

Leicester
City Council

MEETING OF THE AUDIT AND RISK COMMITTEE

DATE: WEDNESDAY, 17 MARCH 2021

TIME: 5:00 pm

PLACE: Meeting to be held on Zoom

Members of the Committee

Councillor Pantling (Chair)

Councillor O'Donnell (Vice-Chair)

Councillors Bajaj, Joshi, Kaur Saini, Dr. Moore and Rahman

One Non-Group vacancy (to be notified)

Members of the Committee are summoned to attend the above meeting to consider the items of business listed overleaf.

for Monitoring Officer

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Information for members of the public

PLEASE NOTE that any member of the press and public may listen in to proceedings at this 'virtual' meeting via a weblink which will be publicised on the Council website at least 24hrs before the meeting. Members of the press and public may tweet, blog etc. during the live broadcast as they would be able to during a regular Committee meeting at City Hall / Town Hall. It is important, however, that Councillors can discuss and take decisions without disruption, so the only participants in this virtual meeting will be the Councillors concerned, the officers advising the Committee.

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Further information

If you have any queries about any of the above or the business to be discussed, please contact Angie Smith, Democratic Support on **(0116) 454 6354** or email angie.smith@leicester.gov.uk

For Press Enquiries - please phone the **Communications Unit on 0116 454 4151**

PUBLIC SESSION

AGENDA

LIVE STREAM OF MEETING

A live stream of the meeting can be viewed at the following link:

https://www.youtube.com/channel/UCddTWo00_gs0cp-301XDbXA

1. APOLOGIES FOR ABSENCE

2. DECLARATIONS OF INTEREST

Members are asked to declare any interests they may have in the business to be discussed.

3. MINUTES OF THE PREVIOUS MEETING

Appendix A
(Pages 1 - 8)

The Minutes of the previous meeting of the Audit and Risk Committee held on 24 November 2020 are attached and Members will be asked to confirm them as a correct record.

4. THE ANNUAL AUDIT LETTER FOR LEICESTER CITY COUNCIL

Appendix B
(Pages 9 - 26)

The External Auditor submits for noting the Annual Audit Letter to the Audit and Risk Committee which summarises the key findings arising from work carried out at Leicester City Council for the year ending 31 March 2020.

5. AUDIT PROGRESS REPORT AND SECTOR UPDATE

Appendix c
(Pages 27 - 42)

The External Auditor submits a report for noting which provides the Audit and Risk Committee an update on progress in delivering their responsibilities as external auditors.

6. INFORMING THE AUDIT RISK ASSESSMENT FOR LEICESTER CITY COUNCIL 2020/21 (MARCH 2021)

Appendix D
(Pages 43 - 72)

The External Auditor submits a report for noting to the Audit and Risk Committee the purpose of which is to contribute towards effective two-way communication between Leicester City Council's external auditors and the Audit and Risk Committee as those 'charged with governance'. The report covers some important areas of the auditor risk assessment where external auditors are required to make inquiries of the Audit and Risk Committee under auditing standards.

- 7. REGULATION OF INVESTIGATORY POWERS ACT 2000 - BI-ANNUAL PERFORMANCE REPORT JULY 2020 - DECEMBER 2020** **Appendix E**
(Pages 73 - 94)

The City Barrister and Head of Standards submits a report for noting to the Audit and Risk Committee which advises on the performance of the Council in authorising Regulatory Investigation Powers Act (RIPA) applications from 1st July 2020 to 31st December 2020 and seeks any comments on the reviewed Surveillance Policy.

- 8. STRATEGIC AND OPERATIONAL RISK REGISTERS / HEALTH AND SAFETY DATA** **Appendix F**
(Pages 95 - 132)

The Director of Delivery, Communication and Political Governance submits a report for noting to the Audit and Risk Committee which provides an update on the Strategic and Operational Risk Registers and Health & Safety data.

- 9. RISK MANAGEMENT AND BUSINESS CONTINUITY STRATEGY AND POLICIES 2021** **Appendix G**
(Pages 133 - 174)

The Director of Delivery, Communication and Political Governance submits to the Audit and Risk Committee the Risk Management and Business Continuity Policy Statement and Strategies which provide an effective framework for Leicester City Council to manage and respond to key risks facing its services and to support the delivery of its Business Plan.

The Audit and Risk Committee is recommended to consider and approve on behalf of the Council the updated Corporate Risk Management Policy Statement and Strategy at Appendices 1 and 2.

- 10. ANNUAL REVIEW OF THE COUNCIL'S LOCAL CODE OF CORPORATE GOVERNANCE** **Appendix H**
(Pages 175 - 186)

The Deputy Director of Finance and City Barrister & Head of Standards submit a report on updates to the assurance and corporate governance processes at the City Council and the Local Code of Corporate Governance. The Audit and Risk Committee are recommended to approve the Local Code of Corporate Governance.

- 11. AUDIT AND RISK COMMITTEE TERMS OF REFERENCE** **Appendix I**
(Pages 187 - 202)

The Deputy Director of Finance submits a report on revisions to the Terms of Reference for the Audit and Risk Committee. The Committee is recommended to support the proposed revisions to the Terms of Reference and recommend to Council that they are adopted.

- 12. LEICESTER CITY COUNCIL INTERESTS IN THIRD PARTIES** **Appendix J**
(Pages 203 - 210)

The Deputy Director of Finance submits a report for noting to the Audit and Risk Committee which provides an overview of the Council's relationship with other organisations in which it is a shareholder, member, and/or where officers and Members have roles on the board. The Audit and Risk Committee is recommended to note the report and support the next steps detailed and add any comments as Members see fit.

13. INTERNAL AUDIT SERVICE - ANNUAL PLAN 2021-22 **Appendix K**
(Pages 211 - 224)

The Head of Internal Audit Service (HoIAS) submits a report with an indication of internal audit work planned to be conducted during 2021-22. The Audit and Risk Committee are recommended to receive the plan, note its contents and seek clarification on any areas as they wish and then approve the plan, and to make any recommendations or comments with to the HoIAS or Director of Finance.

14. PRIVATE SESSION

AGENDA

MEMBERS OF THE PUBLIC TO NOTE

Under the law, the Committee is entitled to consider certain items in private where in the circumstances the public interest in maintaining the matter exempt from publication outweighs the public interest in disclosing the information. Members of the public will be asked to leave the meeting when such items are discussed.

The Committee is recommended to consider the following reports in private on the grounds that they will contain 'exempt' information as defined by the Local Government (Access to Information) Act 1985, as amended, and consequently makes the following resolution:-

"that the press and public be excluded during consideration of the following reports in accordance with the provisions of Section 100A(4) of the Local Government Act 1972, as amended, because it involves the likely disclosure of 'exempt' information, as defined in the Paragraph detailed below of Part 1 of Schedule 12A of the Act, and taking all the circumstances into account, it is considered that the public interest in maintaining the information as exempt outweighs the public interest in disclosing the information."

Paragraph 3

Information relating to the financial or business affairs of any particular person (including the authority holding that information)

APPENDIX B1 PROGRESS AGAINST INTERNAL AUDIT PLANS AND A BRIEF UPDATE ON THE REDMOND REVIEW

APPENDIX B2 HOUSING BENEFIT & COUNCIL TAX SUPPORT VERIFICATION FRAMEWORK 2021

15. PROGRESS AGAINST INTERNAL AUDIT PLANS AND A BRIEF UPDATE ON THE REDMOND REVIEW **Appendix B1**
(Pages 225 - 246)

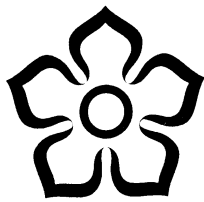
The Head of Internal Audit Services (HoIAS) submits a report for noting to the Audit and Risk Committee which provides a summary of progress against the 2019-20 and 2020-21 Internal Audit Plans, information on resources used to progress the plans, summary information on high importance recommendations and progress with implementing them, and a brief update on the Government's response following the Redmond Review.

16. HOUSING BENEFIT AND COUNCIL TAX SUPPORT VERIFICATION FRAMEWORK 2021 **Appendix B2**
(Pages 247 - 274)

The Deputy Director of Finance submits a report for noting to the Audit and Risk Committee which summarises the emergency evidential measures taken in response to the Covid-19 outbreak for Housing Benefit (HB) and Council Tax Support (CTS) new claims and changes of circumstance from 23rd March 2020 and to outline the new Verification Framework (VF) Policy to take effect from 1st April 2021 in compliance with Government guidance in DWP Subsidy Circular 211/2011.

The Committee is recommended to note the current Emergency Measures, the new Verification Framework, and make any observations as it sees fit to the Chief Operating Officer (the Section 151 Officer) prior to implementation.

