

Meeting: Audit Committee

Members: Councillors and Independent Co-opted Members (non-voting) Cliff Lunn (Chair), Alyson Baker, Philip Broadbank, Mark Crane, George Jabbour (Vice-Chair), Karin Sedgwick, Neil Swannick, Peter Wilkinson, Felicity Cunliffe-Lister, Mr David Marsh and Mr David Portlock

Date: Monday, 11th December, 2023

Time: 1.30 pm

Venue: Brierley Room, County Hall, Northallerton

Members of the public are entitled to attend this meeting as observers for all those items taken in open session. Please contact the Democratic Services Officer whose details are at the foot of the first page of the Agenda if you would like to find out more.

This meeting is being held as an in-person meeting. The meeting is also 'hybrid', which enables people to attend the meeting remotely using MS Teams. Please contact the Democratic Services Officer whose details are at the foot of the first page of the Agenda if you would like to find out more.

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AGENDA

- 1. Apologies for Absence and Notification of Substitutes**
- 2. Minutes of the Meeting held on 23 October 2023** (Pages 5 - 12)
To approve these minutes.
- 3. Declarations of Interest**
All Members are invited to declare at this point any interests they have in items appearing on this agenda, including the nature of those interests.
- 4. Public Participation**
Members of the public may ask questions or make statements at this meeting if they

have given notice (including the text of the question/statement) to Paul Preston of Democratic Services (contact details below) by midday on Wednesday 6th December, 2023. Each speaker should limit themselves to 3 minutes on any item. Members of the public who have given notice will be invited to speak:-

- At this point in the meeting if their questions/statements relate to matters which are not otherwise on the Agenda (subject to an overall time limit of 30 minutes).
- When the relevant Agenda item is being considered if they wish to speak on a matter which is on the Agenda for this meeting.

If you are exercising your right to speak at this meeting, but do not wish to be recorded, please inform the Chair who will instruct anyone who may be taking a recording to cease while you speak.

- 5. Progress on Issues Raised by the Committee** (Pages 13 - 14)
Joint report of the Corporate Director – Resources and the Assistant Chief Executive (Legal and Democratic Services).
- 6. Procurement and Contract Management Update** (Pages 15 - 22)
Report of the Corporate Director, Resources.
- 7. Commercial Governance Review** (Pages 23 - 34)
Report of the Corporate Director, Resources.
- 8. Hambleton District Council Audit Results Report - Year Ending 31 March 2020** (Pages 35 - 84)
Report of the external auditors, Ernst & Young PLC.
- 9. 2022/23 Audit for North Yorkshire Council - Update**
Verbal report of the external auditors, Deloitte.
- 10. North Yorkshire Pension Fund - update**
Verbal report of the external auditors, Deloitte.
- 11. Annual Audit Plan - NYC & NYPF** (Pages 85 - 118)
Report of the external auditors, Mazars.
- 12. Risk Management - Progress Report** (Pages 119 - 142)
Report of the Corporate Director – Resources.
- 13. Risk Register for Health and Adults Services Directorate** (Pages 143 - 168)
Report of the Corporate Director, Health and Adult Services.
- 14. Risk Register - Community Development Directorate** (Pages 169 - 190)
Report of the Corporate Director, for Community Development.
- 15. Business Continuity - Annual Report** (Pages 191 - 196)
Report of the Assistant Chief Executive, Local Engagement.

- 16. Consultation on Proposals for a new long term contract for internal audit services** (Pages 197 - 200)
Report of the Corporate Director – Resources.
- 17. Audit Committee Terms of Reference / Review of Effectiveness** (Pages 201 - 210)
Report of the Corporate Director, Resources.
- 18. Motion from Full Council referred to the Audit Committee** (Pages 211 - 214)
Report of the Chair, Councillor Cliff Lunn.
- 19. Programme of Work** (Pages 215 - 216)
Report of the Corporate Director - Resources
- 20. Any other Items**
Any other items which the Chair agrees should be considered as a matter of urgency because of special circumstances.
- 21. Date of Next Meeting**
18 March,2024 at 1.30pm.

Members are reminded that in order to expedite business at the meeting and enable Officers to adapt their presentations and address areas causing difficulty, they are encouraged to contact Officers prior to the meeting with questions on technical issues in reports.

Contact Details:

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Email: paul.preston@northyorks.gov.uk

Barry Khan
Assistant Chief Executive
(Legal and Democratic Services)

County Hall
Northallerton

Friday, 1 December 2023

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North Yorkshire Council

Audit Committee

Minutes of the meeting held on Monday, 23rd October, 2023 commencing at 1.30 pm at County Hall, Northallerton.

Committee Members present: Councillor Cliff Lunn in the Chair; plus Councillors Philip Broadbank, Mark Crane, Heather Phillips (substitute for Councillor Alyson Baker), George Jabbour, Neil Swannick, Felicity Cunliffe-Lister and Mr David Portlock

In attendance: Councillor Mike Jordan

Officers present: Gary Fielding, Karen Iveson, Max Thomas, Stuart Cutts, Daniel Clubb, Karl Battersby, Vicki Dixon, Will Boardman, Stephen Loach, Mark Codman and Paul Preston

Other Attendees: Nicola Wright, Deloitte, Mark Kirkham and James Collins, Mazars

Apologies: Councillor Alyson Baker, Peter Wilkinson and Mr David Marsh

Copies of all documents considered are in the Minute Book

74 Minutes of the Meeting held on 26th June, 2023

Resolved –

That the Minutes of the meeting of the Audit Committee held on 26 June, 2023, having been printed and circulated, be taken as read and be confirmed and signed by the Chairman as a correct record.

Announcements

The Chair informed the Committee of two membership changes since the last meeting.

Councillor Felicity Cunliffe-Lister had replaced Councillor Nigel Knapton and was welcomed to her first meeting of the Committee. The other membership change was that Councillor Peter Wilkinson, who had submitted his apologies for this meeting, had replaced Councillor Matt Walker.

Councillor Car Les, Leader of the Council, who attended these meetings in an observational capacity, had also submitted his apologies.

75 Declarations of Interest

Mr David Portlock, Co-opted Member declared a personal and prejudicial interest in Minute 78 – Appointment of Independent Co-opted Members to the Audit Committee as

he was an applicant for one of the three positions available. He left the meeting room whilst the matter was considered by the Audit Committee.

76 Public Participation

There were no questions or statements from members of the public.

77 Progress on Issues Raised by the Committee

Considered –

The joint report of the Corporate Director – Strategic Resources and the Assistant Chief Executive (Legal and Democratic Services) which advised of progress made on issues which the Committee had raised at previous meetings and Treasury Management matters that had arisen since the Committee's last meeting.

Karen Iveson, Assistant Director – Resources introduced the report and advised on the progress made and drew the Committee's attention to the refresher training in Treasury Management that was held on 18th July, 2023.

In response to a question regarding the scheduling of a further report to the Audit Committee post Local Government Reorganisation (LGR) on Commercial Governance review, Karen Iveson, Assistant Director – Resources responded this report would be provisionally scheduled for consideration at the Committee's 18th March, 2024 meeting.

Resolved –

That the report be noted.

78 Appointment of Independent Co-opted Members

Considered: The report of the Head of Internal Audit which sought the Committee's consideration of the appointment of independent co-opted members to the Audit Committee.

Max Thomas, Head of Internal Audit, Veritau, gave an overview to the recruitment and appointments process. He explained that the Council's Constitution allowed for the appointment of up to 3 independent co-opted members to the Audit Committee. The positions were non-voting, and the members must not be affiliated to any political party. He added the Chartered Institute of Public Finance and Accountancy (CIPFA) also recommended the appointment of at least two independent members to provide audit committees with appropriate technical expertise and knowledge¹.

The Committee was reminded that the usual term of appointment for the co-opted member was four years from 31 July in the year that the Council has elections. The term of the two current co-opted members was originally due to end on 31 July 2022, but this was extended to 30 November 2023 to avoid any loss of knowledge or expertise during the period of local government reorganisation.

¹ CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022

A recruitment exercise had been conducted in August 2023 to select suitable candidates for the next term. However despite publicising the vacancy only two applications were received by the closing date. The two applications were from the current co-opted members of the Audit Committee.

Members discussed the report and were supportive of the proposal to recommend to Full Council on 15th November, 2023, the reappointment of Mr David Marsh and Mr David Portlock and that the terms of the independent co-opted members of the Audit Committee, the appointment period from 1 December 2023 to 31 July 2027 (following the Council elections in May 2027).

The Committee asked Mr Thomas to enquire post-meeting whether there were any non-voting independent Members that had served on the former legacy District/Borough Councils who might be interested in applying for the third vacancy independent co-opted member post on the Committee. Mr Thomas responded he would pursue this line of enquiry following the meeting. If this proved unsuccessful, then Members suggested a further recruitment exercise for the vacant independent member position be undertaken in the 2024/25 Municipal Year.

RECOMMENDATION TO COUNCIL – That Council agrees the following appointments to the Audit Committee: that David Marsh and David Portlock be appointed as two independent co-opted members of Audit Committee for the period 1 December, 2023 until 31 July, 2027.

(Mr David Portlock, Co-opted Member declared a personal and prejudicial interest in the above matter as he was an applicant for one of the three Independent Co-opted positions available. He left the meeting room whilst the matter was considered by the Audit Committee).

79 Internal Audit and Counter Fraud Progress Report

Considered: The report of the Head of Internal Audit which informed Members of the progress made to date in delivering the 2023/24 internal audit programme of work, and the other related services provided to the Council by Veritau (information governance and counter fraud). The report also highlighted any issues likely to impact on the programme of work throughout the remainder of the year.

Max Thomas, Head of Internal Audit, Veritau introduced the report and gave an overview of the salient points in the report. He reminded Members that the 2023/24 internal audit programme of work had been approved by the Committee at its meeting held on 26 June, 2023. Further comments were added by Stuart Cutts, Assistant Director, Audit Assurance, Veritau and Daniel Clubb, Assistant Director, Corporate Fraud, Veritau who introduced Annex 3 of the report.

Annexed to the submitted report were:

Annex 1 – Internal Audit Progress Report – North Yorkshire Council;
Annex 2 – External Quality Assessment (EQA) Report – a report for Veritau, prepared by John Chesshire, approved reviewer for the Chartered Institute of Internal Auditors; and
Annex 3 – Counter Fraud Progress report.

Max Thomas responded to a question from a Member in relation to Information Governance and the increased workload in Freedom of Information (FOI) and Subject Access Requests (SARs) of Veritau's Information Governance Team since Local

Government Reorganisation (LGR).

A Member commented on and expressed his concerns regarding the Fairburn CP School final report issued (Annex 1, Appendix A of the report).

Another Member commented on the current priorities for the internal audit work, strategic and corporate risks and the Business Continuity audit (timing – do now), (Annex 1, Appendix B of the report).

A further Member commented on the current priorities for the internal audit work, ICT disaster recovery audit (timing – do later), (Annex 1, Appendix B of the report).

Max Thomas informed the Committee of a small correction to the wording in Appendix 4 of Annex 2: The reference to "...Chair of the Pension Fund Committee" should be replaced with "...Chair of the North Yorkshire Pension Board".

A Member observed that the CIAA reviewer had judged Veritau conformed with 59 out of the 60 relevant principles, partially conforming on the remaining principle. The Member commented that this was an excellent outcome and Max Thomas and his colleagues at Veritau should be congratulated.

The Chair commented on Annex 3 – Counter Fraud Progress report. Although the amounts recovered were relatively modest, investigations and prosecutions continued to act as a deterrent to fraudsters.

Resolved – that the progress made in delivering the 2023/24 Internal Audit programme and work and other assurance related services provided by Veritau be noted.

80 North Yorkshire County Council - Planning report to the Audit Committee for the year ending 31 March, 2023

Considered – The report of the external auditors, Deloitte

Nicola Wright, Deloitte introduced the report and gave an overview of the salient points contained therein which she drew to the Committee's attention.

Councillor Jabbour enquired about the external audit of the North Yorkshire County Council accounts for the year 2021/2022 and Nicola Wright responded stating that the outstanding issues would be resolved imminently.

Mr David Portlock, Independent Member sought assurance that the timescales outlined in the report for interim and final reports to Audit Committee were realistic? In response, Nicola Wright, Deloitte provided such an assurance, subject to anything material emerging during the audit.

Resolved – the report and the Committee's comments thereon are noted.

(Gary Fielding, Corporate Director, Resources entered the meeting during the consideration of this item at 2.10pm)

81 North Yorkshire Pension Fund - Planning report to the Audit Committee on the 2023

Audit

Considered – the report of the external auditors, Deloitte.

Nicola Wright, Deloitte introduced the report and gave an overview of the salient points contained therein which she drew to the Committee's attention.

Mr David Portlock, Independent Member commented on Appendix 2, Independence and Fees of the submitted report and observed there were still some fees and charges to be agreed. Nicola Wright responded that work was on-going with regard to fees and charges yet to be agreed. He also commented on the use of "spotlight", Deloitte's data analytics software as contained in the significant audit risks – management override of controls section of the report.

Resolved - the report and the Committee's comments thereon are noted.

82 Selby District Council 2022-23 Audit Strategy Memorandum - year ending 31 March 2023

Considered: The report of Mazars on the Selby District Council 2022-23 Audit Strategy Memorandum – year ending 31 March, 2023.

James Collins, Mazars, introduced the Audit Strategy Memorandum and invited the Committee's questions and comments thereon.

Mr Collins also provided verbal updates to the Harrogate and Scarborough Borough Councils 2021/22 audits.

A Member observed the unusual addressee of the covering letter and sought confirmation that the appointment of Align Property Partners (a subsidiary of North Yorkshire Council) as management's expert would not lead to a possible conflict of interest? Assurance was given that appointments were focussed on ensuring the necessary codes of practice and expert advice conformed to the required standards for valuers and it was normal for valuations to also be conducted in house.

Resolved –

That the Audit Strategy Memorandum be noted.

83 Annual Report of the Audit Committee 2023

Considered: The report of the Chair of the Audit Committee to enable the Members to consider the draft annual report of the Audit Committee for the year end 30 September, 2023, prior to its submission to full Council.

The Chair, Cllr Lunn introduced the report, which had been drafted on his behalf by Max Thomas, Head of Internal Audit, Veritau.

Mr Thomas drew the Committee's attention to paragraph 23 of the draft annual report submitted, which the Chair had asked the wording be amended to now read "A draft 2022/23 Annual Governance Statement for the former County Council was presented to the Committee in June 2023. The Annual Governance Statement will be approved when the audit of the 2022/23 Statement of Financial Accounts (SOFA) is completed and the

accounts were re-submitted to the Committee for approval”

RECOMMENDATION TO COUNCIL – That subject to the amendment to paragraph 23 as outlined above, the draft report be submitted to the Full Council meeting to be held on 15th November, 2023.

84 Internal Control matters for the Environment Directorate

Considered: The report of the Corporate Director, Environment which provided an update to Members of progress against the areas for improvement identified through internal procedures and provided the Committee with details of the latest risk register for the environment directorate.

Karl Battersby, Corporate Director – Environment joined the meeting remotely and gave an update and overview on the main areas of note for the directorate and responded to the Committee’s questions and comments thereon. The main areas of note were:

- Highways and Transportation;
- Waste Management;
- Environment and Change;
- Integrated Passenger Transport (IPT);
- Fleet and Operations;
- Harbours;
- Licensing;
- Regulatory Services;
- Registrars, Bereavement and Coroners Service;
- Local Government Reorganisation (LGR);
- North Yorkshire Highways;
- Capital Programme.

The Corporate Director, Environment then drew the Committee’s attention to the directorate risk register for the Environment Directorate which was appended to the report and in particular provided further commentary and context to the most high risk areas as contained on the first page of the Appendix to the report (page 180 of the public document pack).

A Member asked a question on the waste collection service across the County post Local Government re-organisation? The Director responded that work was ongoing to realise the benefits and economies of scale in this area of work as one Council.

Mr David Portlock, Independent Member, with the Chair’s permission, asked a question on behalf of the other independent Member, David Marsh, who was unable to attend the meeting regarding the Environment Directorate risk register – Risk ENV_2 Passenger Transport Market Resilience and the difficulties of providing such transport over such extensive rural networks that existed in North Yorkshire. He also asked if there were any plans to bring services back in-house. The Director, Environment acknowledged the concerns raised and added that there was a national shortage of bus drivers and a big issue of a backlog of tests for those people wanting to become bus drivers. In addition, other organisations were offering higher levels of pay to attract bus drivers.

Another Member commented on taxi licensing, noting that some people had paid a significant amount of money for licence plates in former legacy Council areas, which were effectively rendered worthless now licensing was undertaken on a Countywide basis.

Resolved –

- (a) That the salient points in relation to the internal control matters for the Directorate, as outlined by the Corporate Director, Environment be noted;
- (b) That the directorate risk register for the environment directorate be noted; and
- (c) That the Committee’s feedback and comments, as provided at this meeting, on the Environment directorate risk register, key risk and governance issues/developments and any other related internal control matters be noted.

(Gary Fielding, Corporate Director, Resources left the meeting during the consideration of this item at 3.00pm)

85 Partnership Governance - Annual Report

Considered: The report of the Assistant Chief Executive – Policy, Partnerships and Communities which reported on the governance of partnerships involving the former North Yorkshire County Council only, during the financial year 2022/23.

Will Boardman, Head of Strategy and Performance introduced the report. He outlined the aim of the annual report was to enable the Audit Committee to review the effectiveness of partnership governance arrangements.

Appendix 1 to the report listed the Partnerships that were within the scope of the annual report as at 31 March, 2023. Mr Boardman added that the number and nature of partnerships changed from time to time and, as with all annual reports, the data within the appendix was a snapshot on one date.

Appendix 1 also summarised information on governance and reporting arrangements for each partnership as at 31 March, 2023, together with their key achievements for 2022/23 and key issues and priorities for 2024.

The Committee commented on the report and Appendix and drew Mr Boardman’s attention to a number of former Councillors and Officers contained within the Appendix. Mr Boardman confirmed these anomalies would be addressed and details updated when the document was next refreshed.

Resolved – That this Committee:

- (a) receives the annual report on annual governance;
- (b) notes the arrangements in place to ensure good governance and reporting of partnership activity; and
- (c) notes the contents of the schedule of partnerships that were within the scope of the submitted report as at 31 March, 2023 (Appendix 1).

Considered: The Committee's programme of work which identified items of business scheduled for consideration at each of the Committee's forthcoming meetings.

Karen Iveson, Assistant Director, Resources introduced the programme of work.

She added that an item on Business Continuity – annual report item would be rescheduled for consideration at the December, 2023 meeting and that the item on Governance of External Companies (including NY Highways) and Commercial Investments added to the work programme for the 18th March, 2024 meeting.

The Chair informed Members that the meeting of the Committee that had been scheduled to be held on Monday 27th November would be cancelled and that all business listed for that date would be rescheduled to the meeting to be held on Monday 11th December, 2023.

Resolved – that:

- (1) the Committee's Programme of Work be noted;
- (2) the item on Business Continuity – annual report item would be rescheduled for consideration at the December, 2023 meeting;
- (3) the item on Commercial Governance review added to the work programme for the 18th March, 2024 meeting; and
- (4) the meeting of the Committee scheduled for 27th November, 2023 be cancelled.

The meeting concluded at 3.25 pm.

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

11 December 2023

PROGRESS ON ISSUES RAISED BY THE COMMITTEE

Joint Report of the Corporate Director – Strategic Resources and the Assistant Chief Executive (Legal and Democratic Services)

1.0	PURPOSE OF THE REPORT
1.1	To advise Members of <ul style="list-style-type: none"> (i) progress on issues which the Committee has raised at previous meetings (ii) other matters that have arisen since the last meeting and that relate to the work of the Committee

2.0 BACKGROUND

2.1 This report is submitted to each meeting listing the Committee’s previous Resolutions and / or when it requested further information be submitted to future meetings. The table below represents the list of issues which were identified at previous Audit Committee meetings and which have not yet been resolved. The table also indicates where the issues are regarded as completed and will therefore not be carried forward to this agenda item at the next Audit Committee meeting.

Date	Minute number and subject	Audit Committee Resolution	Comment	Complete?
28.11.22	43 – Commercial Governance Review	That a further report be submitted to a future meeting of this Committee post LGR.	This is on the agenda for the meeting on 11 December	✓
20.03.23	51 – Treasury Management Strategy	That refresher training in Treasury Management, involving the Council’s advisors, be arranged	This training was completed on 18 July 2023	✓
23.10.23	86 – Programme of Work	That an item on Business Continuity – annual report be rescheduled for consideration at the December meeting	This has been moved to appear on the agenda for 11 December	✓
23.10.23	86 – Programme of Work	That an item on Commercial Governance review be added to the work programme for the 18 March 2024 meeting	This has been added to the work programme for 18 March 2024	✓
23.10.23	86 – Programme of Work	That the Committee meeting scheduled for 27 November 2023 be cancelled	This meeting has now been cancelled.	✓

3.0 TREASURY MANAGEMENT

3.1 The Bank of England maintained interest rates again in November at 5.25% voting 6-3 in favour of keeping the current rate. The Council's Treasury Advisors, Link forecast that there will be no further increases in bank rate and that rates will start to gradually fall from September 2024, falling to 2.75% by December 2025.

4.0 RECOMMENDATION

4.1 That the Committee considers whether any further follow-up action is required on any of the matters referred to in this report.

GARY FIELDING
Corporate Director – Strategic Resources

BARRY KHAN
Assistant Chief Executive
(Legal and Democratic Services)

County Hall
NORTHALLERTON

11 December 2023

Background Documents: Report to, and Minutes of, Audit Committee meetings held on 23 October 2023

NORTH YORKSHIRE COUNCIL

AUDIT COMMITTEE

11 DECEMBER 2023

PROCUREMENT AND CONTRACT MANAGEMENT UPDATE

Report from Corporate Director, Resources

1. PURPOSE OF THE REPORT

- 1.1 To provide Members with an update on the work of the Procurement and Contract Management Service, including key achievements, recent activity, and the continuing focus on developing and supporting healthy supply chains.

2. BACKGROUND

- 2.1. The new Council spends around £650m externally each year across both revenue and capital and it is the Council's responsibility to ensure good value for money is achieved in the delivery of its objectives.
- 2.2. Third party spend is the largest spend area for the Council. As such procurement and contract management has a key role to play in the Council's transformation programme.
- 2.3. The Council continues to have visibility on where money will be spent in the upcoming months / years through the Forward Procurement Plans (FPPs). FPPs allow Directorates (and their corresponding Senior Category Manager) to have an oversight of approaching procurements. As a result, resources and specialist support is deployed appropriately to deliver good procurement and value for money across the Council's external expenditure.
- 2.4. During the first year of the new Council the Procurement and Contract Management team have worked with the new Directorates and Service Areas to ensure continuity of service. To support ongoing service delivery, we have in part implemented interim arrangements ahead of wider transformational plans.
- 2.5. This report will set out specific work and achievements of the Procurement and Contract Management Service this year.

3. KEY ACHIEVEMENTS AND RECENT ACTIVITY

Healthy Supply Chains

- 3.1. Over recent years supply chain resilience arrangements have been in place in response to Covid-19 and subsequently, escalating inflationary pressures. Supply chains which were trying to recover from the pandemic have been impacted by several

factors including escalating fuel costs, access to labour, increased raw material costs, pressure in relation to wages etc.

- 3.2. The ability to drive savings through procurement activity is reducing as suppliers experience continuing cost increases and focus has increased on the value and efficiencies we can deliver through effective contract management, including consolidation of contracting activity for the new Council.
- 3.3. Unsurprisingly the Council has experienced price uncertainty in some supply chains. Within this context, supply chain stability and resilience are key, especially for small and medium sized suppliers (SMEs), the Voluntary, Community, Social Enterprise (VCSEs) and businesses within the local economy.
- 3.4. In 2022/23 the Council's¹ total spend was £549m across 5,081 suppliers. 55% (2,778) were SMEs, this is an increase from 2021/22 when the Council worked with 2,548 SMEs. The Council spent £270m with these suppliers.
- 3.5. The Council has also seen an increase in the number of local suppliers we do business with. In 2021/22 2,065 suppliers were local to North Yorkshire, this has increased to 2,143 in 2022/23. Spend within the local economy has also increased from £268m in 2021/22 to £300m in 2022/23.

Social Value

- 3.6. The Council continues to work with Go4Growth, a local organisation with a programme designed specifically to help smaller organisations in any sector to enter or grow in the public sector marketplace. The programme is funded by the Council and enables businesses to access free support, guidance, tools and resources.
- 3.7. Go4Growth worked with the social care sector on the re-procurement of the Social Care Approved Provider Lists which deliver support to people in residential settings; their homes or providing day services. The work acknowledged some of the barriers the VCSE and SMEs report when trying to do business with councils. A tailored engagement programme was developed to support Providers through the application process and encourage more VCSE/ SMEs to work with us. Due to the success, we are looking to run a similar process when we establish the new Dynamic Purchasing System to support the commissioning of home to school transport operators. This is another sector of the market which reports difficulties in accessing public sector contracts and relies on several SMEs/ local businesses.
- 3.8. The work the Council has completed alongside Go4Growth will be part of a case study to share across other public sector organisations and will also be showcased at the Commissioners Conference taking place on the 7th and 8th December 2023.
- 3.9. To drive further increases in spend with SMEs and within the local economy, changes have been made to the Councils Procurement and Contract Procedure Rules, which means where Officers are seeking 3 quotes, quotes should be sought from at least one local supplier based within North Yorkshire and at least one SME.
- 3.10. Funding secured from the Beyond Carbon Budget is being used to support development of the supply chain with particular focus on the SME and micro size

¹ Data for former North Yorkshire County Council

organisations. The investment provided is to bring a free of charge, online portal to help suppliers develop action plans around social value, developing their understanding, upskilling the market, and improving its ability to understand and respond effectively to public sector procurement opportunities. The portal will provide data to the Council on the maturity in development of the supply chain around social value and the work supply chains are undertaking around climate change/ carbon reduction, job creation, upskilling etc. and top areas of engagement. Mobilisation planning for the launch, in identifying the first pilot batch of suppliers to be invited, is underway with a target of onboarding by January 2024.

Leadership, Regulatory Reform and Skills Development

- 3.11. The Council continues to play a leading role in procurement and contract management, both regionally and nationally. The Council is the deputy chair for the YorProcure Strategic Procurement Group of twenty-five public sector bodies in the Yorkshire and Humber region and represents the region on the Local Government Association National Advisory Group for Procurement.
- 3.12. The new Public Contract Regulations were originally due to come into force in late 2023, these are now expected to be late 2024. There will be a 6-month mobilisation period.
- 3.13. Further to the new Public Contract Regulations, the government will introduce the new Provider Selection Regime (PSR) from 1 January 2024. We are currently in the 3-month mobilisation period. The PSR will apply to some Public Health contracts e.g., Drug and Alcohol services and Sexual Health services.
- 3.14. The Procurement and Contract Management Service will lead on appropriate implementation, training and awareness building in the lead up to the new regulations becoming law. The proposals outline the government's goal to speed up and simplify procurement processes, leverage support for national and local outcomes for public benefit and drive social, environmental, and economic benefits.

Local Government Reorganisation

- 3.15. Local government re-organisation from April 2023 presents opportunities around bringing together our services and functions and realising efficiencies. Some notable areas where contracts have been consolidated or are currently being consolidated include:
- Electricity
 - Water
 - Insurance
 - Election management system
 - Gas - underway
 - HR and payroll system - underway
 - Revenue and benefits system - underway
 - Audit services - underway
 - CCTV and security - underway
 - Mechanical and servicing - underway
 - Water hygiene - underway
 - Disabled Facilities Grant - underway

- 3.16. Work continues in relation to identification of duplicate contracts with suppliers for the same or similar goods/works/services. In some instances, there are opportunities to consolidate and reduce spend and contract management resource via negotiation.
- 3.17. A consolidated contracts register has been developed, identifying all the contracts the new Council inherited. A combined forward procurement plan has also been created to identify all procurement activity and ensure visibility of capital and revenue spend. Work continues in relation to improving the visibility and timeliness of procurement / contracting requirements. Recent initiatives such as a contracts amnesty have been undertaken to help identify any remaining unknown contracts.
- 3.18. Prior to LGR the team experienced a high turnover rate, 46% (11 FTEs)². Since April 2023 the turnover rate has reduced considerably and is currently at 14% (4FTEs). Despite the reduction in turnover the significant increase in workload and the training and development of new staff members, means capacity remains an issue. It is challenging recruiting into vacancies due to the highly competitive labour market and this leaves us facing some resource issues.
- 3.19. The way procurement and contract management are structured across the former Councils varies, with fragmentation and inconsistencies in terms of role responsibilities, resources, job titles, job grading etc. This makes it extremely difficult to ensure a consistent approach to procurement and contract management is taken, with the right resources being deployed to the right areas in line with priorities at the right times. The service will be commencing a restructure to ensure a focussed and strategic service, and to secure improvements in service quality and value for money in relation to procurement and contract management for the new Council. Our aim is to achieve greater consistency and standardisation in procurement and contracting support. This will ensure the Council directs effort towards high value or prioritised procurement and contracting. This will create greater resilience and resource capacity to provide procurement and contract management support where it is most needed. We also hope to have a sharper commercial focus on engaging with markets, as well as delivering savings to support the Council's transformation programme through effective contract and supplier relationship management. The new staffing structure is anticipated to go live in early 2024.

4. PROCUREMENT AND CONTRACT MANAGEMENT STRATEGY AND GOVERNANCE FRAMEWORK

- 4.1. The Procurement and Contract Management Strategy was reviewed in readiness for the new Authority. The strategy focuses on:
- Sustainability issues and market stability
 - Supporting SMEs/ VCSE sectors
 - Supporting North Yorkshire to have a strong economy
 - Dealing with the carbon agenda and other environmental issues.
- 4.2. The Strategy will be reviewed and refreshed for April 2024. The procurement and contract management strategy is monitored through a series of key performance indicators covering the activities detailed in the Strategy Action Plan. The Corporate Procurement Board is accountable for the delivery of the Action Plan and monitors Key Performance Indicators (KPIs) on a quarterly basis. The latest Procurement and

² September 2021 – November 2022

Contract Management Strategy Action Plan KPI figures can be found in Appendix 1. As we have merged the data of 8 organisations, work is still underway to ensure the categorisation of suppliers to support and enable our reporting around several KPIs.

- 4.3. A full review was undertaken of the Council Procurement and Contract Procedure Rules (PCPRS) in readiness for the new Council. A mid-year review has been completed and a few minor amendments agreed to ensure the rules remain fit for purpose. Further to the information in Section 3.12 – 3.14 around the Regulatory reform, a further review will be undertaken to ensure the PCPRs continue to reflect best practice and compliance in relation to demonstrating value for money and helping to drive agendas around supporting our local economy and small and medium enterprises (SMEs).

5. RECOMMENDATIONS

5.1. The Audit Committee are requested to:-

- a) Note progress on key achievements and recent activity.
- b) Provide comments to further add value to the ongoing work on procurement and contract management, especially in relation to delivering the procurement and contract management strategy.

Gary Fielding
Corporate Director, Resources

Author of Report –

Rachel Woodward
Head of Procurement and Contract Management
1 November 2023

Appendix 1 – Procurement and Contract Management Strategy Action Plan KPI Figures

Theme group	KPI reference	Measure	2023/24 Targets	Q1 Results	Q2 Results	Cumulative Total (Q1 & Q2)
Policy and Governance	2.1	Average days taken to complete above threshold procurements	110 Days	101 Days	74 Days	89 Days
Policy and Governance	2.2	Average days taken to complete below threshold procurements	55 Days	60 Days	48 Days	54 Days
Policy and Governance	2.3	Average days taken to complete Mini Competitions	55 Days	59 Days	58 Days	58 Days
Contract Management	3.1	% <u>contract</u> utilisation	70.0%	63% (£130,441,961.53)	61% (£119,161,348.64)	62% (£249,577,067.39)
Contract Management	3.2	% Procurement & Contract Management Team staff that have or are working towards completing the contract management module	100%	88%	97%	N/A
Value and Savings	4.1	Annual cashable supply chain savings	N/A	£4,654,751		
Value and Savings	4.2	Annual non-cashable supply chain savings	N/A	£527,786		
Sustainability	5.1	% <u>total</u> Council spend with local suppliers	50.0%	51% (£105,105,209.43)	50% (£97,986,450.25)	50% (£202,527,620.91)
Sustainability	5.2	% <u>total</u> Council spend with SME suppliers	50.0%	41% (£123,815,956.28)	43% (£83,887,771.47)	42% (168,465,943.17)
Sustainability	5.3	% <u>total</u> Council spend with voluntary and community sector	3.0%	3% (£6,154,080.38)	3% (£5,231,655.53)	3% (£11,418,255.31)
Team Development	6.1	% <u>of</u> procurement staff with or working towards CIPS accreditation	90%	63%	68%	N/A
Team Development	6.2	% <u>of</u> all Procurement & Contract Management staff with or working towards the Government Commercial Function Foundation Accreditation	90%	76%	91%	N/A
Team Development	6.3	% <u>of</u> contract management staff with or working towards the Government Commercial Function Practitioner Accreditation	90%	50%	60%	N/A
Team Development	6.4	% <u>customer</u> satisfaction rated "fully meets expectation" or above	80%	100% (5 of 5)	100% (6 of 6)	100% (11 of 11)
Team Development	6.5	12 month rolling % staff retention rate and successful TUPE of District staff	75%	75%	86%	N/A
Technology	7.1	% <u>of</u> categorised spend	99.50%	91.41%	91.14%	N/A

KPI Summary Statement – Quarter 2 2023/24 performance

The below summary relates to performance covering July 2023 – September 2023.

Policy and Governance

Within this quarter the procurement and contract management team have delivered 3 above threshold procurements, 4 below threshold and 17 mini competitions via framework arrangements.

Of the 3 above threshold procurements, the days for completion ranged from 64 to 79 days and the average was 74 days which is on target.

Of the 4 below threshold procurements, the days for completion ranged from 28 to 83 days and the average was 48 days which is above the target. There was only one procurement project that was over the 55 day target which was the “Supply of Technical Lighting Equipment for Scarborough Fair” project for which there were delays in the evaluation process, decision record process and obtaining T&Cs to go out with the opportunity.

Of the 17 below threshold procurements, the days for completion ranged from 26 to 131 days and the average was 58 days which is above the target. There were 9 procurement projects that were over the 55 day target which were primarily due to additional clarification requirements which elongated the evaluation period and delays in contract signature for hard copy contracts.

Please note that KPIs 2.2 (Average days taken to complete below threshold procurements) and 2.3 (Average days taken to complete Mini Competitions) are new to this report and the targets have therefore been based on baseline data from 2022/23.

Contract Management Support

The percentage of on contract spend is at 61% this quarter which is below the target of 70% and lower than last year’s cumulative value of 80%. This is due to the migration of the remaining supplier’s data from the ex-borough and districts which still requires categorisation.

Contract management is a key driver for achieving additional savings and / or service improvements and as such all staff within the procurement and contract management service are to complete the contract management training available on the LearningZone. At the end of the second quarter 97% of staff have completed the training with only 1 staff remaining as outstanding due to long term sick leave.

Value and Savings

As of this quarter, procurement and contract management have recorded £4,654,751 worth of cashable supply chain savings along with £527,786 worth of non-cashable supply chain savings.

Sustainability, including expanding opportunities for SMEs, supporting the local economy, and improving environmental

Due to the migration of data from the ex-borough and districts there are a large number of suppliers that require categorising by local, SME and VCSE. As a result, the SME and Local spend percentages have dropped this quarter when compared to last year’s cumulative values (i.e. Local – 55% to 50%; SME – 48% to 42%).

As suppliers are categorised it is anticipated that these figures will go up for the following quarters.

Team Development (People and Skills)

Over recent months there has been a higher staff turnover within the team due to career progression opportunities within other public sector originations. However, as the winner of the Procurement Team of the Year 2021/22 at the UK National Go Awards we are seen as a desirable employer for those looking for a career in procurement and contracting within the public sector. As a result many of the roles have been successfully recruited to within this period and a number of recruitments are currently out to the market to build capacity within the team.

Last quarter, several staff have not yet started their training regarding the Government Commercial Function Foundation Accreditation or CIPs accreditation due to a number of new recruits and transfers from ex-Borough and Districts into the team. As of this quarter, the majority of staff have now completed the Government Commercial Function Foundation Accreditation with only three staff who have not yet started the course. A review will be undertaken on those that wish to commence their CIPs accreditation this financial year.

We are also in the process of implementing the Government Commercial Function Practitioner training which is a 6 month training course. Due to the time investment for the course, staff are being put through the training in cohorts. The next cohort is due to start next quarter. This training will help the authority improve our approach to contract management and our commercial capabilities.

Overall, the Procurement & Contract Management Team service is meeting the customer satisfaction ratings based on surveys with internal stakeholders. Currently, the number of survey's being completed is quite low and therefore opportunities to improve feedback will be investigated.

Technology

Due to the batch migration of data from the ex-borough and districts there is a large number of suppliers that now need to be categorised and as such the percentage of categorised spend has dropped from last year's cumulative value of 99.76% to 91.14% this quarter.

North Yorkshire Council

Audit Committee

11 December 2023

Commercial Governance Review

Report of the Corporate Director, Resources

1.0 PURPOSE OF REPORT

- 1.1 To provide an update on the report submitted to North Yorkshire County Council's Audit Committee on 12 December 2022 regarding the best practice for commercial governance set out in the Chartered Institute of Public Finance & Accountancy (CIPFA) updated publication "Local Authority Owned Companies – A good practice guide 2022 edition".

2.0 BACKGROUND

- 2.1 Through Local Government Reorganisation (LGR) North Yorkshire Council (NYC) inherited a number of companies that were owned by the predecessor county, district and borough councils. The following Local Authority Companies are now owned by NYC.

