and associated Strategy as well as other related risk management matters in order to fulfill this role.

3.0 CORPORATE RISK REGISTER

- 3.1 The Corporate Risk Register (CRR) is fully reviewed every year and updated by the Chief Executive and Management Board in August/September. A six monthly review is then carried out in February/March.
- 3.2 A 6 monthly update of the Corporate Risk Register was carried out in February – see attached at **Appendix A**. This involved reviewing the risks, risk controls and risk reductions that had been identified for each of the risks and making amendments to the Register where necessary.

3.3 The significant amendments that were made to the register are as follows:

- North Yorkshire Change Programme – various actions have been completed on this risk since December 2013 (date of last progress report to this Committee). These include the governance arrangements for the Change Programme, the production of the Blue Print of the Programme for Management Board to consider and agree, identification of the resources required to outline and then implement the Blue Print together with the identification of the savings to be attributed to the different areas of activity. Initial development work with the voluntary and community sector has also been carried out.
- Inspection Outcomes – there was better awareness of the inspection framework and therefore more effective provision of data sets was made.
- Waste Strategy – the ‘action by’ dates for this risk have been amended to July 2014 to reflect the fact that this is when the decision will be made on funding.
- Superfast North Yorkshire – the main development for this risk is that a strategy is being developed to look at how to provide solutions to ensure the remaining outstanding 10% of North Yorkshire businesses and residents receive high quality broadband services.
- Economic Development – the strategic economic plan has been developed and is in the process of being implemented in order to maximise investment to stimulate growth.

The rankings of all the risks remained the same (as shown in the left hand column of **Appendix A**). However please see the table at the bottom of **Appendix A** for an explanation of the left hand column.

3.4 To assist Members interpret **Appendix A**

- Risks are identified by Management Board during a prep meeting and workshop
- Each risk has then to be ranked based on the following:
 - existing risk controls in place
 - probability of the risk occurring (based on existing controls)
 - impact of the risk occurring (based on existing controls)
 - further risk controls which may reduce current probability or impact
- The prioritisation system follows a fairly traditional risk evaluation approach in that the **probability** and **severity** of risks is measured using High, Medium and Low categories
- However, to facilitate the assessment of the severity of each risk this is done in relation to 4 distinct **impact areas**:-
 - failure to meet key **service** objectives and standards – reflecting current service plans
 - **financial** impact
 - **service** delivery
 - loss of image or **reputation**

As each risk is ranked with reference to current controls and then future controls, the risk prioritisation system can compute a “score” in the range of 1 to 5

- 1 and 2 being a ‘red’ risk
- 3 and 4 being an ‘amber’ risk and
- 5 being a ‘green’ risk

One of the key things to look for in the Register is the movement of the score (described as Classification in **Appendix A**) as between the ‘Pre’ (i.e. present stage) and ‘Post’ (i.e. after risk mitigations are in place). For certain risks, however, this does not change as the risk mitigations cannot prevent the event (e.g. severe flood) but can address/reduce its impact. Also, if a risk has been carried over from a previous year it is interesting to note whether the risk has improved/worsened since that time (see left hand column on **Appendix A**).

- 3.5 As previously mentioned, the Corporate Risk Register is the culmination of the identification of key significant risks that are identified at Directorate and Service levels. Each year, an exercise is carried out to identify the links between Directorate Risk Registers and the Corporate Risk Register. Please find attached a diagram showing these links at **Appendix B** for information.

4.0 **RECOMMENDATIONS**

That the Committee:

- (i) notes the updated Corporate Risk Register (**Appendix A**).
- (ii) notes the links between the Corporate Risk Register and the Directorate Risk Registers (**Appendix B**).

GARY FIELDING
Corporate Director – Strategic Resources

County Hall
Northallerton
26 June 2014

Author of report: Fiona Sowerby, Corporate Risk and Insurance Manager
Tel 01609 532400

Background papers: None

Corporate Risk Register

Risk Register: **month 6 (Feb 2014) – summary**
 Report Date: 19th March 2014 (cpc)