17. ANY OTHER URGENT BUSINESS



Leicester
City Council

Appendix A

Minutes of the Meeting of the
AUDIT AND RISK COMMITTEE
Microsoft Teams Meeting

Held: TUESDAY, 24 NOVEMBER 2020 at 5:00 pm

P R E S E N T:

Pantling (Chair)
Councillor O'Donnell (Vice Chair)

Councillor Bajaj
Councillor Joshi

Councillor Kaur Saini
Councillor Dr Moore

Councillor Rahman

* * * * *

61. APOLOGIES FOR ABSENCE

There were no apologies for absence.

62. DECLARATIONS OF INTEREST

There were no declarations of interest.

63. MINUTES OF THE PREVIOUS MEETING

RESOLVED:

That the minutes of the meeting held on 23 September 2020 be confirmed as a correct record.

64. STATUTORY STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE STATEMENT 2019/20

The Director of Finance submitted a report which sought the approval of the Committee for Council's Annual Governance Statement, Annual Accounts 2019/20 and Letter of Representation. The Committee were also provided an update from the External Auditor, which detailed the conclusion of their audit work and any recommendations.

The Chief Accountant gave an update on the Statutory Statement of Accounts and noted the changes from the draft previously seen by the committee, these included:

- A reduction in the pension liability of £5m, due to a change in estimates
- A post balance sheet event had been added, recognising the impact Covid-19 was having on uncertainties and the uncertainty going forward.

The External Auditors presented their report and noted they were planning to issue an unqualified audit opinion for the Statement of Accounts and Value for Money opinion. The External Auditors noted the following key points:

- The significant risk Covid-19 had placed on the Local Authority however, no significant issues were found.
- Whilst there was no modification in the accounts an 'Emphasis of Matter' had been proposed covering two areas: Property, Plant and Equipment valuation and Valuation Material uncertainties. This was standard for most Authorities due to the impact of Covid-19 pandemic and the impact on valuers' estimations.
- A number of areas for improvement were noted. The Chief Accountant noted that the teams were already working on these.

Members raised concerns over Covid-19 and the robustness of the Council's finances, the Chief Accountant informed Members that:

- The plan was to continue using the managed reserve strategy to balance budgets for this and future years. In addition, additional funding had been received in year from Government through various grants to support the budget in 2020/21.
- It was noted it was still difficult to produce a long-term plan due to a one-year national spending review.
- It was further noted the Council was currently in a better position than many other local authorities. As the Council was not yet facing measures to make in year cuts. The managed reserves strategy had allowed us time to plan savings.

RESOLVED:

That:

1. The report be noted.
2. The Annual Statement of Accounts be approved.
3. The Annual Governance Statement be approved.
4. That Letter of Representation submitted by the Director of Finance be approved.
5. The authority to approve any minor amendments to the Annual Accounts and Annual Governance Statement be delegated to the Director of Finance, subject to a report to the Committee at the next meeting.

Councillor Rahman joined the meeting during deliberation of this item.

65. THE IMPACT OF BREXIT ON LEICESTER CITY COUNCIL

The Chief Operating Officer and Director of Delivery, Communications and Political Governance submitted a report with the findings of the impact and risk

analysis carried out on Brexit.

An overview was provided highlighting the key areas of risk facing the Council in relation to Brexit. It was noted this may be further amplified by the Covid19 pandemic. It was noted this was an area continually being monitored. In addition, it was highlighted the Local Resilience Forum (LRF) and Leicester and Leicestershire Local Enterprise Partnership (LLEP) were working with businesses to help them to prepare.

In response to Members' queries, the Risk Manager noted the request by Members for the following information:

- Statistical information on UK nationals planning to return from other EU countries and potential demand on housing and education.
- For businesses that fell short of complying with the new rules and laws, if they would be given extra time to comply due to Covid-19.

Councillor Pantling stressed the ongoing need to monitor identified risks.

RESOLVED:

That:

1. The report be noted.
2. Statistical information on UK nationals planning to return from other EU countries and potential demand on housing and education be provided to Members.
3. For businesses that fell short of complying with the new rules and laws, a question whether they would be given extra time to comply due to Covid-19 be provided to Members.
4. Identified risks continue to be monitored.

66. CORPORATE COMPLAINTS (NON-STATUTORY) 2019/20

At this point, the Chair agreed to consider items out of the order listed on the agenda, as follows:

The Director of Finance submitted an update report to the Committee on corporate non-statutory complaints for 2019/2020.

It was reported that:

- The Social Care Local Government and Social Care Ombudsman (LGSCO) had determined that social care complaints should be considered under the Corporate Complaints Policy as outlined in the report.
- The number of annual complaints was summarised and a reduction in numbers for the year noted reducing to 365 from 544 in the previous year. The Council was deemed not to be at fault in 64% of cases.
- It was further noted the main sources of complaint were for housing repairs and council tax.
- The Housing Ombudsman Complaint Handling Code had been introduced from July 2020 and provided a framework for effective complaint resolution

by landlords and would help to create a positive complaint handling culture for the benefit of both landlord staff and residents.

The Chair praised how customer-focussed the service was and relayed that they had been helpful when she had received complaints from constituents.

RESOLVED:

1. That the report be noted.

Councillor Bajaj left the meeting during the deliberation of this item.

67. LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN COMPLAINTS 2019/20

The Director of Finance submitted an update report to the Committee on complaints made to the Local Government and Social Care Ombudsman (LGSCO) in 2019/20 regarding Leicester City Council. Members were asked to note the outcomes, and comment on actions in response to the lessons learned, the planned improvements, and how they would influence planned future delivery.

The Ombudsman reported 112 complaints received in 2019/20 compared to 128 received in 2018/19. Decisions had been made on 119 of these complaints, some complaints from 2018/19 were not heard until 2019/20. 36 of these complaints were investigated and of those investigated 22 were upheld with the Council required to remedy the situation. Leicester City Council had a compliance rate of 100% compared with 99.4% across councils nationally.

The summary of annual complaints by department was reported.

The Chair supported the review on future changes and noted that it had been well thought through. She further stressed the importance as a council of listening to complaints.

RESOLVED:

1. That the report be noted.

68. COUNTER FRAUD MID-YEAR UPDATE REPORT 2020

The Director of Finance submitted a report to the Committee which provided a mid-year update on the work carried out by the Corporate Investigations Team for the period 1 April 2020 to 30 September 2020. Members were recommended to note the report and make any recommendations to the Executive and/or Director of Finance.

It was noted the Fraud team had worked with the Revenues team to ensure there was controls in place to assist with preventing fraudulent applications in relation to the £80m of business grants being paid out during 2020/21.

RESOLVED:

1. That the report be noted.

69. UPDATE IN DEVELOPMENTS IN LOCAL (EXTERNAL) AUDIT ARRANGEMENTS

The Head of Internal Audit and Assurance Service provided an update on developments in External Audit arrangements and the outcomes of the national Redmond Review.

It was noted:

- The Redmond review looked at whether the current financial reporting and auditing arrangements allow accountability and transparency. Following this a number of recommendations have been made.
- Changes to the Code of Audit Practice had come into force in April 2020.

It was highlighted some of the recommendations would require primary legislation, such as changing the audit completion deadline. Others were localised recommendations such as adding independent members to the Audit Committee and an Auditor report to Council.

External Auditors commented that the Code of Audit Practice would impact more immediately, which came into force from 1 April 2020 and NAO guidance to auditors was published in October 2020. It was reported that changes included fleshing out the Value for Money opinion and a new report would replace the Annual Audit Letter. External Auditors commented they were pleased with the recommendations from the review, and hoped they would be enacted promptly, although it was recognised that this may be challenging.

The Chief Accountant stated that along with the Deputy Director of Finance a training programme would be developed for Members to be delivered in 2021 including the impact of the changes detailed as part of this report. In addition, the Council was currently putting a plan to ensure we can comply with the changes.

The Chair referred to the recommendation of adding independent members to the Audit and Risk Committee and asked how it would work. The Head of Internal Audit and Assurance Service commented that after researching practice with other councils, he had noticed a 70/30% split against the idea of having independent members on the Audit Committee. He concluded that it was important to weigh up benefits with negative effects and not to implement the idea simply as a 'tick-box' exercise. External Auditors added that the drive for independent members would depend on whether they had the correct financial reporting expertise, and that there might be costs involved.

RESOLVED:

That:

1. The report be noted.
2. A training programme for Members of the Audit and Risk Committee be delivered in 2021.

70. PRIVATE SESSION

RESOLVED:

That the press and public be excluded during consideration of the following reports, in accordance with the provisions of Section 100A(4) of the Local Government Act 1972, as amended, because they involved the likely disclosure of “exempt” information, as defined in the Paragraph detailed below of Part 1 of Schedule 12A of the Act, and taking all circumstances into account, it was considered that the public interest in maintaining the information as exempt outweighed the public interest in disclosing the information.