- Central Northallerton Development Company Limited (50% owned by the Council and 50% owned by Wykeland Properties Limited)
- Hambleton District Holdings Limited
- Maple Park (Hambleton) LLP
- Bracewell Homes Limited
- Brimhams Active Limited (Teckal)
- Mercury Housing Company Limited
- NY Highways Limited (Teckal)
- First North Law Limited
- Brierley Homes Limited
- Align Property Partners Limited
- Align Property Services Limited (Teckal)
- Yorwaste Limited (Teckal) (77.3% owned by the Council and 22.7% owned by City of York Council)
- Nynet Limited (Teckal)
- Veritau Limited (Teckal)

An updated structure of all the Council owned companies is at **Appendix A**.

- 2.2 In June 2022, CIPFA published updated guidance for local authorities to consider in relation to the governance process in place for any local authority owned companies entitled "Local Authority Owned Companies – A good practice guide 2022 edition".
- 2.3 The CIPFA publication aims to provide local authorities with guidance and best practice around the establishment of trading companies, setting up effective governance and monitoring processes, ensuring compliance, understanding the risks involved and supporting the enduring success of their business aspirations.

2.4 In December 2022 North Yorkshire County Council's Audit Committee were presented with a Commercial Governance Review report (attached at **Appendix B**), which highlighted the best practice guidance set out in the CIPFA publication. The report set out that a review of NYC's commercial governance arrangements would be undertaken post vesting day; with the outcome and actions from that review being reported back to the Audit Committee. This report provides an update on, and should be read in conjunction with, the December 2022 report.

3.0 UPDATE ON CURRENT POSITION

3.1 A Commercial Governance Review Group has been established to review the council owned companies; using the CIPFA guidance as a framework to assess existing arrangements. The Review Group includes representatives from the Council's legal and finance team, who will undertake detailed reviews alongside each company.

3.2 A "checklist" has been produced as a basis for reviewing each company's compliance with the CIPFA guidance and other areas of best practice; a copy of which is attached at **Appendix C**.

3.3 The Commercial Governance Review Group has already met with a number of companies and has scheduled meetings with those remaining companies that are actively trading. The intention of the Group is to write a detailed report to Brierley Board and Shareholder Committee in March 2024, which will set out the findings of the review work along with recommendations to address any areas of identified improvements. An update will be brought to the Audit Committee following the outcome of this work.

4.0 FINANCIAL IMPLICATIONS

4.1 There are no known financial implications in this report. If financial implications are identified through the review process they will be reported in the final report.

5.0 LEGAL IMPLICATIONS

5.1 There are no known legal implications in this report. If legal implications are identified through the review process they will be reported in the final report.

6.0 RECOMMENDATION

- i) The Audit Committee is requested to note the contents of the report and agree to receive a further final report early in the next financial year.

APPENDICES:

Appendix A – Company Structure Post LGR
Appendix B - December 2022 Report to Audit Committee
Appendix C – Company Compliance Checklist

BACKGROUND DOCUMENTS:

CIPFA Guidance

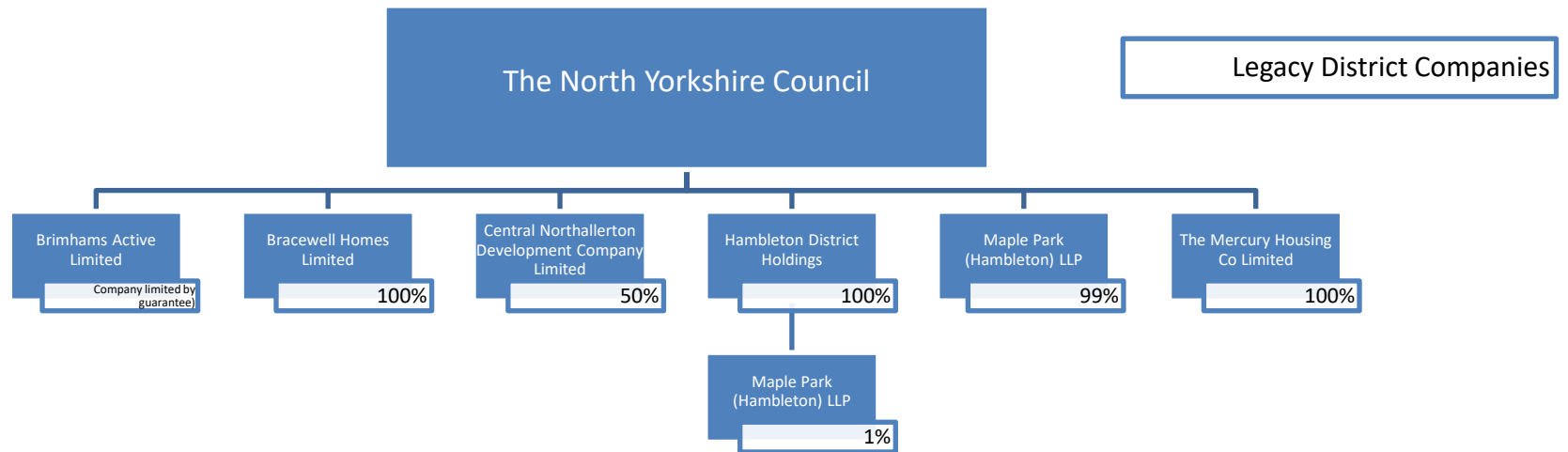
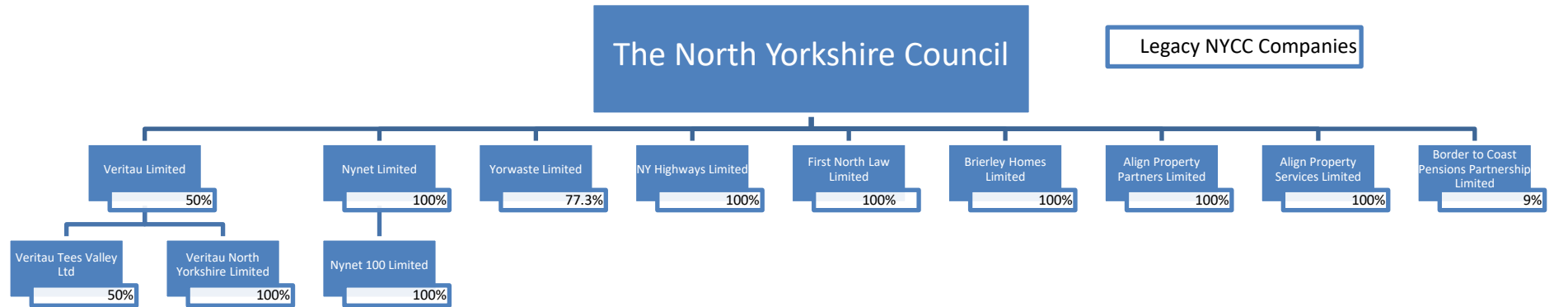
Gary Fielding
Corporate Director – Resources

County Hall
Northallerton
11 December 2023

Report Author – *Peter Williams, Head of Finance and Bethany Bilby, Solicitor*
Presenter of Report – *Kerry Metcalfe, Assistant Director Commercial, Property & Procurement*

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.

STRUCTURE OF NYC OWNED COMPANIES



NORTH YORKSHIRE COUNTY COUNCIL AUDIT COMMITTEE REPORT DEC 22

North Yorkshire County Council

Audit Committee

12 December 2022

Commercial Governance Review

Report of Corporate Director, Strategic Resources

1.0 Purpose of Report

- 1.1 To highlight the best practice to commercial governance set out in the Chartered Institute of Public Finance & Accountancy (CIPFA) updated publication “Local Authority Owned Companies – A good practice guide 2022 edition”. This report summarises best practice from the CIPFA guide. It is intended that a review of the existing arrangements will take place over the next few months in line with Local Government Reorganisation (LGR), with a report brought back to Committee post LGR detailing the outcome and actions from the review.

2.0 Introduction

- 2.1 The Brierley Group is made up of Council owned Companies. It is considered to be the trading arm of North Yorkshire County Council (NYCC/the Council). The group was established in 2017 to bring together the companies with the aim of improving customer experience and increasing overall shareholder value. Whilst the Brierley Group is not a legal entity in itself, and the group is not a group of companies in the traditional legal sense (with a holding company) it acts to provide oversight for NYCC. NYCC currently has eight commercial operations within the Brierley Group; Veritau, Align Property Partners, Yorwaste, NYnet, Brierley Homes, First North Law, NYES and NY Highways. Of the seven companies, five are wholly owned by NYCC and the other two are jointly owned with City of York Council. In addition, the Council has historically sold a number of services to schools which it now operates under the branding of “North Yorkshire Education Services” (NYES), but this is not set up as a separate company.
- 2.2 During the exploratory work of the LGR Commercial work stream a number of district owned commercial companies and commercial interests have been noted which will need to be considered in the future as part of the ongoing review of commercial best practice.
- 2.3 In June 2022, CIPFA published updated guidance for local authorities to consider in relation to the governance process in place for any local authority owned companies - “Local Authority Owned Companies – A good practice guide 2022 edition”. In order to facilitate a review of the commercial environment in which the companies operate, this guidance published by CIPFA will be used as a framework to assess existing arrangements.
- 2.4 The CIPFA publication is titled as a good practice guide, it is aimed at giving Local Authorities guidance and best practice around establishing and forming trading companies,

setting up effective governance and monitoring, ensuring compliance, understanding the risks involved and supporting the enduring success of their business aspirations. The publication highlights the areas where others have pursued commercial goals but have failed, examples include Nottingham City Council failed energy company Robin Hood Energy Limited and London Borough of Croydon Council's Brick By Brick housing company.

3.0 Summary of best practice from the CIPFA guidance

3.1 The guide recognises the increased risk to local authorities and the potential problems that engaging in trading companies and joint ventures can cause. It's stated aim is to assist local authorities by setting out and highlighting existing best practice in terms of ensuring a focus on what the authority wants to achieve and then the process to find the right option to achieve that goal. The guide covers the following areas:

- Set-up – the role of the company and the business case or options appraisal
- Governance – including roles and responsibilities
- Operational practices
- Assurance

3.2 Learning points included in the guide for authorities to consider are:

- Focusing on outcomes to be achieved
- Balancing the freedom for the company to deliver with sufficient oversight from the authority
- Ensuring relationships are robust by developing effective channels of communication between the authority and the company
- Choosing the right delivery model – using a robust options appraisal process
- Engaging effectively with stakeholders
- Seeking expert advice – authorities need support and cannot know everything
- Clarifying roles and responsibilities – obligations must be clear
- Ensuring finance, legal and service delivery functions work closely together throughout the life cycle of the company

3.3 Based on the information contained within the document, the following arrangements are key factors to be considered as part of the review, taking into account the CIPFA guidance:

- a) Audit of Brierley group companies
- b) Risk Management
- c) Conflicts of Interest
- d) External Board challenge
- e) Business plans
- f) Shareholder agreement
- g) Post vesting day commercial review

4.0 Key considerations arising from the guidance

a) Audit of Brierley Group Companies

4.1 The guidance highlights that both the internal and the external audit function can provide a range of benefits such as;

- Providing assurance to the Board and wider stakeholders
- Ensuring compliance with policies and regulations
- Determining the adequacy and effectiveness of internal controls
- Identify operational weakness and inefficiencies
- Assess the efficient and responsible use of Council resources
- Pre-empt financial losses

4.2 The current arrangements and appropriate involvement of internal and external audit for each Brierley Group company will be considered as part of the review.

b) Risk Management

4.3 The guidance includes that best practice dictates that the ongoing management of risks is vital to the success of commercial organisations. Operating a successful commercial entity is in being cognisant of the current and emerging risks, creating strategies to document the short and long term risks and how the business is placed to address and mitigate them. Management of risks is also a key element of effective governance and in protecting shareholder and stakeholder interests and in exposing the Council to negative press about its investments.

4.4 Risks facing commercial organisations can (but not limited to) include areas such as technological/obsolescence, financial, interest rate, operational, reputational.

4.5 Technological risk can be due to a lack of forward thinking and innovation, what is currently a marketable product, competitive advantage or unique selling point (USP) today can easily be rendered obsolete.

4.6 Financial and economic risk, trading companies will be set up with an expectation and direction to generate a level of return to ultimately make the venture worthwhile for the authority.

4.7 Operational risk is the [risk of losses caused by flawed or failed processes](#), policies, systems or events. Reputational risk can arise directly through the actions of the company or directly through the actions of an employee or related party. Reputational risk can quickly generate negative press and invite significant challenge to its owners, directors and leadership team.

4.8 The guidance suggests adapting the policies relative to the risk tolerance and risk appetite that each company faces. The approach of each company to risk and the processes and procedures in place will be considered as part of the review.

c) Conflicts of interest

4.9 The CIPFA guidance suggests having a policy for declarations and conflicts of interest within each company's articles of association.

4.10 The guidance notes that Members, officers, Directors and Board attendees can often have a diverse role within the authority and sit on multiple Boards as part of their duties as well as having various outside interests. In a dynamic commercial environment, conflicts of interest can arise and change unexpectedly during formal discussions and throughout the year. Conflicts of interest may arise for a number of reasons; these can include business interests but may also extend to personal relationships and conflicts of loyalty.

4.11 As a company Director, their duty is to the company, and this is the case even if the individual happens to also be a senior officer or elected Member of the Council. Directors also have a statutory duty to avoid conflicts of interest. Directors must have regard to the rules on declaring their interests and any restriction on voting, as may be set out in the company's articles of association.

4.12 When acting as a senior officer or Member of the Council, their duty is foremost to act in the best interests of the Council, subject to confidentiality of information required by the company. This wearing of different hats is clearly a cause of potential conflicts of interest.

- 4.13 The guidance suggests that Local Authority Members and officers are aware of potential conflicts of interest when performing their role for the Local Authority and their role in respect of the company. In general, if there are any doubts about conflicts of interest arising from an appointment, it is preferable not to make the appointment.
- 4.14 The guidance also states that there should be a formal policy in place to ensure Members and officers are aware of potential conflicts of interest when performing their role for the Local Authority and the company.
- 4.15 The review will consider Brierley Group arrangements in relation to conflicts of interest.

d) External challenge to the Board

- 4.16 Previous failures that have affected Local Authority companies have often included a lack of understanding of roles and responsibilities, a lack of relevant skills and experience and conflict of interests. The CIPFA guidance notes that Non-Executive Directors can play a vital role in holding the executive to account for its performance in fulfilling its responsibilities through constructive challenge and scrutiny. As set out above, the Local Authority should always ensure that the scope for conflicts is minimised with a clear divide between those in such roles, and those responsible for holding them to account or overseeing them.
- 4.17 Non-Executive Directors make up part of the Board of directors of a company. They can bring vital expertise and different perspectives. Non-Executive Directors can include Members, officers and independent directors (who are external to the authority).
- 4.18 It is good practice to have some 'distance' between key authority decision makers and company decision makers.
- 4.19 The review will consider arrangements in relation to the involvement of Non-Executive Directors on the Boards of Brierley Group companies.

e) Business Planning

- 4.20 The success of commercial organisations is reliant in having strong leadership, a commercial culture, establishing a clear strategy and executing on that strategy. The strategy needs to take the form of a commercially focused business plan that details a clear roadmap signalling the companies' direction and aspirations for the future. Building up a successful company can take many years and requires plans that extend beyond a traditional one year cycle to allow the business to work iteratively towards medium to long term goals, under the guidance and direction of the board.
- 4.21 The CIPFA guidance explains that the subject of several failed Local Authority companies in case studies and public interest reports is through a lack of ongoing due diligence and weak or flawed business plans. A business case needs to be reviewed to ensure it adapts to the current circumstances or exploit opportunities in the market. Ultimately, the Local Authority need to ensure that the company is generating the intended outcomes, while acting in the public interest at all times.
- 4.22 The guidance highlights the importance of a strategic plan which brings together some of the key documents and it allows the reader to interpret and understand the current and future position against the business case and provides assurance to the Shareholder that a sound, well thought out and robust plan is in place to protect shareholder interests.

4.23 Current and future business planning arrangements will be considered as part of the review.

f) Shareholder Agreement

4.24 The CIPFA guidance recommends having a shareholder agreement in place for each company.

4.25 A shareholder agreement is a document that supplements the Company's articles of association. It is a contractual agreement between the company and the shareholder and is a private document (unlike the articles which are published). It sets out the rights of the Council as shareholder (or co-shareholder as appropriate). The articles form the overarching constitution for a company and are the legal document required to establish a limited company. However, the articles are a public document, therefore certain matters can be put into the shareholder agreement so that they remain private.

4.26 The shareholder agreement can be used to define the entity's risk management strategy, approve the limits for risk taking, and determining the criteria for internal control. This gives the company certain agreed parameters to work within and allows the company to challenge the level of risk averseness.

4.27 The review will consider arrangements in relation to Shareholder Agreements.

g) Post LGR Company review

4.28 A review of the principles contained within the CIPFA guidance will be carried out as part of the work being carried out by the Local Government Reorganisation (LGR) commercial workstream, it has highlighted a number of commercial interests held within the district and borough councils and districts and borough owned companies. As part of this workstream, a requirement for due diligence and a governance review of these companies has been identified. This shall take place post vesting day, and any such review shall take into account the CIPFA guide.

5.0 Next Steps

5.1 A review of the principles contained within the CIPFA guidance, current arrangements and recommendations for any proposed changes to the commercial governance environment arising from this review will be carried out as part of the work of the LGR Commercial workstream.

6.0 Recommendations

6.1 The Audit Committee is requested to note the contents of the report and agree to receive a further report post LGR.

Author of report: Vicki Dixon, Assistant Director Strategic Res

GOVERNANCE REVIEW CHECKLIST

GENERAL COMPANY COMPLIANCE

Does the company have detailed and appropriate articles of association? Are they teckal compliant (if appropriate)?
What is the company structure and is this structure appropriate? (eg. Teckal / Commercial) Has the company been set up correctly to reflect the structure?
Is a Shareholder Agreement in place and, if so, does it adequately define the entity's approach to risk management and internal controls? If not, is one necessary?
Is there a Service Agreement in place with the Council? If so, what services does the company provide to the Council and vice-versa. Are the Services Agreements adequate and are they effectively managed? Are there any other contracts in existence with previous Borough/District Councils which may need amalgamating with the Services Contract (eg. waste, property etc).
Are there written SLAs in place for back-office services provided by the Council? What services are currently provided by the Council and how are charges calculated and managed? Are support services provided to the company charged at full cost?
What Insurance does the company have in place? Does it hold insurance itself or are these part of the Council's policies?
What systems or ICT software is used by the company? Have the contracts for these services been reviewed recently?
Does the Company have a bank account?
Are the Company Statutory Books up to date?
Is all Webfiling up to date?
How does the Company report to the Council?
How often are the company accounts reviewed? Is an Annual Budget signed off? Does the Company have a long term financial strategy?
If a Teckal company: does it perform an annual Teckal test on its actuals and forecast to ensure compliance with 80:20% split of work
Does the company have employees?
What Company Policies are currently in place? <ul style="list-style-type: none"> • Finance • Procurement and/or contract procedure rules • Scheme of delegation
Does the company own or lease property?
What arrangements are in place for the preparation of statutory accounts and the calculation of corporation tax liabilities?

Does the Council have loan agreements with the company? What are the terms of the loan agreements and are the loans on commercial terms?

Do the review of the financial statements highlight any concerns (eg. potential liquidity issues, insufficient financial reserves)?

Are any Pension Fund subsumption agreements in place, which are underwritten by NYC?

ADDITIONAL CIPFA GUIDANCE COMPLIANCE

What internal and external audit controls are in place? Are the current audit arrangements deemed to be appropriate?

Conflicts:

- Do any conflicts of interest get declared at Board Meetings as a standing agenda item?
- Is there a policy for declarations and conflicts of interest within the company's articles of association?
- Are Council appointed directors aware of potential conflicts of interests in their role as Director?

Does the Board membership include Non-Executive Directors or independent directors?

If a teckal company: Does the board contain a majority of Council appointed directors to ensure the "control" test is met?

Business Planning:

Does the company have a minimum of 3 years of strategic business plan forecasting using an agreed format (standardised across all companies)? Covering the following matters:

- Financial projections – Historic against business case / approved budget, future forecasts
- SWOT analysis
- Risk register
- Capital / Investment plans
- Product / service development
- New business proposals / pipeline
- Technology Roadmap
- Workforce planning

What is the company's approach to risk management, and what processes and procedures are in place to manage and monitor risk? Are the risk management approaches deemed to be appropriate given the levels and types of risks facing the organisation?

Have Council appointed Directors been adequately trained / are they sufficiently knowledgeable on their roles and responsibilities as a company Director?

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Hambleton District Council Audit results report

Year ended 31 March 2020

27 November 2023

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Building a better
working world

Agenda Item 8

Private and Confidential

27 November 2023

Dear North Yorkshire Audit Committee members

We are pleased to attach our audit results report for the forthcoming meeting of the Audit Committee. This report summarises our audit conclusion in relation to the audit of Hambleton District Council for 2019/20. We have substantially completed our audit of Hambleton District Council for the year ended 31 March 2020.

Subject to concluding the outstanding matters listed in our report, we confirm that we expect to issue an unqualified audit report on the financial statements in the form in section 3. We do, however, have matters to report on your arrangements to secure economy, efficiency and effectiveness in your use of resources and expect to issue a qualified except for opinion in respect of the Council's arrangements.

This report is intended solely for the use of the Audit Committee, other members of the Authority, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their help during the engagement.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 11 December 2023.

Yours faithfully,

Hassan Rohimun
Partner
For and on behalf of Ernst & Young LLP
Encl

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01 Executive Summary



02 Areas of Audit Focus



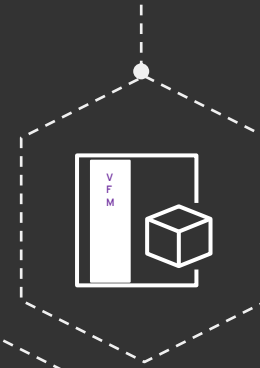
03 Audit Report



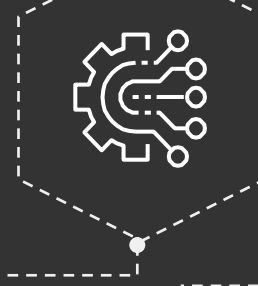
04 Audit Differences



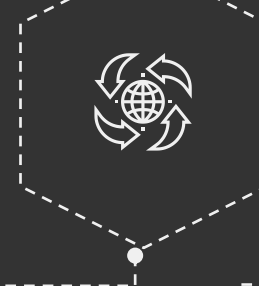
05 Value for Money



06 Other reporting issues



07 Assessment of Control Environment



08 Independence



09 Appendices



Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psa.co.uk).

This Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment (updated April 2018)' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities / Terms and Conditions of Engagement. It is addressed to the Members of North Yorkshire Council as successor of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



01

Executive Summary

Executive Summary

Scope update

In our audit planning report tabled at the March 2020 Hambleton Audit, Governance and Standards Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

Changes to reporting timescales

As a result of COVID-19, new regulations, the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 No. 404, have been published and came into force on 30 April 2020. This announced a change to publication date for final, audited accounts from 31 July to 30 November 2020 for all relevant authorities. Additional audit work was required due to issues arising on the 2019/20 financial statements and in relation to our assessment of the Council's Value for Money arrangements and the Council's infrastructure assets, a target date for the final sign-off for the Council financial statements has been agreed with management as December 2023.

Changes to our risk assessment as a result of Covid-19

- ▶ **Valuation of Property Plant and Equipment** - The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, has issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty. Caveats around this material uncertainty have been included in the year-end valuation reports produced by the Authority's external valuer. We consider that the material uncertainties disclosed by the valuer gave rise to an additional risk relating to disclosures on the valuation of property, plant and equipment.
- ▶ **Disclosures on Going Concern** - Medium term financial plans will need revision for Covid-19. We considered that the unpredictability of the current environment gave rise to a risk that the Council would not appropriately disclose the key factors relating to going concern.
- ▶ **Events after the balance sheet date** - We identified an increased risk that further events after the balance sheet date concerning the current Covid-19 pandemic will need to be disclosed.
- ▶ **Adoption of IFRS16** - The adoption of IFRS 16 by CIPFA/LASAAC as the basis for preparation of Local Authority Financial Statements has been deferred until 1 April 2024 and as result a disclosure of the impact of the standard in the 2019/20 financial statements is not required. We therefore no longer consider this to be an area of audit focus for 2019/20.

Changes to the scope of our audit as a result of Covid-19

Information Produced by the Entity (IPE): We identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity due to the inability of the audit team to verify original documents or re-run reports on-site from the Authority's systems. We undertook the following to address this risk:

- ▶ Used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and
- ▶ Agree IPE to scanned documents or other system screenshots.

Additional EY consultation requirements concerning the impact on auditor reports because of Covid-19. The changes to audit risks, audit approach and auditor reporting requirements changed the level of work we needed to perform. We have set out the impact on our audit fee on page 35.

Executive Summary

Scope update

Changes in materiality

In our Audit Committee Planning Report, we communicated that our audit procedures would be performed using a materiality of £0.878m, with performance materiality, at 75% of overall materiality, of £0.659m, and a threshold for reporting misstatements of £0.043m. We have considered whether any change to our materiality is required in light of Covid-19. Following this consideration we remain satisfied that the basis for planning materiality, performance materiality and our audit threshold for reporting differences reported to you in our Audit Planning Report remain appropriate.

The basis of our assessment has remained consistent with prior years at 1.8% of gross operating expenditure and we have used the same materiality levels for the group and single entity accounts. We are required to reassess our materiality thresholds at the end of each audit, taking into account the level of misstatements identified, and have not identified any further changes to this assessment.

Change in Audit Team

As set out in our Audit Planning Report, Hassan Rohimun is the Partner responsible for the overall quality and delivery of the audit. He was supported by Claire Mellons as Senior Manager and Richard Tebbs as Manager, following the departure of Vusi Maseko from EY.

Status of the audit

At the time of this report, we have substantially completed our audit of Hambleton District Council's financial statements for the year ended 31 March 2020 and have performed the procedures outlined in our Audit Planning Report. Subject to satisfactory completion of the following outstanding items, we expect to issue an unqualified opinion on the Council's financial statements. However until work is complete, further amendments may arise:

- ▶ Final audit partner review of audit file; and
- ▶ Review of final signed accounts, including adjustments to the Governance Statement and going concern note.

We will update the committee at the meeting on 11 December 2023 on any further findings on completion of this work.



Executive Summary

Audit differences

At the time of writing this report, there are two unadjusted differences arising from our audit, relating to the over-accrual of the housing benefit subsidy debtor and, over-accrual of construction costs by house buildings. These have a net impact of £63,000 on net assets. Management have chosen not to amend these amounts as they do not believe that the adjustment is material to the financial statements and we will request formal representation of this in our management representation letter.

We also identified the following audit differences, above our reporting threshold, which have been adjusted by Management:

- The Council's car parks had not been valued within the interval required by the CIPFA Code. This increased PPE by £1.1 million with £998,000 being recognised in the revaluation reserve and £54,000 being recognised in the CIES.
- Capital grants with a value of £477,000 were recorded in cost of services, rather than within taxation and non-specific grant income.

Prior Year Adjustments - Management agreed to adjust for two areas that required adjustment in the prior year:

- Thirsk and Sowerby Swimming Baths - We identified that the results of the charity were incorrectly included within the Council's accounts rather than the group's; and
- Some classification errors were identified in note 7(c) 'Expenditure and Income analysed by Nature' that impacted both the current, and prior year, disclosures.

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Objections

We received one objection to the 2019/20 accounts from a member of the public. After consideration of the information provided we concluded that there was no appropriate basis to accept the objection.

Areas of audit focus

Our Audit Planning Report identified key areas of focus for our audit of Hambleton District Council's financial statements. This report sets out our observations and conclusions, including our views on areas which might be conservative, and where there is potential risk and exposure. We summarise our consideration of these matters, and any others identified, in the "Key Audit Issues" section of this report.

We ask you to review these and any other matters in this report to ensure:

- ▶ There are no other considerations or matters that could have an impact on these issues
- ▶ You agree with the resolution of the issue
- ▶ There are no other significant issues to be considered.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit Committee.



Executive Summary

Control observations

As a result of the work undertaken to support our Value for Money conclusion and infrastructure assets, we have identified significant deficiencies in internal control that are set out in more detail in section 7 of the report.

Value for money

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties. In our Audit Planning Report we identified a significant risk in relation to commercial investment plans; however, as management decided not to proceed with these plans we no longer considered this risk to be relevant.

Our audit has identified weaknesses in the Council's arrangements and we will be issuing a qualified ('except for') value for money conclusion on your arrangements to secure economy efficiency and effectiveness in your use of resources. The details of our findings are outlined in Section 5.

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We have received an updated statement from management, which we will review in advance of the meeting.

We are required to perform procedures requested by the National Audit Office (NAO) on the Whole of Government Accounts submission. We have no issues to note in this regard.

We have no further matters to report.

Independence

Please refer to Section 8 for our update on Independence.



02 Areas of Audit Focus



Areas of Audit Focus

Significant risk

Risk of fraud in revenue and expenditure recognition

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

Our judgement is that the significant risk at the Authority relates to the recognition of grants, the potential for improper capitalisation of revenue expenditure and the omission of expenditure in the financial statements.

What judgements are we focused on?

Our judgement is that the significant risk at the Authority relates to the recognition of grants, the potential for improper capitalisation of revenue expenditure and the omission of expenditure in the financial statements.

What did we do?

We tested a sample of capital grants and contributions to confirm that they have been recognised in accordance with agreed terms and conditions.

We tested a sample of capital additions to confirm they meet the criteria for capitalisation set out in accounting standards.

We reviewed minutes of Council, Cabinet and other key meetings to identify any potential accruals or provisions which may have been omitted from the financial statements.

We reviewed a sample of transactions recorded in the general ledger and payments from the bank account post year end, to confirm that the associated income and expenditure has been recorded in the correct period.

What are our conclusions?

As part of our testing of recognition of grant income we identified an amount of £177,101 which related to a drawdown on a zero-interest loan from Salix Finance Limited for the Energy Efficiency Loan Programme. This drawdown of cash had been incorrectly classified as income. Upon review of the supporting documentation we identified that the total loan value from Salix Finance Limited was £350,000 repayable over 5 years. Management have agreed to amend the financial statements to show this transaction as a creditor on the balance sheet, rather than recognise income.

We performed a further review of the listing of grant income and did not identify any further transactions of this nature.

Our testing of capital additions is complete and we did not identify any incorrectly capitalised items.

We have not identified any potential accruals or provisions which may have been omitted from the financial statements.

Our work on the cut-off of transactions recorded in the general ledger and post year-end bank statements is complete and we have not identified any issues through this testing.



Areas of Audit Focus

Significant risk

Misstatements due to fraud or error

What is the risk?

As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

What judgements are we focused on?

We considered the specific circumstances of the Council and did not identify any judgements that we considered to lead to a significant risk of misstatement due to fraud or error, other than those identified as part of our risk of fraud in revenue and expenditure recognition.

Our work in this area, therefore, focussed on those mandatory procedures that are set out in auditing standards.

What did we do?

We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in preparing the financial statements.

We reviewed accounting estimates for evidence of management bias.

We evaluated the business rationale for any significant unusual transactions.

What are our conclusions?

We have not identified any material weaknesses in controls due to fraud or evidence of material management override.

We have not identified any instances of inappropriate judgements being applied.

We did not identify any other transactions during our audit which appeared unusual or outside of the Council's normal course of business.

We are therefore content that the financial statements are not materially misstated as a result of fraud or error.

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Areas of Audit Focus

We identified other areas of the audit, that were not classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

What was the risk/area of focus?

Infrastructure assets (new)

At 31 March 2020, the Council has recognised infrastructure assets with a net book value of £3.3m, mainly comprising of street lighting. The Council has not maintained sufficiently detailed accounting records to enable it to identify individual assets within its accounting records. As a result, it was unable to demonstrate that individual assets have been accounted for in accordance with the requirements of the reporting framework. In particular, the Council was unable to demonstrate that remaining asset balances have been derecognised when individual assets have been replaced.

Valuation of land and buildings

The value of land and buildings represents the most significant asset balance in the Council's financial statements, and is subject to valuation changes, impairment reviews and depreciation charges.

Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

What were our conclusions?

During the year, the CIPFA Code was revised and a statutory override were made allowing for temporary amendments to required disclosures in the financial statements. We have reviewed the disclosures made by management in line with these amendments and are content that they are materially consistent with the updated requirements.

We are content that net valuations at 31 March 2020 are materially correct, in part because of the statutory presumption that balances at 1 April 2019 were correct, however the risk of misstatement in net valuations due to inappropriate useful lives being applied will increase year-on-year.

Our review of the useful lives applied noted that the lives used by management are greater than guidance ranges published by CIPFA, however, that these do not give rise to any material impact. We also noted that infrastructure assets include £182,000 of car parks which should be accounted for as other land and buildings and were not depreciated since completion.

The amendments to the reporting framework are temporary and will apply only until 2024/25. Whilst this expires after the final reporting period for the Council, it is highly likely that they will require North Yorkshire Council to develop better information on the its infrastructure assets than it currently holds. We have included a recommendation relating to the accounting for infrastructure assets within section 7.

During the audit we identified that car parks had not been valued within the 5 year interval required by the CIPFA Code. Management subsequently obtained valuations for these assets from the Council's external valuation specialist and an adjustment has been made to the final draft of the financial statements to record an increase in valuation of £1,052,000.

We challenged management on the classification of industrial units within the property, plant and equipment (PPE) classification, rather than investment property and noted that, due to the units currently being let at below market rates in order to attract business into the area, the units are classed as being held for economic development purposes.

RECOMMENDATION: Management should review the classification of industrial units in the financial statements on an annual basis to ensure that it remains appropriate.

We also note that the valuations performed this year were undertaken in February 2020. We have considered whether the Covid-19 pandemic that came into effect during March 2020 would have had any impact on these valuations, particularly the valuation of industrial units that are valued at market value and are satisfied the asset values are not materially misstated.

We have completed our testing in this area and have no further matters relating to this risk to bring to your attention.



Areas of Audit Focus

We identified other areas of the audit, that were not classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

What was the risk/area of focus?	What were our conclusions?
<p>Pension liability valuation</p> <p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by North Yorkshire Pension Fund.</p> <p>The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2019, this totalled £21 million.</p> <p>The information disclosed is based on the IAS 19 report issued by the Council's actuary, AON Hewitt.</p> <p>Accounting for this scheme involves significant estimation and judgement, and therefore management engages an actuary to undertake the calculations on their behalf. ISAs 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>We have assessed the work of the Pension Fund actuary, including the assumptions they have used, by relying on the work of PwC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and also considered the reviews undertaken by our EY actuarial team.</p> <p>We have reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.</p> <p>We have received correspondence from the auditor of the North Yorkshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the Council.</p> <p>We have completed our testing in this area and have no matters relating to this risk to bring to your attention.</p>
<p>Disclosures on Going Concern</p> <p>Financial plans for 2020/21 and medium term financial plans will need revision for Covid-19. We considered the unpredictability of the current environment gave rise to a risk that the Council would not appropriately disclose the key factors relating to going concern, underpinned by managements assessment with particular reference to Covid-19 and the Council's actual year end financial position and performance.</p>	<p>Due to the impact of Local Government Reorganisation and the Council's merger into North Yorkshire Council, management's assessment of going concern has been based on the continuance of service provided by North Yorkshire Council. We have obtained analysis to support the going concern basis of North Yorkshire Council and have reviewed the revised going disclosures. We are content that the Going Concern basis and associated disclosures have been appropriately made.</p> <p>Due to the significance of Local Government Reorganisation, we have recognised an Emphasis of Matter, which does not impact our opinion, in order to draw attention to the disclosures made.</p>

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Areas of Audit Focus

We identified other areas of the audit, that were not classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

What was the risk/area of focus?	What were our conclusions?
<p>Events after the balance sheet date</p> <p>We identified an increased risk that further events after the balance sheet date concerning the current Covid-19 pandemic will need to be disclosed. The amount of detail required in the disclosure needed to reflect the specific circumstances of the Council.</p>	<p>Management have included a detailed disclosure in the financial statements. We will consider this disclosure in the context of the information provided by management to support their going concern assessment.</p> <p>We will also perform procedures up to the date of signing the financial statements to identify any other potential events after the balance sheet that may require disclosure.</p>
<p>Group financial statements</p> <p>Following our review of the related party disclosures, we challenged management on the nature of the relationship with Thirsk and Sowerby Swimming Baths and they concluded that it should have been consolidated into the Group financial statements as the Council has control over the Charity. We concurred with this judgement.</p>	<p>As the value of the building held by Thirsk and Sowerby Swimming Baths (TSSB) is material the Council should have prepared the financial statements on a group basis. Management have agreed that this is the case and have redrafted the financial statements including a restatement of the 2018/19 comparatives figures.</p> <p>As part of this work, management identified that some of the income and expenditure transactions for Thirsk and Sowerby Swimming Baths were already incorporated within the Council's single entity income and expenditure balances. Management therefore undertook an exercise to separate out the TSSB balances from the Council's single entity financial statements and include them within the restated Group financial statements.</p> <p>We also recommend that management give consideration as to whether the income and expenditure figures reported in the TSSB statutory accounts need revisiting, given that some of the Charity income and expenditure was recorded within the Council balances.</p>

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03 Audit Report



Audit Report

Draft audit report

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH YORKSHIRE COUNCIL

Opinion

We have audited the financial statements of Hambleton District Council ('the Council') and its subsidiaries (the 'Group') for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Council and Group Comprehensive Income and Expenditure Statement,
- Council and Group Movement in Reserves Statement,
- Council and Group Balance Sheet,
- Council and Group Cash Flow Statement and the related notes 1 to 46 and G1 to G9, and
- Collection Fund and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

In our opinion the financial statements:

- give a true and fair view of the financial position of Hambleton District Council and the Group as at 31 March 2020 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's AGNO1, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Local Government Reorganisation

We draw attention to Note 1 which discloses the Local Government Reorganisation in North Yorkshire. As stated in these disclosures, a new council called North Yorkshire County Council replaced the District Council in April 2023. The Council's assets, liabilities, services, and functions transferred to the new North Yorkshire Council on 1 April 2023. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial



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statements are authorised for issue.