Identity			Person		Classification												Fallback Plan			
Change	Risk Title	Risk Description	Risk Owner	Risk Manager	Pre						RR		Post						FBPlan	Action Manager
					Prob	Obj	Fin	Serv	Rep	Cat	RRs	Next Action	Prob	Obj	Fin	Serv	Rep	Cat		
◀▶	20/47 - Health Integration	Failure, in the context of the changing NHS landscape, to develop effective partnerships with the emerging NHS Commissioners and other NHS organisations to achieve the necessary changes to the North Yorkshire Health economy that will provide better outcomes for patients and local communities. This failure will have a negative impact on the development of integrated services, delay the transformation of services, give rise to increased costs to the Council and cause the loss of opportunities that joint provision may have.	Chief Exec	CD HAS	H	M	H	M	M	1	16	31/03/2014	H	M	M	M	M	2	Y	CD HAS
◀▶	20/1 - Funding Challenges	Inadequate funding available to the County Council to discharge its statutory responsibilities and to meet public expectation for the remainder of the decade resulting in legal challenge, unbalanced budget and public dissatisfaction	Chief Exec	CD SR	H	H	H	H	H	1	8	31/03/2014	M	H	H	M	M	2	Y	All Mgt Board
◀▶	20/207 - 2020 North Yorkshire Change Programme	Failure to produce and implement the 2020 North Yorkshire Plan/Change Programme resulting in an inability to deliver statutory obligations across the Council and deliver a balanced budget	Chief Exec	All Mgt Board	M	H	H	H	H	2	18	31/03/2014	M	H	H	H	H	2	Y	All Mgt Board
◀▶	20/387 - Inspection Outcomes	Failure to avoid adverse outcomes from statutory inspections of provision of local authority safeguarding, schools and settings, children's centres, adult learning, school improvement services, adoption and fostering, looked after children and children's homes resulting in reputational damage, school closure or centrally imposed interventions, disruption of children, requirement for additional resources	Chief Exec	CD CYPS	M	M	M	H	H	2	12	30/06/2014	M	M	M	H	H	2	N	
◀▶	20/45 - Waste Strategy	Failure to deliver the Waste Strategy	Chief Exec	CD BES	M	M	H	L	H	2	7	31/07/2014	L	M	H	L	M	3	Y	CD BES
◀▶	20/332 - Superfast North Yorkshire (SFNY)	Failure to maximise the opportunity to provide high quality broadband services to North Yorkshire businesses and residents resulting in significant lost opportunities, community dissatisfaction, sub optimal procurement, criticism	Chief Exec	CEX NYnet	M	M	M	M	H	2	6	30/06/2014	L	M	M	M	H	3	Y	CEX NYnet

Corporate Risk Register

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					Prob	Obj	Fin	Serv	Rep	Cat	RRs	Next Action	Prob	Obj	Fin	Serv	Rep	Cat		
◀▶	20/331 - Schools Organisation: Place Planning and Funding	Failure to assess and manage the combined effects of changes in the national school policy and funding framework, demographics and national and local political circumstances, resulting in a fragmentation of the network of services for children, growing numbers of unsustainable and/or failing schools, increased public dissatisfaction, and loss of confidence in the County Council as local authority.	Chief Exec	CD CYPS	M	M	H	M	M	2	8	31/03/2014	L	M	H	M	M	3	N	
◀▶	20/334 - Economic Development in North Yorkshire	Failure to develop the North Yorkshire economy resulting in lack of growth in employment & impact on future County Council funding caused by the reduced growth in business rates	Chief Exec	BES AD EPU	M	L	H	L	M	2	4	30/04/2014	M	L	M	L	L	4	Y	BES AD EPU
◀▶	20/8 - Major Emergencies in the Community	Failure to plan, respond and recover effectively to major emergencies in the community resulting in risk to life and limb, impact on statutory responsibilities, impact on financial stability and reputation	Chief Exec	Chief Exec	L	L	H	L	H	3	3	31/03/2014	L	L	H	L	M	3	Y	Chief Exec
◀▶	20/389 - Health and Safety	Major Corporate Health and Safety failure resulting in injuries, claims, reputational and service delivery impact and possible prosecution	Chief Exec	CD SR	L	M	M	M	H	3	6	30/04/2014	L	M	M	M	H	3	Y	CSD SR HoHSRM
◀▶	20/49 - Organisational Performance Management	Council does not operate a true performance management framework leading to misalignment of activities and services with Council mission and objectives, poorer service delivery, public dissatisfaction, criticism, suboptimal working and lost opportunities and reduced ability to meet savings requirements	Chief Exec	CD SR	M	M	M	M	M	4	5	31/12/2014	L	M	M	M	M	5	Y	CD SR

Key	
▲	Risk Ranking has worsened since last review.
▼	Risk Ranking has improved since last review
◀▶	Risk Ranking is same as last review
- new -	New or significantly altered risk



HAS Risk Register
Partnership Working with the Health Environment Failure to effectively transform commissioning and service deliveries in order to manage collective budgets
Integration Failure, in the context of the changing NHS landscape, to develop effective partnerships with the emerging NHS Commissioners and other NHS organisations to achieve the necessary changes to the North Yorkshire Health economy that will provide better outcomes for patients and local communities
Public Health Failure to fully implement the public health model within the County Council and carry out Public Health responsibilities
Service Transformation Failure to carry out service transformation to mitigate unavoidable budget pressures arising from statutory responsibilities, demographic change across all ages, increased ordinary residence, changes to CHC and decrease in number of self funders. In addition, failure to have the capability and the capacity to deliver the HAS Operating Model which inc requirements for Health Integration, The Care Bill and 2020 NY
Finance and Resources - Failure to manage and deliver the efficiency agenda The budget is predicated on delivering a transformation agenda resulting in major financial efficiencies. Failure to achieve these efficiencies in a timely manner would result in budget overspend, the need for urgent possibly inappropriate reduction in front line services
Preparedness for implementation of the Care Bill Failure to prepare for the implementation of the new Care Bill including the Dillnot proposals on lifetime charges, revised capital limit, portable assessment, increase in a number of clients requiring assessment for both care needs and finance
Cultural Change including 2020 North Yorkshire Failure to design, develop and implement the Transformation Programme for HAS in conjunction with 2020 North Yorkshire and other priorities