Paragraph 3

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

APPENDIX H – Progress Against the 2019-20 and 2020-21 Internal Audit Plans

71. PROGRESS AGAINST THE 2019-20 AND 2020-21 INTERNAL AUDIT PLANS

The Head of Internal Audit and Assurance Service submitted a report to the Committee which provided a summary of progress against the 2019-20 and 2020-21 Internal Audit Plans, information on resources used to progress the plans, and summary information on high importance recommendations and progress with implementing them. Members were recommended to note the content of the report.

The report outlined both planned progress details and high-importance recommendations. It further outlined the pressures and impact of Covid-19. It was reported that staff had continued to work remotely but engagement had been good and accommodating. Pressures and challenges brought about by Covid-19 had led to delays to some audits and changes on timings. The Statement of Intent built on the flexibility of audits and officers were being worked with where delays were experienced.

Members noted the contents of the appendices referred to.

Councillor Joshi raised the High Importance Recommendation on Concessionary travel, stating that people were finding it difficult to obtain concessionary travel cards with inconsistencies over the issuing and retention of application forms and payments. He asked what assurances could be given to ensure replacing cards was a quick and easy process.

The Internal Audit Manager responded that a review had been done and had been extended due to the main recommendations on trading agreements. This

had been done in consultation with Leicestershire County Council. He further added that formal testing was carried out to ensure processes were being implemented and would report back to the next meeting of the Committee.

Responding to a query from the Chair on how tests were carried out, The Internal Audit Manager clarified that the speed of the process of applications was looked at on sample applications.

RESOLVED:

That:

1. The contents of the report be noted.
2. Information on the issuing of concessionary travel cards be provided to Members of the Committee.


72. ANY OTHER URGENT BUSINESS

Referring to the previous meeting of the Committee, Councillor Dr Moore referred to the sampling of housing benefit payments for reporting to the Department of Work and Pensions (DWP). She recalled that 900 cases had been sampled to spot errors and enquired as to whether this number was split into the same number of investigations per category or a random selection.

Nicola Coombe (External Audit) clarified that the initial sampling was done across categories, but if errors were found then that category was focussed on and more testing was done. The DWP required the selection of 20 cases from each category, where errors were found, 40 more cases were looked at. Sometimes the whole population was considered to discover the exact value of the error.

There being no further items of urgent business, the meeting closed at 7.07pm.

The Annual Audit Letter for Leicester City Council


Year ended 31 March 2020

17 March 2021



Contents



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Section

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2. Audit of the Financial Statements
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Appendices

- A Reports issued and fees

Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Leicester City Council (the Council) for the year ended 31 March 2020.

This Letter is intended to provide a commentary on the results of our work to the Council and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Council's Audit and Risk Committee as those charged with governance in our Audit Findings Report on 24 November 2020.

Our work

Materiality	We determined materiality for the audit of the Council's financial statements as a whole to be £16,500,000, which is approximately 1.5% of the Council's gross operating expenses.
Financial Statements opinion	<p>We gave an unqualified opinion on the Council's financial statements on 18 December 2020.</p> <p>We included an emphasis of matter paragraph in our report in respect of the uncertainty over valuations of the Council's land and buildings and the Council's share of the pooled property assets of Leicestershire Pension Fund given the Coronavirus pandemic.</p> <p>This does not affect our opinion that the statements give a true and fair view of the Council's financial position and its income and expenditure for the year.</p>
Whole of Government Accounts (WGA)	We completed work on the Council's consolidation return following guidance issued by the NAO on 21 February 2021.
Use of statutory powers	We did not identify any matters which required us to exercise our additional statutory powers.
Value for Money arrangements	<p>We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources.</p> <p>We reflected this in our audit report to the Council on 18 December 2020.</p>
Certificate	We certified that we have completed the audit of the financial statements of Leicester City Council in accordance with the requirements of the Code of Audit Practice on 25 February 2021 following completion of our work on WGA.

Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council's financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

Executive Summary

Working with the Council

The outbreak of the Covid-19 coronavirus pandemic has had a significant impact on the normal operations of the Council. As a key body in the frontline response to the pandemic, the Council has worked closely with key partners to provide support to businesses, support to individuals, establish shielding hubs and reassign staff to areas of need.

The Council are currently establishing their extended corporate strategy which will evolve into a Covid recovery plan.

Authorities are still required to prepare financial statements in accordance with the relevant accounting standards and the Code of Audit Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financial statements to 30 November 2020.

Restrictions for non-essential travel has meant both Council and audit staff have had to adapt to new remote access working arrangements. This has been driven primarily by the use of technology and regular communication between the teams. We have both utilised video calling, screen sharing and other means to the fullest of our ability in order to carry out audit procedures and verify the completeness and accuracy of information.

The draft financial statements were published and provided to the audit team on 11 June 2020 and the audit has been conducted on an almost entirely remote basis, with members of the Council finance team making a limited number of visits to the City Hall where necessary.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff .

Grant Thornton UK LLP
March 2021

Audit of the Financial Statements

Our audit approach

Materiality

In our audit of the Council's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the Council's financial statements to be £16,500,000, which is approximately 1.5% of the Council's gross operating expenses. We used this benchmark as, in our view, users of Council's financial statements are most interested in where the Council has spent its revenue in the year.

We set a lower threshold of £800,000, above which we reported errors to the Audit and Risk Committee in our Audit Findings Report.

We also set a lower level of specific materiality of £25k for senior officer remuneration. We consider the disclosures of senior manager's remuneration to be sensitive as we believe these disclosures are of specific interest to a reader of the accounts.

The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the Statement of Accounts to check it is consistent with our understanding of the Council and with the financial statements included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Council's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the Financial Statements

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Covid-19</p> <p>The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expected circumstances to have an impact on the production and audit of the financial statements for the year ended 31 March 2020, included and not limited to:</p> <ul style="list-style-type: none"> Remote working arrangements and redeployment of staff to critical front line duties potentially impacting on the quality and timing of the production of the financial statements, and the evidence we could obtain through physical observation Volatility of financial and property markets increasing the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we could obtain to corroborate management estimates Financial uncertainty requiring management to reconsider financial forecasts supporting their going concern assessment on whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and Disclosures within the financial statements required significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties. 	<p>We worked with management to understand the implications the response to the Covid-19 pandemic has on the organisation's ability to prepare the financial statements and update financial forecasts and assessed the implications for our materiality calculations.</p> <p>We liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross sector responses to issues as and when they arose.</p> <p>We have evaluated:</p> <ul style="list-style-type: none"> the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic. whether sufficient audit evidence could be obtained in the absence of physical verification of assets through remote technology whether sufficient audit evidence could be obtained to corroborate significant management estimates such as asset valuations and recovery of receivable balances management's assumptions that underpin the revised Medium Term Financial Strategy (MTFS) and the impact on management's going concern assessment, and engaged the use of auditor experts in respect of Property, Plant & Equipment (PP&E) and council dwelling valuations – refer to page 7 for further detail on this work. 	<p>Our audit work has not identified any specific issues in respect of Covid-19. However,</p> <ul style="list-style-type: none"> In their report, the Council's internal and external valuers confirmed that as a result of the Covid-19 pandemic and the subsequent lockdown and impact on market activity, less certainty – and a higher degree of caution – should be attached to their valuations than would normally be the case. Their valuations are reported on the basis of 'material valuation uncertainty'. Similarly, the Leicestershire County Pension Fund has included a material valuation uncertainty disclosure in relation to its property funds which form part of the pension scheme assets as a result of Covid-19. <p>As a result we have included Emphasis of Matters paragraphs highlighting these matters within our auditor's report. These do not affect our opinion that the statements give a true and fair view of the Council's financial position and the income and expenditure for the year but are added to indicate a matter which is disclosed appropriately but which we consider is fundamental to a readers' understanding of the financial statements.</p> <p>The Council also updated its disclosure of post balance sheet events, to include information relating to funding received since 1 April 2020 and other significant events.</p>

Audit of the Financial Statements (continued)