Other information

The other information comprises the information included in the Narrative Report, other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Basis for Qualified Conclusion

Performance related Pay

In December 2019, the Council updated the Pay Policy to allow for the award of performance related pay. There are two elements to the approved scheme - an assessment of an individual's performance and an annual assessment of the senior management team as a whole, against specified criteria. The documentation maintained by the Council does not clearly map performance of individuals or the senior management team to the specified criteria and therefore it is not clear how the individual awards have been determined.

The Pay Policy also requires that the Leader of the Council (in consultation with Cabinet) assesses the performance of the senior management team as a whole. There is evidence that the Leader of the Council has approved the element of performance related pay award for the senior management team; however, there is no evidence that this has been discussed by Cabinet.

The issues above are evidence of weaknesses in arrangements for taking informed decisions in making performance related pay awards

Approval of exit package

The Council's Pay Policy requires that all exit packages in excess of his authorisation limit are approved by Cabinet.

The Chief Executive approved a payment to a former employee during 2019/20 which was in excess of his authorisation limit, given the former employee also received an extended notice period, which triggered the threshold for approval of the overall exit package by Cabinet. There is no documented HR or legal advice supporting the calculation of the payment or confirming that the action taken was in the best interests of the Council.

This issue is evidence of a weakness in arrangements for approving exit package payments.



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Financial Reporting

Material audit adjustments impacting the current and prior year were identified, including identification of an unconsolidated entity. Upon review of these errors management identified that elements of the unconsolidated entities income and expenditure were already reported within the Council position and a significant amount of work was required to accurately reflect the financial position of the individual entities. Other material audit adjustments arising from the financial reporting cycle were identified including errors in mapping the information in the underlying accounting systems to disclosures in the accounts and assets initially being excluded from the five-year rolling programme of valuations.

These issues are evidence of a weakness in the financial reporting arrangements.

Qualified conclusion

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in April 2020, with the exception of the matters reported in the basis for qualified conclusion paragraph above, we are satisfied that, in all significant respects, Hambleton District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Group and the Council;

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

Responsibility of the Chief Financial Officer

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities set out on page 33, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the Group financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Group and the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Group and the Council either intends to cease operations, or have no realistic alternative but to do so.

The authority is responsible for putting in place proper arrangements to secure



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economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether Hambleton District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice 2015 in satisfying ourselves whether Hambleton District

District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice 2015. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Hambleton District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of Hambleton District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.



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Use of our report

This report is made solely to the members of North Yorkshire Council as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than North Yorkshire Council and North Yorkshire Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

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Hassan Rohimun (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Manchester



04 Audit Differences





Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted differences

We have identified the following misstatements during the audit:

- ▶ We identified classification errors in note 7C ‘Expenditure and Income analysed by Nature’ that impacted both the current and prior year disclosures.
- ▶ We identified the Thirsk and Sowerby Swimming Baths charity represents a material subsidiary and needs to be consolidated in the group financial statements. This impacts on both the current and prior year financial statements, with the most significant change being recognition of the building in the Group financial statements with a value of £2.8m.
- ▶ We identified income and expenditure transactions relating to Thirsk and Sowerby Swimming Baths charity had been included in the single entity financial statements of the Council and adjustments were made to the current and prior year comparatives to remove this.
- ▶ During the audit we identified the car parks had not been valued within the 5 year interval required by the CIPFA Code. This increased the value of PPE by £1.1 million with £998,000 being recognised in the revaluation reserve and £54,000 being recognised in the CIES
- ▶ We identified that capital grants with a value of £477,000 were recorded in cost of services, however under the CIPFA code, they are required to be recorded under taxation and non-specific grant income.

Summary of unadjusted differences

During the course of our audit, we identified the following differences that had not been adjusted for:

- the accrued debtor for housing benefit subsidies owed from DWP was overstated by £51,000;
- an accrual was recognised for costs relating to the North Northallerton Bridge project with two suppliers for £1.1 million. The Council were subsequently billed £114,000 less than that accrued; and
- within infrastructure assets, management have reported £182,000 in relation to car parks, however these should have been recorded in other land and buildings. We also note that these assets had not been depreciated despite being operational and therefore depreciation was understated by £46,000.

The net impact of these differences would further increase net comprehensive income by £17,000. Management have chosen not to amend the financial statements for these adjustments as they do not believe the impact is material.



05

Value for Money



Background

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

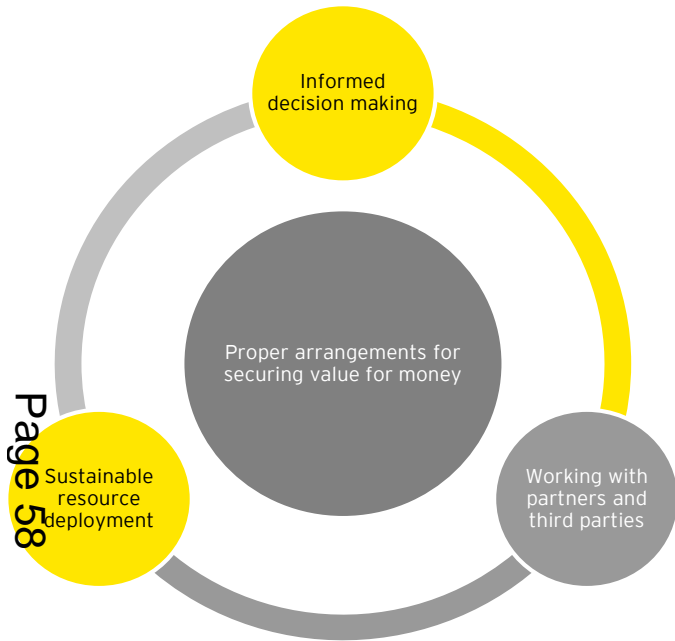
For 2019/20 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.



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Impact of covid-19 on our Value for Money assessment

On 16 April 2020 the National Audit Office published an update to auditor guidance in relation to the 2019/20 Value for Money assessment in the light of covid-19. This clarified that in undertaking the 2019/20 Value for Money assessment auditors should consider Local Authorities' response to Covid-19 only as far as it relates to the 2019-20 financial year; only where clear evidence comes to the auditor's attention of a significant failure in arrangements as a result of Covid-19 during the financial year, would it be appropriate to recognise a significant risk in relation to the 2019-20 VFM arrangements conclusion.

Overall conclusion

We identified one significant risk to arrangements in the audit plan. The tables below present our findings in response to the risks in our Audit Planning Report and any other significant weaknesses or issues we identified during the audit.

We have concluded our work in this area and, subject to finalisation of outstanding consultation processes, we plan to issue an except for conclusion relating to the Council's arrangements to secure efficiency and effectiveness in its use of resources.



Value for Money Risks

We are only required to determine whether there are any risks that we consider significant within the Code of Audit Practice, where risk is defined as:

“A matter is significant if, in the auditor’s professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public”

Our risk assessment supports the planning of enough work to deliver a safe conclusion on your arrangements to secure value for money, and enables us to determine the nature and extent of any further work needed. If we do not identify a significant risk we do not need to carry out further work.

The table below presents the findings of our work in response to the risk area in our Audit Planning Report.

What is the significant value for money risk?	What arrangements did the risk affect?	What are our findings?
<p>The Council had outlined plans to invest in commercial property to generate additional income over the next three years. It was planned that the additional income would be used to fund Council services and is based on increasing the investment property budget to £30m.</p> <p>As part of the 2018/19 Audit Results Report, we highlighted a number of areas to the Audit, Governance and Standards Committee that the Council should consider to mitigate the risks arising from the commercial development activity.</p>	<p>Take informed decisions</p>	<p>We note that the Council has not proceeded with any commercial property purchases in 2019/20, and in 2020/21 the decision was taken to place the Commercial Investment Strategy on hold. We therefore no longer consider this to be a risk to our VFM conclusion for 2019/20.</p>



Value for Money

Area	Arrangements affected	Our findings and conclusions
<p>We undertook testing to assess if there were appropriate governance arrangements to support the payments made for:</p> <ul style="list-style-type: none"> ▶ Exit package of £100,000 disclosed in the financial statements; and ▶ Performance related pay for senior officers. 	<p>Take informed decisions - in acting in the public interest, through demonstrating and applying the principles and values of sound governance.</p>	<p>The Council's pay policy requires that termination packages in excess of £100,000 should be approved by Cabinet. For packages below this level approval is delegated to the Chief Executive. During 2019/20 the Council paid a £100,000 exit package to a former senior officer. As the sum paid was at £100,000 it was approved by the Chief Executive without Cabinet approval. However, in addition to the monetary payment made the notice period of the individual was extended from 3 months to 6 months which would result in the overall package being in excess of £100,000 and therefore take it to a level requiring Cabinet approval. The absence of Cabinet approval or evidence that the package was reviewed as a whole and consideration then made as to whether Cabinet approval should be sought is a weakness in decision making arrangements.</p> <p>In reviewing exit packages to senior officers we would expect and commonly find that in coming to a decision public sector bodies will have received formal documented HR and legal advice to ensure transactions: are appropriate; made in the best interest of the body; and to provide a safeguard against the risk of future actions. In the case of this transaction we were informed that the Chief Executive received professional advice verbally and that there was no documented evidence of this advice.</p> <p>At our request, the Chair of the Audit Committee arranged for an external legal firm to review the facts and circumstances of the termination package to assess whether there was any evidence that there was any underlying impropriety in arrangements. This review highlighted that the legal firm did not identify any evidence of wrongdoing, breach of Council Policy, or any other impropriety. Nor did they find any evidence of bullying, intimidation, improper motive. We engaged the support of our colleagues in the EY Forensic Investigation and Disputes team to support us in assessing the adequacy of the scope of the review undertaken by the external legal firm and we are satisfied that it was appropriate for the purposes of our external audit opinions.</p> <p>The review did not identify any evidence of impropriety or breach of Council Policy. The review identified that the Cabinet were kept informed of actions being taken in respect of the termination package but no documentary evidence of the briefings undertaken. The review identified that HR and legal advice was sought and received but no documentary evidence of professional HR or legal advice was provided to the external legal firm. In our view, the absence of documentary evidence to demonstrate that appropriate professional advice was sought, received, considered and followed represents a weakness in decision making arrangements.</p> <p>RECOMENDATION: <i>The Council should ensure that HR and legal advice is documented and retained to evidence that decisions are appropriately made and are in the best interests of the Council.</i></p>



Value for Money

Area	Arrangements affected	Our findings and conclusions
<p>We undertook testing to assess if there were appropriate governance arrangements to support the payments made for:</p> <ul style="list-style-type: none"> ▶ Exit package of £100,000 disclosed in the financial statements; and ▶ Performance related pay for senior officers. 	<p>Take informed decisions - understanding and using appropriate and reliable performance information to support informed decision making and performance management.</p>	<p>In December 2019, the Council updated the Pay Policy to allow for the award of performance related pay. There are two elements to the approved scheme - an assessment of an individual's performance and an annual assessment of the senior management team as a whole, against specified criteria. During 2019/20 the Council awarded senior officers a 10% performance related pay bonuses. Our review of the performance appraisal documentation for senior officers identified, in all cases, a brief commentary of the award received without any reference to the performance criteria. It is not possible to assess if there was an appropriate basis for the pay increases in the absence of more complete performance appraisal documentation. The Pay Policy also requires that the Leader of the Council (in consultation with Cabinet) assesses the performance of the senior management team as a whole. There is evidence that the Leader of the Council has approved the element of performance related pay award for the senior management team; however, there is no evidence that was assessed in consultation with the Cabinet. The absence of adequate appraisal documentation and evidence of Cabinet consultation represents a weakness in decision making arrangements.</p> <p>RECOMMENDATION: <i>Performance appraisal documentation should contain sufficient information to evidence that there has been proper consideration of an individuals performance and to explain the rationale for performance awards made.</i></p> <p>RECOMMENDATION: <i>The Council should ensure that consultations on pay awards are properly documented to record the points considered and the decisions made.</i></p> <p>Management have informed us that these recommendations have already been addressed during 2020/21 and we will review this documentation as part of our 2020/21 audit.</p>



Value for Money

Area	Arrangements affected	Our findings and conclusions
<p>In auditing the financial statements we assess if there are any indications of weaknesses in respect of financial reporting and financial management that impacts on our value for money conclusion responsibilities.</p>	<p>Take informed decisions - reliable and timely financial reporting that supports the delivery of strategic priorities.</p>	<p>As detailed in section 4 of this report during the audit we identified material misstatements in the preparation of the financial statements which impacted on our value for money conclusion considerations:</p> <ul style="list-style-type: none">▶ Thirsk and Sowerby Swimming Baths charity not being identified as a material subsidiary and being consolidated in the group financial statements. Income and expenditure transactions relating to Thirsk and Sowerby Swimming Baths charity having incorrectly been included in the single entity financial statements of the Council.▶ Car parks had not been valued within the 5 year interval required by the CIPFA Code.▶ Material errors in mapping the information in the underlying accounting systems to disclosures in the financial statements. <p>Not identifying that the financial statements should have been prepared on a group basis; incorrectly including a subsidiary's transactions in the single entity accounts and omitting material assets from the valuation cycle are weaknesses in financial management that impact on the "taking informed decision criteria" of our value for money conclusion responsibilities.</p> <p>RECOMMENDATION: <i>The Council should ensure there are arrangements in place to consider the preparation basis of the financial statements and to ensure all assets are valued in accordance with the required timescale.</i></p>



06 Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Narrative Report to the Annual Financial Report for 2019/20 with the audited financial statements

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Narrative Report to the Annual Financial Report for 2019/20 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We have no issues to raise.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Council to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). At the time of writing this report, we have not identified any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Council, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. At the time of writing this report, we have not identified any issues.

Other matters

As required by ISA (UK) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Council's financial reporting process. We have nothing to report to you in relation this, except already covered under other areas of this report.



07

Assessment of Control Environment



Assessment of Control Environment

Financial controls

It is the responsibility of the Council to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Council has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We considered whether circumstances arising from COVID-19 resulted in a change to the overall control environment of effectiveness of internal controls, for example due to significant staff absence or limitations as a result of working remotely. We identified no issues which we wish to bring to your attention.

We have identified two observations in relation to financial reporting that we wish to bring to your attention.

We have identified a significant deficiency in relation to the Council's records concerning infrastructure assets. Our findings and recommendation can be found on the following page.

- On review of note 16 to the financial statements, we identified that at 31 March 2020, the Council held intangible assets with a gross value of £3.6 million, with associated accumulated amortisation of £3.2 million, representing usage of their economic lives of 86.2%. The Council should review its aged assets listings to determine whether assets are not in use and have been disposed of.



Assessment of Control Environment

Area	Maintenance of infrastructure accounting records	Rating
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Observation	<p>As noted in section 2, the Council has not maintained appropriate accounting records to allow it to account for infrastructure assets in accordance with the requirements of the reporting framework. Specifically, the Council is not able to separately identify individual assets within its accounting records and, therefore, cannot evidence that individual assets have been accounted for appropriately.</p> <p>The reporting framework has been modified for so that the Council does not need to separately disclose the gross cost and accumulated depreciation and impairment of infrastructure assets, only the net valuation, and can assume that the net valuation as at 1 April 2020 was correct. These modifications are however temporary, applying only until the 2024/25 financial year.</p> <p>The detailed requirements which will apply after 2024/25 are still to be determined, however it is highly likely that they will require North Yorkshire Council, as the successor body to Hambleton, to develop better information on the Council's infrastructure assets than it currently holds.</p>
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Recommendation	<p>The Council should review how it records its expenditure on infrastructure assets, in particular to allow it to separately identify individual assets within its accounting records.</p> <p>In addition, the Council should review what information it holds for existing assets in other forms, for example within the highways team, and how this can be used to disaggregate existing accounting records.</p>
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08

Independence

Confirmation and analysis of Audit fees

We confirm there are no changes in our assessment of independence since our confirmation in our audit planning report dated March 2020.

We complied with the APB Ethical Standards. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you and your Audit Committee consider the facts of which you are aware and come to a view. If you wish to discuss any matters concerning our independence, we will be pleased to do so at the forthcoming meeting of the Audit Committee on 23 October 2023

We wrote to management and the Audit, Governance and Standards Committee Chair on 10 February setting out our considerations on the sustainability of UK local public audit. A scale fee of £31,381 has been set by PSAA for the 2019/20. We have been in correspondence with management to outline the impact that the changing risk and regulatory environment is having on our audits and why we do not believe the existing scale fees provide a clear link with either a public sector organisation's risk or its complexity and the work required to deliver a safe audit opinion. We outlined to management that we believe the fee for the Council should be set at £57,125. Management has not agreed to this increase in the scale fee and we have provided the PSAA with our assessment of the fee. Some of the factors relevant to this discussion were set out in our Audit Planning Report presented to the March 2020 Audit Committee.

We also note that there have been changes to our audit scope because of Covid-19 and additional work in response to issues arising during the audit. We will discuss the impact of these on the proposed fee with management before agreeing our final fee. Areas of additional work include:

- Using EY Real Estate experts to assess the impact of Covid-19 on land and building valuations and the material uncertainty clause in the Council's valuation report;
- Review of the valuation of car parks
- Considering and responding to objections from a local elector
- Additional procedures to consider the Council's going concern assessment;
- Additional procedures to consider the Council's arrangements for securing Value for Money

- Impact of the revised Code of Practice on Infrastructure assets
- Consultation requirements concerning the impact on the Auditor's report from the land and building valuations material uncertainty clause and going concern assessment.
- Consultation on the form and content of the Value for Money conclusion.

As part of our reporting on our independence, we set out below a summary of the fees you have paid us in the year ended 31 March 2020.

We confirm that we have undertaken non-audit work in this period in relation to the certification of Housing Benefit grants claims and returns. We have adopted the necessary safeguards in our completion of this work and complied with Auditor Guidance Note 1 issued by the NAO in December 2017.

Description	Fee (£) 2019/20	Fee (£) 2018/19
PSAA scale fee	31,381	
Responding to objections	13,700	
Group accounts and consolidation of Thirsk and Sowerby Swimming Baths	10,000	
Prior year restatements of the Expenditure & Funding Analysis notes	4,000	
Valuation of car parks	2,750	47,933
Consideration of the impact of the revised Code of Practice on Infrastructure	TBD	
Value for Money work on risks identified during the course of the audit	10,000	
Ongoing investigation work and implications for the audit	20,000	
Total Audit Fee - Code work	TBD	47,933
Non-audit work - Grant claim certification	TBD	11,280
Total services	TBD	59,213

Relationships, services and related threats and safeguards



The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council, senior management and its affiliates, including all services provided by us and our network to the Council, senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

Services provided by Ernst & Young

Below includes a summary of the fees that you have paid to us in the year ended 31 March 2020 in line with the disclosures set out in FRC Ethical Standard and in statute. Full details of the services that we have provided and the related threats and safeguards are included in the table below.

We confirm that none of the services listed in has been provided on a contingent fee basis.

As at the date of this report, we expect that we will also be engaged to perform housing benefit certification work for 2019/20.

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Description of relationship	Related independence threat	Safeguards adopted and reasons considered to be effective
Housing benefit certification work	Self interest	The fees for certification are not significant in the context of the overall audit fee and relevant approvals are obtained from Public Sector Audit Appointments Limited.
	Self review threat	The work on housing benefit certification is distinct from the external audit and follows specific procedures set by the DWP.

The Financial Reporting Council (FRC) published the Revised Ethical Standard 2019 in December and it will apply to accounting periods starting on or after 15 March 2020. We will continue to monitor and assess the impact of this standard on the services that we provide to the Council.

Other communications

EY Transparency Report 2019

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2022:

https://assets.ey.com/content/dam/ey-sites/ey-com/en_uk/about-us/transparency-report-2022/ey-uk-transparency-report-2022.pdf







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09

Appendices

Required communications with the Audit Committee

There are certain communications that we must provide to the Audit Committees of UK clients. We have detailed these here together with a reference of when and where they were covered:

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Audit, Governance and Standards Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit planning report March 2020
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report March 2020
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit results reports October 2020, March 2022 and December 2023

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	Audit results reports October 2020, March 2022 and December 2023
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Audit results reports October 2020, March 2022 and December 2023
Subsequent events	<ul style="list-style-type: none"> ▶ Enquiry of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	Audit results reports October 2020, March 2022 and December 2023
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the Authority, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Any other matters related to fraud, relevant to Audit Committee responsibility. 	Audit results reports October 2020, March 2022 and December 2023

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the Authority's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the Authority 	Audit results reports October 2020, March 2022 and December 2023
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit planning report March 2020</p> <p>Audit results reports October 2020, March 2022 and December 2023</p>
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures. 	Audit results reports October 2020, March 2022 and December 2023
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	Audit results reports October 2020, March 2022 and December 2023

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. 	Audit results reports October 2020, March 2022 and December 2023
Group Audits	<ul style="list-style-type: none"> ▶ An overview of the type of work to be performed on the financial information of the components ▶ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components ▶ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work ▶ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted ▶ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements. 	Audit planning report March 2020 Audit results reports March 2022 and October 2023
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> ▶ Written representations we are requesting from management and/or those charged with governance 	Audit results reports March 2022 and October 2023
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit results reports March 2022 and October 2023
Auditors report	<ul style="list-style-type: none"> ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit results reports March 2022 and October 2023

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Fee Reporting	<ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit planning report is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	Audit planning report March 2020 Audit results reports January 2022 and October 2023
Certification work	<ul style="list-style-type: none"> ▶ Summary of certification work 	Audit results reports January 2022 and October 2023

Draft Management representation letter

Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

Ernst & Young
2 St. Peter's Square,
Manchester
M2 3DF

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This letter of representations is provided in connection with your audit of the consolidated and Council financial statements of Hambleton District Council ("the Group and Council") for the year ended 31 March 2020. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and Council financial statements give a true and fair view of the Group and Council financial position of Hambleton District Council as of and of its financial performance (or operations) and its cash flows for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

We understand that the purpose of your audit of our consolidated and Council financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing, which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Group and Council, the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
2. We acknowledge, as members of management of the Group and Council, our responsibility for the fair presentation of the consolidated and Council financial statements. We believe the consolidated and Council financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Group and Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)) and are free of material misstatements, including omissions. We have approved the consolidated and Council financial statements.
3. The significant accounting policies adopted in the preparation of the Group and Council financial statements are appropriately described in the Group and Council financial statements.
4. As members of management of the Group and Council, we believe that the Group and Council have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)) for the Group and for the Council that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address

Draft Management representation letter

Management Rep Letter

the effects of the COVID-19 pandemic on our system of internal controls.

5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated and Council financial statements taken as a whole. We have not corrected these differences identified and brought to our attention by the auditor because [specify reasons for not correcting misstatement].

6. We confirm the Group and Council does not have securities (debt or equity) listed on a recognized exchange.

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible for determining that the Group and Council's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.

2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.

3. We have disclosed to you the results of our assessment of the risk that the consolidated and Council financial statements may be materially misstated as a result of fraud.

4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Group or Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:

- involving financial statements;

- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the consolidated or Council's financial statements;
- related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Group or Council's activities, its ability to continue to operate, or to avoid material penalties;
- involving management, or employees who have significant roles in internal controls, or others; or
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the consolidated and Council financial statements, including those related to the COVID-19 pandemic.

3. We have made available to you all minutes of the meetings of the Hambleton Council and committees including Council, Cabinet and Audit Committee, and the North Yorkshire Council Executive (or summaries of actions of recent

Draft Management representation letter

Management Rep Letter

meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 28 November 2023.

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the year ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the consolidated and Council financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the Group and Council has complied with, all aspects of contractual agreements that could have a material effect on the consolidated and Council financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From 30 July 2019 through the date of this letter we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the consolidated and Council financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed all guarantees that we have given to third parties.

F. Subsequent Events

1. Other than the matters described in Note 6 to the consolidated and Council financial statements, there have been no events, including events related to the COVID-19 pandemic, subsequent to year end which require adjustment of or disclosure in the consolidated and Council financial statements or notes thereto.

G. Group audits

1. There are no significant restrictions on our ability to distribute the retained profits of the Group because of statutory, contractual, exchange control or other restrictions other than those indicated in the Group financial statements.
2. Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst Council, subsidiary undertakings and associated undertakings.

Draft Management representation letter

Management Rep Letter

H. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report.
2. We confirm that the content contained within the other information is consistent with the financial statements.
3. We will provide to you the final version of documents when available and prior to issuance by us, such that you can perform your procedures.

I. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered and reflected in the consolidated and Council financial statements.
2. The key assumptions used in preparing the consolidated and Council financial statements are, to the extent allowable under the requirements of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), aligned with the statements we have made in the other information or other public communications made by us.

J. Comparative information - corresponding financial information

1. Classification errors were identified in note 7C 'Expenditure and Income analysed by Nature' as a result of errors in the mapping of the underlying data.

2. Thirsk and Sowerby Swimming Baths Charity represents a material subsidiary of the Council which was not consolidated into the Group financial statements.
3. The comparative amounts have been correctly restated to reflect the above matters and appropriate note disclosure of these restatements have also been included in the current year's consolidated and Council financial statements.

K. Going Concern

1. Note 1 to the consolidated and Council financial statements discloses all the matters of which we are aware that are relevant to the Group and Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.
2. We believe that the functions and services provided by Hambleton District Council up to 31 March 2023 are expected to be continued to be provided by North Yorkshire Council as successor to the Council.

L. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of our land and buildings and the valuation of the Local Government Pension Scheme liability and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated and Council financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

Draft Management representation letter

Management Rep Letter

M. Estimates (Pension scheme liabilities, PPE/Investment property valuations and provisions - "the estimates")

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimates have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
2. We confirm that the significant assumptions used in making the estimates appropriately reflect our intent and ability to provide retirement benefits in line with the LGPS, hold property and settle obligations with regards to the Collection Fund on behalf of the entity.
3. We confirm that the disclosures made in the consolidated and Council financial statements with respect to the accounting estimates are complete, including the effects of the COVID-19 pandemic and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
4. We confirm that no adjustments are required to the accounting estimates and disclosures in the consolidated and Council financial statements due to subsequent events, including due to the COVID-19 pandemic.

N. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours faithfully,

(Chief Financial Officer/Finance Director)

(Chairman of the Audit Committee)

Annex - Schedule of unadjusted differences

	Impact (£000s) on		
	Assets	Liabilities	Net income/ expenditure
Management have over-accrued for the amount owed by DWP in relation to housing benefits.	(51)		51
At 31 March 2020, management recognised an accrual of £1.1m in relation to the North Northallerton Bridge project, however received subsequent invoices which were £114,000 less than that accrued for.		114	(114)
We identified two assets reported within infrastructure assets which had not been depreciated despite being in operational use	(46)		46
We identified that within infrastructure assets, car park assets with a value of £182,000 were identified that should have been recorded as other land and buildings. There is no net impact on total assets.	Nil		
Net impact of unadjusted differences	(97)	114	(17)

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ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

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Draft Audit Strategy Memorandum

North Yorkshire Council

Year ending 31 March 2024

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Agenda Item 11

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- 01** Engagement and responsibilities summary
 - 02** Your audit engagement team
 - 03** Audit scope, approach and timeline
 - 04** Significant risks and other key judgement areas
 - 05** Value for money arrangements
 - 06** Fees for audit and other services
 - 07** Our commitment to independence
 - 08** Materiality and misstatements
- A** Appendix A – Key communication points
Appendix B – Revised auditing standard on Identifying and assessing the risks of material misstatement: ISA (UK) 315 (Revised 2019)

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This document is to be regarded as confidential to North Yorkshire Council. It has been prepared for the sole use of the Audit Committee as the appropriate sub-committee charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

Audit Committee
North Yorkshire Council
County Hall
Racecourse Lane
Northallerton DL7 8AD

Mazars LLP
5th Floor
3 Wellington Place
Leeds
LS1 4AP

November 2023

Dear Audit Committee Members

Audit Strategy Memorandum – Year ending 31 March 2024

We are pleased to present our draft Audit Strategy Memorandum for North Yorkshire Council for the year ending 31 March 2024. The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, section 7 of this document also summarises our considerations and conclusions on our independence as auditors. We consider two-way communication with you to be key to a successful audit and important in:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing the Council which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

With that in mind, we see this document, which has been prepared following our initial planning discussions with management, as being the basis for a discussion around our audit approach, any questions, concerns or input you may have on our approach or role as auditor. This document also contains an appendix that outlines our key communications with you during the course of the audit, and explains the implications of the introduction of the new auditing standard for Identifying and assessing the risks of material misstatement: ISA (UK) 315 (Revised 2019).

Client service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations so, if you have any concerns or comments about this document or audit approach, please contact me on 07747 764529.

Yours faithfully

Mark Kirkham

Mazars LLP

01

Section 01:

Engagement and responsibilities summary

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1. Engagement and responsibilities summary

Overview of engagement

We are appointed to perform the external audit of North Yorkshire Council (the Council) for the year to 31 March 2024. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>. Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below.

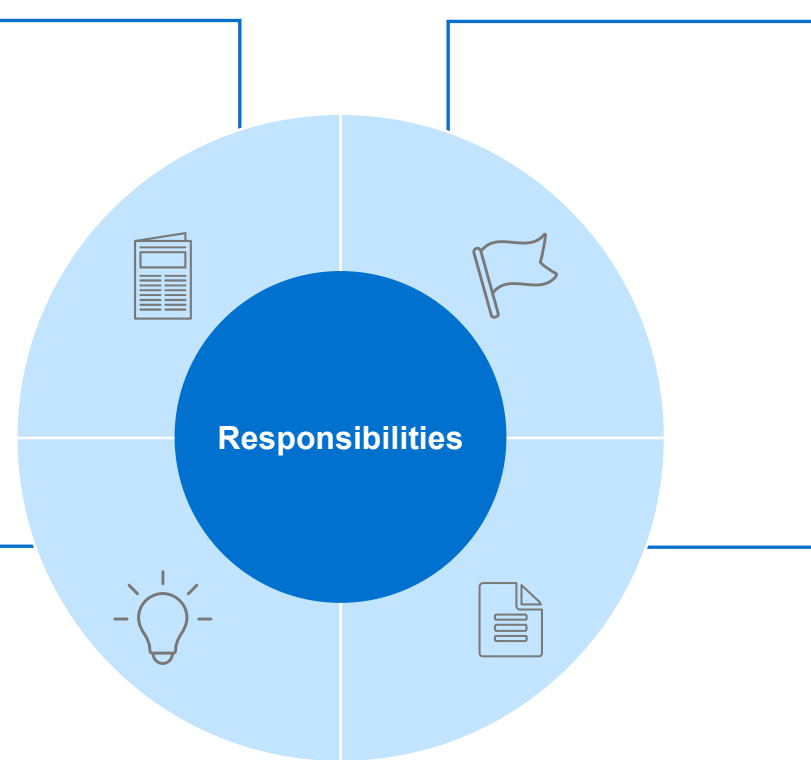
Audit opinion

We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with the Code of Practice on Local Authority Accounting. Our audit does not relieve management or the Audit Committee, as Those Charged With Governance, of their responsibilities.

The Corporate Director Resources is responsible for the assessment of whether it is appropriate for the Council to prepare accounts on a going concern basis. As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on: a) whether a material uncertainty related to going concern exists; and b) consider the appropriateness of the Corporate Director Resources use of the going concern basis of accounting in the preparation of the financial statements.

Value for money

We are also responsible for forming a commentary on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in section 5 of this report.



Fraud

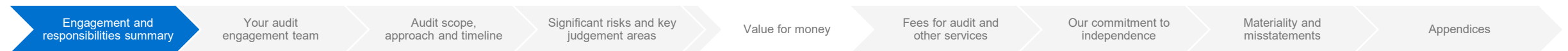
The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both Those Charged With Governance and management. This includes establishing and maintaining internal controls over reliability of financial reporting.

As part of our audit procedures in relation to fraud we are required to enquire of Those Charged With Governance, including key management including Internal Audit as to their knowledge of instances of fraud, the risk of fraud and their views on internal controls that mitigate the fraud risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. Our audit, however, should not be relied upon to identify all such misstatements.

Wider reporting and electors' rights

We report to the NAO on the consistency of the Council's financial statements with its Whole of Government Accounts (WGA) submission.

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounts of the Council and consider objections made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom



02

Section 02:

Your audit engagement team

2. Your audit engagement team

Your external audit service continues to be led by Mark Kirkham. A summary of key team members are detailed below.

Who	Role	E-mail
Mark Kirkham	Engagement Lead	Mark.Kirkham@mazars.co.uk
Rob Walker	Engagement Manager	Rob.walker@mazars.co.uk
Ellie Horsley	Engagement Assistant Manager	Ellie.Horsley@mazars.co.uk

In addition, an engagement quality control reviewer has been appointed for this engagement.

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03

Section 03:

Audit scope, approach and timeline

Page 92

3. Audit scope, approach and timeline

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your activities which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

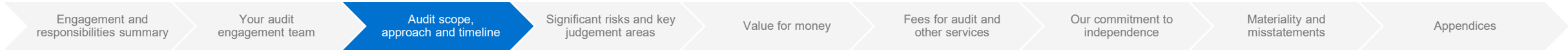
Audit approach

Our audit approach is risk-based and primarily driven by the issues that we consider lead to a higher risk of material misstatement of the accounts. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to the risks identified.

If we conclude that appropriately-designed controls are in place then we may plan to test and rely upon these controls. If we decide controls are not appropriately designed, or we decide it would be more efficient to do so, we may take a wholly substantive approach to our audit testing. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise: tests of details (of classes of transactions, account balances, and disclosures); and substantive analytical procedures. Irrespective of the assessed risks of material misstatement, which take into account our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transactions, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 8.

The diagram on the next page outlines the procedures we perform at the different stages of the audit.



3. Audit scope, approach and timeline

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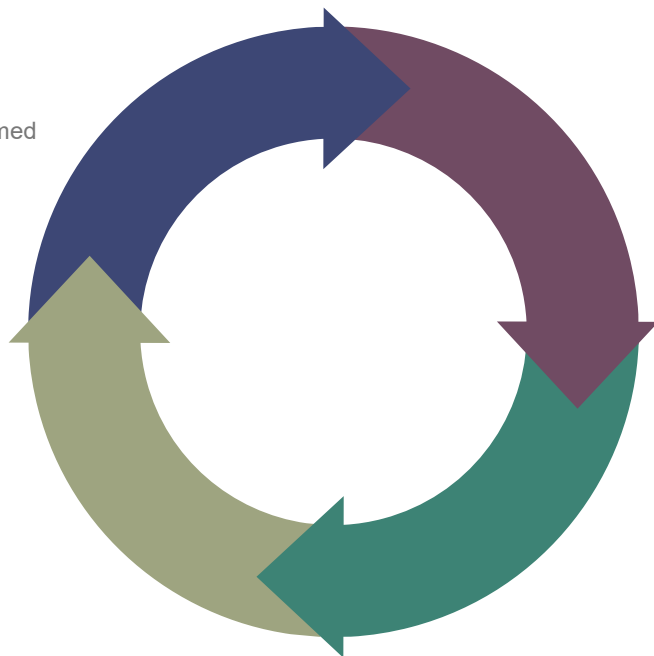
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Planning and Risk Assessment (November 2023 to March 2024)

- Planning visit and developing our understanding of the Council
- Initial opinion and value for money risk assessments
- Considering proposed accounting treatments and accounting policies
- Developing the audit strategy and planning the audit work to be performed
- Agreeing timetable and deadlines
- Risk assessment analytical procedures
- Determination of materiality

Completion (September 2024)

- Final review and disclosure checklist of financial statements
- Final partner and EQCR review
- Agreeing content of letter of representation
- Reporting to the Audit Committee
- Reviewing subsequent events
- Signing the independent auditor's report

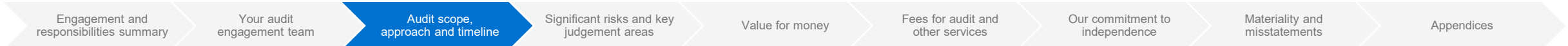


Interim (March 2024)

- Documenting systems and controls
- Performing walkthroughs
- Interim controls testing including tests of IT general controls
- Early substantive testing of transactions
- Reassessment of audit plan and revision if necessary

Fieldwork (June – August 2024)

- Receiving and reviewing draft financial statements
- Delivering our audit strategy starting with significant risks and high risk areas including detailed testing of transactions, account balances and disclosures
- Communicating progress and issues
- Clearance meeting



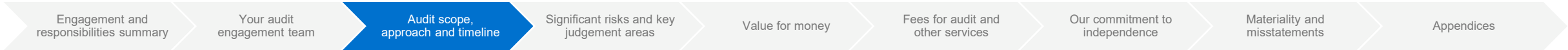
3. Audit scope, approach and timeline

Management’s and our experts

Management makes use of experts in specific areas when preparing the Council’s financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of account	Management’s expert	Our expert
Defined benefit liability	Aon Hewitt	We use the National Audit Office’s (NAO) consulting actuary (PWC) to provide us with assurance over the main assumptions used by your actuary.
Property, plant and equipment	Valuers	The audit team will review the valuation methodology applied by the Council’s experts. We will also take into account relevant information which is available from third parties.
Infrastructure Assets	Council’s Highway Engineer	The audit team to review the methodology applied by the Council’s Engineer to determine useful economic lives of infrastructure assets.
Financial instrument disclosures	Link Asset Services	We do not typically engage an audit expert to assess the reasonableness for your expert’s financial instrument valuation estimates. Where this is required we will engage our own internal experts.

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3. Audit scope, approach and timeline

Group Audit Approach

In line with the requirements of the CIPFA Code of Practice on Local Authority Accounting ('the Code'), officers have considered the Council's interests in other entities and determined that it will prepare group accounts which consolidate its interests. We assess the significance of the components as part of determining the level of work required. In assessing the significance of components, we consider a range of quantitative and qualitative factors including:

- whether any component exceeds a minimum of 15% of key benchmarks (revenues, expenditure, profit/loss before tax, total assets, net assets/liabilities);
- whether any financial statement area (FSA) is greater than 15% of the relevant FSA in the consolidated accounts and greater than performance materiality (this is a specific requirement for public interest entities such as this Council); and
- whether there are any risks of material misstatement in the components likely to result in material misstatement in the group financial statements.