CSD Risk Register
2020 North Yorkshire Change Programme Failure to produce and implement the 2020 North Yorkshire Plan/Change Programme resulting in an inability to deliver a balanced budget and to deliver statutory obligations across the Council.
ICT Project and Change Management Failure of Technology and Change Services to effectively and efficiently ensure the smooth delivery of key systems and infrastructure the delivery of project and change management knowledge and resource to ensure the organisation maximises the use of technology
Superfast North Yorkshire Failure to maximise the opportunity to provide high quality broadband services to North Yorkshire businesses and residents
County Council's approach to Property Management and Health and Safety Failure to successfully implement the recommendations of the review of the County Council's approach to property management , including health and safety
Organisational Performance Management Council does not operate a true performance management framework leading to misalignment of activities and services with Council mission and objectives

Corporate Risk Register	Rank	
Health Integration Failure, in the context of the changing NHS landscape, to develop effective partnerships with the emerging NHS Commissioners and other NHS organisations to achieve the necessary changes to the North Yorkshire Health economy that will provide better outcomes for patients and local communities.	1	2
Funding Challenges Inadequate funding available to the County Council to discharge its statutory responsibilities and to meet public expectation for the remainder of the decade	1	2
2020 North Yorkshire Change Programme Failure to produce and implement the 2020 North Yorkshire Plan/Change Programme	2	2
Inspection Outcomes Failure to avoid adverse outcomes from statutory inspections of provision of local authority safeguarding, schools and settings, children's centres, adult learning, school improvement services, adoption and fostering, looked after children and children's homes	2	2
Waste Strategy Failure to deliver the Waste Strategy	2	3
Superfast North Yorkshire Failure to maximise the opportunity to provide high quality broadband services to North Yorkshire businesses and residents	2	3
School Organisation: Place Planning and Funding Failure to assess and manage the combined effects of changes in the national school policy and funding framework, demographics and national and local political circumstances,	2	3
Economic Development in North Yorkshire Failure to develop the North Yorkshire economy resulting in lack of growth in employment & impact on future County Council funding caused by the reduced growth in business rates	2	4
Major Emergencies in the Community Failure to plan, respond and recover effectively to major emergencies in the community resulting in risk to life and limb, impact on statutory responsibilities, impact on financial stability and reputation	3	3
Health and Safety Major Corporate Health and Safety failure resulting in injuries, claims, reputational and service delivery impact and possible prosecution	3	3
Organisational Performance Management Council does not operate a true performance management framework leading to misalignment of activities and services with Council mission and objectives, poorer service delivery, public dissatisfaction, criticism, suboptimal working and lost opportunities and reduced ability to meet savings requirements	4	5

CYPS Risk Register
Joint Planning & Delivery with Health Inability, in the context of the changing NHS landscape, to develop effective partnerships with the emerging NHS Commissioners and other NHS organisations
National Funding Developments and Local Priorities Inability to manage major changes in national funding developments (such as the impact on the local authority of school funding reform), local priorities and grants
Review of Preventative Services Failure to reconfigure preventative services including physical infrastructure across CYPS
Business Support Arrangements for CYPS The new 2020 North Yorkshire business support arrangements fail to provide the required levels of support to enable Service Groups to deliver their services effectively.
Inspection Outcomes Failure to avoid adverse outcomes from statutory inspections of provision of local authority safeguarding, schools and settings, children's centres, adult learning, school improvement services, adoption and fostering, looked after children and children's homes
Health and Safety (incl High Risk Activities) Failure to meet H&S statutory requirements in relation to staff, pupils/students, contractors and members of the public
BES Risk Register
Delivery of Future Savings Failure to deliver savings required of the Directorate
Cultural Change including 2020 North Yorkshire Failure to effectively manage cultural change
Waste Strategy Failure to deliver the Waste Strategy
LEP Failure of LEP to work effectively as public/private partnership
Leeds City Region The Leeds City Region Area has a complex mixture of overlapping boundaries relative to economy, planning, transport and infrastructure, which may not have a positive impact or may prejudice outcomes for North Yorkshire
Major Incident and Service Continuity Failure to plan and respond effectively to a major incident without major impact upon routine service performance.
Statutory Duties Failure to carry out statutory duties or meet statutory deadlines (e.g. Health and Safety)
Performance Failure to improve / maintain key performance areas, service scorecards / performance reports items

Linking of Directorate risks to the Corporate risk register 2014