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of land and buildings</p> <p>Council Housing - £1,001.516m. Land and Buildings – Other - £1,0799.555m Surplus assets - £73.633m</p> <p>Assets included in the Balance Sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years and reviewed annually. Annual valuations of council dwellings are carried out by a specialist external valuer.</p> <p>These valuations represent significant estimates by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, management need to ensure the carrying value of land and buildings in the Authority's financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as one of the most significant assessed risks of material misstatement.</p>	<p>We have:</p> <ul style="list-style-type: none"> evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work, which has included the use of our own value to assist with our review and challenge evaluated the competence, capabilities and objectivity of the valuation experts written to the valuers to confirm the basis on which the valuations were carried out tested on a sample basis revaluations of the Council's operational properties, investment properties, and HRA properties during the year to ensure they have been input correctly into the Council's asset register and financial statements 	<p>We have no concerns over the competence, capabilities and objectivity of the internal and external valuation experts used by the Council.</p> <p>Our challenge identified a cumulative understatement of the value of Property, Plant and Equipment in relation to the 2019/20 financial statements in respect of:</p> <ul style="list-style-type: none"> £9.320m as a result of assets not being initially valued £2.490m as a result of valuations not being processed when they should have been £1.224m as a result of various errors identified by the valuer as part of our review of testing of assumptions <p>This gave a total understatement of £13.034m, which was not adjusted for as it was not material. We made recommendations for improvement where appropriate.</p> <p>A significant amount of work was undertaken as part of our audit challenge involving a significant amount of time and effort both on our part as well as on the part of the Council's estates team, finance team and valuer. We are aware that the Council is planning an increased amount of its own quality assurance processes for future years such that any errors are identified and resolved prior to the audit process.</p> <p>As noted on page 6, the Council's valuers confirmed that as a result of the Covid-19 pandemic and the subsequent lockdown and impact on market activity, less certainty – and a higher degree of caution – should be attached to their valuations than would normally be the case. Their valuations are reported on the basis of 'material valuation uncertainty'. We have therefore included an Emphasis of Matter – 'effects of Covid-19 on the valuation of land and buildings' within our Independent auditor's report. This highlights the Council's disclosures to users of the financial statements. Our opinion is not modified in respect of this matter.</p>

Audit of the Financial Statements (continued)

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of net pension liability</p> <p>Net pension liability – £600.488m</p> <p>The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statement.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We have:</p> <ul style="list-style-type: none"> • updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluated the design of the associated controls; • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation; • assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability; • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • obtained assurances from the auditor of Leicestershire County Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. 	<p>The Authority's net pension liability at 31 March 2020 is £600.488m (PY £811.626m). A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in 2019. A roll forward approach is used in intervening periods which utilises key assumptions such as life expectancy, discount rates, salary growth and investment returns.</p> <p>We have compared the assumptions used by the Council's actuary against industry benchmarks. Based on the work performed we are able to conclude that management's assumptions overall are reasonable. There has been a £67m net actuarial gain during 2019/20.</p> <p>The pension fund auditor has included an emphasis of matter in their audit report on the accounts of Leicestershire County Pension Fund to reflect a material valuation uncertainty given by the valuers on the Pooled Property Fund (as a result of the impact of Covid-19).</p> <p>The Council has made appropriate disclosures explaining this uncertainty, which we have drawn to a reader's attention in our auditor's report by way of an Emphasis of Matter paragraph. Our opinion is not modified in respect of this matter.</p>

Audit of the Financial Statements (continued)

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Management override of internal controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>The Council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We have:</p> <ul style="list-style-type: none"> evaluated the design effectiveness of management controls over journals analysed the journals listing and determined the criteria for selecting high risk unusual journals gained an understanding of the accounting estimates, judgements applied and decisions made by management and considered their reasonableness obtained a full listing of journal entries, identified and tested unusual journal entries for appropriateness evaluated the rationale for any changes in accounting policies or significant unusual transactions. 	<p>As in the prior year we noted that there is a lack of established approval process for journals; instead placing reliance on the expectation for the Council's day-to-day activities to identify and correct any improper postings.</p> <p>Since November 2019 the Council has put in arrangements which mitigate this deficiency to a certain extent. Each individual journal is still not counter signed but since November all journals posted in the month are downloaded and split by the department which posted them. The principal accountant of the relevant department who posted them then picks a sample to review, making sure they should have been posted and are correct. This review is signed and dated by the principal accountant and returned to the corporate finance team. We have seen this process and are content it is working as designed.</p> <p>From the sample testing of journals undertaken we have found that they were appropriate, eligible and valid, and can be agreed to supporting evidence.</p> <p>Overall, our work has not identified any issues in respect of management override of controls.</p>

Audit of the Financial Statements (continued)

Audit opinion

We gave an unqualified opinion on the Council's financial statements on 18 December 2020.

Preparation of the financial statements

The Council presented us with draft financial statements in June in accordance with the agreed timescale, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit.

Restrictions for non-essential travel has meant both Council and audit staff have had to adapt to new remote access working arrangements. This has been driven primarily by the use of technology and regular communication between the teams. We have both utilised video calling, screen sharing and other means to the fullest of our ability in order to carry out audit procedures and verify the completeness and accuracy of information.

Issues arising from the audit of the financial statements

We reported the key issues from our audit to the Council's Audit and Risk Committee on 24 November 2020.

Annual Governance Statement and Narrative Report

We are also required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website alongside the draft Statement of Accounts in June.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Council and with our knowledge of the Council.

Whole of Government Accounts (WGA)

We carried out work in line with instructions provided by the NAO. We issued an assurance statement which did not identify any issues for the group auditor to consider on 21 February 2021.

This work was protracted due to technical issues with the Government's central system (OSCAR), which meant the Council were unable to demonstrate that they had made the required changes to their submission. The technical issues with the central system were resolved in February which allowed us to submit our assurance statement confirming that the final submission was consistent with the Council's published financial statements on 21 February 2021.

Other matters

We identified as part of our planning work that there were a number of instances (albeit historic) of members not completing their declarations of interests. When we reviewed the related parties disclosures and compared them to companies house we identified some apparent discrepancies, which have been discussed with the Council, leading to interests in respect of three Councillors being updated. We recommended that all those who are required to declare interests are reminded of the need to update them on a real time basis.

As part of our audit we received information in respect of the Council's policies and operational procedures in respect of the issuing of Fixed Penalty Notices (FPNs) within the City Council's Wardens Services. We concluded that no formal audit action was required based upon the information we received but we were in correspondence with the Council and recommended that it review the suite of key performance indicators utilized in the Wardens Service to ensure that they fully meet the DEFRA Code of Practice on Litter and Refuse expectations in respect of performance being monitored and reported in terms of the impact the Council's actions are having in improving environmental cleanliness.

Certificate of closure of the audit

We certified that we have completed the audit of the financial statements of Leicester City Council in accordance with the requirements of the Code of Audit Practice on 25 February 2021.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in April 2020 which specified the criterion for auditors to evaluate:

- *In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.*

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the risks where we concentrated our work. The risks we identified and the work we performed are set out below and overleaf.

Overall Value for Money conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2020.

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Significant Risk - what we said in our Audit Plan

Financial Resilience

- The Authority has historically managed its finances well, achieving financial targets: however, the scale and pace of change for local government will affect future projections and it is important the Authority is on track to identify and produce savings required to deliver balanced budgets in the future.
- The General Fund Revenue Budget considered by Council on 20 February 2019 identified that the budget for 2019/20 was in balance following the application of the managed reserves strategy.
- However, it also noted that the Authority would be faced with finding further budget reduction and income generation proposals and there is therefore still a gap to address in terms of future funding and savings solutions.
- Since then the General Fund Revenue Budget 2020/21 to 2021/22, has been approved at Council on 19 February. It confirmed that while the budget for 2020/21 has been balanced using reserves, savings from the previous rounds of spending reviews are still being sought. The report noted that projections of spending and income have been made beyond 2020/21 but that they are “uncertain and volatile”.

In response to this risk we said we would:

- Review the Council's Medium Term Financial Strategy and financial monitoring reports and assess the assumptions used and savings being achieved.

In light of the emerging issues of COVID-19, we also had regard to the NAO's AGN 03 for 2019/20.

Value for Money conclusion (continued)

Value for Money Risks

How we responded to the risk

Revenue Out-turn 2019/20

The reported revenue budget outturn report was reported to Overview Select Committee (OSC) on 29 July 2020 in the Council's Revenue Budget Monitoring Outturn 2019-20. This showed a positive £17.4m variance to the budget. Whilst the positive General Fund outturn position during 2019-20, and the resulting adjustments to reserves, will help to support the Council's short term financial position, it does not address the challenging financial position that the Council finds itself in over the medium term; namely ensuring that any further budget reductions required are achieved. It was reported in the General Fund Revenue Budget 2020/21 that while the budget for 2020/21 has been balanced using reserves, projections of spending and income beyond 2020/21 are uncertain and volatile and therefore just a one year budget was set. Subsequent to this the economic environment has become even more uncertain as a result of the pandemic.

Consideration of 2020/21 budget

The Council is undertaking scenario planning and closely monitoring the financial impact of Covid-19. Officers recognise that this is a complex, evolving and iterative process. At the time we reported in November 2020 the Council was forecasting the net impact of Covid -19 to be in the region of £6.0m.