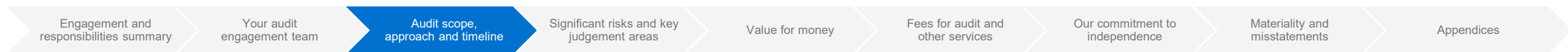
Our assessment is summarised in the table below based on the 2022/23 financial statements there are no

material or significant components based on our initial view.

We have planned an appropriate audit approach in relation to the group accounts that will include:

- liaising with the companies' auditors to obtain any assurance over that we require to form our opinion
- considering the processes and controls that the Council has in place to produce group accounts; and
- carrying out audit testing on the group statements and the consolidation adjustments that have been made.

Component	Significant in terms of benchmark	Net assets based on 2022/23 £m	Risk of material misstatement
The Council	Yes	£2,918.0	Yes
Nynet Ltd	No	(£8.3)	No
Yorwaste Ltd	No	£9.4	No
NY Highways	No	(£7.2m)	No



04

Section 04:

Significant risks and other key judgement areas

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4. Significant risks and other key judgement areas

Following the risk assessment approach discussed in section 3 of this document, we have identified risks relevant to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard. The definitions of the level of risk rating are given below:

Significant risk

Significant risks are those risks assessed as being close to the upper end of the spectrum of inherent risk, based on the combination of the likelihood of a misstatement occurring and the magnitude of any potential misstatement. Fraud risks are always assessed as significant risks as required by auditing standards, including management override of controls and revenue recognition.

Enhanced risk

An enhanced risk is an area of higher assessed risk of material misstatement at audit assertion level other than a significant risk. Enhanced risks require additional consideration but does not rise to the level of a significant risk. These include but may not be limited to:

- Key areas of management judgement, including accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement; and
- Other audit assertion risks arising from significant events or transactions that occurred during the period.

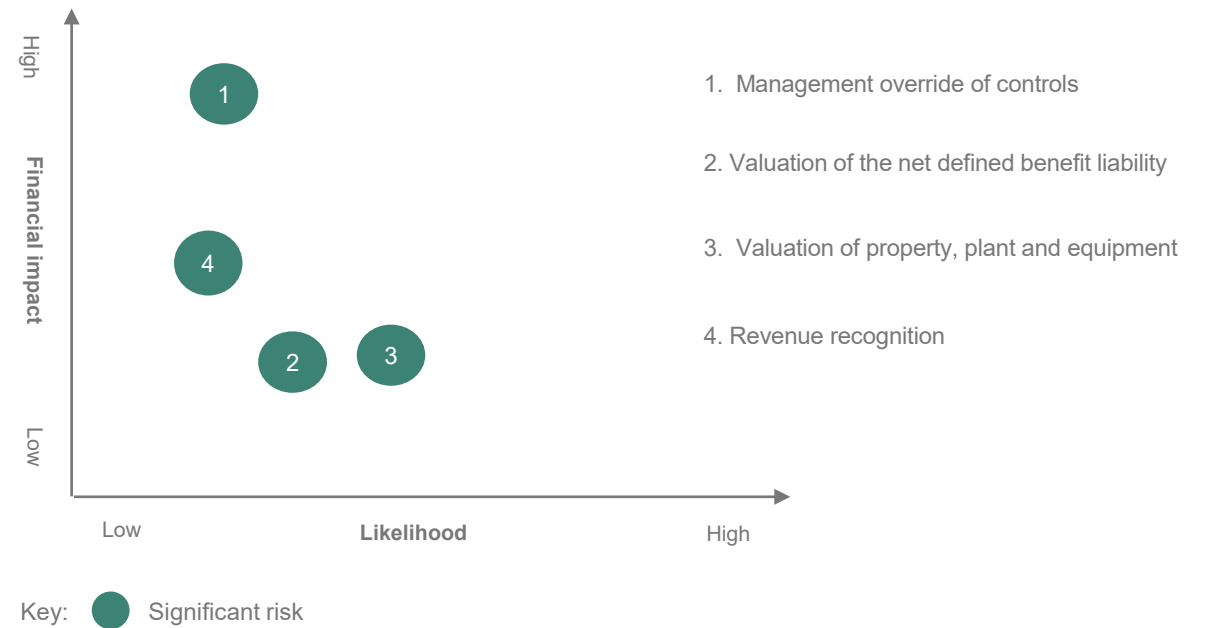
At this stage we have not identified any enhanced risks.

Standard risk

This is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement. Although it is considered that there is a risk of material misstatement (RMM), there are no elevated or special factors related to the nature, the likely magnitude of the potential misstatements or the likelihood of the risk occurring.

Summary risk assessment

The summary risk assessment, illustrated in the table below, highlights those risks which we deem to be significant and other enhanced risks in respect of the Council. We have summarised our audit response to these risks on the next page.



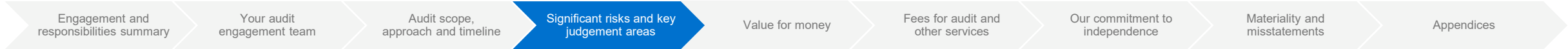
4. Significant risks and other key judgement areas

Specific identified audit risks and planned testing strategy

We have presented below in more detail the reasons for the risk assessment highlighted above, and also our testing approach with respect to significant risks. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to the Audit Committee.

Significant risks

	Description	Fraud	Error	Judgement	Planned response
Page 99	<p>1 Management override of controls This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. The unpredictable ways in which such override could occur mean there is a risk of material misstatement due to fraud.</p>	●	○	○	<p>We plan to address the management override of controls risk by performing audit work on: accounting estimates; journal entries; and significant transactions outside the normal course of business or otherwise unusual.</p>



4. Significant risks

Significant risks

	Description	Fraud	Error	Judgement	Planned response
Page 100	<p>2 Valuation of property, plant and equipment (PPE), investment properties and assets held for sale</p> <p>The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to the Council's holding of PPE, investment properties and assets held for sale.</p> <p>Although the Council employs a valuation expert to provide information on valuations, there remains a high degree of estimation uncertainty associated with the revaluation of PPE as a results of the significant judgements and number of variables involved. We have therefore identified the revaluation of PPE, investment properties and assets held for sale to be an area of risk</p>	○	●	●	<p>We plan to address this risk by carrying out the following procedures:</p> <ul style="list-style-type: none"> consider the Council's arrangements for ensuring that PPE values are reasonable; challenge the reasonableness of the valuations provided by the Council's valuer using other sources of data; assess the competence, skills and experience of the valuer and the instructions issued to the valuer; and where necessary, perform further audit procedures on individual assets to ensure the basis of valuations is appropriate
	<p>Net defined benefit liability (asset) valuation</p> <p>The financial statements contain material pension entries in respect of the retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.</p>	○	●	●	<p>We will:</p> <ul style="list-style-type: none"> evaluate the Council's arrangements (including relevant controls) for making estimates in relation to pension entries within the financial statements; and consider the reasonableness of the actuary's assumptions that underpin the relevant entries made in your financial statements, through the use of an expert commissioned by the National Audit Office.
4	<p>Risk of fraud in revenue recognition</p> <p>Based on our initial knowledge and planning discussions we have concluded that we can rebut the presumption of the revenue recognition audit risk for most of the Council's revenue.</p> <p>We consider fees, charges and other service income to be areas of significant risk in year one of our audit engagement.</p>	●	●	●	<p>We have rebutted the significant risk relating to council tax receipts, business rates, council house rents and government grants because there are limited incentives and opportunities to manipulate the way income is recognised. We still carry out our standard fraud procedures. We consider other fees and charges to be a significant risk. We will evaluate the design and implementation of controls to mitigate the risk of income being recognised in the wrong period. In addition, we will undertake a range of substantive procedures including</p> <ul style="list-style-type: none"> testing income in March, April and May 2023 to ensure they have been recognised in the right year; and obtaining direct confirmation of year-end bank balances and testing the reconciliations.

05

Section 05:

Value for money arrangements

Page 101

5. Value for money arrangements

The framework for our work

We are required to form a view as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our view, and sets out the overall criterion and sub-criteria that we are required to consider.

Our responsibility is to be satisfied that the Council has proper arrangements in place and to report in the audit report and/or the audit completion certificate where we identify significant weaknesses in arrangements. Separately we provide a commentary on the Council's arrangements in the Auditor's Annual Report.

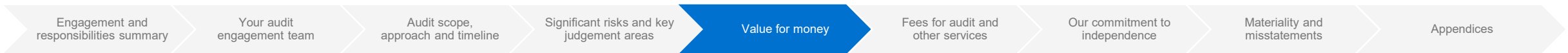
Specified reporting criteria

The Code requires us to structure our commentary to report under three specified criteria:

1. **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services.
2. **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks.
3. **Improving economy, efficiency and effectiveness** – how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Our approach

Our work falls into three primary phases as outlined opposite. We need to gather sufficient evidence to support our commentary on the Council's arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified we are required to report these to the Council and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle and we are not expected to wait until issuing our overall commentary to do so.



6. Value for money arrangements

Identified risks of significant weaknesses in arrangements

The NAO's guidance requires us to carry out work at the planning stage to understand the Council's arrangements and to identify risks that significant weaknesses in arrangements may exist.

Our planning and risk assessment work is ongoing but at this stage we have not identified any significant risks.

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06

Section 06:

Fees for audit and other services

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6. Fees for audit and other services

Fees for work as the Council’s appointed auditor

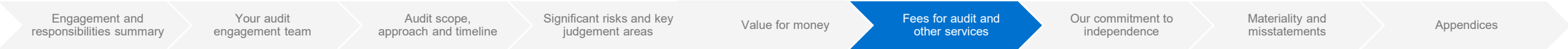
At this stage of the audit we are not planning any divergence from the scale fees set by PSAA.

Area of work	2023/24 Proposed Fee
Code Audit Work	Tbc

Fees for non-PSAA work

In addition to the fees outlined above in relation to our appointment by PSAA, we have been separately engaged by the Council to carry out additional work as set out in the table below. Before agreeing to undertake any additional work we consider whether there are any actual, potential or perceived threats to our independence. Further information about our responsibilities in relation to independence is provided in section 7.

Area of work	2023/24 Proposed Fee
Other services [eg Housing Benefits Subsidy Assurance]	£22,000



07

Section 07:

Our commitment to independence

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7. Our commitment to independence

We are committed to independence and are required by the Financial Reporting Council to confirm to you at least annually in writing that we comply with the FRC’s Ethical Standard. In addition, we communicate any matters or relationship which we believe may have a bearing on our independence or the objectivity of the audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities creating any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place which are designed to ensure that we carry out our work with integrity, objectivity and independence. These policies include:

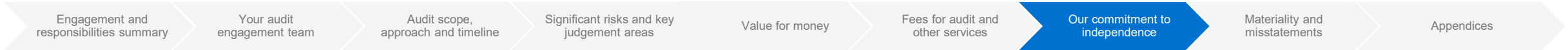
- all partners and staff are required to complete an annual independence declaration;
- all new partners and staff are required to complete an independence confirmation and also complete computer based ethical training;
- rotation policies covering audit engagement partners and other key members of the audit team; and
- approval by managers and partners of our client and engagement acceptance system which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this document, that the engagement team and others in the firm as appropriate, Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence please discuss these with Mark Kirkham in the first instance.

Prior to the provision of any non-audit services Mark Kirkham will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our auditor independence.

Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.

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08

Section 08:

Materiality and misstatements

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8. Materiality and misstatements

Summary of initial materiality thresholds

Threshold	Initial threshold £m
Overall materiality	£28.8
Performance materiality (40-70%) of materiality	£11.5 - £20.1
Trivial threshold for errors to be reported to the Audit Committee	£0.9

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Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole.

Information is considered to be material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- have a reasonable knowledge of business, economic activities and accounts;
- have a willingness to study the information in the financial statements with reasonable diligence;
- understand that financial statements are prepared, presented and audited to levels of materiality;
- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- will make reasonable economic decisions on the basis of the information in the financial statements.

We consider materiality whilst planning and performing our audit based on quantitative and qualitative factors.

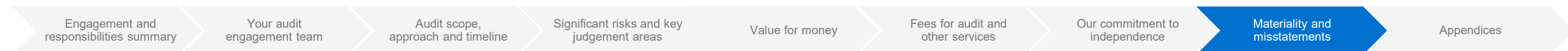
Whilst planning, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

The materiality determined at the planning stage does not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, will be considered as immaterial.

We revise materiality for the financial statements as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Our provisional materiality is set based on a benchmark of gross revenue expenditure. We will identify a figure for materiality but identify separate levels for procedures designed to detect individual errors, and also a level above which all identified errors will be reported to the Audit Committee.

We consider that the gross revenue expenditure remains the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.



8. Materiality and misstatements

Materiality (continued)

We expect to set a materiality threshold at 2% of gross revenue expenditure . Based on an analysis of the 22/23 draft accounts for the 8 former councils we anticipate the overall materiality for the year ending 31 March 2024 to be in the region of £28.8m.

After setting initial materiality, we continue to monitor materiality throughout the audit to ensure that it is set at an appropriate level.

Performance Materiality

Performance materiality is the amount or amounts set by the auditor at less than materiality for the financial statements as a whole to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

We are awaiting clarity from the Department for Levelling Up Housing and Communities and the National Audit Office on measures to reset local audit as they may affect our planning considerations and testing approach.

Whether or not a reset takes place, we will update our inherent risk assessment and determine the appropriate performance materiality level (which will be between 40% (high inherent risk) and 70% (low inherent risk) of overall materiality) and inform Members of our conclusions.

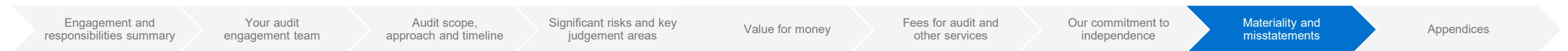
Misstatements

We accumulate misstatements identified during the audit that are other than clearly trivial. We set a level of triviality for individual errors identified (a reporting threshold) for reporting to the Audit Committee that is consistent with the level of triviality that we consider would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements. Based on our preliminary assessment of overall materiality, our proposed triviality threshold is £0.8m based on 3% of overall materiality. If you have any queries about this please do not hesitate to contact Mark Kirkham.

Reporting to the Audit Committee

The following three types of audit differences above the trivial threshold will be presented to the committee:

- summary of adjusted audit differences;
- summary of unadjusted audit differences; and
- summary of disclosure differences (adjusted and unadjusted).





Appendices

A: Key communication points

B: Revised auditing standard on Identifying and assessing the risks of material misstatement: ISA (UK) 315 (Revised 2019)

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Appendix A: Key communication points

We value communication with Those Charged With Governance as a two way feedback process at the heart of our client service commitment. ISA 260 (UK) 'Communication with Those Charged with Governance' and ISA 265 (UK) 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' specifically require us to communicate a number of points with you.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

Form, timing and content of our communications

We will present the following reports:

- Audit Strategy Memorandum;
- Audit Completion Report; and
- Auditor's Annual Report

These documents will be discussed with management prior to being presented to yourselves and their comments will be incorporated as appropriate.

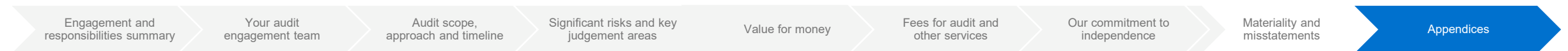
Key communication points at the planning stage as included in this Audit Strategy Memorandum

- Our responsibilities in relation to the audit of the financial statements.
- The planned scope and timing of the audit.
- Significant audit risks and areas of management judgement.
- Our commitment to independence.

- Responsibilities for preventing and detecting errors;
- Materiality and misstatements.
- Fees for audit and other services.

Key communication points at the completion stage to be included in our Audit Completion Report

- Significant deficiencies in internal control.
- Significant findings from the audit.
- Significant matters discussed with management.
- Significant difficulties, if any, encountered during the audit.
- Qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures.
- Our conclusions on the significant audit risks and areas of management judgement.
- Summary of misstatements.
- Management representation letter.
- Our proposed draft audit report.
- Independence.

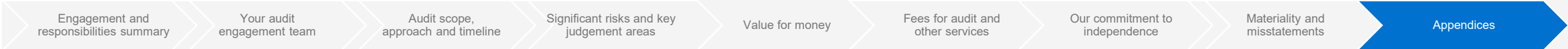


Appendix A: Key communication points

ISA (UK) 260 'Communication with Those Charged with Governance', ISA (UK) 265 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' and other ISAs (UK) specifically require us to communicate the following:

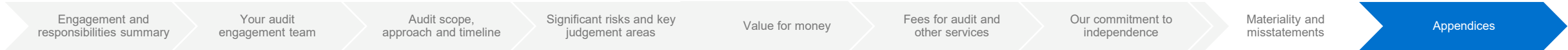
Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and those charged with governance.	Audit Strategy Memorandum
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Strategy Memorandum
<p>With respect to misstatements:</p> <ul style="list-style-type: none"> • uncorrected misstatements and their effect on our audit opinion; • the effect of uncorrected misstatements related to prior periods; • a request that any uncorrected misstatement is corrected; and • in writing, corrected misstatements that are significant. 	Audit Completion Report
<p>With respect to fraud communications:</p> <ul style="list-style-type: none"> • enquiries of the audit committee to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity; • any fraud that we have identified or information we have obtained that indicates that fraud may exist; and • a discussion of any other matters related to fraud. 	Audit Completion Report and discussion at Audit Committee, Audit planning and clearance meetings

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Appendix A: Key communication points

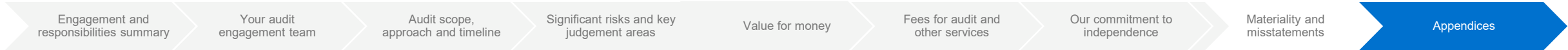
Required communication	Where addressed
Significant matters arising during the audit in connection with the entity's related parties including, when applicable: <ul style="list-style-type: none"> • non-disclosure by management; • inappropriate authorisation and approval of transactions; • disagreement over disclosures; • non-compliance with laws and regulations; and • difficulty in identifying the party that ultimately controls the entity. 	Audit Completion Report
Significant findings from the audit including: <ul style="list-style-type: none"> • our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures; • significant difficulties, if any, encountered during the audit; • significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management; • written representations that we are seeking; • expected modifications to the audit report; and • other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to the Audit Committee in the context of fulfilling their responsibilities. 	Audit Completion Report
Significant deficiencies in internal controls identified during the audit.	Audit Completion Report
Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Audit Completion Report



Appendix A: Key communication points

Required communication	Where addressed
Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of.	Audit Completion Report and Audit Committee meetings
With respect to going concern, events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> • whether the events or conditions constitute a material uncertainty; • whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and • the adequacy of related disclosures in the financial statements. 	Audit Completion Report
Reporting on the valuation methods applied to the various items in the annual financial statements including any impact of changes of such methods	Audit Completion Report
Explanation of the scope of consolidation and the exclusion criteria applied by the entity to the non-consolidated entities, if any, and whether those criteria applied are in accordance with the relevant financial reporting framework.	Audit Strategy Memorandum and/or Audit Completion Report as appropriate
Indication of whether all requested explanations and documents were provided by the entity	Audit Completion Report

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Appendix B: Revised auditing standard on Identifying and assessing the risks of material misstatement: ISA (UK) 315 (Revised 2019)

Background

ISA (UK) 315 (Revised 2019) introduces major changes to the auditor's risk identification and assessment approach, which are intended to drive a more focused response from auditors undertaking work to obtain sufficient appropriate audit evidence to address the risks of material misstatement. The new standard is effective for periods commencing on or after 15 December 2021 and therefore applies in full for the Council's 2023/24 audit.

The most significant changes relevant to the Council's audit are outlined below.

Enhanced risk identification and assessment

The standard has enhanced the requirements for the auditor to understand the audited entity, its environment and the applicable financial reporting framework in order to identify and assess risk based on inherent risk factors which include:

- objectivity;
- complexity;
- uncertainty and change; and
- susceptibility to misstatement due to management bias or fraud.

Using these inherent risk factors, we assess inherent risk on a spectrum, at which the higher end of which lies significant risks, to drive an audit that is more focused on identified risks. Auditors are now also required to obtain sufficient, appropriate evidence from these risk identification and assessment procedures which means documentation and evidence requirements are also enhanced.

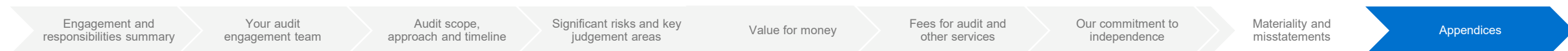
Greater emphasis on understanding IT

In response to constantly evolving business environments, the standard places an increased emphasis on the requirements for the auditor to gain an understanding of the entity's IT environment to better understand the possible

risks within an entity's information systems. As a result, we are required to gain a greater understanding of the IT environment, including IT general controls (ITGCs).

Increased focus on controls

Building on the need for auditors to gain a greater understanding of the IT environment, the standard also widens the scope of controls that are deemed relevant to the audit. We are now required to broaden our understanding of controls implemented by management, including ITGCs, as well as assess the design and implementation of those controls.



Mark Kirkham, Partner

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AUDIT COMMITTEE

11 December 2023

RISK MANAGEMENT – PROGRESS REPORT

Report of the Corporate Director – Strategic Resources

1.0 PURPOSE OF THE REPORT

- 1.1 To receive details of the Corporate Risk Register for the unitary Council, the links between Directorate Risk Registers and the Corporate Risk Register and an analysis of the risk categories across the Corporate and Directorate levels.
- 1.2 To note progress on other Risk Management related matters.

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 Council’s risk management arrangements and
- (ii) to review progress on the implementation of risk management throughout the Council.

2.2 Regular reports to this Committee therefore cover the implementation of the Policy as well as other related risk management matters in order to fulfill this role.

3.0 RISK MANAGEMENT POLICY AND PROCEDURES

3.1 In preparation for vesting day in April this year, the [Risk Management Policy](#) for the new Council was developed. Alongside the Policy, a set of Procedures were developed to set out the organisational arrangements, and the related components and processes that help achieve best practice in the management of risk. These Procedures also ensure that the objectives and principles set out in the Council’s Risk Management Policy can be met. It does this by providing the foundations for the design, implementation, monitoring, and review of strategic risk management throughout North Yorkshire Council.

3.2 The Risk Management Policy was approved by Full Council on 22 February 2023 on recommendation by the Executive.

3.3 The Risk Management Procedures have been put into practice since April and are used as the base on which risk management is implemented throughout the Council, including the Corporate Risk Register.

4.0 CORPORATE RISK REGISTER

- 4.1 The Corporate Risk Register (CRR) has been fully revised this year by the Chief Executive and Management Board in October/November. A six monthly review will be carried out in March/May. It has been challenging again this year to sustain the usual timetable for reviewing and updating all risk registers. This is due to the extra Directorate called Community Development and extra Service registers following Local Government Reorganisation and the ongoing restructuring of the Council workforce.
- 4.2 Since the last report to this Committee on risk management, the Register attached at **Appendix A** reflects the risks presently facing the unitary Council. The development of the register has involved reviewing existing risks, the risk controls, risk reductions and risk rankings that had been identified, and making amendments to those risks where necessary. Risks for the new unitary Council have also been considered and included where appropriate.
- 4.3 To assist Members interpret **Appendix A**
- Risks are identified by Management Board during a prep meeting and further discussion
 - 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 reduction actions which may reduce current probability or impact
 - The Council now uses a 5x5 risk assessment ranging from very low to very high in terms of both likelihood and impact. Once the likelihood and impact for a risk have been assessed, the risk scoring is calculated. The following table shows the scoring, assessment and suggested required actions:

Colour	Score	Assessment	Required Action
	1 - 2	Very Low (tolerate)	Risk should not appear in risk register.
	3 - 4	Low (tolerate)	Regular monitoring, action plan not essential, acceptable just to maintain current controls.
	5 - 9	Medium (treat)	Frequent monitoring, action plan required.
	10-12	Medium High (treat)	Frequent monitoring, action plan required to prevent from becoming a red risk.
	15 - 16	High (treat)	Constant monitoring, action plan required and escalation to next level for consideration / inclusion.

	20 - 25	Very High (treat / terminate)	Constant monitoring, action plan required and escalation to next level with request for inclusion. Consider terminating activity (if an option) where score cannot be reduced by risk mitigation.
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4.4 The changes to the Register since the last report to this Committee on risk management are as follows:

New or Significantly Changed risks

- Climate Change – – this is a new risk on the register and demonstrates the challenges for the Council to achieve carbon neutrality by 2030.
- North Yorkshire Transformation Programme and Savings Requirements – although there have previously been two risks looking at Transformation and also Funding Challenges, these issues have been amalgamated into one risk.
- Property and Housing Regulation Compliance – this risk reflects the challenge of building and housing legislation compliance across the Council.

Deleted risks

- Partnership and Integration with the NHS (now known as Working with the NHS) – this risk remains at Directorate level within Health and Adult Services.
- Safeguarding Arrangements – this risk related to both Children and Young People’s Service and Health and Adult Services. It remains at Directorates’ level.
- Opportunities for Devolution and Growth in North Yorkshire – this risk relating to devolution remains at Directorate level until the Mayoral Combined Authority is up and running.

With regard to the remaining risks, the rankings stayed the same (as shown on the summary in the left hand column of **Appendix A**). Please see the table at the bottom of **Appendix A** for an explanation of the left hand column.

5.0 LINKS BETWEEN CORPORATE AND DIRECTORATE RISK REGISTERS

5.1 The Corporate Risk Register is the culmination of the identification of key significant risks that are identified at Directorate and Service levels. For information and out of interest, an exercise has been 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**.

6.0 RISK CATEGORY ANALYSIS OF CORPORATE AND DIRECTORATE RISKS

6.1 A diagram showing an analysis of risk categories across the Corporate and Directorate risks is at **Appendix C**. This shows where and how many of the very high, high, medium high and medium ranked risks there are across the Council. The diagram also shows the proportion of each category in each Directorate and at the Corporate level.

7.0 ADDITIONAL RISK PRIORITISATION EXERCISES

7.1 As well as the bi-annual update of Corporate, Directorate and Service risk registers, additional workshops are also carried out to develop risk registers for specific areas of activity in the Council. Currently these include:

- **Levelling Up Fund (LUF) Catterick Garrison** – following a successful bid to the LUF, continuing support was provided to the project management board in progressing the risk management arrangements for this key development which will provide more community facilities and space, improve pedestrian access, deliver extra retail and commercial premises and drive further investment into the area. Key risks include Project Timescale Overruns, Building Occupier Procurement and Site Clearance. Reporting on risk management arrangements is a key part of the quarterly monitoring returns that ensure continued funding from the LUF.
- **Libraries Improvement Fund (LIF) Mobile Library** – the Library Service received approval to make a bid to LIF to fund a replacement for the current Super mobile library vehicle. A mandatory element of the bid was the creation of a risk register and support was provided to the Library Development Manager to compile this. Key risks identified include Finance, Expectations & Outcomes and Service Continuity.

7.0 TENDER FOR INSURANCES

7.1 The tender for Insurances was carried out during 2022/23 to ensure the new unitary Council was 'safe and legal' on 1 April 2023. The tender process that was used was the YPO Insurance Framework.

7.2 The following insurances and associated claims handling service were procured:

- Casualty Insurance (including employer's liability, public liability, official's indemnity and professional indemnity), plus associated claims handling.
- Property (including material damage for buildings and contents, business interruption – additional expenses and social housing,).
- Motor (comprehensive cover), plus associated motor liability claims handling.
- Personal Accident and Travel.

7.3 The outcome of the exercise in terms of type of cover, excess and insurer is as follows:

- | | |
|---|--------------------|
| • Casualty (£500,000 excess) | • Zurich Municipal |
| • Motor (£100,000 excess) | • Zurich Municipal |
| • Property (£100,000 excess and lesser amounts for social housing and specified properties such as leased and commercial, computing, all risks and plant) | • Zurich Municipal |
| • Personal Accident/Travel (minimal excess) | • RMP/AIG |

7.4 The total premium for the tendered Insurances including 12% Insurance Premium Tax is approximately £2,520,000. There were other Insurances that were sought outside of the tender process such as Property excess layer. There are also some

Insurances which are still being discussed and decided upon and these premiums will be added when known. The total anticipated savings are still in the process of being calculated as we continue to gather information about premiums that were paid by legacy Councils although insurance arrangements differed.

7.0 RECOMMENDATIONS

That the Committee:

- (i) notes the updated Corporate Risk Register (**Appendix A**), the links between Directorate Risk Registers and the Corporate Risk Register (**Appendix B**) and the analysis of the risk categories across the Corporate and Directorate levels (**Appendix C**).
- (ii) notes the position on other Risk Management related matters.

GARY FIELDING
Corporate Director – Resources

County Hall, Northallerton

December 2023

Author of report: Fiona Sowerby, Head of Insurance and Risk Management
Tel 01609 532400





Risk Trend	Risk	Description	Risk Owner	Risk Manager	Curr Prob	Curr Imp	Current Risk Score	Current Category	Targ Prob	Targ Imp	Target Risk Score	Target Category	FB Plan?
new	CRR_12 Climate Change	Failure to deliver the Council's aim to achieve carbon neutrality of its own operations by 2030, carbon neutrality of the region by 2034 and a carbon negative region by 2040, and also ensure that appropriate mitigations and adaptations are progressed, failure would result in continued / increasing damaging events (eg. floods, heat waves), unmet public expectation and missed opportunities for energy spend reduction	CD ENV	ENV AD ES&CC	H	VH	20	Very High	M	VH	15	High	✓
	CRR_2 Major Failure due to Quality and/or Economic Issues in the Care Markets and Workforce Pressures	Major disruption in care markets results in being unable to meet the needs of vulnerable children, adults and families who use services. This could be caused by economic performance or resource capabilities including recruitment and retention. The impact could include loss of trust in the Care Markets, increased budgetary implications and inability to protect service users from harm.	Chief Exec	CD HAS	H	H	16	High	H	H	16	High	✓
	CRR_4 Information Governance and Cyber Security	Ineffective information governance and cyber security arrangements lead to unacceptable levels of unauthorised disclosure of personal and sensitive data, poor quality or delayed responses to FoI requests, and inability to locate key data upon which the Council relies resulting in loss of reputation, poor decision making, fine, etc (including Brierley Group companies) Failure to put in place the appropriate cyber security arrangements could potentially lead to breach, loss of data, loss of systems, loss of reputation and inability to operate effectively and discharge our responsibilities	Chief Exec	CD RES	H	H	16	High	H	H	16	High	✓
new	CRR_13 North Yorkshire Transformation Programme and Savings Requirements	Failure to deliver a coherent NY transformation programme which meets the needs of moving to the Council's Operating Model, LGR transition, transformation service operational requirements and deliver the savings requirements as a result of financial challenges	Chief Exec	CD RES	H	H	16	High	M	H	12	Medium High	✓
new	CRR_11 Property and Housing Regulation Compliance	Failure to comply with building and housing legislation including asbestos, legionella, building services and preparation for the new Social Housing Regulation Bill resulting in potential injury or ill health, prosecution and subsequent financial and reputational damage to the council.	CD ComDev; CD RES	ComDev AD Hou; RES AD CP&P	H	H	16	High	M	M	9	Medium	✓





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Risk Register: month 0 (November 2022) – summary

Next Review due: May 2023

Report Date: 23rd November 2022 (fs)

Risk Trend	Risk	Description	Risk Owner	Risk Manager	Curr Prob	Curr Imp	Current Risk Score	Current Category	Targ Prob	Targ Imp	Target Risk Score	Target Category	FB Plan?
	CRR_3 Recruitment, Retention and Resources	Failure to recruit and retain appropriately skilled staff and have sufficient resources resulting in inability to deliver services, key projects and the desired organisational transformation also increased staff workload, decreased morale and impact on staff wellbeing.	Chief Exec	ACE HR&BS	H	H	16	High	M	M	9	Medium	
	CRR_8 Significant Incidents	Failure to plan, respond to and recover effectively from significant incidents in the community resulting in risk to life and limb, impact on statutory responsibilities, impact on financial stability and reputation	Chief Exec	Chief Exec	M	H	12	Medium High	L	H	8	Medium	

Risk Trend Key	
Symbol	Meaning
	Risk ranking has worsened since the last review.
	Risk ranking is the same as at last review.
	Risk Ranking has improved since the last review.
	Risk is new or has been significantly altered since the last review.

Corporate Risk Register

Appendix A

Risk Register: **Annual review (October 2023) – detailed**

Next Review Due: **May 2024**

Report Date: **23rd November 2023 (pw)**

Phase 1 - Identification								
Ref.	CRR_12	Title	Climate Change		Risk Owner	CD ENV	Risk Manager	ENV AD ES&CC
Risk Description	Failure to deliver the Council's aim to achieve carbon neutrality of its own operations by 2030, carbon neutrality of the region by 2034 and a carbon negative region by 2040, and also ensure that appropriate mitigations and adaptations are progressed, failure would result in continued / increasing damaging events (eg. floods, heat waves), unmet public expectation and missed opportunities for energy spend reduction				Risk Group	Environmental	Linked Risk(s)	ENV_13
Phase 2 - Current Assessment								
Current Control Measures								
Leadership commitment; Executive member with portfolio responsibilities; reports to Scrutiny cttee Corporate Building and Asset energy efficiency schemes; LGA guidance for councillors; Climate Change awareness training programme for officers and members; Carbon Reduction Plans for legacy Councils; Beyond Carbon board and programme management established; climate change impact assessment tool enables decision makers to better understand the impact of the decisions that they are being asked to make; £1m pump-priming fund established in MTFs to support implementation of carbon reduction plan; integrated carbon reduction plan into council plan and KPIs into Q performance reports; agreement of carbon neutral by 2030 aim for council operations;								
Current Probability	H	Current Impact	VH	Current Risk Score	20	Current Risk Category	Very High	
Phase 3 - Risk Mitigation Plan								
Reduction Action						Action Manager	Due Date	Date Completed
RR_ECC_16	Utilisation of £1m pump-priming fund established in MTFs to support implementation of carbon reduction plan.					ENV AD ES&CC	31-Jul-2024	
RR_ECC_17	Ongoing review of implementation of climate change impact assessment tool to reflect new climate change strategy and ensure that it is effective and efficient in enabling decision makers to better understand the impact of the decisions that they are being asked to make					ENV AD ES&CC	31-Jul-2024	
RR_ECC_18	Work through the detailed property related considerations; proposals to be developed through the property service including a property decarbonisation plan.					ENV AD ES&CC; RES CP&P HoPS	31-Mar-2024	
RR_ECC_19	Monitor progress on the detailed motor related issues (eg. fleet decarbonisation plan and staff travel policy) and raise concerns where appropriate					ENV AD ES&CC	31-Mar-2024	
RR_ECC_20	Work to agree the NYC Climate Change Strategy					ENV AD ES&CC	30-Jun-2023	31-Jul-2023
RR_ECC_31	Create a North Yorkshire Council Climate Adaptation Plan to support services and residents, communities and businesses to prepare for our climate to change. This will assess our risks and identify options for adaptation.					ENV AD ES&CC	31-Mar-2025	
RR_ECC_32	Work with partners, communities, suppliers and businesses to develop climate change awareness, encourage climate responsible choices and implement actions such as scaling up building retrofit projects and increasing low carbon heating, including for NYC's social housing stock					ENV AD ES&CC	31-Jul-2024	
RR_ECC_33	Work to ensure that the Council's Local Plan and Local Transport Plan include appropriate responses to climate change					ENV AD ES&CC	31-Jul-2024	
RR_ECC_34	Investigate how NYC assets such as land and buildings can best be used to generate low carbon energy (including opportunities at the jointly owned assets Energy from Waste plant and closed landfill sites) and highlight potential for carbon capture and storage opportunities					ENV AD ES&CC	31-Jul-2024	

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RR_ECC_35	Measure and report on our emissions and plan how and when we will hit our target through the use of a nationally recognised formula to calculate carbon emissions from delivering the services which are under our direct control.	ENV AD ES&CC	31-Jul-2024	
RR_ECC_36	Embed climate change across the council via production of service and directorate level climate change action plans and ongoing awareness raising with Officers and Members	ENV AD ES&CC	31-Jul-2024	
Phase 4 - Target Risk Assessment				
Target Probability	M	Target Impact	VH	Target Risk Score
				15
Phase 5 - Fallback Plan				
Fallback Plan				
Review strategy and implementation methods				

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Next Review Due: May 2024

Report Date: 23rd November 2023 (pw)

Phase 1 - Identification									
Ref.	CRR_2	Title	Major Failure due to Quality and/or Economic Issues in the Care Markets and Workforce Pressures			Risk Owner	Chief Exec	Risk Manager	CD HAS
Risk Description	Major disruption in care markets results in being unable to meet the needs of vulnerable children, adults and families who use services. This could be caused by economic performance or resource capabilities including recruitment and retention. The impact could include loss of trust in the Care Markets, increased budgetary implications and inability to protect service users from harm.					Risk Group	Legislative	Linked Risk(s)	HAS_2
Phase 2 - Current Assessment									
Current Control Measures									
<p>HAS Regular review and monitoring of contracts in addition to close working relationship with corporate procurement colleagues; Integrated Quality Improvement Team now embedded into the service and continuing to work well; contract management team established; Market position statement created as an online tool to support commissioning and interventions into the market; quality pathway launched with enhanced market surveillance to ensure market oversight in line with The Care Act; Sustainability process in place to enable financial assistance to the market where value for money and strategic need can be evidenced; Service Development function now created linked to locality working to identify market issues at an early stage and appropriate market support strategies are created; Ongoing rolling programme of audits by Veritau of individual suppliers; Initial business case approved for Intervention into Harrogate market; Health brokerage pilots; Continued engagement with CQC locally and Nationally; Make Care Matter; IBCF monies used for Recruitment Hub, Learning4Care and rural dom care pilot; Enhanced care homes services in place continue to provide wrap around support to the market; worked with ICG to ensure provider BCPs in place and tested</p> <p>CYPS Best practice and scrutiny forum monitoring of external placements; Young people’s accommodation strategy; Financial scrutiny; enhanced CYPLT scrutiny; monitoring of permanency planning; maximise use of adoption and SGO; foster carer recruitment campaign; independent identification of foster carer training needs; commissioning strategy; F&F policy embedded; effective budget monitoring; Permanence Strategy; Adoption and Fostering Strategy; unaccompanied asylum seekers pathway reviewed, procedures in place including agreed Home Office funding; commissioning and contract teams processes reviewed; network meetings always take place prior to any children in care admissions; worked with YJS to review the partnership decision making arrangements to reduce the likelihood of high cost secure and remand cases;</p>									
Current Probability	H	Current Impact	H	Current Risk Score		16	Current Risk Category	High	
Phase 3 - Risk Mitigation Plan									
Reduction Action							Action Manager	Due Date	Date Completed
RR_CYP_13	Continue to provide sufficiency of placements; action plan in place to recruit more carers; scoping out additional capacity for children's home over the coming years for those with complex needs.					CYPS C&F HoPS	31-Aug-2024		
RR_CYP_16	Continue work around accommodation for young people leaving custody; resettlement panel continues and has made some progress, ongoing work is required with the magistrates to ensure custody is always avoided; further work has now been completed with the courts clerk and magistrates; challenge remains that finding appropriate accommodation for young people continues to be difficult; bespoke packages of care are arranged as needed via NWD					CYPS C&F HoEH; CYPS C&F HoPS	31-Aug-2024		
RR_CYP_17	Continue to review all children in care cases to consider discharge options via the weekly best practice and scrutiny meetings and monthly care proceedings meetings					CYPS C&F HoCP&FR	31-Aug-2024		
RR_CYP_20	Continue rolling recruitment campaign supported by resourcing solutions to mitigate against retention issues, including hearing feedback from existing and former staff around what works and what could be improved					CYPS C&F HoCP&FR	31-Aug-2024		
RR_CYP_23	Continued liaison via foster carer association chairs meeting to respond to concerns over cost of living crisis; AD will be attending qly meetings and we have raised some foster carer allowances for 23/24					CYPS C&F HoPS	31-Aug-2024		

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RR_CYP_25	Work with the National Transfer Scheme and dispersal centre to ensure sufficient placement resources to meet increased demand for UASC (increase in capacity of accommodation and support through purchase or lease of properties, contracts and procurement exercises for support)	CYPS C&F HoPS	31-Aug-2024	
RR_HSC_11	Work at a system level (ICS) with partners to mitigate the impact of workplace shortages	HAS all ASC ADs ; HAS HoHR	30-Sep-2024	
RR_HSC_12	Complete recommissioning of all approved provider lists; evaluation is ongoing	HAS AD PSD (AB)	28-Feb-2024	
RR_HSC_13	Seek opportunities to gain national support for workforce issues in the care system; including improved communication around licensing arrangements	CD HAS; HAS all ASC ADs	30-Sep-2024	
RR_HSC_14	Launch PAMMS to aid early identification of risk and support the quality pathway; launched	HAS AD ASC (RB)	30-Sep-2023	31-Aug-2023
RR_HSC_15	Separate quality and contract management to provide additional capacity to contract management; planned for Oct	HAS AD ASC (RB); HAS AD PSD (AB)	31-Oct-2023	01-Oct-2023
RR_HSC_16	Use the review of the QIT pilot to plan future quality oversight, ongoing	HAS AD ASC (RB)	30-Sep-2024	
RR_HSC_17	Developing crisis response service and working with the care market to establish more robust services in NY for those with complex needs linked to improvement priority	HAS AD ASC (RB)	30-Sep-2024	
RR_HSC_18	Continue to engage in ADASS work to manage major problems occurring, such as financial issues in the care provider market and ensure robust contingency planning and to learn lessons from serious case reviews at a national level; more work being done to enhance regional ways of working; this continues with use of national capacity tracker and contingencies in place	HAS AD PSD (AB)	30-Sep-2024	
RR_HSC_19	Continue to work with Veritau on audits of individual suppliers (rolling programme in place of focussed work in particular areas)	HAS AD PSD (AB); HAS ASC HoSC	30-Sep-2024	
RR_HSC_20	Monitor issues caused by the changing landscape of ICS and LGR and raise at HASLT where appropriate - ongoing	HAS AD PSD (AB)	30-Sep-2024	
RR_HSC_21	Develop a Quality Pathway, revising processes and procedure and incorporating best practice adopting a risk based / predictive approach; rolling out	HAS AD ASC (RB)	30-Nov-2022	28-Feb-2023
RR_HSC_22	Rewriting quality policies as part of Quality Pathway with input from Veritau as part of focussed review; complete	HAS AD ASC (RB)	30-Nov-2022	28-Feb-2023
RR_HSC_24	Work with market development board to monitor and manage interventions in the care market	HAS AD PSD (AB)	30-Sep-2024	

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RR_HSC_9	Develop a business case for new, county-wide care and support hubs to help alleviate care home affordability issue			HAS AD PSD (AB)	31-Mar-2024		
Phase 4 - Target Risk Assessment							
Target Probability	H	Target Impact	H	Target Risk Score	16	Target Risk Category	High
Phase 5 - Fallback Plan							
Fallback Plan							
Make people safe, crisis meeting, implement relevant steps, consultation with senior staff and relevant organisations (e.g. Police CQC). Effective communication to relevant parties, utilise established failure plan.							

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Report Date: **23rd November 2023 (pw)**

Phase 1 - Identification									
Ref.	CRR_4	Title	Information Governance and Cyber Security			Risk Owner	Chief Exec	Risk Manager	CD RES
Risk Description	Ineffective information governance and cyber security arrangements lead to unacceptable levels of unauthorised disclosure of personal and sensitive data, poor quality or delayed responses to FoI requests, and inability to locate key data upon which the Council relies resulting in loss of reputation, poor decision making, fine, etc (including Brierley Group companies) Failure to put in place the appropriate cyber security arrangements could potentially lead to breach, loss of data, loss of systems, loss of reputation and inability to operate effectively and discharge our responsibilities					Risk Group	Info Gov	Linked Risk(s)	CSD_2
Phase 2 - Current Assessment									
Current Control Measures									
<p>Information Management and Governance Strategy including the associated Policy and Procedure Framework; CIGG Action Plan; data breach process; messages from senior management; on-line training; staff induction; Information Asset Owners identified; information asset registers regularly updated; Internal Data Governance team with an identified representative for each Directorate (replacing DIGCs); Veritau appointed as DPO; posters; intranet information; regular monitoring of electronic communication by T&C; series of unannounced security compliance visits by internal audit Brierley Group companies' information governance procedures in place;</p> <p>FoI – controls include central monitoring of receipt and progress, regular review by Veritau and review of outstanding cases by the Chief Exec on a monthly basis; proactive monitoring of all data; terms of reference reviewed; Veritau investigate significant data breaches; CIGG consider reasons for data breaches and cascade lessons learned; secure physical storage and internal info transfer issues resolved; e learning training packages refreshed; Information Sharing Protocol in place;</p> <p>SAR - controls include central monitoring of receipt and progress; refreshed Information Governance page on intranet; Information Governance risk register completed; Data Quality Improvement Action Plan agreed; DPIAs in place;</p> <p>Cyber Security - application of all the features of the Information Security Management System (ISMS); cyber prevention tools are kept up to date; security team in place; Non NYC Network Access Policy progressed; e learning training packages refreshed; targeted phishing campaign; Directorates' discussion on the potential outcome of a cyber-attack carried out; regular updates and awareness communications to staff; information sharing agreements in place where required; UK GDPR compliance; robust programme of governance in place to manage all changes taking place in relation to LGR;</p>									
Current Probability	H	Current Impact	H	Current Risk Score		16	Current Risk Category	High	
Phase 3 - Risk Mitigation Plan									
Reduction Action							Action Manager	Due Date	Date Completed
RR_CSD_5	Review and further improve information risk management processes and develop effective 'path to compliance' plans to achieve greater operational maturity across our information security practices.					RES AD Tech	31-Aug-2024		
RR_RES_10	Implement the robust programme of governance to manage all changes taking place in relation to LGR					RES AD Tech	31-Mar-2023	31-Mar-2023	
RR_RES_5	Continue to ensure business continuity plans are reviewed, exercised and kept up to date for Council services and trading companies; currently supporting NYC with any live BC incidents to ensure that service is maintained					Loc Eng HoR&E	31-Aug-2024		
RR_RES_6	Create a Data Quality Assurance framework process that provides a centralised record of Information Asset Ownership, data accuracy and data quality review					RES AD Tech	30-Sep-2024		
RR_RES_75	Monitor the delivery and effectiveness of the Information Management and Governance Strategy, and update if required					CD RES; Veritau	31-Dec-2024		

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RR_RES_76	Carry out mitigating actions as a result of lessons learned from data breaches			RES AD Tech	31-Mar-2024	
RR_RES_77	Deliver ongoing communications and training to raise awareness of Information Governance risks and council policies (ongoing)			CD RES; Veritau	31-Aug-2024	
RR_RES_8	Continue to review resourcing to ensure required delivery of Veritau service (ongoing)			CD RES	31-Aug-2024	
RR_RES_9	Continue a review of IG procedures and providing support to the Brierley Group of Companies			RES AD Tech	31-Mar-2024	
RR_RTE_41	Carry out full review of information assets and ownership to ensure responsibility is taken where appropriate for all information			RES AD Tech	31-Mar-2024	
Phase 4 - Target Risk Assessment						
Target Probability	H	Target Impact	H	Target Risk Score	16	Target Risk Category High
Phase 5 - Fallback Plan						
Fallback Plan						
Review and revise Action Plan and new technology and continue to raise awareness.						

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Report Date: **23rd November 2023 (pw)**

Phase 1 - Identification									
Ref.	CRR_13	Title	North Yorkshire Transformation Programme and Savings Requirements			Risk Owner	Chief Exec	Risk Manager	CD RES
Risk Description	Failure to deliver a coherent NY transformation programme which meets the needs of moving to the Council's Operating Model, LGR transition, transformation service operational requirements and deliver the savings requirements as a result of financial challenges				Risk Group	Strategic	Linked Risk(s)	CSD_3	
Phase 2 - Current Assessment									
Current Control Measures									
Transformation Programme and governance in place; Transformation programme; review of areas of overspend and actions to mitigate; review (deep dives) into specific high-risk base budgets such as HAS Care and Support, SEN Transport, and Home to School transport carried out; BEST approach embedded into service planning; performance monitoring through Q reports; emerging LGR transition work streams; PMO in place; existing MTFS and budget monitoring arrangements; Members Budget seminars;									
Current Probability	H	Current Impact	H	Current Risk Score		16	Current Risk Category	High	
Phase 3 - Risk Mitigation Plan									
Reduction Action						Action Manager	Due Date	Date Completed	
RR_CRR_38	Develop cross cutting transformation themes in order to further improve effectiveness and deliver savings (eg customer workstream)					RES Dir Transf	31-Mar-2024		
RR_CRR_39	Implement cross cutting themes as part of the transformation programme					All Mgt Board	31-Mar-2025		
RR_CRR_40	Identify key resource pressure points and solutions to deliver required functionality to deliver the TP including suggested approach to prioritising scarce resource (ongoing)					RES Dir Transf	31-Mar-2025		
RR_CRR_41	Monitor delivery of savings proposals and other transformational actions and identify responses to issues as they arise (ongoing)					CD RES	31-Mar-2025		
RR_CRR_42	Develop longer term strategies for investment relating to capital, regeneration, building maintenance backlogs					CD RES	31-Mar-2024		
RR_CRR_43	Identify and advocate on key funding pressures particularly in relation to government and combined authority (eg SEND with DfE and Regeneration projects with Combined Authority)					CD RES	31-Jul-2024		
RR_CRR_44	Constantly review budget and MTFS in year and as part of the annual exercise					CD RES	31-Jul-2024		
RR_CRR_45	Provide an effective and efficient customer service across the Council where all staff and services work together to meet the needs of all customers					CD RES	31-Oct-2024		
RR_RES_22	Use service planning to understand opportunities for savings and improvement and carry out budget challenge sessions with all ADs across the organisation					RES Dir Transf	31-Oct-2023	31-Oct-2023	
RR_RES_23	Identify all statutory and policy driven initiatives across the Council which require some form of transformation					ACE LDS	31-Jul-2024		
RR_RES_24	Produce a consolidated programme plan					RES Dir Transf	31-Dec-2023		
RR_RES_25	Continue to review and transform operational service requirements as part of the Programme in order to maximise efficiency					All Mgt Board	31-Jul-2024		

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RR_RES_80	Continue to review and improve the Transformation Programme			RES Dir Transf	31-Jul-2024		
RR_RTR_14	Further define the Target Operating Model and introduce systems to ensure compliance			RES Dir Transf	31-Jul-2024		
RR_RTR_15	Develop a cultural change programme to ensure we work together as a single coherent and effective unitary council			All Mgt Board	30-Sep-2024		
Phase 4 - Target Risk Assessment							
Target Probability	M	Target Impact	H	Target Risk Score	12	Target Risk Category	Medium High
Phase 5 - Fallback Plan							
Fallback Plan							
Carry out a full review and ensure an effective revision of the transformation and savings programme plan							

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Phase 1 - Identification								
Ref.	CRR_11	Title	Property and Housing Regulation Compliance		Risk Owner	CD ComDev; CD RES	Risk Manager	ComDev AD Hou; RES AD CP&P
Risk Description	Failure to comply with building and housing legislation including asbestos, legionella, building services and preparation for the new Social Housing Regulation Bill resulting in potential injury or ill health, prosecution and subsequent financial and reputational damage to the council.				Risk Group	Legislative	Linked Risk(s)	CDE_10
Phase 2 - Current Assessment								
Current Control Measures								
Property: BAU work by legacy (existing legacy council processes); initial work undertaken by LGR workstream; targeted program of work to improve performance; Housing: Existing, individual legacy council arrangements;								
Current Probability	H	Current Impact	H	Current Risk Score	16	Current Risk Category	High	
Phase 3 - Risk Mitigation Plan								
Reduction Action						Action Manager	Due Date	Date Completed
RR_CDE_25	Deliver the improvement plan for the condition of housing stock and governance					ComDev AD Hou	31- Dec- 2024	
RR_CHO_19	Develop an ongoing improvement plan for condition of housing stock and governance					ComDev AD Hou	31- Dec- 2023	
RR_CHO_20	Organise an independent assessment of the council's readiness for new regulatory regime and carry out a gap analysis.					ComDev AD Hou	31- Dec- 2023	
RR_CHO_21	Carry out gap analysis against current standards to help inform an improvement plan					ComDev AD Hou	31- Dec- 2023	
RR_CHO_22	Utilise Veritau to audit work against the "big six" risks under RSH (Regulator of Social Housing) regime					ComDev AD Hou	31- Dec- 2023	
RR_RCP_3	Development of asset management IT system in order to keep up to date records of property assets and responsibilities					RES AD CP&P	31-Jul- 2024	
RR_RCP_4	Consultancy support reviewing existing proc for water hygiene mgt, tasked with proposing a new council wide scheme and development of an action plan to ensure full implementation					RES AD CP&P	31- Mar- 2025	
RR_RCP_5	Consultancy support reviewing existing proc for asbestos mgt, tasked with proposing a new council wide scheme and development of an action plan to ensure full implementation					RES AD CP&P	31- Mar- 2025	
RR_RCP_6	Implementation of SFG20 (model for building services compliance)					RES AD CP&P	30-Apr- 2024	

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RR_RCP_7	Development of approach to fire safety (with focus on high risk properties)			RES AD CP&P	31-Jul- 2024		
RR_RCP_8	Carry out themed property compliance audit and audits by H&S team to determine compliance level and inform approach			RES AD CP&P	31-Jul- 2024		
Phase 4 - Target Risk Assessment							
Target Probability	M	Target Impact	M	Target Risk Score	9	Target Risk Category	Medium
Phase 5 - Fallback Plan							
Fallback Plan							
Property: Investigation of incident, communication and work with contractors to resolve							
Housing: Respond as necessary to any incident, carry out lessons learned review							

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Phase 1 - Identification									
Ref.	CRR_3	Title	Recruitment, Retention and Resources			Risk Owner	Chief Exec	Risk Manager	ACE HR&BS
Risk Description	Failure to recruit and retain appropriately skilled staff and have sufficient resources resulting in inability to deliver services, key projects and the desired organisational transformation also increased staff workload, decreased morale and impact on staff wellbeing.				Risk Group	Staffing	Linked Risk(s)		
Phase 2 - Current Assessment									
Current Control Measures									
<p>Recruitment: flexible pay arrangements including market supplements, other payments; good wider benefits package, amended pay structure to take account of posts and grades with particular recruitment and retention challenges; recruitment campaigns and advertising; work with managers to recruit swiftly; social media to promote the organisation and jobs creating a recognisable and attractive employer brand; positively promote the Council as an inclusive employer with good use of diverse images in campaigns to ensure all applicants feel welcome;</p> <p>Retention: Positive and inclusive working environment created; focus on communication and engagement corporately and locally; support and training for managers on good management including engaging and developing their staff; support for staff with health and wellbeing resilience and providing an environment where staff feel they are cared for and supported; providing open access to training and development for employees to enable development in their role and have opportunities to progress internally; staff support networks and staff diversity and inclusion networks which influence policy and practice at work as part of the Council's inclusive workplace approach; good benefits package which encourage retention eg green lease cars, flexible working opportunities so good work life balance available</p> <p>Resources: Appropriate arrangements and monitoring of agency workers and contractors corporately through Resourcing Solutions; People Strategy and Workforce Plan; People Strategy directorate groups; hub and spoke model of HR to ensure compliance;</p>									
Current Probability	H	Current Impact	H	Current Risk Score	16	Current Risk Category	High		
Phase 3 - Risk Mitigation Plan									
Reduction Action						Action Manager	Due Date	Date Completed	
RR_CRR_10	Focus on recruitment to entry level posts alongside career pathways (apprentices and trainees where recruitment is more successful)					ACE HR&BS	30-Sep-2024		
RR_CRR_2	Ensure opportunities and progression through development are provided to staff through internal career pathways					ACE HR&BS	30-Sep-2024		
RR_CRR_3	Ensure the organisation is a 'good employer' through its actions and practice					ACE HR&BS	30-Sep-2024		
RR_CRR_36	Minimise the use of agency workers and external consultants to short term emergency requirements; as a commitment to offering permanent work, career progression and building established team/service dynamics. (ongoing)					ACE HR&BS	30-Sep-2024		
RR_CRR_37	Continue to utilise a range of contract types to achieve a resilient, agile workforce that meets service demand and proactively manages staffing levels in order to meet fluctuating demand. (ongoing)					ACE HR&BS	30-Sep-2024		
RR_CRR_4	Continue to enable hybrid working to provide flexibility to employees and necessary services					ACE HR&BS	30-Sep-2024		
RR_CRR_5	Ensure work/life balance is available and attainable to all employees and enable all staff to access Health & Well Being services					ACE HR&BS	30-Sep-2024		
RR_CRR_6	Continue to develop and offer good terms and conditions and an innovative package of voluntary benefits					ACE HR&BS	30-Sep-2024		

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RR_CRR_7	Recruit internally for all roles J/K and above to enable internal staff the first opportunity for development and progression within the larger organisation for the next 12 months.			ACE HR&BS	30-Sep-2024		
RR_CRR_8	Continue to deploy a range of tools and resources to recruit to vacancies adapting the recruitment response to the role type. Continued use of creative recruitment campaigns with good use of social media			ACE HR&BS	30-Sep-2024		
RR_CRR_9	Develop manager's skills for effective and positive staff management including engagement and support in order to assist retention and successful recruitment (ongoing)			ACE HR&BS	30-Sep-2024		
Phase 4 - Target Risk Assessment							
Target Probability	M	Target Impact	M	Target Risk Score	9	Target Risk Category	Medium
Phase 5 - Fallback Plan							
Fallback Plan							
Review and revise resource allocation where possible and consider additional funding and capacity where required							

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Phase 1 - Identification									
Ref.	CRR_8	Title	Significant Incidents			Risk Owner	Chief Exec	Risk Manager	Chief Exec
Risk Description	Failure to plan, respond to and recover effectively from significant incidents in the community resulting in risk to life and limb, impact on statutory responsibilities, impact on financial stability and reputation				Risk Group	Performance	Linked Risk(s)	CSD_7	
Phase 2 - Current Assessment									
Current Control Measures									
NYLRF and RMCI; experience and resources of partners; existing plans incl public health (training and exercises); RET; partnership working with Services; community resilience; silver response in the Council major incident plan tested; approach to BCP refreshed to strengthen service resilience; Resilience Direct portal; regional multi agency pandemic exercise held; effectiveness and robustness of resilience plans relating to the public health and social care of the NY population tested; NYC action plan developed and implemented based on the debrief report recommendations and all multi agency learning (including the flood reporting tool and simplification of information flow); members of national steering group on volunteers; BCP post audit action plan; Multi Agency cyber threat event held; Ready for Anything campaign; provided input to and engaged with national learning and development of best practice following incidents locally, regionally and nationally; use of Office 365 tools to increase engagement and response capability in effective planning and coordination of incidents; increased team to support Covid response and ability to deal with concurrent incidents; LRF workplan through to 2024; partnership work with Directorates, Migration Yorkshire and other partners to support refugee resettlement in the County; Corp Emergency Planning Group with annual workplan;									
Current Probability	M	Current Impact	H	Current Risk Score	12	Current Risk Category	Medium High		
Phase 3 - Risk Mitigation Plan									
Reduction Action	Action Manager	Due Date	Date Completed						
RR_LEN_2	Dir Public Health	31-Jul-2024		Continue to work with our partners in Public Health England, the NHS and the wider North Yorkshire local resilience forum to share the information and messages of reassurance being issued by the lead agencies					
RR_LEN_3	CD RES	31-Jul-2024		Continue to ensure business continuity plans are reviewed, exercised and kept up to date for Council services and trading companies; currently supporting NYC with any live BC incidents to ensure that service is maintained					
RR_LEN_37	ACE Loc Eng	31-Jul-2024		Harmonise processes and associated risk assessments for operational response to incidents to ensure H&S of staff is maintained					
RR_LEN_38	ACE Loc Eng	31-Jul-2024		Ensure that NYC risks consider the contents of the National Security Risk Assessment and Community Risk Register					
RR_LEN_4	ACE Loc Eng	31-Jul-2024		Continue to work with Directorates, Migration Yorkshire and other partners to support refugee resettlement schemes, both into permanent housing in the County and whilst in temporary placements organised by the Home Office in bridging hotels in the County					
RR_LEN_5	ACE Loc Eng	31-Jul-2024		Understand the Impact of LGR and those in multi-faceted roles on our ability to respond to emergencies					
RR_LEN_6	ACE Loc Eng	31-Jul-2024		Continue to ensure effective and efficient processes are embedded amongst all partners to prioritise work streams (incl. plans, training and exercises) (ongoing)					
RR_LEN_7	Loc Eng HoR&E	31-Jul-2024		Continue to embed the recommendations from incident debriefs within practice through the Corp Emergency Planning Group					
RR_LEN_8	Loc Eng HoR&E	31-Mar-2023	31-Mar-2023	Work through the LGR sub work streams to ensure that emergency response and bcp arrangements remain robust throughout the transition and transformation phases (safe and legal)					
Phase 4 - Target Risk Assessment									
Target Probability	L	Target Impact	H	Target Risk Score	8	Target Risk Category	Medium		

Risk Register: **Annual review (October 2023) – detailed**

Next Review Due: **May 2024**

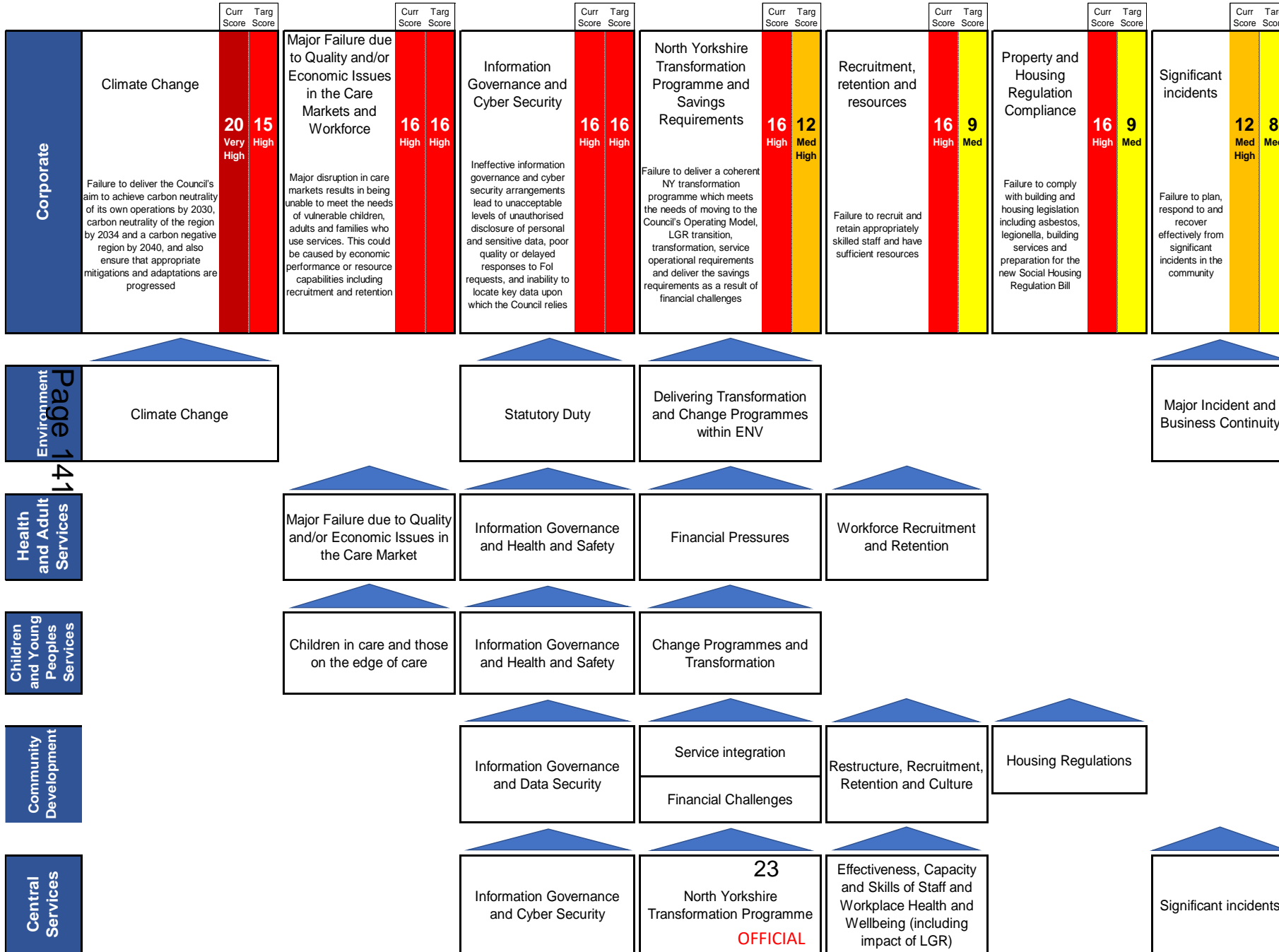
Report Date: **23rd November 2023 (pw)**

Phase 5 - Fallback Plan

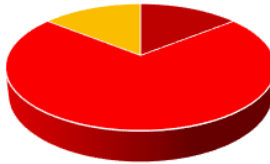
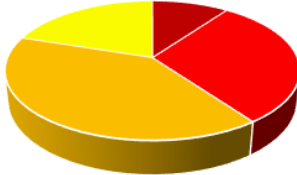
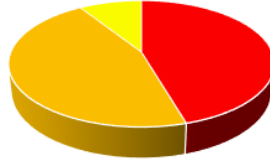

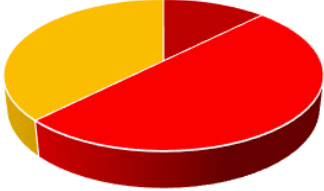
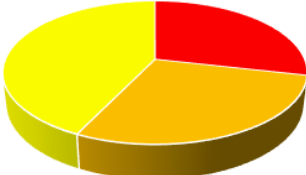
Fallback Plan

Embedded practice based on Response to Major and Critical Incident protocols

Mapping of Directorate risks to the Corporate risk register - November 2023



Corporate and Directorate - Risk Category Analysis

Register	Current Risk Category	No. of risks	Risks	
Corporate	Very High	1	Climate Change	
	High	5	Maj failure in care markets; Recruitment, retention & resources; NY Transformation Programme & Savings requirements; Info gov and cyber security; Property and Housing regulation compliance	
	Medium High	1	Significant Incidents	
Environment Directorate	Very High	1	Climate Change	
	High	3	Passenger transport market resilience; Statutory duties; Long Term Waste Service Strategy	
	Medium High	4	Brierley Homes Ltd; Delivering Transformation and Change Programmes within ENV; Capital Programme; Major schemes	
Community Development	High	5	Restructure, Recruitment, Retention and Culture; Local Plan; Harrogate Convention Centre; Health and Safety; Housing Regulations	
	Medium High	5	Financial Challenges; Service integration; Capital Programme; Growth; Devolution	
	Medium	1	Information Governance and Data Security	
Health and Adult Services	High	7	Major Failure in the Care Market; Workforce Recruitment and Retention; Confident and consistent practice/Managing Waiting Lists; In-House Social Care Provider Services; Financial Pressures; Working with the NHS; Public Health	
	Medium High	3	CQC Assurance; Safeguarding Arrangements; Information Governance and Health and Safety	
Children and Young Peoples Services	Very High	1	SEND High Need Budget	
	High	4	Children in care and those on the edge of care; Safeguarding Arrangements; Schools Organisation and Capital Funding for places; Schools Funding Challenges	
	Medium High	3	Educational Outcomes; Change Programmes and Transformation; Information Governance and Health and Safety	
Central Services	High	2	Info Gov and Cyber Security; Health and Safety	
	Medium High	2	North Yorkshire Transformation Programme; Effectiveness, Capacity and Skills of Staff and Workplace Health and Wellbeing (including impact of LGR);	
	Medium	3	Corporate Governance and Ensuring Legality; Significant Incidents; Customer Service	

AUDIT COMMITTEE

11 DECEMBER 2023

RISK REGISTER FOR THE HEALTH & ADULT SERVICES DIRECTORATE

Report of the Corporate Director – Health & Adult Services

1.0 PURPOSE OF THE REPORT

1.1 To provide details of the **Risk Register** for the HAS Directorate.

2.0 BACKGROUND

- 2.1 The Audit Committee is required to assess the quality and effectiveness of the corporate governance arrangements operating within the County Council. In relation to the HAS Directorate the Committee receives assurance through the work of internal audit (detailed in a separate report to the Committee), details of the Statement of Assurance provided by the Corporate Director, together with the Directorate Risk Register.
- 2.2 This report sets out those risks in relation to the Health and Adult Services Directorate (HAS) and aims to provide Committee with assurance around work being undertaken to manage and mitigate them where it is possible to do so.

3.0 DIRECTORATE RISK REGISTER

- 3.1 The **Directorate Risk Register** (DRR) is the end product of a systematic process that initially identifies risks at Service Unit level and then aggregates these via a sieving process to Directorate level. A similar process sieves Directorate level risks into the Corporate Risk Register.
- 3.2 The Risk Prioritisation System used to derive all Risk Registers across the Council has recently been changed. The process and reports that are provided continue to be similar for ease of understanding, but the Council now uses a 5x5 risk assessment ranging from very low to very high in terms of both likelihood and impact: Once the likelihood and impact for a risk have been assessed, the risk scoring is calculated, using the table below.

Likelihood	Very High	5	10	15	20	25
	High	4	8	12	16	20
	Medium	3	6	9	12	15
	Low	2	4	6	8	10
	Very Low	1	2	3	4	5
		Very Low	Low	Medium	High	Very High
Impact						

Once a risk has been assessed, the required action is determined by the following table.

Colour	Score	Assessment	Required Action
	1 - 2	Very Low (tolerate)	Risk should not appear in risk register.
	3 - 4	Low (tolerate)	Regular monitoring, action plan not essential, acceptable just to maintain current controls.
	5 - 9	Medium (treat)	Frequent monitoring, action plan required.
	10-12	Medium High (treat)	Frequent monitoring, action plan required to prevent from becoming a red risk.
	15 - 16	High (treat)	Constant monitoring, action plan required and escalation to next level for consideration / inclusion.
	20 - 25	Very High (treat / terminate)	Constant monitoring, action plan required and escalation to next level with request for inclusion. Consider terminating activity (if an option) where score cannot be reduced by risk mitigation.

- 3.3 The detailed DRR is shown at **Appendix A**. This shows a range of key risks and the risk reduction actions designed to minimise them together with a ranking of the risks both at the present time and after mitigating action.
- 3.4 A summary of the DRR is also attached at **Appendix B**. As well as providing a quick overview of the risks and their ranking, it also provides details of the change or movement in the ranking of the risk since the last review in the left hand column.
- 3.5 A six month update review of the register will take place in April 2024.
- 3.6 The Directorate faces a number of key issues which are reflected throughout the Risk Register:
- Hospital and Covid-19 Pressures
 - Financial Pressures and the Social Care Market
 - Workforce
 - CQC Assurance

- 3.7 Two risks have dropped off the register since last year. These are:
- (i) National Social Care Charging Reforms and Trailblazer. As this national project was “stood down” last year, the immediate financial risk is no longer a significant issue. However we will continue to monitor the government’s intentions. Some of the work undertaken as part of a Trailblazer authority feeds into mitigations elsewhere in the register (such as improving cost information).
 - (ii) Deprivation of Liberty Safeguards (DoLS) Supreme Court Ruling. This is now no longer a specific entry on the register. However associated risks are monitored through HAS_4 Confident and Consistent Practice/Managing Waiting Lists and HAS_9 Safeguarding Arrangements
- 3.8 A new risk is highlighted (HAS_10) with respect to CQC Assurance and further information is set out in section 3 above.
- 3.9 Risk HAS_5 (In-House Social Care Provider Services, including regulated services) is also highlighted as we deal with a number of property issues in the service.
- 3.10 A selection of actions achieved on the risk register since it last came before Committee is shown below:
- Launch PAMMS to aid early identification of risk and support the quality pathway;
 - Provision of training through Learning4Care to support the independent and voluntary sector with the ICG and Provider
 - Develop a Quality Pathway, revising processes and procedure and incorporating best practice adopting a risk based / predictive approach
 - Rewriting quality policies as part of Quality Pathway with input from Veritau as part of focussed review
 - International recruitment of social workers (cautious approach taken within the Council)
 - Implementation and recruitment of the new advanced practitioner role
 - Complete regrading of Care and Support workers (excluding EPHs)
 - Analyse work undertaken as part of Trailblazer to improve market and cost information, service standards and information security
 - Review actual cost of care exercise for residential and nursing and undertake new cost of care exercise for domiciliary care to maximise use of market sustainability fund
 - Stop Smoking Service: Continue to support the in-house smoking cessation services around the use of e-cigarettes; e-cigarette offer now live and implemented

4.0 RECOMMENDATION

- 4.1 That the Committee notes the Risk Register for the Health and Adult Services Directorate and provides feedback or comments thereon.

RICHARD WEBB
Corporate Director – Health & Adult Services
December 2023

HAS Directorate

Risk Register: **annual review (Sep 2023) - detailed**

Next review due: **March 2024**

Report Date: **16th November 2023 (pw)**

Phase 1 - Identification								
Ref.	HAS_2	Title	Major Failure due to Quality and/or Economic Issues in the Care Market	Risk Owner	CD HAS	Risk Manager	HAS AD PSD (AB)	
Risk Description	Major failure of provider/key providers results in the Directorate being unable to meet the needs of people who use services. This could be caused by economic performance or resource capabilities including recruitment and retention. The impact could include loss of trust in the Care Market, increased budgetary implications and issues of service user safety.			Risk Group	Legislative	Linked Risk(s)	CRR_2	
Phase 2 - Current Assessment								
Current Control Measures								
Regular review and monitoring of contracts in addition to close working relationship with corporate procurement colleagues; Integrated Quality Improvement Team now embedded into the service and continuing to work well; contract management team established; Market position statement created as an online tool to support commissioning and interventions into the market; quality pathway launched with enhanced market surveillance to ensure market oversight in line with The Care Act; Sustainability process in place to enable financial assistance to the market where value for money and strategic need can be evidenced; Service Development function now created linked to locality working to identify market issues at an early stage and appropriate market support strategies are created; Ongoing rolling programme of audits by Veritau of individual suppliers; Initial business case approved for Intervention into Harrogate market; Health brokerage pilots; Continued engagement with CQC locally and Nationally; Make Care Matter; IBCF monies used for Recruitment Hub, Learning4Care and rural dom care pilot; Enhanced care homes services in place continue to provide wrap around support to the market; worked with ICG to ensure provider BCPs in place and tested								
Current Probability	H	Current Impact	H	Current Risk Score		16	Current Risk Category	High
Phase 3 - Risk Mitigation Plan								
Reduction Action						Action Manager	Due Date	Date Completed
RR_HSC_11	Work at a system level (ICS) with partners to mitigate the impact of workplace shortages					HAS all ASC ADs ; HAS HoHR	30-Sep-2024	
RR_HSC_12	Complete recommissioning of all approved provider lists; evaluation is ongoing					HAS AD PSD (AB)	28-Feb-2024	
RR_HSC_13	Seek opportunities to gain national support for workforce issues in the care system; including improved communication around licensing arrangements					CD HAS; HAS all ASC ADs	30-Sep-2024	
RR_HSC_14	Launch PAMMS to aid early identification of risk and support the quality pathway; launched					HAS AD ASC (RB)	30-Sep-2023	31-Aug-2023
RR_HSC_15	Separate quality and contract management to provide additional capacity to contract management; planned for Oct					HAS AD ASC (RB); HAS AD PSD (AB)	31-Oct-2023	01-Oct-2023
RR_HSC_16	Use the review of the QIT pilot to plan future quality oversight, ongoing					HAS AD ASC (RB)	30-Sep-2024	
RR_HSC_17	Developing crisis response service and working with the care market to establish more robust services in NY for those with complex needs linked to improvement priority					HAS AD ASC (RB)	30-Sep-2024	

HAS Directorate

Risk Register: **annual review (Sep 2023) - detailed**

Next review due: **March 2024**

Report Date: **16th November 2023 (pw)**

RR_HSC_18	Continue to engage in ADASS work to manage major problems occurring, such as financial issues in the care provider market and ensure robust contingency planning and to learn lessons from serious case reviews at a national level; more work being done to enhance regional ways of working; this continues with use of national capacity tracker and contingencies in place	HAS AD PSD (AB)	30-Sep-2024				
RR_HSC_19	Continue to work with Veritau on audits of individual suppliers (rolling programme in place of focussed work in particular areas)	HAS AD PSD (AB); HAS ASC HoSC	30-Sep-2024				
RR_HSC_20	Monitor issues caused by the changing landscape of ICS and LGR and raise at HASLT where appropriate - ongoing	HAS AD PSD (AB)	30-Sep-2024				
RR_HSC_21	Develop a Quality Pathway, revising processes and procedure and incorporating best practice adopting a risk based / predictive approach; rolling out	HAS AD ASC (RB)	30-Nov-2022	28-Feb-2023			
RR_HSC_22	Rewriting quality policies as part of Quality Pathway with input from Veritau as part of focussed review; complete	HAS AD ASC (RB)	30-Nov-2022	28-Feb-2023			
RR_HSC_24	Work with market development board to monitor and manage interventions in the care market	HAS AD PSD (AB)	30-Sep-2024				
RR_HSC_9	Develop a business case for new, county-wide care and support hubs to help alleviate care home affordability issue	HAS AD PSD (AB)	31-Mar-2024				
Phase 4 - Target Risk Assessment							
Target Probability	H	Target Impact	H	Target Risk Score	16	Target Risk Category	High
Phase 5 - Fallback Plan							
Fallback Plan							
Make people safe, crisis meeting, implement relevant steps, consultation with senior staff and relevant organisations (e.g. Police CQC). Effective communication to relevant parties, utilise established failure plan.							