This comprised a mix of expenditure pressures as well as lost income generation. £24m has been received in additional grant funding, but this still leaves a gap to be bridged. These plans are based upon a set of assumptions which are likely to change including how long the recovery is likely to take, how much of the lost income will be recovered and how much of the pre Covid-19 income will return in time. There is also the potential for further surges in the virus and potential lockdowns.

The Council predicted in its July report to OSC that income losses could be as much as £18.4m and increased costs could be as much as £15.8m. There are expected to be further pressures in Council Tax Support and Local Tax Payments of £2.0m and £2.5m respectively giving a potential total pressure of £38.7m. The Council has already received unring-fenced funding of £24m to help meet some of these additional costs, and will undoubtedly receive additional funding through the government's income losses scheme (as referred to in the last bullet point above), but what the value of this funding might be is uncertain, though it has been estimated by the Council to be in the region of £10m.

It reported at that time that due to the managed reserves strategy the shortfall calculated would be able to be met by the Council. However, the impact above is not based on any further second wave and assumes no further full lockdowns take place. While these aren't unreasonable assumptions to make, the environment is uncertain and therefore it is possible that the Council will be faced with looking at measures to reduce spending on non-essential functions where possible in order to reduce this impact over time.

Review of savings plans

The way the Council applies its savings requirements is to take the required savings out of each directorate in the budget and therefore how it monitors its savings is to monitor how it is performing against budget. However, it also flexes the budget as required as the year progressed, which can make it difficult for members and observers to assess how the original budget has changed and whether arrangements are working as expected. However, the year end outturn report details how savings have been delivered and there are monitoring reports considered at Overview Scrutiny throughout the year.

Value for Money conclusion (continued)

Value for Money Risks

How we responded to the risk

As at October 2019 the most recent budget monitoring report at that time identified that additional savings had been identified for 2019-20, the actioning of which has meant that budget has been achieved. The Council is looking at developing savings schemes to fill gaps in future years and review the budget on an ongoing basis. The revenue budget report on notes that the proposed budget at that time had an underlying budget cap of £2.4m which was a £6.5m decrease from the forecast in February 2019 and is evidence of continual monitoring of not only the Council's current position but its forecasts.

The section 151 officer has noted down her risk assessment and adequacy of estimates in the 2020-21 budget as follows:

- Social care spending pressures
- Ensuring spending reviews deliver the required savings
- Achievability of estimated rates of income
- Increases in pay costs over and above the 2.5% average pay award are included in the proposed budget

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As part of our analysis and given the importance of the achievability of income, we have reviewed income collection rates achieved thus far in 2019/10 to assess the Council's success in this area. For business rates collection rate is approximately 96% which is slightly below the national average (98%) but not significantly different. Annual collection rate for council tax is 95%, but as the report notes collection continues after the year in question and eventually a collection rate of 98% is achieved. Again, this is within normal parameters. Therefore conclude, that while the s151 officer has highlighted it as a risk, the Council are starting from a positive position of reasonable collection rates.

The budget seeks to manage these risks as follows:

1. A minimum balance of £15m reserves will be maintained;
2. A one-off corporate contingency of £2m is included in the budget for 2020/21;
3. A planning contingency is included in the budget from 2021/22 onwards (£3m per annum);
4. Spending Review savings are being implemented as soon as possible, and the resulting savings "banked" to support future budgets.

In support of this the uncommitted forecast reserves available to support the managed reserves strategy were £31m.

Consideration of 2020-21 assumptions

The budget provides for:

- council tax increase of 4% in 2020/21, which is the maximum available without a referendum, (with 2% of these being for the 'social care precept').
- increase in pay costs of 2.5% (as an estimate as at the time of preparing the budget the pay scales had not been determined, so this was a provision held centrally to meet the cost)
- independent adult sector care inflation of 2% (2019-20: 2%)
- foster care inflation of 2% (2019-20: 2%)

Value for Money conclusion (continued)

How we responded to the risk (continued)

All of which are deemed reasonable in the current climate. However, the Council recognises that there are still many uncertainties with which to grapple:

- the ongoing impact of Covid-19 costs: some costs are known but some, for instance business rate and council tax collection rates are based on assumptions as they are dependent on how much support the government continue to provide to those responsible for paying such rates and taxes and whether they find themselves able to pay.
- the ongoing impact of Covid-19 on income: the government's scheme to provide subsidy for lost income is (all relevant losses, over and above the first 5% of planned income from sales, fees and charges, will be compensated for at a rate of 75p in every pound) is welcome, but it is not clear how long the funding will last, nor what the value of the funding might be so the Council has had to make assumptions accordingly
- the results of the comprehensive spending review, which are due out later this year along with the settlement figures thereafter

The Council is aware it will need to monitor decisions from the Government with regard to funding and respond accordingly. While the Council report that the budget approved is a one year budget it nevertheless set out forecast position for what 2021/22 would look like, but it is important to note that this is before the impact of Covid is taken into account and shows a gap in resources of £6m. The managed reserves strategy table above as well as our own review of reserves shows that the Council can weather this shortfall in the short term if savings cannot be made, but there is inevitably an ongoing need to for the Council to continue revisiting is projections and forecasts as new information on Covid costs, guidance and requirements comes to light.

Findings and conclusions

On the basis above we have concluded that the risk was sufficiently mitigated and the Council has proper arrangements in place to ensure it plans finances effectively to support the sustainable delivery of strategic priorities and using appropriate cost and performance information to support informed decision making.

Subsequent to our conclusion being reached the Council agreed its 2021/22 budget on 17 February 2021. This noted that the Council is currently facing an unprecedented and difficult financial situation as a result of reduced Government support, alongside the coronavirus pandemic putting huge pressure on service spending and on income streams. There are also continuing, underlying cost pressures, particularly in demand-led social care services. The proposed budget for 2021/22 has an underlying budget gap of just over £17m, which represents an £11m deterioration from the most optimistic forecast presented in February 2020.

The Budget Report noted that the future shape of the Council's services will be strongly influenced by the long term consequences of the pandemic, and review would be needed to ensure it was fit to meet new challenges. Furthermore, it was possible that a significant amount of the Council's reserves may be required to meet pandemic costs. As a consequence, the following approach had been adopted:-

- a) The budget for 2021/22 has been balanced using reserves, and can be adopted as the Council's budget for that year. This is effectively a "standstill" budget representing the underlying position before any further cuts;
- b) The Council has "drawn a line" under the spending review programme, but have included in this budget assumptions about savings which can be achieved without detriment to service provision;
- c) A comprehensive financial review of the Council's position will be undertaken before setting the budget for 2022/23, to ensure ongoing financial sustainability.

In substance, the budget proposed is a one year budget, pending a fuller (post-pandemic) review. Whilst the Council has updated its figures as part of the finalisation of its budgets we are satisfied that our conclusion remains valid. We will be revisiting the position as part of work on the 2020/21 financial year.

A. Reports issued and fees

We confirm below our fees charged and proposed for the audit and provision of non-audit services and final reports issued

Fees

	Planned £	Actual Fees (Proposed) £	2018/19 fees £
Statutory audit scale fee	112,884	112,884	112,884
Additional proposed audit fees at planning stage	20,350	20,350	-
Total proposed audit fee at planning	133,234	133,234	112,884
Further additional fees proposed at completion		16,933	9,000
Total fees	133,234	150,167	121,884

Audit fee variation

The Audit Plan dated March 2020 included £20,350 of proposed addition fees to the scale fee to take account of the additional scepticism required on the audit and the raising of the bar by our regulator. This is reflected in the total proposed audit fees at planning above of £133,234.

Since the presentation of the audit plan we have now reflected on the additional time taken to discharge our responsibilities as a result of Covid-19. The impact of Covid-19 on the audit of the financial statements for 2019/20 has been multifaceted including an additional significant risk being added to our Audit Plan and the move to remote working impacting upon delivery. To date, we estimate that the issues highlighted are increasing the time taken on audits by an average of 25%, in some cases higher. We understand from discussions with the ICAEW that this is similar to other firms. We have looked to mitigate this as far as possible through reduced travel time and travel costs and will absorb some of the remaining overrun ourselves. However, it is unlikely that this will be sufficient to cover the full additional cost. As a result of this extra work we are proposing a further increase in fees of £16,933 (12.7%) in addition to those proposed at the planning stage of the audit. This further charge has not been entered into lightly but reflects only a proportion of the significant additional work we have had to undertake this year to discharge our responsibilities. This brings the total proposed audit fee up to £133,234.

We have been discussing this issue with PSAA over the last few months and note these issues are similar to those experienced in the commercial sector and NHS. In both sectors there has been a recognition that audits will take longer with local government and commercial audit deadlines being extended by 4 months and NHS deadline by a month. The FRC has also issued guidance to companies and auditors setting out its expectation that audit standards remain high and of additional work needed across all audits. The link attached <https://www.frc.org.uk/covid-19-guidance-and-advice> (see guidance for auditors) sets out the expectations of the FRC.