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HAS Directorate

Risk Register: **annual review (Sep 2023) - detailed**

Next review due: **March 2024**

Report Date: **16th November 2023 (pw)**

Phase 1 - Identification									
Ref.	HAS_3	Title	Workforce Recruitment and Retention			Risk Owner	CD HAS	Risk Manager	HoHR (HAS)
Risk Description	Failure to recruit and retain sufficient numbers and categories of staff in Social Care and / or develop managers and staff in line with transformation agenda including the impact of Coronavirus and to ensure service continuity resulting in reduction in quality of service and transformation objectives not achieved, staff unclear about their roles and an inability to implement new ways of working			Risk Group	Staffing	Linked Risk(s)			
Phase 2 - Current Assessment									
Current Control Measures									
Regular review at HASLT and other meetings, with actions taken as required; panel in place for Provider Services to support recruitment and similar model to be emulated for community teams; OD Group in place, with agreed work programme; Workforce Strategy and OD Plan refreshed and agreed by HAS LT; HR representation on programme/project groups with regular monitoring by HASLT; Directorate Plan in place; regular DJCC meetings with Unison; training plan in place; ASYE implemented; assessment pathway programme; Practice team in place; Practice development sessions for practitioners rolled out; Learning4Care and Recruitment Hub to support the independent and voluntary sector in place; monthly performance reports including service delivery reports, complaints and commendations and workforce metrics, and Q workforce reports to HASLT; Strength based approach in place; Living Well Service in place; management arrangements for Mental Health services in place and wider Mental Health team structures implemented; new manager programme developed and implemented; Manager Skills Audit undertaken to inform OD Programme; new working patterns in Care and Support in place; Coronavirus controls including: Weekly wider leadership team meeting, monthly locality HAS connected meetings (all staff included); Outbreak management plan; care home liaison team established for the independent sector; on call rotas established; Covid infection and protection control training in place; ASC operating model and staffing arrangements in place; New Manager Development Programme and Meet the Director Programme in place; new model of training delivery implemented; social work apprentice role implemented; business support arrangements for assessment and provider services teams reviewed and agreed; International recruitment of social workers taking place; undertake appropriate vacancy management to ensure balanced position following withdrawal of temporary funding; HR manager - Care Sector in post; campaign for a cautious international recruitment of 27 social workers complete; the Learning4Care offer has been reviewed and the services are continuing to be funded from the iBCF;									
Current Probability	H	Current Impact	H	Current Risk Score	16	Current Risk Category	High		
Phase 3 - Risk Mitigation Plan									
Reduction Action						Action Manager	Due Date	Date Completed	
RR_HAS_10	Ensure leadership and management continue to evolve methods of effective communication to enable involvement and feedback from staff and co-production with people who use service and partners (ongoing)					HAS LT	30-Sep-2024		
RR_HAS_11	Continue to develop and implement the Make Care Matter campaign including a flexible approach to candidate need and availability, to ensure recruitment across the Sector encompassing ideas from people who have lived experience and operational staff (ongoing)					HAS AD ASC (KS); HAS AD ASC (RB); HoHR (HAS)	30-Sep-2024		
RR_HAS_12	Support staff to operate into integrated teams and arrangements (ongoing)					HAS AD ASC (KS); HAS AD ASC (RB); HoHR (HAS)	30-Sep-2024		
RR_HAS_14	Develop and implement locality team arrangements in provider services including rationalisation of grading, flexible deployment and rota management including review of the registered manager role					HAS AD ASC (RB); HoHR (HAS)	31-Mar-2024		
RR_HAS_15	International recruitment of social workers (cautious approach taken within the Council))					HAS ASC HoP&P	30-Jun-2023	30-Jun-2023	

HAS Directorate

Risk Register: **annual review (Sep 2023) - detailed**

Next review due: **March 2024**

Report Date: **16th November 2023 (pw)**

RR_HAS_16	Evaluate effectiveness and outcomes of business support arrangements for assessment and provider services teams?	HAS LT	31-Dec-2023				
RR_HAS_17	Implementation and recruitment of the new advanced practitioner role	HoHR (HAS)	31-Jan-2023	31-Jan-2023			
RR_HAS_18	Develop an occupational therapy apprentice	HoHR (HAS)	31-Mar-2024				
RR_HAS_19	Continue to engage with and contribute to NHS and local government workforce priorities (ongoing)	HAS LT	30-Sep-2024				
RR_HAS_45	Complete regrading of Care and Support workers (excluding EPHs)	HAS AD ASC (RB); HAS HoHR	01-Nov-2023	01-Nov-2023			
RR_HAS_46	Implement a 360 degree appraisal process and development plan for HAS wider leadership team.	HAS LT	31-Mar-2024				
RR_HAS_49	Monitor recruitment of international care workers in the care market, classify the market accordingly. share any intelligence with the quality team for follow up and the Home Office for further investigation if needed	HAS AD PSD (AB)	30-Sep-2024				
RR_HAS_7	Review of training through Learning4Care to support the independent and voluntary sector with the ICG and providers	HAS AD PSD (AB)	30-Sep-2023	31-Oct-2023			
RR_HAS_8	Continue to implement the Directorate Training Plan which encompasses all the key changes facing Operational Staff and equips Heads of Service and SMs to ensure delivery (ongoing)	HAS AD ASC (KS); HAS AD ASC (RB); HoHR (HAS)	31-Oct-2024				
RR_HAS_9	Continue to ensure Directorate Managers are provided with training in people management processes, reorganisation and redundancy processes, change management, 'common sense' performance management and forecasting needs (ongoing)	HoHR (HAS)	30-Sep-2024				
Phase 4 - Target Risk Assessment							
Target Probability	H	Target Impact	H	Target Risk Score	16	Target Risk Category	High
Phase 5 - Fallback Plan							
Fallback Plan							
Review and revise workforce arrangements including managers' responsibilities							

HAS Directorate

Risk Register: **annual review (Sep 2023) - detailed**

Next review due: **March 2024**

Report Date: **16th November 2023 (pw)**

Phase 1 - Identification									
Ref.	HAS_4	Title	Confident and consistent practice/Managing Waiting Lists			Risk Owner	CD HAS	Risk Manager	HAS all ASC ADs
Risk Description	Failure to embed the confident and consistent practice programme across the county resulting in poor outcomes for individuals, missed opportunities to change and improve the service, inability to realise budgetary savings and criticism					Risk Group	Change Mgt	Linked Risk(s)	HSC_5
Phase 2 - Current Assessment									
Current Control Measures									
Programme developed; new safeguarding operational guidance and practice; compared costs of commissioned packages of care to the costs of packages funded through direct payments; section 117 protocol training implemented; designed new carers pathway including a focus on young carers; Living Well (as a carer) opportunities explored; embedded the widened short breaks offer; 'front door' reviewed to improve demand management; new SG procedures in place and additional resource into the customer resource centre; elements of this work picked up in Assess and Decide programme; ethical decision making framework in place and being reviewed for a report back to Management Board and to Members which will also cover waiting list issues; culture of continuous improvement including managing risk safely, dynamic risk taking and strength based approaches; waiting list action plan in place; recruitment to the advanced practitioner role; continue to monitor the DoLS backlog and report to HASLT on a regular basis;									
Current Probability	H	Current Impact	H	Current Risk Score		16	Current Risk Category	High	
Phase 3 - Risk Mitigation Plan									
Reduction Action							Action Manager	Due Date	Date Completed
RR_HPH_54	Prepare for implementation of Liberty Protection Safeguards; LPS guidance and legislation delayed due to impact of Coronavirus; draft statutory guidance received in 2022, awaiting updates on implementation of LPS; whilst this is on hold we will focus on reviewing the DoLS team and service to ensure it remains effective					Dir Public Health; HAS AD ASC (KS)	30-Sep-2024		
RR_HSC_28	Robustly review and take learning from various practice areas; completed the diagnostic self audit with managers and practitioners, now need to implement the identified improvements and investigate and understand reasons for variations in practice; ongoing (practice team have been doing deep dives into locality practice, with request for improvement plans); completed diagnostic which is still being analysed					HAS AD ASC (KS)	30-Sep-2024		
RR_HSC_29	Ensure consistent decision making to improve outcomes for people and ensure value for money; introduced scheme of delegation around financial decisions, then reviewed and extended it to self-authorisation by frontline staff, needs further testing and embedding (now built into Liquid Logic); also introduced practice support sessions to explore alternative support options with service users; need to update the case file audit to reflect practice and confirm consistency of decision making; case file audit updated and new tool used for practice and outcomes (PQAT)					HAS AD ASC (KS)	30-Sep-2024		
RR_HSC_30	Improve well-being of teams; continue to carry out the demand and capacity work (including improving resilience for ASC leadership); festival of practice held, with self-help sessions for staff; introducing locality sessions with ADs to reinforce this work and keep this key area in focus; programme of roadshows to be carried out					HAS AD ASC (KS)	30-Sep-2024		
RR_HSC_31	Ongoing programme of training and learning for teams about the benefits and impacts of direct payments and support practice through a data informed, targeted approach, sharing of case examples and local area guidance; ASC improvement priority.					HAS AD ASC (KS)	30-Sep-2024		
RR_HSC_32	Review the provision of Direct Payments for carers (Carers Grants) in partnership with the revised carers pathway and offer and in keeping with the Care Act and requirements around personal budgets; work on new pathway started; now introducing a carers conversation record; need to monitor the impact of this					HAS AD ASC (KS); HAS ASC Ho TP	30-Sep-2024		
RR_HSC_33	Agree targets for consistency county wide in order to strive for equity; more to do, practice framework will include targets and performance aspects; some KPIs in service plan need to translate into practice; practice framework complete, looking at practice standards linked to assurance framework					HAS ASC Ho TP	30-Sep-2024		

HAS Directorate

Risk Register: **annual review (Sep 2023) - detailed**

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RR_HSC_34	Work through the seven ASC improvement priorities as the focus of efforts			HAS all ASC ADs	30-Sep-2024		
RR_HSC_35	Implement an action plan to proactively manage and mitigate risk to people waiting for adult social care			HAS AD ASC (KS)	30-Sep-2024		
RR_HSC_46	Continue to work through the Community DoL backlog management plan for the lower risk (as defined by ADASS) people including proposal for extra resource to assist in response to the increase in work in this area; we are continuing to increase BIA capacity to take pressure off op teams; removing the low risk categorisation and business case being developed to clear the backlog			HAS AD ASC (KS)	31-Dec-2023		
Phase 4 - Target Risk Assessment							
Target Probability	M	Target Impact	H	Target Risk Score	12	Target Risk Category	Medium High
Phase 5 - Fallback Plan							
Fallback Plan							
Review performance and capacity including access to additional funding							

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HAS Directorate

Risk Register: **annual review (Sep 2023) - detailed**

Next review due: **March 2024**

Report Date: **16th November 2023 (pw)**

Phase 1 - Identification								
Ref.	HAS_5	Title	In-House Social Care Provider Services (incl Regulated Services)		Risk Owner	CD HAS	Risk Manager	HAS AD ASC (RB)
Risk Description	Failure to maintain compliant (safe, effective, caring, responsive and well led) and cost effective regulated and non regulated services with robust governance arrangements (including workforce and health and safety) in place enabling scrutiny at every level of the organisation resulting in enforcement action, service closure and reputational impact			Risk Group	Performance	Linked Risk(s)	HSC_10	
Phase 2 - Current Assessment								
Current Control Measures								
Robust management structure across registered services; non-regulated services (i.e. day-care); quality audits undertaken managers; established networks and forums for exploring legislative requirements; communication and relationship with CQC; improved system for recording dom care; target areas of specific concern; near miss and notifications log and analysis completed by Quality and Contracting and service lead; property review carried out;								
Current Probability	H	Current Impact	H	Current Risk Score	16	Current Risk Category	High	
Phase 3 - Risk Mitigation Plan								
Reduction Action						Action Manager	Due Date	Date Completed
RR_HAS_20	Develop and implement action plans in place following the property review					RES AD (AH)	30-Sep-2024	
RR_HSC_53	Complete annual health and safety reviews with H&S Advisor; continue to monitor via Directorate Risk Management Group (immediate remedial action to single glazed windows and fire safety issues have been completed) to ensure that prioritisation of required action within the directorate but also within property services; currently prioritising fire risk in settings, with mitigating through enhanced night time staffing to support evacuation					HAS ASC HoPS	30-Sep-2024	
RR_HSC_54	Complete the service development plans and work though action plans for those domains that require improvement following issues raised by CQC					HAS ASC HoPS	30-Sep-2024	
RR_HSC_55	Ensure we maintain sufficient appropriate provision at EPHs involved in the replacement programme, setting clear expectations of standards and quality that are to be maintained through transition via the quality framework; working on a business case to explore alternative approaches to current "close eph/replace with extra care"					HAS AD ASC (RB); HAS AD PSD (AB)	30-Sep-2024	
RR_HSC_57	Make safe any in sourcing following provider failure before passing on to the market					HAS all ASC ADs	30-Sep-2024	
RR_HSC_58	Implement business continuity plans to secure safe staffing levels whilst aiming to recruit additional workforce capacity					HAS AD ASC (RB)	30-Sep-2024	
RR_HSC_59	Continue with the monthly cross directorate governance meeting CC					HAS AD ASC (RB)	30-Sep-2024	
RR_HSC_62	Continue to proactively recruit through Make Care Matter whilst taking steps to attract more applicants through the Resilience Plan actions.					HAS AD ASC (RB); HAS HoHR	30-Sep-2024	

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HAS Directorate

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RR_HSC_9	Develop a business case for new, county-wide care and support hubs to help alleviate care home affordability issue			HAS AD PSD (AB)	31-Mar-2024		
RR_HSC_95	Ensure the Implementation of electronic care records and care scheduling is done in a safe and secure manner that does not compromise regulatory outcomes			HAS all ASC ADs	30-Sep-2024		
Phase 4 - Target Risk Assessment							
Target Probability	M	Target Impact	H	Target Risk Score	12	Target Risk Category	Medium High
Phase 5 - Fallback Plan							
Fallback Plan							
Make people safe, crisis meeting, implement relevant steps, consultation with senior staff and relevant organisations (e.g. Police, CQC). Effective communication to relevant parties, utilise established failure plan.							

HAS Directorate

Risk Register: **annual review (Sep 2023) - detailed**

Next review due: **March 2024**

Report Date: **16th November 2023 (pw)**

Phase 1 - Identification								
Ref.	HAS_6	Title	Financial Pressures		Risk Owner	CD HAS	Risk Manager	RES AD (AH)
Risk Description	Financial pressures arising from difficulties in delivering MTFs Savings requirements, managing in year financial overspends and unexpected costs, contributions from various complex funding streams, and given care system pressures and continued fallout of Covid on the care market and budget and complexity of people's needs leading to service impact or additional savings needing to be identified within HAS or corporately.				Risk Group	Financial	Linked Risk(s)	HSC_2
Phase 2 - Current Assessment								
Current Control Measures								
Regular performance and governance ASC and HAS LT finance and performance tracking meetings; Corp PMO resources applied to projects and programme management; regular monitoring of in year financial performance and reporting to portfolio Members; corp provision for financial pressures in HAS available for drawdown; heat map action plan completed; recommendations from the actual cost of care exercise implemented and inflationary uplifts agreed within budget with the care sector; tracking of paper records in place for performance; regular budget deep dives within HAS and regular reporting to Chief Exec and CD R; action plan to address the care and support overspend developed; SBR now business as usual and being introduced to Supported Living; budget recovery action plan in place; proportion of care packages within affordable budget monitored to ensure we remain within the parameters of the Cost of Care Agreement; Commissioning team (in their service improvement role) acting as an internal peer challenge around high cost spend and market ability to enable the development of a Locality service improvement plan; Budget recovery action plan with ongoing review on a quarterly basis; HAS 2025 plan published; weekly Budget and Scrutiny meetings with managers and finance; tracking of temporary-funded posts; annual review of cost of care;								
Current Probability	H	Current Impact	H	Current Risk Score	16	Current Risk Category	High	
Phase 3 - Risk Mitigation Plan								
Reduction Action						Action Manager	Due Date	Date Completed
RR_HAS_21	Continue to ensure Directorate Managers are provided with training in people management processes, reorganisation and redundancy processes, change management, 'common sense' performance management and forecasting needs (ongoing)				HoHR (HAS)	30-Sep-2024		
RR_HAS_22	Analyse work undertaken as part of Trailblazer to improve market and cost information, service standards and information security				RES AD (AH)	31-Mar-2023	31-Mar-2023	
RR_HAS_23	Work with Resources to ensure new transfer of BACS service and help to embed new ways of working including online financial assessments so that income is collected in a timely manner, reducing the risk of payments being lost and work with NHS partners to ensure an appropriate split of costs for joint packages				RES AD (AH)	31-Oct-2024		
RR_HAS_24	Work with supply chain resilience board to ensure adequate support for providers in financial distress				RES AD (AH)	31-Mar-2024		
RR_HAS_25	Review actual cost of care exercise for residential and nursing and undertake new cost of care exercise for domiciliary care to maximise use of market sustainability fund				RES AD (AH)	31-Mar-2023	31-Mar-2023	
RR_HAS_26	Feed into budget process around any increased financial pressures and costs				RES AD (AH)	30-Nov-2023		
RR_HPH_5	Continue to monitor the budget for Public Health and associated spending				Dir Public Health	30-Sep-2024		

HAS Directorate

Risk Register: **annual review (Sep 2023) - detailed**

Next review due: **March 2024**

Report Date: **16th November 2023 (pw)**

RR_HSC_1	Seek to better understand financial impact of decisions made as part of the Confident and Consistent Practice model and diagnostic work; introduced new scheme of delegation to ensure consistent sign off; practice support meetings introduced	HAS AD PSD (AB); HAS all ASC ADs	30-Sep-2024	
RR_HSC_10	Ongoing National review of NYC performance against key targets (including Discharge to Assess and Right to reside) which could impact funding	HAS all ASC ADs	30-Sep-2024	
RR_HSC_2	Achieve earlier, clearer budget position with Team Managers responsible for budget management including forecasting (all team managers are now forecasting with approvals by ASC ADs); linked to budget recovery plan work, now in place and ongoing	HAS AD PSD (AB); HAS all ASC ADs	30-Sep-2024	
RR_HSC_3	Weekly budget clinic with heads of service reviewing all activity including high cost placement starters and leavers	HAS AD PSD (AB); HAS all ASC ADs	30-Sep-2024	
RR_HSC_4	Continue to monitor and fully understand and assess the budget impact of Covid and ensure proper accounting of one-off funds, including assessing risk of clawback from central government; recovery and exit planning for the temporary funded arrangements	HAS AD PSD (AB); RES AD (AH)	31-Mar-2024	
RR_HSC_5	Monitor requirements on hospital discharge and ensure National Government and ICB funding settlements are adequate as these have the potential to create additional pressures on adult social care	HAS all ASC ADs	30-Sep-2024	
RR_HSC_6	Monitor the impact of provider sustainability applications and the procurement of the APL to identify further mitigation	HAS all ASC ADs	30-Sep-2024	
RR_HSC_7	Savings plan and savings board introduced to have oversight of savings schemes and help identify opportunities	HAS all ASC ADs	30-Sep-2024	
RR_HSC_8	Complete phase 2 of the strength based assessments working with people with complex needs; now covered by service plan	HAS AD PSD (AB); HAS all ASC ADs	30-Sep-2024	
RR_HSC_9	Develop a business case for new, county-wide care and support hubs to help alleviate care home affordability issue	HAS AD PSD (AB)	31-Mar-2024	
RR_HSC_92	Monitor the impact of the Adult Social Care improvement priorities	HAS all ASC ADs	31-Aug-2024	

Phase 4 - Target Risk Assessment

Target Probability	M	Target Impact	H	Target Risk Score	12	Target Risk Category	Medium High
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Phase 5 - Fallback Plan

Fallback Plan

Further fundamental review in order to further prioritise services

HAS Directorate

Risk Register: **annual review (Sep 2023) - detailed**

Next review due: **March 2024**

Report Date: **16th November 2023 (pw)**

Phase 1 - Identification								
Ref.	HAS_7	Title	Working with the NHS		Risk Owner	CD HAS	Risk Manager	Dir Public Health; HAS all ASC ADs
Risk Description	Failure to achieve the best outcomes from working jointly with the NHS across the NYC footprint, a negative impact on the customer experience and the possibility of fragmented care and poor outcomes. Issues to address include working with a large number of NHS organisations and their complexities, a number of NHS Trusts who are in regulatory intervention, challenges around the rising costs of CHC with NHS in deficit, Increased number and complexity of discharges, Mental health service challenges				Risk Group	Partnerships	Linked Risk(s)	HSC_12; HPH_5
Phase 2 - Current Assessment								
Current Control Measures								
Effective HWB partnership with clear reviewed and revised governance providing strategic leadership regarding H&W across the County; Chief Officer representation influencing the development of ICBs; Joint quality team, Joint commissioning group, Representation on ICB Boards in place; emergence of local care partnerships; regular finance and commissioning meetings in place (building on Covid response); North Yorkshire Place Board and Silver Command overseeing key interface business; s75 agreements in place for Harrogate and Rural Alliance; HARA integration of community health and social care services has been reviewed; investment of IBCF and BCF to protect social care; Joint Health and Well-being Strategy in place (due to be refreshed); extensive hospital discharge arrangements in places; Health and Care Management Group in place; regular monitoring of relationships, priorities and communications at HAS WLT; ongoing national lobbying for the continuation of Hospital Discharge funding; joint plan in place with ICB colleagues to manage winter pressures;								
Current Probability	H	Current Impact	H	Current Risk Score	16	Current Risk Category	High	
Phase 3 - Risk Mitigation Plan								
Reduction Action	Action Manager	Due Date	Date Completed					
RR_HAS_27	Work closely with NHS partners to triage highest priorities for hospital and community capacity and pressures and undertake LRF exercise to plan for contingencies	CD HAS; HAS all ASC ADs	31-Mar-2024					
RR_HAS_47	Work with ICBs to ensure partnership to achieve appropriate split of costs and work to jointly commission services where relevant to bring value for money and reduce costs for the local authority and health partners. Agree approach at Health and Care Management Group	HAS AD PSD (AB); RES AD (AH)	31-Mar-2024					
RR_HPH_36	Present HARA paper to MB and Exec to provide update and priorities for the next 5 years	CD HAS; HAS all ASC ADs	30-Sep-2024					
RR_HSC_69	Continue pilot of multi agency Quality Improvement Team and plan evaluation; evaluation carried out, relaunch the quality team post pilot evaluation and separation of contract management	HAS AD ASC (RB)	30-Sep-2024					
RR_HSC_74	Embed the working of the joint commissioning group for the continuing health care and s117 work	HAS AD PSD (AB)	30-Sep-2024					
Phase 4 - Target Risk Assessment								
Target Probability	M	Target Impact	H	Target Risk Score	12	Target Risk Category	Medium High	
Phase 5 - Fallback Plan								
Fallback Plan								

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HAS Directorate

Risk Register: **annual review (Sep 2023) - detailed**

Next review due: **March 2024**

Report Date: **16th November 2023 (pw)**

Escalation to CMB and Executive Members, further engagement with senior tiers in NHS locally, regionally and nationally.

Phase 1 - Identification								
Ref.	HAS_8	Title	Public Health		Risk Owner	CD HAS	Risk Manager	Dir Public Health
Risk Description	Failure to deliver a distinctive public health agenda for North Yorkshire and carry out the statutory public health functions and manage within the available funding, resulting in failure to maximise health gain in the County, exploit the opportunities offered by the new unitary authority, inability to effectively commission public health services, develop and implement strategies and manage the Public Health grant				Risk Group	Partnerships	Linked Risk(s)	HPH_2
Phase 2 - Current Assessment								
Current Control Measures								
Regular Public Health business and team meetings; Consultant link roles with NYC Directorates and, ICS; Public Health service plan developed; MOU for Advice Service with ICS in place; Health and Wellbeing Board; H & W Strategy; Link to relevant Em Planning/Health Protection structures in place; PH team performance monitoring mechanism in place; updated JSNA in place; development of financial framework; Major contracts and service are procured; dealing with letting new contracts; quarterly reports to HASLT and PH Business team; new financial framework for PH budget finalised; Local Outbreak Management and Control Plan; Healthy Child Programme; performance monitoring against PHOF								
Current Probability	H	Current Impact	H	Current Risk Score	16	Current Risk Category	High	
Phase 3 - Risk Mitigation Plan								
Reduction Action	Action Manager	Due Date	Date Completed					
RR_HAS_50	Review preparation to respond to health risks in the population such as infectious diseases and including Covid 19	Dir Public Health	30-Sep-2024					
RR_HPH_10	Consider review to ensure sufficient capacity and skills in the Public Health team and where necessary explore alternative solutions to ensure priorities are adequately resourced	Dir Public Health	30-Sep-2024					
RR_HPH_11	Monitor activity based services and ensure effective communication of activity data from providers to understand long term budget commitments - ongoing	Dir Public Health	30-Sep-2024					
RR_HPH_13	Stop Smoking Service: Continue to support the in-house smoking cessation services around the use of e-cigarettes; e cigarette offer now live and implemented	Dir Public Health	30-Sep-2023	31-Aug-2023				
RR_HPH_14	Seek to understand the impacts of changes to NHS, UKHSA and OHID structures and impact of LGR; LGR workshop session held at away day, need to agree follow on actions	Dir Public Health	30-Sep-2024					
RR_HPH_3	Continue to embed the s75 arrangement for the Sexual Health services	Dir Public Health	31-Mar-2024					
RR_HPH_4	Implement the Drug and Alcohol treatment plan in light of the combatting drugs strategy; draft strategy approval to consult Nov 2023	Dir Public Health	31-Mar-2025					

HAS Directorate

Risk Register: **annual review (Sep 2023) - detailed**

Next review due: **March 2024**

Report Date: **16th November 2023 (pw)**

RR_HPH_5	Continue to monitor the budget for Public Health and associated spending			Dir Public Health	30-Sep-2024		
RR_HPH_6	Continue to ensure Public Health statutory functions are met			Dir Public Health	30-Sep-2024		
RR_HPH_7	Continue development of the Public Health Advisory Service for ICS with the focus on population health management approaches; ongoing			Dir Public Health	30-Sep-2024		
RR_HPH_8	Ensure Finance continues to consider Public Health needs and that Public Health team are aware of impact on resource and finance risk (development of 5 year indicative framework); some additional funding, will need to revisit, current savings targets met; paper to management board and savings plan agreed up to 2024			Dir Public Health	30-Sep-2024		
RR_HPH_9	Seek to embed Public Health in the Councils mainstream strategies and policies eg. trading standards, education, children social care, planning, licensing, economic regeneration, housing and homelessness and embed within the HAS locality model			Dir Public Health	30-Sep-2024		
Phase 4 - Target Risk Assessment							
Target Probability	M	Target Impact	H	Target Risk Score	12	Target Risk Category	Medium High
Phase 5 - Fallback Plan							
Fallback Plan							
Further develop and implement alternative delivery models taking into account good practice elsewhere							

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HAS Directorate

Risk Register: **annual review (Sep 2023) - detailed**

Next review due: **March 2024**

Report Date: **16th November 2023 (pw)**

Phase 1 - Identification								
Ref.	HAS_10	Title	CQC Assurance		Risk Owner	CD HAS	Risk Manager	
Risk Description	Failure to have a satisfactory outcome of the CQC assessment of how councils lead and deliver social care across 4 domains (working with people, providing support, how the local authority ensures safety within the system, leadership) resulting in poor customer experience, cost implications, loss of reputation				Risk Group		Linked Risk(s)	
Phase 2 - Current Assessment								
Current Control Measures								
Inspection Group in place; AD single point of contact; project team in place; programme management and governance structure in place; practice framework published; performance and governance framework agreed; HAS 2025 strategy in place; information gathering for evidence chest taking place; self-assessment identified 7 improvement priorities in place; regular reporting to HASLT, Management Board, Exec members and other relevant people; additional capacity in place; pre inspection and peer review carried out; communications strategy and engagement plan in place; access for external people to relevant systems and secure network in place to allow data sharing safely;								
Current Probability	M	Current Impact	H	Current Risk Score	12	Current Risk Category	Medium High	
Phase 3 - Risk Mitigation Plan								
Reduction Action					Action Manager	Due Date	Date Completed	
RR_HAS_28	Ensure additional capacity is put in place – manager inspection role for team				CD HAS	30-Jun-2023	30-Jun-2023	
RR_HAS_29	Continue to develop and implement an action plan for the 7 improvement priorities				CD HAS	30-Sep-2024		
RR_HAS_30	Carry out further pre inspections				CD HAS	30-Sep-2024		
RR_HAS_31	Continue to carry out peer reviews and undertake peer review in other authorities				CD HAS	30-Sep-2024		
RR_HAS_32	Continue to implement a communications strategy for internal and external stakeholders				CD HAS	30-Sep-2024		
RR_HAS_33	Continue to implement an engagement plan				CD HAS	30-Sep-2024		
RR_HAS_34	Ensure access for external people to relevant systems and secure network in place to allow data sharing safely				CD HAS	30-Jun-2023	30-Jun-2023	
Phase 4 - Target Risk Assessment								
Target Probability	M	Target Impact	H	Target Risk Score	12	Target Risk Category	Medium High	

HAS Directorate

Risk Register: **annual review (Sep 2023) - detailed**

Next review due: **March 2024**

Report Date: **16th November 2023 (pw)**

Phase 5 - Fallback Plan
Fallback Plan
Review performance and capacity including access to additional funding

HAS Directorate

Risk Register: **annual review (Sep 2023) - detailed**

Next review due: **March 2024**

Report Date: **16th November 2023 (pw)**

Phase 1 - Identification									
Ref.	HAS_9	Title	Safeguarding Arrangements			Risk Owner	CD HAS	Risk Manager	Dir Public Health; HAS AD ASC (KS)
Risk Description	Failure to have an effectively monitored, robust, Safeguarding regime and partnership arrangements in place and ensure that we fulfil our wider lead authority role (under the Care Act) results in risk to service users, inability to reach required standard on CQC and adverse effect on Directorate reputation.			Risk Group	Partnerships	Linked Risk(s)	HSC_9 HPH_8		
Phase 2 - Current Assessment									
Current Control Measures									
Detailed action plan; Safeguarding service manager and team; strengthening of Safeguarding policy team; case file audit and review; independent chair to Safeguarding Board in place; risk enablement panel in place and being reviewed; countywide safeguarding general manager in place; testing of initial performance metrics for Safeguarding Board has taken place further developing performance activity; initial safeguarding procedures reviewed linked to consultation in light of the Care Act and are being reviewed again; safeguarding board performance framework; Q&E [protocol for the relationship between Adults Social Care (and Children's Trust) and the Health and Wellbeing Board agreed and implemented;] information framework for serious incident data, eg drug death etc in place; recommendations from the commissioned independent review of safeguarding practice taken into consideration as part of the preparations for the implementation of the latest policy and procedures; local arrangements with Children's Safeguarding Board and Community Safety Partnerships in place with regular meetings of the InterBoard Network; reviewed; training for in house provider; new safeguarding policies and procedures implemented; including a Quality Monitoring Tool, monthly strategic meetings with CQC and Healthwatch; training in respect of latest policies and procedures for elected members, staff and partners in place; safeguarding work to deliver the Transforming Care programme incl. the Care Act role of Principal Social Worker and Safeguarding Board Manager embedded; supervisory body role for DoLS to ensure the system is as effective as possible; ethical framework considerations complete									
Current Probability	M	Current Impact	H	Current Risk Score	12	Current Risk Category	Medium High		
Phase 3 - Risk Mitigation Plan									
Reduction Action						Action Manager	Due Date	Date Completed	
RR_HAS_51	Continue to strengthen the one team approach in the contact centre and Care and Support Team to manage the increase in safeguarding concerns					HAS AD ASC (KS)	30-Sep-2024		
RR_HAS_53	Continue to review outstanding cases to identify and mitigate any further court action					HAS AD ASC (KS)	30-Sep-2024		
RR_HPH_52	Continue to ensure Partners are fully engaged with Safeguarding Boards centrally and locally, particularly health and appropriate service leads from former district council partners (eg. Housing / homelessness)					Dir Public Health	31-Aug-2024		
RR_HPH_53	Continue to work with directorate colleagues to improve quality assurance (development of new approaches and tools around working with providers on quality assurance issues); including work and regular meetings with CQC, Health and Healthwatch; near miss system in place; new organisational Safeguarding Procedure is mapped against the quality pathway					Dir Public Health; HAS AD ASC (KS)	31-Aug-2024		
RR_HPH_55	Continue joint work with CYPS and the Community Safety Partnership with quarterly meetings of the InterBoard Network					Dir Public Health	31-Aug-2024		
RR_HPH_56	Continue to report regularly to HASLT, Care and Independence O&S Committee and Health and Wellbeing Board					Dir Public Health	31-Aug-2024		

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HAS Directorate

Risk Register: **annual review (Sep 2023) - detailed**

Next review due: **March 2024**

Report Date: **16th November 2023 (pw)**

RR_HSC_46	Continue to work through the Community DoL backlog management plan for the lower risk (as defined by ADASS) people including proposal for extra resource to assist in response to the increase in work in this area; we are continuing to increase BIA capacity to take pressure off op teams; removing the low risk categorisation and business case being developed to clear the backlog			HAS AD ASC (KS)	31-Dec-2023		
RR_HSC_51	Continue to strengthen Governance arrangements in HAS following consideration of North Yorkshire and national safeguarding adult reviews (ongoing)			Dir Public Health; HAS AD ASC (KS)	30-Sep-2024		
RR_HSC_52	Continue to carry out the supervisory body role for DoLS to ensure the system is as effective as possible within existing resources and prepare for Liberty Protection Safeguarding Bill (LPS guidance and legislation delayed, draft statutory guidance received in 2022, , awaiting updates on implementation of LPS			Dir Public Health; HAS AD ASC (KS)	30-Sep-2024		
Phase 4 - Target Risk Assessment							
Target Probability	M	Target Impact	H	Target Risk Score	12	Target Risk Category	Medium High
Phase 5 - Fallback Plan							
Fallback Plan							
Escalate to Safeguarding Board / Mgt Board and carry out necessary review and action improvement plans, lessons learned from any safeguarding adults reviews							

HAS Directorate

Risk Register: **annual review (Sep 2023) - detailed**

Next review due: **March 2024**

Report Date: **16th November 2023 (pw)**

Phase 1 - Identification								
Ref.	HAS_11	Title	Information Governance and Health and Safety		Risk Owner	CD HAS	Risk Manager	Dir Public Health; RES AD (AH)
Risk Description	Failure to ensure that good and safe governance arrangements in respect of data security and health and safety are in place throughout the Directorate				Risk Group	Legislative	Linked Risk(s)	HPH_4
Phase 2 - Current Assessment								
Current Control Measures								
<p>Info Gov - Monitoring of mandatory eLearning for all staff; information management through key messages and intranet; application of Caldicott principles; information governance procedures; Corporate laptop and security encryption; continued use of information asset register; implementation of process if/when data breaches occur including cascading lessons learnt; implementation and continued promotion of the use of secure data transfer methods; developing robust information sharing protocols; Corporate Information Governance Group and Directorate Group (DIGG group); regular security sweeps, asset owner training completed; regular updates on Inf Gov and data issues to HASLT and CASLT; work programme for the DIGG with monthly meetings; regular updates to leadership team / forum to look at Info Gov data trends; updates provided through the agreed Directorate governance framework with reports to HASLT; Classification of emails and chat logs used to ensure no sensitive breaches; DIGG sessions continued throughout Covid</p> <p>H & S - Corporate H & S policy and action plan; wider HAS leadership team H&S training completed; wheelchair guidance in place; further IOSH and risk assessment training carried out to raise competency; robust risk management group in place within the directorate; regular H&S data updates to HASLT; Work with Provider services and Property colleagues to ensure that all risks in care establishments are dealt with on a timely basis, reporting through the Directorate Risk Group to HASLT; Continue to draw up an ongoing risk log to be treated as a live document which will identify all H&S issues in HAS and progress against them which will be used to report to HASLT;</p>								
Current Probability	M	Current Impact	H	Current Risk Score	12	Current Risk Category	Medium High	
Phase 3 - Risk Mitigation Plan								
Reduction Action						Action Manager	Due Date	Date Completed
RR_HAS_37	Ensure consistent reports of H&S incidents and data in some remaining services particularly PLD and Mental Health through revised governance arrangements in provider services and HASLT to address any under reporting of incidents					RES AD (AH)	31-Mar-2024	
RR_HAS_48	All services to produce H&S action plans					HAS all ASC ADs	31-Dec-2024	
RR_HAS_52	Work with the supplier of Liquid Logic Adults to better flag and archive care records within the appropriate timescale					HAS AD PSD (AB)	31-Aug-2024	
RR_HPH_22	Continue to implement Caldicott when required					Dir Public Health	31-Aug-2024	
RR_HPH_23	Continue to implement awareness raising campaign for information governance					Dir Public Health	31-Aug-2024	
RR_HPH_24	Ensure appropriate arrangements are put in place for hybrid working; service is primarily home based with appropriate advice provided on confidentiality					Dir Public Health	31-Aug-2024	
RR_HPH_25	Ensure early notification of incidents (eg via Veritau) to enable lessons can learned following any breach; breaches are monitored on a monthly basis with quarterly reports to HASLT to identify areas of concern and take appropriate action					Dir Public Health	31-Aug-2024	
RR_HPH_26	Continue to work closely with Data Governance on review and monitoring of local Info gov arrangements including the retention and disposal of records					Dir Public Health	31-Aug-2024	
RR_HPH_28	Continue to embed the HAS governance framework to improve services; being implemented on an iterative basis; report to HASLT in Nov 23 re the pilot					Dir Public Health	30-Nov-2023	
RR_HPH_32	Maintain awareness of response times in relation to FOI and SAR requests within statutory timescales; quarterly reporting to HASLT; issues raised at HAS governance meeting					Dir Public Health	31-Aug-2024	

HAS Directorate

Risk Register: **annual review (Sep 2023) - detailed**
Next review due: **March 2024**
Report Date: **16th November 2023 (pw)**

Phase 4 - Target Risk Assessment							
Target Probability	L	Target Impact	H	Target Risk Score	8	Target Risk Category	Medium
Phase 5 - Fallback Plan							
Fallback Plan							
Media management, staff disciplinary, work with Information Commissioner's Office and HSE when necessary							

HAS Directorate

Risk Register: **annual review (Sep 2023) - summary**

Next review due: **March 2024**

Report Date: **16th November 2023 (pw)**

Risk Trend	Risk	Description	Risk Owner	Risk Manager	Curr Prob	Curr Imp	Current Risk Score	Current Category	Targ Prob	Targ Imp	Target Risk Score	Target Category	FB Plan?
■	HAS_2 Major Failure due to Quality and/or Economic Issues in the Care Market	Major failure of provider/key providers results in the Directorate being unable to meet the needs of people who use services. This could be caused by economic performance or resource capabilities including recruitment and retention. The impact could include loss of trust in the Care Market, increased budgetary implications and issues of service user safety.	CD HAS	HAS AD PSD (AB)	H	H	16	High	H	H	16	High	✔
■	HAS_3 Workforce Recruitment and Retention	Failure to recruit and retain sufficient numbers and categories of staff in Social Care and / or develop managers and staff in line with transformation agenda including the impact of Coronavirus and to ensure service continuity resulting in reduction in quality of service and transformation objectives not achieved, staff unclear about their roles and an inability to implement new ways of working	CD HAS	HoHR (HAS)	H	H	16	High	H	H	16	High	✔
■	HAS_4 Confident and consistent practice/Managing Waiting Lists	Failure to embed the confident and consistent practice programme across the county resulting in poor outcomes for individuals, missed opportunities to change and improve the service, inability to realise budgetary savings and criticism	CD HAS	HAS all ASC ADs	H	H	16	High	M	H	12	Medium High	✔
■	HAS_5 In-House Social Care Provider Services (incl Regulated Services)	Failure to maintain compliant (safe, effective, caring, responsive and well led) and cost effective regulated and non regulated services with robust governance arrangements (including workforce and health and safety) in place enabling scrutiny at every level of the organisation resulting in enforcement action, service closure and reputational impact	CD HAS	HAS AD ASC (RB)	H	H	16	High	M	H	12	Medium High	✔

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HAS Directorate

Risk Register: **annual review (Sep 2023) - summary**

Next review due: **March 2024**

Report Date: **16th November 2023 (pw)**

■	HAS_6 Financial Pressures	Financial pressures arising from difficulties in delivering MTFs Savings requirements, managing in year financial overspends and unexpected costs, contributions from various complex funding streams, and given care system pressures and continued fallout of Covid on the care market and budget and complexity of people's needs leading to service impact or additional savings needing to be identified within HAS or corporately.	CD HAS	RES AD (AH)	H	H	16	High	M	H	12	Medium High	✔
■	HAS_7 Working with the NHS	Failure to achieve the best outcomes from working jointly with the NHS across the NYC footprint, a negative impact on the customer experience and the possibility of fragmented care and poor outcomes. Issues to address include working with a large number of NHS organisations and their complexities, a number of NHS Trusts who are in regulatory intervention, challenges around the rising costs of CHC with NHS in deficit, Increased number and complexity of discharges, Mental health service challenges	CD HAS	Dir Public Health; HAS all ASC ADs	H	H	16	High	M	H	12	Medium High	✔
■	HAS_8 Public Health	Failure to deliver a distinctive public health agenda for North Yorkshire and carry out the statutory public health functions and manage within the available funding, resulting in failure to maximise health gain in the County, exploit the opportunities offered by the new unitary authority, inability to effectively commission public health services, develop and implement strategies and manage the Public Health grant	CD HAS	Dir Public Health	H	H	16	High	M	H	12	Medium High	✔
■	HAS_10 CQC Assurance	Failure to have a satisfactory outcome of the CQC assessment of how councils lead and deliver social care across 4 domains (working with people, providing support, how the local authority ensures safety within the system, leadership) resulting in poor customer experience, cost implications, loss of reputation	CD HAS		M	H	12	Medium High	M	H	12	Medium High	✔





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HAS Directorate

Risk Register: **annual review (Sep 2023) - summary**

Next review due: **March 2024**

Report Date: **16th November 2023 (pw)**

	HAS_9 Safeguarding Arrangements	Failure to have an effectively monitored, robust, Safeguarding regime and partnership arrangements in place and ensure that we fulfil our wider lead authority role (under the Care Act) results in risk to service users, inability to reach required standard on CQC and adverse effect on Directorate reputation.	CD HAS	Dir Public Health; HAS AD ASC (RB)	M	H	12	Medium High	M	H	12	Medium High	
	HAS_11 Information Governance and Health and Safety	Failure to ensure that good and safe governance arrangements in respect of data security and health and safety are in place throughout the Directorate	CD HAS	Dir Public Health; RES AD (AH)	M	H	12	Medium High	L	H	8	Medium	

Risk Trend Key	
Symbol	Meaning
	Risk ranking has worsened since the last review.
	Risk ranking is the same as at last review.
	Risk Ranking has improved since the last review.
	Risk is new or has been significantly altered since the last review.

North Yorkshire Council

Audit Committee

11th December 2023

Risk Register Community Development Directorate

Report of the Corporate Director for Community Development

1.0 PURPOSE OF REPORT

- 1.1 To provide Audit Committee with an update on the key risks considered within with the Community Development Directorate and mitigating actions taken to effectively manage them.

2.0 BACKGROUND

- 2.1 The Audit Committee is required to assess the current risks faced by the Council and what appropriate actions are being taken to manage them. This report sets out those risks in relation to the Community Development Directorate (CDD) and aims to provide Committee with assurance around work being undertaken to manage and mitigate them where it is possible to do so.
- 2.2 The CDD covers a broad range of services including Planning, Economic Development, Regeneration, Tourism, Skills, Housing, Venues, Leisure, Cultural services, Libraries and Archives.
- 2.3 The Directorate risk register (DRR) is the end product of a systematic process that initially identifies risk at Service Unit level and then aggregates these via a sieving process to Directorate level. A similar process sieves Directorate level risks into the Corporate Risk Register.
- 2.4 The Council uses a 5x5 risk assessment ranging from very low to very high in terms of both **likelihood** and **impact**: Once the likelihood and impact for a risk have been assessed, the risk scoring is calculated. The table overleaf shows the scoring, assessment and suggested required actions:

Colour	Score	Assessment	Required Action
	1 – 2	Very Low (tolerate)	Risk should not appear in risk register.
	3 – 4	Low (tolerate)	Regular monitoring, action plan not essential, acceptable just to maintain current controls.
	5 – 9	Medium (treat)	Frequent monitoring, action plan required.
	10-12	Medium High (treat)	Frequent monitoring, action plan required to prevent from becoming a red risk.
	15 – 16	High (treat)	Constant monitoring, action plan required and escalation to next level for consideration / inclusion.
	20 – 25	Very High (treat / terminate)	Constant monitoring, action plan required and escalation to next level with request for inclusion. Consider terminating activity (if an option) where score cannot be reduced by risk mitigation.

2.5 The DRR represents the principal risks that may materially impact on the performance and financial outcomes of the Directorate. As a new Directorate this is the first time the DRR has been established and reported to Committee. The detailed DRR is shown at **Appendix A** and shows a range of risks, and the risk reduction actions which have been put in place to minimise them. Section 4 summaries these risks and provides commentary as to the actions taking place to minimise and mitigate them occurring. In the summary below the risks have been grouped into thematic areas with the first three covering boarder cross cutting risks and the final four covering the most significant service specific risks.

3.0 KEY AREAS OF RISK AND MITIGATIONS

3.1 ***Restructures, recruitment, retention and culture*** – this risk is an overarching risk for the whole Directorate. As the majority of services within the Directorate are former district/borough services there has been a significant amount of restructuring required to bring eight organisations into one.

3.2 This work has been split into two phases, with structures through to Head of Service level taking place first, followed by full service restructures as the second phase. Significant progress has been made with all Heads of Service across the Directorate now in place. Work has also commenced on the second phase of restructures with some (namely Culture and Venues) having recently commenced, and the majority of other areas to start early in the new year during January and February. Once in place this will significantly reduce the risk in this area, supporting a more consistent approach to services and culture within the Directorate. Once in place further actions currently in development around the workforce plan, people strategy, maximising the use of apprenticeships and the development of career pathways will also be implemented.

- 3.3 In relation to recruitment the Directorate has also placed significant emphasis on reducing the use of agency workers, something which was particularly acute within the Planning service. Since the 1st April 2023 the number of Agency workers within the Planning service has halved, with work continuing to reduce this to as minimal levels as possible. This has not only reduced costs but has also provided a more permanent workforce for the service.
- 3.4 **Health and safety** – this is another overarching risk for the Directorate with the large numbers of new services coming together as part of Local Government Reorganisation (LGR). Work is ongoing within the Directorate in developing and implementing the Directorate health and safety plan. In addition, significant emphasis is being placed on ensuring mandatory training is taking place across the range of services and locations within the Council. It is also important to highlight with the number of new teams coming together that there are a number of different practices within services and legacy council areas. As new structures are developed work is taking place to harmonise these practices and ensure a single corporate approach to health and safety and compliance.
- 3.5 **Financial challenges, capital programmes, systems and processes** – as with many of the other risks, one of the key challenges for the CDD is in bringing together the information and finances of eight organisations into one. Significant work has taken place since 1st April 2023 in developing a single position for the Directorate finances which will allow for better financial planning and management of budgets. This work continues to evolve and should be largely complete to tie in with the overarching restructuring work for new financial year. With some large income generating service areas such as Leisure, Planning and Housing, work has also focused on reviewing the sustainability of services and seeking to drive efficiencies through LGR. This includes transformation plans for all service areas, as well as applying for funding when opportunities arise.
- 3.6 The CDD also manages some significant capital programmes including two Towns Deal Funds (Scarborough and Whitby) and Levelling Up Funding at Catterick. To manage this risk effectively new monitoring and reporting mechanisms have been put in place to ensure the programmes run to time and budget, and where issues arise, they can be escalated appropriately. In addition to those existing programmes plans are also in development around future capital investment requirements and new schemes including ensuring assets such as Council homes receive sufficient investment to meet the decent homes standard, and that we understand investment needs of other significant assets such as leisure centres and the Harrogate Convention Centre.
- 3.7 In terms of systems and process this is a continuing piece of work developing better integration of systems, and where required introducing new systems. This work is supported by the Technology team ensuring a one Council and one system approach. This also provides an opportune time to review existing process and practices within teams to ensure they are fit for purpose and represent value for money. As with many of the other actions outlined, as the services start to move into single service structures a number of the systems and process will follow.

- 3.8 **The Local Plan** – In terms of significant service area specific risks the development of a new Local Plan for North Yorkshire by 2028 is one of the key areas of focus. Progress has already been made with the Statement of Community Involvement out to consultation and the Local Development Scheme due to go to Executive in February 2024. A number of pieces of work are currently taking place to mitigate some of the risk associated with the local plan including the establishment of a Member Steering Group for plan making and the development of the North Yorkshire wide evidence base.
- 3.9 **Harrogate Convention Centre (HCC)** – This risk recognises the importance of HCC to the local economy and the need to ensure appropriate investment and operation of the convention centre. Work to mitigate risks include the development of construction designs for the investment in the centre, soft market testing for investment, ensuring ongoing repairs and maintenance take place and to continue to look for opportunities for investment to reduce the energy use of the building.
- 3.10 **Housing Regulations Compliance** – As a social landlord of c8,500 properties, it is important that North Yorkshire Council has the right approach to ensure it is regulatory compliant for its homes. This risk recognises that a broad range of new powers will be introduced in April 2024 and that the Council needs to make sure that it sufficiently prepares for these changes. Work has already commenced in reviewing the current preparedness of the former area Housing Revenue Accounts with the development of improvement plans for key actions required.
- 3.11 **Economic growth strategy** - This risk highlights the impact should the Council not deliver the ambition of Sustainable Economic Growth through the delivery of the right housing, connectivity infrastructure, and working within the devolution framework. This would result in an inability to attract, retain and grow businesses, increase the house building rate, raise living standards and increase spending power. A number of mitigations are in place to reduce this risk including partnership working with the LEP and the newly established MCA and ensuring funding opportunities are used to align with the Economic Growth Strategy aims.

4.0 CONCLUSIONS

- 4.1 This report highlights the key risks with the CDD and the mitigating actions being implemented to reduce or the likelihood and impact of them occurring.

5.0 RECOMMENDATION

That the Committee:

- i) Note the Directorate Risk Register for Community Development; and
- ii) Provide feedback and comments on the Directorate Risk Register and related issues

APPENDICES:

- Appendix A – Directorate Risk Register – Detailed
 Appendix B – Directorate Risk Register – Summary

BACKGROUND DOCUMENTS:

None

Nic Harne

Corporate Director – *Community Development*

County Hall

Northallerton

22/11/23

Report Author – *Nic Harne Corporate Director for Community Development and Paul Foster, Assistant Director for Resources*

Presenter of Report – as above

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.

PLEASE ALSO NOTE THAT IF ANY REPORTS / APPENDICES INCLUDE SIGNATURES THESE MUST BE REMOVED / DELETED PRIOR TO SENDING REPORTS / APPENDICES TO DEMOCRATIC SERVICES. Appendices should include an Equality Impact Assessment and a Climate Impact Assessment where appropriate

Community Development Directorate

Risk Register: **Annual review (Aug 2023) – detailed**
 Next Review Due: **Feb 2024**
 Report Date: **8th November2023 (pw)**

Phase 1 - Identification								
Ref.	CDE_4	Title	Restructure, Recruitment, Retention and Culture		Risk Owner	CD ComDev	Risk Manager	HoHR (ComDev)
Risk Description	Failure to bring together the existing teams as one council with sufficient skilled staff with customer focus and a defined performance framework to deliver quality services. Also the inability to recruit and retain sufficient skilled staff results in sub optimal performance, resourcing issues, increased workload pressures, criticism and missed opportunities including the ability to generate income				Risk Group	Staffing	Linked Risk(s)	
Phase 2 - Current Assessment								
Current Control Measures								
Corporate People Strategy; access to HR support; existing HR policy suites; manager inductions and upskilling; specialist support for restructures;								
Current Probability	H	Current Impact	H	Current Risk Score	16	Current Risk Category	High	
Phase 3 - Risk Mitigation Plan								
Reduction Action						Action Manager	Due Date	Date Completed
RR_CDE_12	Ensure consistent communication and support is provided to staff throughout the restructure process					HoHR (ComDev)	30-Apr-2024	
RR_CDE_13	Complete the restructure of teams and harmonisation of management systems and embedding of corporate custom and practice					HoHR (ComDev)	30-Apr-2024	
RR_CDE_14	Develop and implement a workforce plan to meet demand					HoHR (ComDev)	30-Apr-2024	
RR_CDE_15	Develop and implement a People strategy action plan to encourage the appropriate culture					HoHR (ComDev)	31-Aug-2024	
RR_CDE_16	Seek to maximise use of apprenticeship programme, grow your own and career path development					HR HoResSol	31-Aug-2024	
Phase 4 - Target Risk Assessment								
Target Probability	M	Target Impact	H	Target Risk Score	12	Target Risk Category	Medium High	
Phase 5 - Fallback Plan								
Fallback Plan								
Review and revise the People Strategy and Workforce Plan								

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Community Development Directorate

Risk Register: **Annual review (Aug 2023) – detailed**
 Next Review Due: **Feb 2024**
 Report Date: **8th November2023 (pw)**

Phase 1 - Identification								
Ref.	CDE_8	Title	Local Plan		Risk Owner	CD ComDev	Risk Manager	ComDev AD Plan
Risk Description	Failure to develop a Local Plan by 2028 as a framework to promote growth and support decision making around planning and development in North Yorkshire resulting in risk of appeals with resulting financial and workload implications adverse implications for the local economy and the Council's ambitions for growth and place making				Risk Group	Strategic	Linked Risk(s)	
Phase 2 - Current Assessment								
Current Control Measures								
LDF in preparation; head of service appointed; local plan working group								
Current Probability	H	Current Impact	H	Current Risk Score	16	Current Risk Category	High	
Phase 3 - Risk Mitigation Plan								
Reduction Action						Action Manager	Due Date	Date Completed
RR_CDE_44	Develop and implement a full Engagement Strategy					ComDev AD Plan	30-Apr-2024	
RR_CDE_45	Establish the PLACE ambition of the Council					ComDev AD Plan	30-Sep-2024	
RR_CPL_10	Revisit member engagement and decision making					ComDev AD Plan	31-Dec-2023	
RR_CPL_11	Roll out of a consolidated information system					ComDev AD Plan	31-Dec-2023	
RR_CPL_12	Establish and gain approval of the Local Development Scheme					ComDev AD Plan	31-Jan-2024	
RR_CPL_13	Establish an appropriate budget					ComDev AD Plan	31-Mar-2024	
RR_CPL_9	Formalise the service structures to support delivery					ComDev AD Plan	30-Apr-2024	
Phase 4 - Target Risk Assessment								
Target Probability	M	Target Impact	H	Target Risk Score	12	Target Risk Category	Medium High	

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Community Development Directorate

Risk Register: **Annual review (Aug 2023) – detailed**
Next Review Due: **Feb 2024**
Report Date: **8th November2023 (pw)**

Phase 5 - Fallback Plan
Fallback Plan
Rely on legacy plans and local plan as far as drafted and use of national guidance

Community Development Directorate

Risk Register: **Annual review (Aug 2023) – detailed**
 Next Review Due: **Feb 2024**
 Report Date: **8th November2023 (pw)**

Phase 1 - Identification									
Ref.	CDE_12	Title	Harrogate Convention Centre			Risk Owner	CD ComDev	Risk Manager	ComDev Dir HCC
Risk Description	Failure to put in place an effective programme for Harrogate Convention Centre reinvestment/redevelopment and agree how the Centre operates in the future resulting in inability to maintain the present order book, missed commercial opportunities and inefficiency					Risk Group	Infrastructure	Linked Risk(s)	
Phase 2 - Current Assessment									
Current Control Measures									
Programme for redevelopment and business model in place; draft full business case and an HCC Strategic Review of Business Model Options from KPMG; condition surveys done; building services team in place; ongoing regular repairs;									
Current Probability	H	Current Impact	H	Current Risk Score	16	Current Risk Category	High		
Phase 3 - Risk Mitigation Plan									
Reduction Action							Action Manager	Due Date	Date Completed
RR_CDE_28	HCC - Prepare for a further decision regarding whether or not to progress any construction works once the final design and fixed costs are known and the Full Business Case has been finalised and any potential alternative options for investment.					ComDev Dir HCC	28-Feb-2024		
RR_CDE_30	Soft market testing for redevelopment and investment					ComDev Dir HCC	31-Dec-2023		
RR_CDE_31	Ensure on-going repair and maintenance					ComDev HoOps HCC	31-Dec-2023		
RR_CDE_32	Review and agree the HCC operational model					ComDev Dir HCC	28-Feb-2024		
RR_CDE_37	Ensure appropriate levels of staff by working with HR to manage a recruitment process for casual workers					ComDev HCC Mgt Tm	31-Mar-2024		
RR_CDE_38	Work with Finance to resolve issues arising with Oracle					ComDev EO HCC	31-Dec-2023		
RR_CDE_39	Review opportunities to reduce energy use by engaging Invest to Save					ComDev HoOps HCC	31-Dec-2023		
Phase 4 - Target Risk Assessment									
Target Probability	M	Target Impact	H	Target Risk Score	12	Target Risk Category	Medium High		

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Community Development Directorate

Risk Register: **Annual review (Aug 2023) – detailed**
Next Review Due: **Feb 2024**
Report Date: **8th November2023 (pw)**

Phase 5 - Fallback Plan
Fallback Plan
Review and revise Harrogate Convention Centre programme

Community Development Directorate

Risk Register: **Annual review (Aug 2023) – detailed**
 Next Review Due: **Feb 2024**
 Report Date: **8th November2023 (pw)**

Phase 1 - Identification								
Ref.	CDE_6	Title	Health and Safety	Risk Owner	CD ComDev	Risk Manager	ComDev DMT	
Risk Description	Failure to operate appropriate Health and Safety practice across the Directorate resulting in serious injury to staff and potential prosecution			Risk Group	Health, Safety & Wellbeing	Linked Risk(s)		
Phase 2 - Current Assessment								
Current Control Measures								
Existing, individual legacy council arrangements;								
Current Probability	M	Current Impact	VH	Current Risk Score	15	Current Risk Category	High	
Phase 3 - Risk Mitigation Plan								
Reduction Action						Action Manager	Due Date	Date Completed
RR_CDE_21	Work with Directorate Health and Safety Manager to develop and implement the Directorate Health and Safety Plan.					ComDev DMT	30-Jun-2024	
RR_CDE_22	Ensure completion of mandatory health and safety training					ComDev DMT	30-Jun-2024	
RR_CDE_23	Engage with the roll out of the new lone worker solution					ComDev DMT	30-Jun-2024	
RR_CDE_24	Work with H&S to harmonise the risk assessment process within the Directorate					ComDev DMT	30-Jun-2024	
RR_CDE_46	Work to ensure compliance with Protect Duty legislation					ComDev AD CLAL; ComDev Dir HCC	30-Jun-2024	
Phase 4 - Target Risk Assessment								
Target Probability	L	Target Impact	VH	Target Risk Score	10	Target Risk Category	Medium High	
Phase 5 - Fallback Plan								
Fallback Plan								
Review existing arrangements and revise as required								

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Community Development Directorate

Risk Register: **Annual review (Aug 2023) – detailed**

Next Review Due: **Feb 2024**

Report Date: **8th November2023 (pw)**

Phase 1 - Identification								
Ref.	CDE_10	Title	Housing Regulations	Risk Owner	CD ComDev	Risk Manager	ComDev AD Hou	
Risk Description	Failure to comply with housing legislation including preparing for the implementation of the new Social Housing Regulation Bill resulting in injury or ill health of tenants, prosecution and subsequent financial and reputational damage to the council.			Risk Group	Housing	Linked Risk(s)		
Phase 2 - Current Assessment								
Current Control Measures								
Existing, individual legacy council arrangements;								
Current Probability	M	Current Impact	VH	Current Risk Score	15	Current Risk Category	High	
Phase 3 - Risk Mitigation Plan								
Reduction Action						Action Manager	Due Date	Date Completed
RR_CDE_25	Deliver the improvement plan for the condition of housing stock and governance					ComDev AD Hou	31-Dec-2024	
RR_CHO_19	Develop an ongoing improvement plan for condition of housing stock and governance					ComDev AD Hou	31-Dec-2023	
RR_CHO_20	Organise an independent assessment of the council's readiness for new regulatory regime and carry out a gap analysis.					ComDev AD Hou	31-Dec-2023	
RR_CHO_21	Carry out gap analysis against current standards to help inform an improvement plan					ComDev AD Hou	31-Dec-2023	
RR_CHO_22	Utilise Veritau to audit work against the "big six" risks under RSH (Regulator of Social Housing) regime					ComDev AD Hou	31-Dec-2023	
Phase 4 - Target Risk Assessment								
Target Probability	L	Target Impact	H	Target Risk Score	8	Target Risk Category	Medium	
Phase 5 - Fallback Plan								
Fallback Plan								
Respond as necessary to any incident, carry out lessons learned review								

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Community Development Directorate

Risk Register: **Annual review (Aug 2023) – detailed**
 Next Review Due: **Feb 2024**
 Report Date: **8th November2023 (pw)**

Phase 1 - Identification								
Ref.	CDE_2	Title	Financial Challenges		Risk Owner	CD ComDev	Risk Manager	RES AD (PF)
Risk Description	Failure to manage the revenue budget due to increased costs (such as energy, inflation in the supply chain), demands and reduced income, together with delivery of transformation savings requirements results in budgetary pressure, missed opportunities and internal / external criticism				Risk Group	Financial	Linked Risk(s)	
Phase 2 - Current Assessment								
Current Control Measures								
Existing arrangements from legacy councils continue to manage budgets; reporting to strategic budget managers (management team) on a regular basis; Q reporting to management board and Members;								
Current Probability	M	Current Impact	H	Current Risk Score	12	Current Risk Category	Medium High	
Phase 3 - Risk Mitigation Plan								
Reduction Action						Action Manager	Due Date	Date Completed
RR_CDE_1	Understand the overall financial position of the Directorate post LGR					RES AD (PF)	31-Aug-2024	
RR_CDE_3	Review pricing strategies across services and apply for central government support and funds where possible					RES AD (PF)	31-Aug-2024	
RR_CDE_4	Continue with existing ongoing energy efficiency measures					ComDev AD CLAL; ComDev AD Hou; ComDev Dir HCC	31-Aug-2024	
RR_CDE_5	HRA – carry out integration and business planning					ComDev AD Hou; RES AD (PF)	31-Dec-2023	
RR_CDE_6	Develop transformation and budget saving plan to enable the delivery of the transformation agenda including income generation measures					ComDev DMT	31-Oct-2023	
RR_CDE_7	Implement the transformation and budget saving plan					ComDev DMT	31-Aug-2024	
Phase 4 - Target Risk Assessment								
Target Probability	M	Target Impact	M	Target Risk Score	9	Target Risk Category	Medium	
Phase 5 - Fallback Plan								
Fallback Plan								
Review budget spending plans and implement action plan								

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Community Development Directorate

Risk Register: **Annual review (Aug 2023) – detailed**
 Next Review Due: **Feb 2024**
 Report Date: **8th November2023 (pw)**

Phase 1 - Identification								
Ref.	CDE_3	Title	Service integration		Risk Owner	CD ComDev	Risk Manager	ComDev DMT
Risk Description	Failure to bring together the existing systems and processes into a single service operating model for NYC results in ineffective and inconsistent approach to operations and decision making, reduced performance, increase in challenge and missed opportunities.				Risk Group	Change Mgt	Linked Risk(s)	
Phase 2 - Current Assessment								
Current Control Measures								
Existing legacy council systems and processes; outcomes from LGR working group; work has commenced on a unified approach to upgrades; Tech team are mapping all the integration between systems;								
Current Probability	H	Current Impact	M	Current Risk Score	12	Current Risk Category	Medium High	
Phase 3 - Risk Mitigation Plan								
Reduction Action						Action Manager	Due Date	Date Completed
RR_CDE_10	Work to regularise processes and practice across the services					ComDev DMT	30-Jun-2024	
RR_CDE_11	Work with Technology and Transformation to review business processes and then design a single version of each system, representing the whole county					ComDev DMT	31-Mar-2025	
RR_CDE_8	Work with Technology to map current installations and integrations					ComDev DMT	31-Dec-2023	
RR_CDE_9	Work to bring the teams together into single NYC services					ComDev DMT	30-Jun-2024	
Phase 4 - Target Risk Assessment								
Target Probability	M	Target Impact	M	Target Risk Score	9	Target Risk Category	Medium	
Phase 5 - Fallback Plan								
Fallback Plan								

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Community Development Directorate

Risk Register: **Annual review (Aug 2023) – detailed**

Next Review Due: **Feb 2024**

Report Date: **8th November2023 (pw)**

Phase 1 - Identification								
Ref.	CDE_11	Title	Capital Programme		Risk Owner	CD ComDev	Risk Manager	RES AD (PF)
Risk Description	Failure to put together a sustainable capital programme including Housing (HRA), Recreation and Sport, Regeneration Schemes such as Catterick LUF, Scarborough and Whitby Towns Fund and Harrogate Convention Centre redevelopment resulting in budget overspends, loss of reputation				Risk Group	Financial	Linked Risk(s)	
Phase 2 - Current Assessment								
Current Control Measures								
budgets in place; maximise grants available; budget monitoring; project and budget managers in place; grant funding for some projects in place; Capital Programme Plan; Capital Boards in place such as Housing and Regeneration including specific project and programme boards;								
Current Probability	M	Current Impact	H	Current Risk Score	12	Current Risk Category	Medium High	
Phase 3 - Risk Mitigation Plan								
Reduction Action						Action Manager	Due Date	Date Completed
RR_CDE_26	Ensure appropriate plans for projects are developed and agreed					ComDev DMT	31-Aug-2024	
RR_CDE_27	Continue budget and progress monitoring of all Schemes including reporting and escalating through Corporate Boards					ComDev DMT	31-Aug-2024	
RR_CDE_28	HCC - Prepare for a further decision regarding whether or not to progress any construction works once the final design and fixed costs are known and the Full Business Case has been finalised and any potential alternative options for investment.					ComDev Dir HCC	28-Feb-2024	
RR_CDE_29	HCC - Develop a phased programme of works					ComDev EO HCC; ComDev HoOps HCC	30-Nov-2024	
RR_CDE_47	Develop a leisure investment strategy					ComDev AD CLAL	31-Aug-2024	
Phase 4 - Target Risk Assessment								
Target Probability	L	Target Impact	H	Target Risk Score	8	Target Risk Category	Medium	
Phase 5 - Fallback Plan								
Fallback Plan								
Review capital projects and revise plan								

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Community Development Directorate

Risk Register: **Annual review (Aug 2023) – detailed**

Next Review Due: **Feb 2024**

Report Date: **8th November2023 (pw)**

Phase 1 - Identification								
Ref.	CDE_7	Title	Growth	Risk Owner	CD ComDev	Risk Manager	ComDev AD EDRTS	
Risk Description	Failure to deliver the ambition of Sustainable Economic Growth through the delivery of the right housing and connectivity infrastructure and working with the emerging devolution deal. This results in an inability to attract, retain and grow businesses, increase the house building rate, raise living standards and increase spending power.			Risk Group	Strategic	Linked Risk(s)		
Phase 2 - Current Assessment								
Current Control Measures								
Direct contribution and support, including through provision of accountable body function, to the YNYER Local Enterprise Partnership; maintenance of an Economic Growth Function within BES; Proactive engagement in LGNY partnership working including through Directors of Development, Chief Housing Officers, Heads of Planning and Economic Development Officer Groups; Lead role in enabling and further developing YNYERH Spatial Framework; Lead role in supporting and developing the NYCC Growth Plan Steering Group and sub-ordinate arrangements; Lead role in initiating and developing the NYCC Economic Growth Plan and annual Delivery Framework (endorsed by Executive); Devolution deal provisionally agreed subject to public consultation								
Current Probability	M	Current Impact	H	Current Risk Score	12	Current Risk Category	Medium High	
Phase 3 - Risk Mitigation Plan								
Reduction Action						Action Manager	Due Date	Date Completed
RR_CEC_2	Maintain good working relationship with the LEP (including work to align LEP funding initiatives with Council Initiatives and with the Directors of Development master planning funding, Coordinated devolution asks.					CD ComDev	30-Jun-2024	
RR_CEC_3	Continue to understand and investigate any impacts of new legislation and funding streams; ex EU Funding now becoming UK funding streams eg. CRF, Levelling Up and Shared Prosperity Fund					CD ComDev; ComDev AD EPU	30-Jun-2024	
RR_CEC_5	Continue to monitor the Devolution agreement and communication with stakeholders to maximise opportunities (ongoing); the York/NY geography is being used in some areas of growth work (ongoing)					ComDev AD EDRTS	30-Jun-2024	
RR_CEC_6	Continue to review priorities and allocate resources to any Central Government changes (eg. Funding opportunities such as Shared Prosperity Funds, Levelling up, National Planning legislation (Duty to Cooperate and infrastructure funding)					ComDev AD EDRTS	30-Jun-2024	
RR_CEC_7	Incentivise digital communication (rural network) and continue to lobby for longer term solutions and funding in this area of growth;					ComDev AD EDRTS	30-Jun-2024	
Phase 4 - Target Risk Assessment								
Target Probability	L	Target Impact	H	Target Risk Score	8	Target Risk Category	Medium	

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Community Development Directorate

Risk Register: **Annual review (Aug 2023) – detailed**
Next Review Due: **Feb 2024**
Report Date: **8th November2023 (pw)**

Phase 5 - Fallback Plan
Fallback Plan
Review and revise existing arrangements for sustainable economic growth

Community Development Directorate

Risk Register: **Annual review (Aug 2023) – detailed**
 Next Review Due: **Feb 2024**
 Report Date: **8th November2023 (pw)**

Phase 1 - Identification								
Ref.	CDE_13	Title	Devolution		Risk Owner	CD ComDev	Risk Manager	Dir of Transition
Risk Description	Delay to successfully implement Devolution enabling the election of a mayor by May 2024 results in loss of opportunities for North Yorkshire				Risk Group	Strategic	Linked Risk(s)	
Phase 2 - Current Assessment								
Current Control Measures								
Programme management function in place; micro site set up for sharing information with the public; interim Director of Transition appointed; joint committee created to act as shadow combined authority and meeting bi-monthly; legal governance procedures completed to create a combined authority (part 1); ongoing engagement with DLUHC regarding the Order; structured reporting into Local Authority chief executives and Leaders in place;								
Current Probability	L	Current Impact	VH	Current Risk Score	10	Current Risk Category	Medium High	
Phase 3 - Risk Mitigation Plan								
Reduction Action						Action Manager	Due Date	Date Completed
RR_CDE_40	Weekly engage with DLUHC to ensure progress					Dir of Transition	31-May-2024	
RR_CDE_41	Structured reporting into Chief Execs and Leaders					Dir of Transition	31-May-2024	
RR_CDE_42	Joint committee meets bi-monthly with a forward plan of progress reports					Dir of Transition	31-May-2024	
RR_CDE_43	Ensure that the LA chief executives approve the Order in Sept and for Whitehall to lay the order before Parliament in October.					Dir of Transition	30-Sep-2023	
RR_ENV_18	Develop and implement full implementation plan – Part 2 - implement the content of the devolution deal					Dir of Transition	31-May-2024	
RR_ENV_19	Develop and implement full implementation plan – Part 3 - develop and implement the combined authority organisational structure and associated functions					Dir of Transition	31-Jan-2024	
Phase 4 - Target Risk Assessment								
Target Probability	VL	Target Impact	VH	Target Risk Score	5	Target Risk Category	Medium	
Phase 5 - Fallback Plan								
Fallback Plan								

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Community Development Directorate

Risk Register: **Annual review (Aug 2023) – detailed**
 Next Review Due: **Feb 2024**
 Report Date: **8th November2023 (pw)**

Phase 1 - Identification									
Ref.	CDE_5	Title	Information Governance and Data Security			Risk Owner	CD ComDev	Risk Manager	ComDev DMT
Risk Description	Ineffective information governance arrangements leading to unacceptable levels of unauthorised disclosure of personal and sensitive data, vulnerability to cyber attack and poor quality or delayed responses to FoI requests in the context of merging systems and processes into a single service resulting in impact on service users, loss of reputation, poor decision making and fines					Risk Group	Info Gov	Linked Risk(s)	
Phase 2 - Current Assessment									
Current Control Measures									
Existing arrangements from legacy councils; mandatory training;									
Current Probability	M	Current Impact	M	Current Risk Score	9	Current Risk Category	Medium		
Phase 3 - Risk Mitigation Plan									
Reduction Action							Action Manager	Due Date	Date Completed
RR_CDE_17	Ensure mandatory training is carried out and complete further training with staff on info gov matters, particularly in regard to any areas highlighted following breaches					ComDev DMT	31-Mar-2024		
RR_CDE_18	Ensure Directorate BCPs are kept up to date and periodically exercised to increase preparedness for a cyber attack.					ComDev DMT	31-Mar-2024		
RR_CDE_19	Ensure robust governance and training arrangements in respect of volunteers					ComDev AD CLAL	31-Mar-2024		
RR_CDE_20	Make contact with the Data Governance and review present position on information governance arrangements					RES AD (PF)	31-Dec-2023		
Phase 4 - Target Risk Assessment									
Target Probability	L	Target Impact	M	Target Risk Score	6	Target Risk Category	Medium		
Phase 5 - Fallback Plan									
Fallback Plan									
Review and revise Action Plan and new technology and continue to raise awareness									

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Community Development Directorate

Risk Register: **Annual review (Aug 2023) – summary**

Next Review Due: **Feb 2024**

Report Date: **8th November2023 (pw)**

Risk Trend	Risk	Description	Risk Owner	Risk Manager	Curr Prob	Curr Imp	Current Risk Score	Current Category	Targ Prob	Targ Imp	Target Risk Score	Target Category	FB Plan?
new	CDE_4 Restructure, Recruitment, Retention and Culture	Failure to bring together the existing teams as one council with sufficient skilled staff with customer focus and a defined performance framework to deliver quality services. Also the inability to recruit and retain sufficient skilled staff results in sub optimal performance, resourcing issues, increased workload pressures, criticism and missed opportunities including the ability to generate income	CD ComDev	HoHR (ComDev)	H	H	16	High	M	H	12	Medium High	✓
new	CDE_8 Local Plan	Failure to develop a Local Plan by 2028 as a framework to promote growth and support decision making around planning and development in North Yorkshire resulting in risk of appeals with resulting financial and workload implications adverse implications for the local economy and the Council's ambitions for growth and place making	CD ComDev	ComDev AD Plan	H	H	16	High	M	H	12	Medium High	✓
new	CDE_12 Harrogate Convention Centre	Failure to put in place an effective programme for Harrogate Convention Centre reinvestment/redevelopment and agree how the Centre operates in the future resulting in inability to maintain the present order book, missed commercial opportunities and inefficiency	CD ComDev	ComDev Dir HCC	H	H	16	High	M	H	12	Medium High	✓
new	CDE_6 Health and Safety	Failure to operate appropriate Health and Safety practice across the Directorate resulting in serious injury to staff and potential prosecution	CD ComDev	ComDev DMT	M	VH	15	High	L	VH	10	Medium High	✓
new	CDE_10 Housing Regulations	Failure to comply with housing legislation including preparing for the implementation of the new Social Housing Regulation Bill resulting in injury or ill health of tenants, prosecution and subsequent financial and reputational damage to the council.	CD ComDev	ComDev AD Hou	M	VH	15	High	L	H	8	Medium	✓
new	CDE_2 Financial Challenges	Failure to manage the revenue budget due to increased costs (such as energy, inflation in the supply chain), demands and reduced income, together with delivery of transformation savings requirements results in budgetary pressure, missed opportunities and internal / external criticism	CD ComDev	RES AD (PF)	M	H	12	Medium High	M	M	9	Medium	✓

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Community Development Directorate

Risk Register: **Annual review (Aug 2023) – summary**

Next Review Due: **Feb 2024**

Report Date: **8th November2023 (pw)**

Risk Trend	Risk	Description	Risk Owner	Risk Manager	Curr Prob	Curr Imp	Current Risk Score	Current Category	Targ Prob	Targ Imp	Target Risk Score	Target Category	FB Plan?
new	CDE_3 Service integration	Failure to bring together the existing systems and processes into a single service operating model for NYC results in ineffective and inconsistent approach to operations and decision making, reduced performance, increase in challenge and missed opportunities.	CD ComDev	ComDev DMT	H	M	12	Medium High	M	M	9	Medium	✘
new	CDE_11 Capital Programme	Failure to put together a sustainable capital programme including Housing (HRA), Recreation and Sport, Regeneration Schemes such as Catterick LUF, Scarborough and Whitby Towns Fund and Harrogate Convention Centre redevelopment resulting in budget overspends, loss of reputation	CD ComDev	RES AD (PF)	M	H	12	Medium High	L	H	8	Medium	✔
new	CDE_7 Growth	Failure to deliver the ambition of Sustainable Economic Growth through the delivery of the right housing and connectivity infrastructure and working with the emerging devolution deal. This results in an inability to attract, retain and grow businesses, increase the house building rate, raise living standards and increase spending power.	CD ComDev	ComDev AD EDRTS	M	H	12	Medium High	L	H	8	Medium	✔
new	CDE_13 Devolution	Delay to successfully implement Devolution enabling the election of a mayor by May 2024 results in loss of opportunities for North Yorkshire	CD ComDev	Dir of Transition	L	VH	10	Medium High	VL	VH	5	Medium	✘
new	CDE_5 Information Governance and Data Security	Ineffective information governance arrangements leading to unacceptable levels of unauthorised disclosure of personal and sensitive data, vulnerability to cyber attack and poor quality or delayed responses to FoI requests in the context of merging systems and processes into a single service resulting in impact on service users, loss of reputation, poor decision making and fines	CD ComDev	ComDev DMT	M	M	9	Medium	L	M	6	Medium	✔

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Risk Trend Key	
Symbol	Meaning
↑	Risk ranking has worsened since the last review.
▬	Risk ranking is the same as at last review.
↓	Risk Ranking has improved since the last review.
new	Risk is new or has been significantly altered since the last review.