Please note that these proposed additional fees are subject to approval by PSAA in line with the Terms of Appointment.

A. Reports issued and fees continued

Fees for non-audit services

Service	Fees £
Audit related services	
- Certification of housing capital receipts grant	5,075
- Certification of Housing Benefit Claim	54,000
- Certification of Teachers Pension Return 2019-20	5,550

Non- audit services

- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The table above summarises all non-audit services which were identified.
- We have considered whether non-audit services might be perceived as a threat to our independence as the Council's auditor and have ensured that appropriate safeguards are put in place.

The above non-audit services are consistent with the Council's policy on the allotment of non-audit work to your auditor.

Reports issued

Report	Date issued
Audit Plan and Audit Plan Addendum	25 March 2020 and 27 April 2020
Audit Findings Report	24 November 2020
Annual Audit Letter	February 2021

Audit Progress Report and Sector Update

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Introduction



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This paper provides the Audit and Risk Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a summary of emerging national issues and developments that may be relevant to you as a local authority.

Members of the Audit and Risk Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grantthornton.co.uk.

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or your Engagement Manager.

Financial Statements Audit 2019/20

Financial Statements Audit

We issued unqualified audit opinions on the financial statements of the Council on 18 December 2020.

We included an emphasis of matter within our audit opinion which referred to the disclosures that management had made regarding the material uncertainties in the valuations of land and buildings and the pension fund's property investments as at 31 March 2020. Our audit opinion was not modified as a result of this emphasis.

Value for Money opinion

We issued an unqualified value for money opinion for the year ended 31 March 2020 on 18 December 2020.

Certification of Completion of the Audit and Whole of Government Accounts (WGA)

We were unable to certify the completion of the audit for 2019/20 in December 2020 as, at that time, we had not been able to issue our assurance statement over the consistency of the Council's WGA submission with the financial statements. This work has been protracted due to technical issues with the central system (OSCAR), which meant the Council were unable to demonstrate that they had made the required changes to their submission.

The technical issues with the central system have now been resolved. We completed our review and submitted our assurance statement confirming that the final submission was consistent with the Council's published financial statements on 21 February 2021.

Following completion of this work we certified completion of the Council's audit on 25 February 2021.

Certification of claims and returns

Housing Benefits

The Department for Work and Pensions (DWP) moved the reporting deadline from 31 November 2020 to 31 January 2021. We requested that the Council seek an extension to this deadline which was granted to the end of February. This was not a reflection on the support we received from Revenues and Benefits Officers, but was primarily a factor of the pandemic affecting some of our delivery plans combined with the size and complexity of the council's claim and, as a result, the internal quality review arrangements we put in place. We were able to sign off and submit our assurance work on the Council's Housing Benefit subsidy claim on 5 February 2021, in accordance with procedures agreed with the DWP. Further detail on this work is included overleaf.

Pooling of Housing Capital Receipts

We issued our report on the Council's Pooling of Housing Capital Receipts Return for the 2019/20 year on 10 February 2021, in accordance with procedures required by MHCLG. This was a "clean" report with no exceptions identified. Further detail on this work is included overleaf.

Teachers Pensions

We issued our report on the Council's Teachers Pensions Return for the 2019/20 year on 30 November 2020, in accordance with procedures required by Teachers Pensions. This was a "clean" report with no exceptions identified. Further detail on this work is included overleaf.

Events

We provide a range of workshops, along with network events for members and publications to support the Council. Your officers were invited to our Financial Reporting Workshop in February, which will help to ensure that members of your Finance Team are up to date with the latest financial reporting requirements for local authority accounts. Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

Housing Benefit Assurance Process (HBAP): Housing Benefit Certification 2019/20

Background

The HBAP Module 1 framework sets out the Department for Work and Pensions' (DWP) requirements for the reporting accountant to provide a report of factual findings on the completion of the housing benefit subsidy assurance process.

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Due to the nature of the welfare system this is inherently a complex and multifaceted area, and because of the number of errors identified historically in the claim, there is automatically a high level of testing that needs to be undertaken (to see if the errors have been addressed), before taking into account any new issues identified in the current year. As reported below the Council has been making significant efforts to reduce the levels of historically driven testing resulting in a halving of the “CAKE” (cumulative audit knowledge and experience) testing that will be required next year.

We identified some continuing and new issues from our certification work and, as a result of the errors identified, the claim was qualified, and we reported our findings to the DWP in our Reporting Accountant's Report dated 5 February 2021.

Year	Value	Amended?	Amendment	Qualified
2017-18*	£122,212,458	No	N/A	Yes
2019-20	£122,321,335	No	N/A	Yes
2020-21	£94,407,098	No	N/A	Yes

* work undertaken by predecessor auditors

The Council completes the workbooks for us to review and re-perform work on cases on a sample basis. We provided a workshop to officers in 2019/20 ahead of starting the work to further streamline the process where we could. The quality of evidence within the workbooks was good and officers have performed a substantial amount of work involving 100% review of cases within certain cell populations with the aim of reducing the workload for future years.

This is because if 100% of a population is reviewed, any and all errors can therefore be identified. Provided the claim is amended prior to submission, and no additional errors of this kind are identified from further work, the issue becomes “closed” and does not roll forward into future years.

As a result of the work done by the Council's quality assurance team, this applies to 9 tests where 100% review has been performed and the claim amended accordingly, plus a further 4 areas where errors were identified in the 2018/19 but did not recur in 2019/20. This left 13 areas with continuing errors to roll forward into next year but subsequently the Council has received approval from DWP to reduce this to 12 (see overleaf).

Issues identified this year

Similar to prior years, a lengthy Reporting Accountant's report was produced, with all content and errors agreed with the Authority prior to submission. We are happy to provide a copy of this letter separately should members wish but, in summary, our findings were as follows:

Initial Testing

Non HRA Rent Rebate

The following errors were noted:

- 1 case whereby information in relation to child tax credit had not been acted upon resulting in an underpayment of benefit
- 1 case whereby the incorrect number of dependents had been applied. In this particular instance there was no impact on the amount of subsidy claimed as the claimant would have been entitled to maximum housing benefit regardless.

HRA rent rebate

The following error was noted:

- 1 case whereby a claimant's non-dependant deduction had been incorrectly applied due to the claimant being in receipt of DLA care component. This resulted in an underpayment of benefit

Rent Allowance

The following errors were noted:

- 1 case whereby service charges had not been correctly deducted from the rent resulting in an overpayment of benefit
- 1 case where passported benefit had not been applied, resulting in an underpayment of benefit
- 1 case whereby a non-dependent had been incorrectly applied to the claimant's entitlement results leading to an overpayment of benefit
- 2 cases whereby earnings within a claimant's entitlement had been incorrectly calculated resulting in an overpayment of benefit.

Housing Benefit Assurance Process (HBAP): Housing Benefit Certification 2019/20

“CAKE” (cumulative audit knowledge and experience) testing

In line with the requirements of HBAP modules we undertook CAKE testing based upon the preceding Qualification Letter. This involved the authority completed testing of the sub-populations in relation to 26 different error types.

We reperformed a sample of the Authority’s testing and concurred with the results. On that basis, 13 of the 26 CAKE tests returned no errors and are considered closed. These will not be rolled forward to feature as CAKE testing in respect of the 2020/21 subsidy claim.

There was one further CAKE area upon which the Council had undertaken 100% testing but an amendment had not been made until 1 April 2020 and therefore it did not get reflected in the claim submitted for audit. This would normally mean CAKE testing would be required in 2020/21. The Council raised the matter with DWP who have granted dispensation that CAKE testing for 2020/21 in that area would not be required. On this basis errors identified in relation to the remaining 12 error types and these will be rolled forward to 2019/20 CAKE testing.

Fee

The fee proposal for certification of the housing benefit subsidy claim is based on an anticipated level of work and is adjusted accordingly through a variation based on the actual output.

A fee was proposed and agreed of £54,000. This was disclosed to you separately in our 2019/20 Audit Plan, as well as our 2019/20 Audit Findings Report along with the reasons as to why we consider ourselves to be independent in relation to this non-audit service.

The work we have undertaken is consistent with our fee proposal and we are not proposing a fee variation for 2019/20.

Other certification work undertaken

Teachers Pension Return

Background

The Council is required to submit an EOYC (end of year certificate) to Teachers Pensions which sets out Teachers' Pensions contributions split between employer and teacher across the various tiers.

The EOYC is an annual return completed by employers showing the level of teachers' pension contributions that should have been deducted and paid to Teachers' Pensions within the financial year i.e. the totals for the payroll and employer adjustments such as deductions at the incorrect tier which they identify during the financial year. The EOYC should cover all teachers who should be contributing to the TPS and for whom the employer is responsible.