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NORTH YORKSHIRE COUNCIL

AUDIT COMMITTEE

11 December 2023

BUSINESS CONTINUITY – ANNUAL REPORT

1 Purpose of Report

- | |
|---|
| 1.1 To provide an overview of the current business continuity (BC) arrangements for North Yorkshire Council. |
|---|

2 Background

- 2.1 During an emergency or incident North Yorkshire Council is still required to deliver its critical services. Heavy snow, power outage or cyber attacks are a few examples on how services could be affected and Service Areas need to maintain plans to ensure they can continue to operate the most essential aspects, even if they lose essential resources. This could be social care being able to reach isolated communities, highways winter maintenance operating with reduced fleet or the Customer Resolution Centre maintaining services with a loss of computer systems.
- 2.2 The Civil Contingencies Act 2004 places a statutory duty on Local Authorities as a Category 1 responder to maintain plans to ensure that they can continue to exercise their functions in the event of an emergency so far as is reasonably practicable. The duty relates to all functions, not just their emergency response functions:
- Emergency management/civil protection: Functions that underpin the Category 1 responder's capability to respond to the emergency itself, and take effective action to reduce, control or mitigate the effects of the emergency.
 - Impact on human welfare, the environment and security: The significance of services to the effective functioning of the community in the event of an emergency, or an adverse effect on the environment.
 - Legal implications: Statutory requirements on Category 1 responders and the threat of litigation if a service is not delivered, or is delivered inadequately.
 - Financial implications: Loss of revenue and payment of compensation.
 - Reputation: Functions that impact on the credibility and public perception of a Category 1 responder.
- 2.3 The NYC Resilience & Emergencies Team (RET) is tasked with ensuring that all NYC directorates and service areas have robust arrangements in place to ensure they are able to deal with a variety of impacts capable of disrupting their provision of service to the communities of North Yorkshire.

- 2.4 The business continuity arrangements have evolved to ensure that directorates have plans in place to mitigate and manage disruptive incidents such as a loss of staff, buildings, equipment or disruption to information technology or supply chains. Service Units create an operational plan to manage the loss of these resource procedures.
- 2.5 The NYC Resilience and Emergencies Team continue to consider internal audit reviews and work with NYC BC Champions via the Corporate Risk Management and Resilience Group (CRMGRG) to maintain a dialogue with each service area, improving engagement and transparency, deciding on resource implications and ensuring a consistent corporate process for business continuity across North Yorkshire Council while keeping bureaucracy to a minimum.
- 2.6 Local Government Reorganisation created a number of business continuity opportunities and risks but the new authority found itself in a strong position with its Business Continuity process. Service Level Agreements existed between the NYC Resilience and Emergencies Team and six of the District and Borough Councils since 2004 (Scarborough Borough Council 2009). Although Harrogate Borough Council maintained their own business continuity arrangements a fundamental consistency in approach between the majority of services allowed for manageable transition.

3. NYCC Business Continuity process

- 3.1 Corporate Business Continuity and disruption to NYC services continue to be addressed through an embedded assessment considering loss of staff, equipment, technology, buildings and key suppliers. These impacts are risk assessed, and mitigation measures documented, in service area BC plans.
- 3.2 The NYC Service Area Business Continuity plans consist of two key documents for all service provision;

Business Impact Analysis (BIA) - The Business Impact Analysis looks at priority business functions and quantifies the impact a loss of those functions may have.

Incident Management Plan (IMP) - The Incident Management Plan helps a service area plan a process to respond to and work around a range of possible impacts on their resource provision of priority services during any incident.

- 3.3 The NYC corporate Business Continuity Management System will be held on a Microsoft Teams Site. It is the central portal for all relevant service-area and directorate documentation and will be monitored and overseen by an Emergency Planning Manager (Business Continuity) from the Resilience and Emergencies Team, ensuring compliance and currency.
- 3.4 The Team Site is easily accessible and regularly updated providing service area practitioners and management, with up to date information, allowing informed business continuity decisions to be made. This also provides a

framework for assurance during any disruption of service, information and required decisions for the CRMRG and a mitigation pathway for loss of priority services.

- 3.5 The NYC Corporate Business Continuity Policy, which was signed off in January 2023, states that each directorate is required to work with their allocated RET officer to assess their BC planning and their most likely risks. RET will continue to facilitate BC exercises with all directorates to raise awareness and train relevant staff. This ensures that staff are regularly provided with realistic and current scenarios and what to expect during any relevant incident.
- 3.6 Policy adherence is overseen by named RET officers, designated with the task of reviewing service area BC arrangements. A reporting regime is in place and every directorate now has a designated Assistant Director or Head of Service who fulfills the role of BC champion. This champion oversees their business continuity arrangements, to take ownership of the process and to represent their directorate at the CRMRG.
- 3.7 The Corporate Director (Resources) continues to have overall responsibility for Business Continuity within NYC, with the function co-ordinated and facilitated by the designated officers from the Resilience and Emergencies Team. The CRMRG oversee the BC process. The executive portfolio for resilience, emergency planning and business continuity continues to sit with Leader of the Council, Cllr. Carl Les.
- 3.8 The CRMRG have strategic oversight for business continuity and BC Champions work closely with relevant directors to ensure satisfaction with information and process to provide annual statements of assurance. Directorates report a BC RAG (Red, Amber, Green) status update to the CRMRG every quarter.
- 3.9 An Emergency and Major Incident plan was agreed by NYC Management in January 2023. As well as allowing NYC to support other responding agencies and the wider community the Emergency and Major Incident plan assists with the co-ordination of operational and tactical business continuity incidents.
- 3.10 A Corporate NYC Business Continuity Plan is in place, ratified by NYC Management Board. This document supports the Council with strategic internal council incidents to ensure a consistent and co-ordinated response across the organisation during the most disruptive events.
- 3.10 The provision of a structured BC framework across NYC directorates, including links with the multi-agency Response to Major and Critical Incidents (RMCI) plan has enhanced management of information and supported a communication strategy that informs senior management across the organisation enabling them to identify priorities in the restoration of critical services.
- 3.11 To ensure access to all NYC BCP documentation during the loss of access to corporate systems there are back ups kept on Resilience Direct, a Cabinet Office

system.

4 BCP 2023 Update report

4.1 NYC - since the last Audit Report

4.1.1 Since the last report in October 2022 NYC has signed off the following documents at NYC Management Board:

- North Yorkshire Council Business Continuity Policy and Programme
- North Yorkshire Council Emergency and Major Incident Plan
- North Yorkshire Council Business Continuity Plan
- North Yorkshire Council agreed critical services

4.1.2 The Resilience and Emergencies Team supported the command and control process of moving through the vesting days risks.

4.1.3 The ongoing restructure of Services and resources has meant that the annual BCP cycle was required to be paused to allow for officers to understand their new role within the organisation.

4.1.4 An agreement was made to continue as many of the operational business continuity plans in the same version as prior to vesting day.

4.1.5 This allowed the Resilience and Emergencies Team to support the most time critical business continuity issues as they transpired.

4.1.6 There has been a number of incidents faced by the Council which has required for the use of the fore mention plans. The co-ordinated approach allowed for a clear understanding of how issues are escalated within the new authority.

4.1.7 Outside of NYC, the Resilience and Emergencies Team is now contracted to support the City of York Council (CYC) in coordinating their Business Continuity Management System. This allows for a consistency in approach between the two councils and may provide resilience capabilities that were not previously available.

4.2 Priorities for the next 12 months.

4.2.1 As we move through the winter period the seasonal impacts may continue to stress test the councils business continuity processes. As a Council we need to be mindful of these pressures especially as we continue to restructure the organisation.

4.2.2 There continues to be heighten awareness of the enhanced risk of a cyber attack and the Councils approach to hybrid working means that access to contingency equipment can sometimes be limited. Corporate awareness of these risks and good continuity planning will ensure a strong process for prioritization of resources and delivery of critical services.

4.2.3 Whilst the restructures of the organisation are being under taken then the

current priority of the Resilience and Emergencies Team is to dynamically support critical services with current issues which may lead to a business continuity incident.

4.2.4 The restructure of the eight Councils has created an opportunity to strengthen the organisations approach to business continuity with the creation of an Emergency Planning Manager (Business Continuity) role. There is currently an on going recruitment process for this post but once they have been appointed and all the new Council Heads of Services are in position, there will be a focus on the resilience of new teams, services and directorate responsibilities. This will need to include the review, reorganisation, and updating of the existing Business Continuity data as we continue to move from eight Councils to the new NYC.

4.2.5 In order to achieve this the Resilience and Emergencies Team will continue to anticipate and co-ordinate the business continuity process for North Yorkshire Council.

This will include:

- Supporting Service Units in updating and uploading their BCP documents on the BCMS Team Site.
- Assurance processes.
- Peer review of documents.
- Escalation of interdependent resource risks.
- Engagement.
- Exercises.

4.2.6 NYC Resilience and Emergencies Team has started a piece of work with the future combined authority to support the organisation with their resilience.

5 Recommendations

5.1 Audit Committee to note the recent challenging incidents that have been managed by the NYC Directorates, overseen by the Business Continuity Champions and fully supported by the Resilience & Emergencies Team and the continued efforts of all service areas at North Yorkshire Council to embed resilient practice.

Author: Matt Robinson, Head of Resilience & Emergencies - NYC

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North Yorkshire Council

Audit Committee

11 December 20223

Consultation on proposals for a new long term contract for internal audit services

Report of the Corporate Director Resources

1.0 PURPOSE OF REPORT

- 1.1 To seek comments of Audit Committee on the proposal to renew the long-term contract with Veritau applying a 'direct award' procedure.

2.0 BACKGROUND

- 2.1 This report seeks comments from the Audit Committee on the proposal to reprocure the contract for Internal Audit and related assurance services from Veritau Ltd.
- 2.2 A report to the Executive is scheduled for 9 January 2024 and the views from this Committee will be included in that report.
- 2.3 Internal Audit and related services are currently provided to North Yorkshire Council through Veritau Ltd. Veritau is a local authority-controlled company set up in 2009 by North Yorkshire County Council and City of York Council to operate a shared audit, counter fraud, and information governance service. Middlesbrough Council and Redcar and Cleveland Borough Council later joined as members (as did 5 of the 7 of the borough and district councils in North Yorkshire prior to local government reorganisation).
- 2.4 The current contract is due to expire on 31 March 2024 and was for an initial term of ten years, with two optional extensions of three and two years respectively (10+3+2).
- 2.5 The range and scope of work undertaken by Veritau is extensive, and touches on all Council service areas to varying degrees. As part of their scrutiny role, the Council's Audit Committee review the overall performance and activity of Veritau as a key part of the Council's overall framework of governance, control, and risk management.
- 2.6 Following local government re-organisation from 1 April 2023, all of the services previously provided by Veritau (NYCC), Veritau North Yorkshire (Hambleton, Richmondshire, Ryedale, Scarborough and Selby district/borough councils) and Craven District and Harrogate Borough councils, have been amalgamated under the Veritau arrangements.

3.0 THE RATIONALE FOR THE RENEWAL OF THE CONTRACT

- 3.1 The procurement approach is to undertake a direct award to Veritau. The creation and use of Veritau as a Teckal company provides value for money across a number of areas:
- As an organisation that can trade for profit, the profit motive encourages greater innovation and commercial practice for survival and growth than would potentially be

found through in-house service delivery. For example, via lean working practices, a flatter and less rigid organisational structure, and a quicker response time to market or industry changes.

- One organisation that supplies multiple public sector organisations provides the Council with access to a greater depth of expertise and knowledge, as well as shared learning and best practice from the experience of other organisations.
- Every Council service area (to varying degrees), access and benefits from the services provided by Veritau. Use of a Teckal company provides a coordinated shared services delivery model that is exempt from the procurement regulations.
- A limited liability company can isolate the risk of individual projects if required, where the Council potentially has higher or unlimited liability.
- Rationalising the eight former councils (six of whom used Veritau Group services) down to one will lead to a significant reduction in duplication of activities where these were performed individually for each authority, and lead to a decrease in the overall number of core service days required.
- Being an external organisation independent of the Council ensures Veritau have sufficient separation and impartiality when undertaking their work with a service area. This also means the recommendations and reports of Veritau provide greater weight and gravitas than it would were it an internal function.

4.0 CONSULTATION UNDERTAKEN AND RESPONSES

- 4.1 This report provides opportunity for consultation with Audit Committee and comments from members are invited.

5.0 CONTRIBUTION TO COUNCIL PRIORITIES

- 5.1 The services provided by internal audit seek to give assurance to members that the Council's control framework is operating effectively and as such it underpins all of the Council's activities helping to ensure delivery of all of the Council's priorities.

6.0 ALTERNATIVE OPTIONS CONSIDERED

- 6.1 No other options are put forward for consideration. Satisfaction with the performance of Veritau in its contribution to the significant assurance of the overall framework of governance, control, and risk management for the Council; as well as their profitability as a Teckal company within the Brierley Group, means that there is no need or impetus to alter the status quo, with the procurement objective instead to put in place a new long-term contract which secures the necessary services at the best price possible

7.0 FINANCIAL IMPLICATIONS

- 7.1 The current contract with Veritau provides for 5,993 days p.a. of activity at a cost of £1.7m. Rationalisation of some tasks post LGR (reporting to and attending audit committees for example) will deliver initial savings of circa £200k p.a. As the council consolidates, embeds its new processes and transforms its services, it is expected that further savings will be possible. Therefore any new contract with Veritau will provide for a review of activities and audit days.

8.0 LEGAL IMPLICATIONS

- 8.1 Veritau is a teckal company jointly owned by NYC and CYC pursuant to Reg 12(1) Public Contract Regulations 2015. NYC can directly award a contract for the audit, fraud and information governance service without undertaking a procurement exercise.

9.0 EQUALITIES IMPLICATIONS

9.1 There are no equalities implications as a result of this report but if any comments from the committee would give rise to implications, then these will be considered in the report to the Executive.

10.0 CLIMATE CHANGE IMPLICATIONS

10.1 There are no climate change implications as a result of this report but if any comments from the committee would give rise to implications, then these will be considered in the report to the Executive.

11.0 RISK MANAGEMENT IMPLICATIONS

11.1 Internal Audit provides assurance across all of the council's activities, helping to identify control weaknesses and mitigation actions.

12.0 REASONS FOR RECOMMENDATIONS

12.1 To enable the views of Audit Committee to be taken into account by the Executive when the matter is considered in January 2024.

13.0 RECOMMENDATION

- i) That the committee consider the proposal and agrees the feedback to Executive.

BACKGROUND DOCUMENTS:

None

Gary Fielding
Corporate Director – Resources
County Hall
Northallerton
11 December 2023

Report Author – Karen Iveson Assistant Director Resources
Presenter of Report – Karen Iveson Assistant Director Resources

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.

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NORTH YORKSHIRE COUNCIL

AUDIT COMMITTEE

11 DECEMBER 2023

AUDIT COMMITTEE TERMS OF REFERENCE / REVIEW OF EFFECTIVENESS

Report of the Corporate Director – Resources

1.0 PURPOSE OF THE REPORT

- 1.1 To consider whether any changes are required to the Audit Committee's Terms of Reference. Members are also asked to consider the benefits of conducting a review of the Committee's effectiveness, and the possible timing of such a review.

2.0 BACKGROUND

- 2.1 The Committee's current Terms of Reference were reviewed and updated as part of the process to prepare for local government reorganisation.
- 2.2 It is best practice to formally review the Terms of Reference on a regular basis and to make changes as necessary. This report therefore seeks to identify any further changes that may now be required as a result of recent legislation, developments in recommended best practice or changes in the Council's governance arrangements.
- 2.3 As well as being a requirement of the Terms of Reference, the latest guidance on audit committees in local government (**Appendix 1**), published by the Chartered Institute of Public Finance and Accountancy (CIPFA) in October 2022, recommends that audit committees should complete a periodic self-assessment of their effectiveness. Alternatively, an independent review can be undertaken. The guidance includes a checklist to support the self-assessment, enabling the Committee to highlight the areas where it has made an impact on the Council's governance, risk management, control and audit arrangements. The outcomes of this exercise will help to support the preparation of the audit committee's future work programme, training plans and the annual report.

3.0 TERMS OF REFERENCE

- 3.1 The current Terms of Reference are attached as **Appendix 2**. No further changes are proposed at this time although Members' views are sought on whether the Terms of Reference are enabling the Committee to discharge its responsibilities effectively.

4.0 REVIEW OF AUDIT COMMITTEE EFFECTIVENESS

- 4.1 Members views are also sought on whether a self-assessment review of the audit committee's effectiveness should be completed, and if so, when such an exercise would best be undertaken.

- 4.2 If there is support for the completion of a self-assessment, the Committee will need consider whether all Members participate in the exercise or whether a separate working party is established to conduct the review. It is recommended that any review should be facilitated by officers.

5.0 RECOMMENDATION

Members are asked to consider:

- 5.1 whether any changes are required to the current Terms of Reference of the Committee.
- 5.2 whether it would be beneficial to complete a self-assessment exercise of the Committee's effectiveness, and if so, what the next steps should be.

Appendix 1 - Guidance on audit committees in local government - The Chartered Institute of Public Finance and Accountancy (CIPFA) October 2022

Appendix 2 - Audit Committee Terms of Reference

GARY FIELDING
Corporate Director – Resources

County Hall
NORTHALLERTON

20 November 2023

Background Documents:

None

Evaluating the impact and effectiveness of the audit committee

An audit committee's effectiveness should be judged by the contribution it makes to and the beneficial impact it has on the authority's business. Since it is primarily an advisory body, it can be more difficult to identify how the audit committee has made a difference. Evidence of effectiveness will usually be characterised as 'influence', 'persuasion' and 'support'.

The improvement tool below can be used to support a review of effectiveness. It identifies the broad areas where an effective audit committee will have impact.

Figure 1: The influential audit committee



The table includes examples of what the audit committee might do to have impact in each of these areas.

The third area includes key indicators that might be expected to be in place if arrangements are in fact effective. These indicators are not directly within the control of the audit committee, as it is an advisory body. They do provide an indication that the authority has put in place adequate and effective arrangements, which is the purpose of the committee.

Use the tool for discussion and evaluation of the strengths and weakness of the committee, identifying areas for improvement.

Areas where the audit committee can have impact by supporting improvement	Examples of how the audit committee can demonstrate its impact	Key indicators of effective arrangements	Your evaluation: strengths, weaknesses and proposed actions
<p>Promoting the principles of good governance and their application to decision making.</p>	<ul style="list-style-type: none"> Supporting the development of a local code of governance. Providing a robust review of the AGS and the assurances underpinning it. Supporting reviews/audits of governance arrangements. Participating in self-assessments of governance arrangements. Working with partner audit committees to review governance arrangements in partnerships. 	<ul style="list-style-type: none"> Elected members, the leadership team and senior managers all share a good understanding of governance, including the key principles and local arrangements. Local arrangements for governance have been clearly set out in an up-to-date local code. The authority’s scrutiny arrangements are forward looking and constructive. Appropriate governance arrangements established for all collaborations and arm’s-length arrangements. The head of internal audit’s annual opinion on governance is satisfactory (or similar wording). 	

<p>Contributing to the development of an effective control environment.</p>	<ul style="list-style-type: none"> • Encouraging ownership of the internal control framework by appropriate managers. • Actively monitoring the implementation of recommendations from auditors. • Raising significant concerns over controls with appropriate senior managers. 	<ul style="list-style-type: none"> • The head of internal audit’s annual opinion over internal control is that arrangements are satisfactory. • Assessments against control frameworks such as CIPFA’s FM Code have been completed and a high level of compliance identified. • Control frameworks are in place and operating effectively for key control areas – for example, information security or procurement.
<p>Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.</p>	<ul style="list-style-type: none"> • Reviewing risk management arrangements and their effectiveness, eg risk management maturity or benchmarking. • Monitoring improvements to risk management. • Reviewing accountability of risk owners for major/strategic risks. 	<ul style="list-style-type: none"> • A robust process for managing risk is evidenced by independent assurance from internal audit or external review.
<p>Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.</p>	<ul style="list-style-type: none"> • Reviewing the adequacy of the leadership team’s assurance framework. • Specifying the committee’s assurance needs, identifying gaps or overlaps in assurance. • Seeking to streamline assurance gathering and reporting. • Reviewing the effectiveness of assurance providers, eg internal audit, risk management, external audit. 	<ul style="list-style-type: none"> • The authority’s leadership team have defined an appropriate framework of assurance, including core arrangements, major service areas and collaborations and external bodies.
<p>Supporting effective external audit, with a focus on high quality and timely audit work.</p>	<ul style="list-style-type: none"> • Reviewing and supporting external audit arrangements with focus on independence and quality. • Providing good engagement on external audit plans and reports. • Supporting the implementation of audit recommendations. 	<ul style="list-style-type: none"> • The quality of liaison between external audit and the authority is satisfactory. • The auditors deliver in accordance with their audit plan, and any amendments are well explained. • An audit of high quality is delivered.

<p>Supporting the quality of the internal audit activity, in particular underpinning its organisational independence.</p>	<ul style="list-style-type: none"> • Reviewing the audit charter and functional reporting arrangements. • Assessing the effectiveness of internal audit arrangements, providing constructive challenge and supporting improvements. • Actively supporting the quality assurance and improvement programme of internal audit. 	<ul style="list-style-type: none"> • Internal audit that is in conformance with PSIAS and LGAN (as evidenced by the most recent external assessment and an annual self-assessment). • The head of internal audit and the organisation operate in accordance with the principles of the CIPFA Statement on the Role of the Head of Internal Audit (2019).
<p>Aiding the achievement of the authority's goals and objectives by helping to ensure appropriate governance, risk, control and assurance arrangements.</p>	<ul style="list-style-type: none"> • Reviewing how the governance arrangements support the achievement of sustainable outcomes. • Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place. • Reviewing the effectiveness of performance management arrangements. 	<ul style="list-style-type: none"> • Inspection reports indicate that arrangements are appropriate to support the achievement of service objectives. • The authority's arrangements to review and assess performance are satisfactory.
<p>Supporting the development of robust arrangements for ensuring value for money.</p>	<ul style="list-style-type: none"> • Ensuring that assurance on value-for-money arrangements is included in the assurances received by the audit committee. • Considering how performance in value for money is evaluated as part of the AGS. • Following up issues raised by external audit in their value-for-money work. 	<ul style="list-style-type: none"> • External audit's assessments of arrangements to support best value are satisfactory.
<p>Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.</p>	<ul style="list-style-type: none"> • Reviewing arrangements against the standards set out in the <i>Code of Practice on Managing the Risk of Fraud and Corruption</i> (CIPFA, 2014). • Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks. • Assessing the effectiveness of ethical governance arrangements for both staff and governors. 	<ul style="list-style-type: none"> • Good ethical standards are maintained by both elected representatives and officers. This is evidenced by robust assurance over culture, ethics and counter fraud arrangements.

Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability.

- Working with key members/the PCC and chief constable to improve their understanding of the AGS and their contribution to it.
 - Improving how the authority discharges its responsibilities for public reporting – for example, better targeting the audience and use of plain English.
 - Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encourages greater transparency.
 - Publishing an annual report from the committee.
- The authority meets the statutory deadlines for financial reporting with accounts for audit of an appropriate quality.
 - The external auditor completed the audit of the financial statements with minimal adjustments and an unqualified opinion.
 - The authority has published its financial statements and AGS in accordance with statutory guidelines.
 - The AGS is underpinned by a robust evaluation and is an accurate assessment of the adequacy of governance arrangements.

OVERALL QUESTIONS TO CONSIDER

- 1 Does the committee proactively seek assurance over the key indicators?
- 2 How proactive is the committee in responding to aspects of governance, risk, control and audit that need change or improvement?
- 3 Are recommendations from the committee taken seriously by those responsible for taking action?

REPORTING RESULTS

The outcome of the review can be used to inform the committee's annual report.

AUDIT COMMITTEE

TERMS OF REFERENCE

1. In respect of **Internal Audit**

- to approve the Internal Audit Charter, Annual Audit Plan and performance criteria for the Internal Audit Service.
- to review summary findings and the main issues arising from internal audit reports and seek assurance that management action has been taken where necessary.
- to review the effectiveness of the anti-fraud and corruption arrangements throughout the Council.
- consider the annual report from the Head of Internal Audit.
- to obtain assurance that the work of internal audit conforms to the Public Sector Internal Audit Standards.

2. In respect of **External Audit**

- to ensure the independence of External Audit is maintained
- to review the annual audit plan and monitor its delivery

3. To review, and recommend to the Executive, changes to Procurement and Contract, Finance and Property Procedure Rules.

4. In respect of **financial statements**

For both the Council and the North Yorkshire Pension Fund

- to approve the respective annual Statements of Final Accounts
- to receive and review the Annual Audit Letters and associated documents issued by the External Auditor
- to review changes in accounting policy

5. In respect of **Corporate Governance**

- to assess the effectiveness of the Council's Corporate Governance arrangements
- to review progress on the implementation of Corporate Governance arrangements throughout the Council
- to approve Annual Governance Statements for both the Council and the North Yorkshire Pension Fund
- to liaise, as necessary, with the Standards and Governance Committee on any matter(s) relating to the Codes of Conduct for both Members and Officers
- to work with the Standards and Governance Committee to promote good ethical standards within the Council
- to review the arrangements in place for ensuring good governance in the Council's key partnerships and owned companies

6. In respect of **Risk Management**

- to assess the effectiveness of the Council's Risk Management arrangements.

- to review progress on the implementation of Risk Management throughout the Council.
7. In respect of **Information Governance**
- to review all corporate policies and procedures in relation to Information Governance.
 - to oversee the implementation of Information Governance policies and procedures throughout the Council.
8. In respect of **Treasury Management**
- to be responsible for ensuring effective scrutiny of the Council's Treasury Management strategy and policies as required by the CIPFA Treasury Management Code of Practice.
 - To review these Treasury Management strategies, policies and arrangements and make appropriate recommendations to the Executive.
9. In respect of **Value for Money**
- to have oversight of the arrangements across the Council in securing Value for Money.
10. To consider any other relevant matter referred to it by the Council, Executive or any other Committee. In addition any matter of concern can be raised by this Committee to the full Council, Executive or any other Member body.
11. To exercise all functions in relation to the making and changing of policy relating to such audit and counter-fraud matters which fall within the remit of the Committee (save as may be delegated otherwise).
12. To periodically review the effectiveness of the Audit Committee itself.
13. To meet not less than four times a year on normal business and review its Terms of Reference on an annual basis.

North Yorkshire Council

Audit Committee

11 December 2023

Motion from Full Council referred to the Audit Committee

1. Motion from Full Council Audit Committee

- 1.1 Council met on 15 November 2023. At that meeting, the Motion on the United Nations Sustainable Development Goals (Cllrs Mason and Lacey) was referred to the Transport Economy, Environment & Enterprise Overview and Scrutiny Committee and also the Audit Committee for review and then referral back to the February, 2024 meeting of Council.
- 1.2 The Audit's Committee's comments and response are sought today in this matter. The Transport, Economy, Environment and Enterprise Overview and Scrutiny Committee will also consider its response the motion at its meeting to be held on 18th January, 2024.
- 1.3 The Motion referred from Full Council is reproduced below:

“United Nations Sustainable Development Goals

Background - the [United Nations Sustainable Development Goals \(UNSDGs\)](#) are a set of 17 goals that aim to address global challenges and foster sustainable development worldwide. These goals cover a range of issues, including strong economic growth, strong institutions, poverty eradication, equality, clean energy, climate action, and nature protections, among others.

Motion to Council - A more equitable, sustainable, and resilient North Yorkshire

This Council notes with concern the recent Special Report from the United Nations Secretary General – [“Progress towards the Sustainable Development Goals: towards a rescue plan for people and planet”](#) - published in July 2023 to mark the midpoint between 2015 and the delivery date of 2030.

The Secretary General finds that “... *many of the Goals are moderately to severely off track and puts forward five major recommendations to rescue the Goals and accelerate implementation between now and 2030.*”

This Council notes the third of those recommendations, calling upon Governments to “... strengthen national and subnational capacity, accountability and public institutions to deliver accelerated progress towards achieving the Sustainable Development Goals.” Furthermore, this council recognises the main reasons of the Local Government Association as to why councils should investigate and implement the UNSDGs:

- Making progress towards these comprehensive and universal global goals by 2030 will depend on action at the local level, and councils are key actors at that level.
- The SDGs can help focus efforts on the health and wellbeing of people that are the furthest behind.

- Engagement with the SDGs supports and complements the declaration of a climate emergency.
- The SDGs can provide councils with a framework for strategic planning, policy review and action for sustainable development – for economic progress, social justice and inclusion, protection of the climate, environment and biodiversity, and ensuring no one is left behind.
- The SDGs can help councils to foster strategic partnerships, framing joint actions and shared priorities in terms of the goals.
- The resource burden for initial engagement with the SDGs is low.

To that end, North Yorkshire Council resolves to adopt the United Nations Sustainable Development Goals (UN SDGs) as a framework for informing our local authority's policies, work programs, functions, and initiatives. By doing so, we commit to aligning our strategies with the national and global agenda for sustainable development and working towards achieving these goals within our sphere of influence; thus recognising the significance of the UN SDGs as a comprehensive framework for sustainable development at the global level. We shall seek to apply the UN SDGs at the local level for the wellbeing of our residents.

The Council believes that:

1. Adopting the UN SDGs will provide a clear direction for our local authority's policies, work programs, and initiatives, ensuring their alignment with the national and global agenda for sustainable development.
2. Emphasising the importance of multi-stakeholder collaboration and partnerships will help in implementing the UN SDGs effectively.
3. Committing to regular monitoring, reporting, and evaluation of our progress towards achieving the UN SDGs is vital to engage our community in the process.
4. Encouraging cooperation and knowledge-sharing with other local authorities across the UK and world that have already adopted the UN SDGs, will help in promoting collective action and learning both locally and globally.

The Council therefore agrees to:

- A. Adopt the UN SDGs as a framework for informing our local authority's policies, work programs, and initiatives.
- B. Contribute to the achievement of the UN SDGs through the council strategies and developing plans.
- C. Actively engage and collaborates with other local authorities, organisations, and community groups to share best practices, experiences, and lessons learned in advancing the UN SDGs.
- D. Receive an annual report setting out the Council's contributions to the global agenda for sustainable development.

By taking this step, we can also demonstrate our commitment to act at a local level whilst contributing to the global effort to achieve a more equitable, sustainable, and resilient world for future generations.”

4. Recommendation

4.1 That the Audit Committee:

Consider and provide a response to the Full Council motion referred to the Committee

Councillor Cliff Lunn
Chairman

County Hall
Northallerton

1 December 2023

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AUDIT COMMITTEE - PROGRAMME OF WORK 2023/24

	ANNUAL WORKPLAN	OCT 23	DEC 23	MAR 24	JUNE 24	SEPT 24	OCT 24	NOV 24
	Audit Committee Agenda Items							
A	Training for Members (as necessary)							
	Annual Internal Audit Plan			x	x			
	Annual report of Head of Internal Audit				x			
	Internal audit and counter fraud progress report	x		x	x	x		
B	<i>Annual Audit Plan (NYC & NYPF)</i>	x						
	<i>Annual Reports / Letters of the External Auditors (ISA 260)</i>		x			x		
	<i>External Audit Progress Update</i>		x			x		
	External Audit Plans for former Districts and Boroughs		x					
C	Statement of Final Accounts including AGS (including letter of representation)		x	x		x		
	Report of member working group on NYCC + NYPF 22/23		x			x		
	Chairman's Annual Report	x				x		
	Audit Committee - terms of reference / effectiveness		x					
	Changes in Accounting Policies			x				
	<i>Corporate Governance – review of Local Code + AGS</i>			x				
	<i>– annual report inc re AGS</i>				x			
	<i>Risk Management (inc Corporate risk register) – annual report</i>		x					
	<i>Directorate risk register – Children and Young People's Services</i>				x			
	<i>Directorate risk register – Health and Adults Services</i>		x					
	<i>Directorate risk register – Environment</i>	x					x	
	<i>Directorate risk register – Community Development</i>		x					
	<i>Directorate risk register – Central Services</i>			x				
	<i>Partnership Governance – annual report</i>	x					x	
	<i>Information Governance – annual report</i>				x			
	<i>Review of Finance/Contract/Property Procedure Rules</i>							
	<i>Business Continuity – annual report</i>		x					
	<i>Counter Fraud Policy Framework / Fraud Strategy / Risk Assessment / Work plan</i>			x				
	<i>Counter Fraud – annual report</i>				x			
	<i>Procurement and Contract Management – annual report</i>		x					
<i>CIPFA FM Code</i>				x				
<i>Treasury Management – Executive February</i>			x					
<i>Commercial Governance Review</i>			x					
Consultation on proposals for a new long term contract for internal audit services		x						
Motions from Council		x						
<i>VFM – annual assurance review</i>					x			
D	<i>Work Programme</i>	x	x	x	x	x		
	<i>Progress on issues raised by the Committee (inc Treasury Management)</i>	x	x	x	x	x		
E	Agenda planning / briefing meeting							
	Audit Committee Agenda/Reports deadline							
	Audit Committee Meeting Dates	23/10	11/12	18/03	24/06	23/09		

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- A = Internal Audit
- B = External Audit
- C = Statement of Final Accounts / Governance
- D = Other
- E = Dates

- ⊙ Meetings to be sorted
 - 1 Governance of External Companies (inc NY Highways) & Commercial Investments
 - 2 LGR Update – MTFs & Governance Issues
 - 3 Pensions Governance
 - 4 Counter fraud

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