The Council appointed Grant Thornton UK LLP as its Reporting Accountant to undertake agreed upon procedures, as set out by Teachers Pensions. On conclusion of our work we are required to submit the Council's final EOYC along with our signed Reporting accountant's report directly to Teachers Pensions by the deadline of 30 November 2020.

2019/20 findings

From the 20 tests we are required to undertake, we identified no exceptions.

Our Reporting Accountant's report was submitted on 30 November 2020.

Fee

A fee was agreed for this work of £5,500. This was disclosed to you separately in our 2019-20 Audit Plan, as well as our 2019-20 Audit Findings Report along with the reasons as to why we consider ourselves to be independent in relation to this non-audit service.

Pooling of Housing Capital Receipts

Background

The Ministry of Housing, Communities and Local Government (MHCLG) administers the pooling of housing capital receipts scheme.

Use of receipts arising from the disposal of housing assets (i.e. generally assets held under Part II of the Housing Act 1985 and for which account is made in the Housing Revenue Account (HRA)) is governed by the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) ("the regulations"). The regulations require that, in short:

- receipts arising from Right to Buy (and similar) sales may be retained to cover the cost of transacting the sales and to cover some of the debt on the properties sold, but a proportion of the remainder must be surrendered to central Government;
- receipts arising from all other disposals may be retained in full provided they are spent on affordable housing, regeneration or the paying down of housing debt (each of which is defined in the regulations).

The 2019/20 pooling return is an annual return generated by local authorities showing the breakdown of the various elements of the housing capital receipts.

The Council appointed Grant Thornton UK LLP as its Reporting Accountant to undertake agreed upon procedures, as set out by MHCLG. On conclusion of our work we are required to submit the Council's final pooling return, supported by four debt supportable workbooks (one for each quarter) along with our signed Reporting accountant's report directly to MHCLG.

2019/20 findings

From the 23 tests undertaken no exceptions were identified.

Our Reporting Accountant's report was submitted on 10 February 2021 ahead of the deadline.

Fee

A fee was agreed for this work of £5,075. This was disclosed to you separately in our 2019-20 Audit Plan, as well as our 2019-20 Audit Findings Report, along with the reasons as to why we consider ourselves to be independent in relation to this non-audit service.

Audit deliverables

2019/20 Deliverables

Audit Findings Report

Planned Date

September 2020

Status

November 2020

Auditors Report

September 2020

December 2020

Annual Audit Letter

October 2020

March 2021 (within one month
of audit completion)

34 2020/21 Deliverables

Audit Plan

June 2021

Not yet due

Audit opinion

September 2021

Not yet due

Audit Annual Report

September 2021

Not yet due

Financial Statements Audit 2020/21

Materiality

The concept of materiality

Materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We have not yet determined the materiality for the year ended 31 March 2021. We have determined our preliminary materiality thresholds to be lower than in the prior year to reflect anticipated increased scrutiny of the accounts by external users in light of the impact of the Covid pandemic of the Council's activities.

Significant risks

Although we have started our planning work we are not at a stage where we can formally confirm the significant risks that we will be auditing. However, the sections below indicate likely areas that we will expect our work to focus on.

Presumed significant risks

ISA (UK) 240 includes two presumed risks as follows:

- Revenue recognition may be misstated due to the improper recognition of revenue. This is a rebuttable risk if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition. We will consider the risk factors set out in ISA240 and the nature of the revenue streams at the Council to determine whether there is a risk of fraud from revenue recognition. We are cognisant that the Council has been in receipt of additional revenue streams this year and we will be documenting the business processes of these and existing streams as part of our planning procedures to help inform our consideration of the revenue recognition risk.
- The risk of management over-ride of controls is present in all entities. The need to achieve a particular financial outturn could potentially place management under undue pressure in terms of how they report performance.

Other potential significant risks at time of writing

Valuation of land and buildings - The Council revalues its land and buildings and council dwellings on a rolling basis. To ensure the carrying value in the Council financial statements is not materially different from the current value at the financial statements date, the Council requests valuations from its internal and external valuation experts. This valuation represents a significant estimate by management in the financial statements due to the value involved (£2,147 million in the Council's balance sheet as at 31 March 2020) and the sensitivity of this estimate to changes in key assumptions. It is expected that the valuation of land and buildings and council dwellings will continue to be identified as a significant risk.

Valuation of net pension liability - The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£600m in the Council's balance sheet as at 31 March 2020) and the sensitivity of the estimate to changes in key assumptions. It is expected that the net pension liability will continue to be identified as a significant risk.

Other expected areas of focus

- We set out on pages 12 and 13 detail pertaining to the new accounting standard on Estimates. This raises the bar in terms of what both we and management are required to do. Therefore while in the past, we have focussed on the valuation of property plant and equipment, as well as the net pension liability, on the grounds that they are large and complex estimates in the accounts, this will occur to an even greater extent in 2020/21. This will also apply to any other material estimates made by management.
- *Practice Note 10: The application of auditing standards for public sector audits* was updated in November 2020. Revisions to PN 10 in respect of going concern are important and mark a significant departure from how this concept has been audited in the public sector in the past. In particular, PN 10 allows auditors to apply a 'continued provision of service approach' to auditing going concern, where appropriate. We are awaiting further NAO guidance but whilst our consideration of material going concern uncertainties will continue we do not anticipate this being a significant risk in 2020/21.

Value for Money arrangements

Revised approach to Value for Money work for 2020/21

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM)

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary (qualified / unqualified) approach to VFM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are as set out below:



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information



Risks of significant VFM weaknesses

As part of our planning work, we will consider whether there are any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we need to perform further procedures on. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the table below.

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

Revised auditing standard: Auditing Accounting Estimates and Related Disclosures

In the period December 2018 to January 2020 the Financial Reporting Council issued a number of updated International Auditing Standards (ISAs (UK)) which are effective for audits of financial statements for periods beginning on or after 15 December 2019. ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

Introduction

Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit and Risk Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

Additional information that will be required for our March 2021 audits

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2021 in all areas summarised above for all material accounting estimates that are included in the financial statements.

Based on our knowledge of the Council we have identified the following material accounting estimates for which this is likely to apply:

- Valuations of land and buildings
- Depreciation
- Year end provisions and accruals
- Credit loss and impairment allowances
- Valuation of defined benefit net pension fund liabilities
- Fair value estimates
- Financial guarantees

The Council's Information systems

In respect of the Council's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

Revised auditing standard: Auditing Accounting Estimates and Related Disclosures Cont'd

We are aware that the Council uses management experts in deriving some of its more complex estimates, e.g. investments and asset valuations. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that::

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Council (and where applicable its management expert) over the models, assumptions and source data used in the preparation of accounting estimates.

39 Estimation uncertainty

Under ISA (UK) 540 (Revised December 2018) we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Where there is material estimation uncertainty, we would expect the financial statement disclosures to disclose:

- What the assumptions and uncertainties are;
- How sensitive the assets and liabilities are to those assumptions, and why;
- The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and
- An explanation of any changes made to past assumptions if the uncertainty is unresolved.

How can you help

As part of our planning risk assessment procedures we routinely make a number of enquiries of management and those charged with governance, which include general enquiries, fraud risk assessment questions, going concern considerations etc. Responses to these enquires are completed by management and confirmed by those charged with governance at an Audit and Risk Committee meeting. For our 2020/21 audit we will be making additional enquires on your accounting estimates in a similar way (which will cover the areas highlighted above).

Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540_Revised-December-2018_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf)

Sector update

Councils continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local
government

New NAO Code of Audit Practice for 2020-21

The NAO issued a new Code of Audit Practice which came into force on 1 April 2020 and applies to audits of 2020-21. The key change is an extension to the framework for VfM work.

The NAO has prepared Auditor Guidance Note (AGN 03), which sets out detailed guidance on what VfM work needs to be performed.

Public consultation on this ended 2 September 2020.

The new approach to VfM re-focuses the work of local auditors to:

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- promote more timely reporting of significant issues to local bodies;
 - provide more meaningful and more accessible annual reporting on VfM arrangements issues in key areas;
 - provide a sharper focus on reporting in the key areas of financial sustainability, governance, and improving economy, efficiency and effectiveness; and
 - provide clearer recommendations to help local bodies improve their arrangements.

Under the previous Code, auditors had only to undertake work on VfM where there was a potential significant risk and reporting was by exception. Whereas against the new Code, auditors are required to undertake work to provide a commentary against three criteria set by the NAO – governance; financial sustainability and improving economy, efficiency and effectiveness.

A new Auditor's Annual Report presented at the same time as the audit opinion is the forum for reporting the outcome of the auditor's work on Value for Money. It is required to contain:



The 'Commentary on arrangements' will include a summary under each of the three specified reporting criteria and compared to how the results of VfM work were reported in previous years, the commentary will allow auditors to better reflect local context and also to draw attention to emerging or developing issues which may not represent significant weaknesses, but which may nevertheless require attention from the body itself. The commentary will not simply be a description of the arrangements in place, but an evaluation of those arrangements.

Recommendations: Where an auditor concludes there is a significant weakness in a body's arrangements, they report this to the body and support it with a recommendation for improvement.

Progress in implementing recommendations: Where an auditor has reported significant weaknesses in arrangements in the previous year, the auditor should follow up recommendations issued previously and include their view as to whether the recommendations have been implemented satisfactorily

Use of additional powers: Where an auditor uses additional powers, such as making statutory recommendations or issuing a public interest report, this needs to be reported in the auditor's annual report.

Opinion on the financial statements: The auditor's annual report also needs to summarise the results of the auditor's work on the financial statements. This is not a replacement for the AFR, or a verbatim repeat of it – it is simply a summary of what the opinion audit found

The new approach is more complex, more involved and will subsequently increase the cost of audit. We will be discussing this with the Chief Operating Officer shortly.

To review the new Code and AGN03 click [here](#)

Informing the audit risk assessment for Leicester City Council 2020/21 (March 2021)

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Appendix D

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Purpose

The purpose of this report is to contribute towards the effective two-way communication between Leicester City Council's external auditors and Leicester City Council's Audit and Risk Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit and Risk Committee under auditing standards.

Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Audit and Risk Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit and Risk Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit and Risk Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit and Risk Committee and supports the Audit and Risk Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

46 As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Authority's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties, and
- Accounting Estimates.

This report includes a series of questions on each of these areas and the response we have received from Leicester City Council's management. The Audit and Risk Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

General Enquiries of Management

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Question	Management response
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2020/21?	Covid-19 Pandemic will have a significant impact on the financial statements for 2020/21.
2. Have you considered the appropriateness of the accounting policies adopted by Leicester City Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies?	The Council has completed the annual review of their accounting policies to ensure appropriateness. We are going to include a policy on agents. This is due to a number of government grants given to us where we have acted as any agent in passing the grants to businesses in the area.
3. Is there any use of financial instruments, including derivatives?	The Council has no new types of financial instruments in addition to those in the 2019/20 accounts.
4. Are you aware of any significant transaction outside the normal course of business?	The Council has paid a high number of grants out to local businesses during the year which is outside our normal course of business.

General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets?	There are currently no circumstances that would lead to impairment of non-current assets. However, the valuer when valuing our assets will be taking into consideration the impact of Covid-19 has had on the market.
6. Are you aware of any guarantee contracts?	None currently identified.
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	None currently identified.
8. Other than in house solicitors, can you provide details of those solicitors utilised by Leicester City Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	The Council has used various solicitors during the year and will provide the detail to the auditors during the audit.
9. Have any of the Leicester City Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?	No.
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	This information will be provided as part of the audit working papers.

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Fraud

Issue

Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit and Risk Committee and management. Management, with the oversight of the Audit and Risk Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit and Risk Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As Leicester City Council's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Audit and Risk Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit and Risk Committee oversees the above processes. We are also required to make inquiries of both management and the Audit and Risk Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions overleaf together with responses from Leicester City Council's management.

Fraud risk assessment

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Question	Management response
<p>1. Has Leicester City Council assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Authority's risk management processes link to financial reporting?</p>	<p>The Council has assessed the risk of material misstatement in the financial statements due to fraud to be limited.</p> <p>The Council will challenge the figures within the accounts and gaining assurance over controls from internal audit.</p> <p>If the Council identifies any concerns over internal controls then processes are reviewed and new controls are implemented. The Council has not identified any concerns over financial controls over the current year. We try to learn lessons from others experiences.</p> <p>When the Council identifies risks a review will be undertaken to identify any potential financial impact.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>Procurement exercises/contracts, Right to Buy of council properties, small business rate relief, business grants and subletting council properties.</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Leicester City Council as a whole or within specific departments since 1 April 2020?</p> <p>As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>The Council has a counter fraud team who are responsible for investigating instances of fraud.</p> <p>The team report to Audit & Risk Committee periodically, to provide an update on any instances of fraud and actions taken.</p>

Fraud risk assessment

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Question	Management response
<p>4. Have you identified any specific fraud risks?</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within Leicester City Council where fraud is more likely to occur?</p>	<p>The Council is at particular risk of fraud in the usual higher risk areas e.g repairs and maintenance, procurement and contract management.</p> <p>The Council has the relevant controls in place to try and prevent fraud.</p> <p>This is further supported by the reports of internal audit.</p>
<p>5. What processes do Leicester City Council have in place to identify and respond to risks of fraud?</p>	<p>The Council has a clear governance framework summarised below:</p> <ul style="list-style-type: none"> • Mayor, Executive & Council • Decision Making • Risk Management • Scrutiny & Review • Corporate Management Team <p>Further to the Council has various codes and rules, including Financial Procedure Rules, Codes of Conducts, Anti-Fraud, Bribery & Corruption Policy.</p> <p>Further to this the Council participates in the National Fraud Initiative.</p> <p>There are ongoing discussions with colleagues at Leicestershire County Council to explore the possibility of assessing each other's organisation using the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.</p>

Fraud risk assessment

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Question	Management response
<p>6. How do you assess the overall control environment for Leicester City Council, including:</p> <ul style="list-style-type: none"> the existence of internal controls, including segregation of duties; and the process for reviewing the effectiveness the system of internal control? <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?</p>	<p>The Council outsources its internal audit function to Leicestershire County Council to ensure regular review of it's control environment.</p> <p>The outcomes of audit reports are regularly reported to Senior management and the Audit & Risk Committee.</p> <p>There are no areas identified for potential override of controls or inappropriate influence over the financial reporting process.</p>
<p>7. Are there any areas where there is potential for misreporting?</p>	<p>None that the Council are aware of.</p>
<p>8. How do Leicester City Council communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud?</p> <p>Have any significant issues been reported?</p>	<p>The Council uses various options to communicate with employees including;</p> <ul style="list-style-type: none"> Staff intranet, established internal communication channels Organisational development team, delivering staff training Information assurance team to support data policies <p>The Council encourages staff to report their concerns regarding fraud through the following policies;</p> <ul style="list-style-type: none"> Anti-fraud, Bribery & Corruption Policy Whistleblowing Policy

Fraud risk assessment

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Question	Management response
<p>9. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>Director of Finance</p> <p>Treasury Manager</p> <p>Risks associated by the above posts are managed through having appropriate controls in place, to reduce the potential for fraud or corruption. LCC undertake ID checks on applicants and also fully participate in the NFI project. This provides further assurance as this allows the payroll file to be cross matched against the directorships of companies with whom the council do business. Work is ongoing to centralise the conflict of interest file and this will be checked against all new procurement exercises.</p>
<p>10. Are you aware of any related party relationships or transactions that could give rise to instances of fraud?</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>The Council is unaware of any related party relationships that could give rise to instances of fraud.</p> <p>The Council maintains information on any related parties to ensure any risks can be mitigated and appropriate controls are in place.</p>
<p>11. What arrangements are in place to report fraud issues and risks to the Audit and Risk Committee?</p> <p>How does the Audit and Risk Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>Two reports are submitted to the Audit & Risk Committee annually to report on fraud issues with an additional report on the National Fraud Initiative each year. Along with this internal audit also report to committee on outcomes from internal audits.</p>

Fraud risk assessment

Question	Management response
12. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?	No
13. Have any reports been made under the Bribery Act?	No

Law and regulations

Issue

Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit and Risk Committee, is responsible for ensuring that Leicester City Council's operations are conducted in accordance with laws and regulations including those that determine amounts in the financial statements.

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As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit and Risk Committee as to whether the entity is in compliance with laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

Impact of laws and regulations

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Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does Leicester City Council have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Authority's regulatory environment that may have a significant impact on the Authority's financial statements?</p>	<p>The Council employs legal professionals to ensure it remains compliant with all relevant laws and regulations.</p> <p>Legal implications are included on all relevant decision-making reports, scrutiny reports and a number of internal briefing reports. On a case-by-case basis lawyers are embedded into the operational decision-making structures within client areas (child protection, adults safeguarding, HR etc).</p> <p>A Quarterly Governance Panel comprising the Chief Operating Officer and the two Statutory Officers has been set up to provide an additional layer of scrutiny to what are regarded as the Council's high-risk activities/schemes.</p>
2. How is the Audit and Risk Committee provided with assurance that all relevant laws and regulations have been complied with?	Legal implications are included on all reports taken to Committee, including to the Audit and Risk Committee.
3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2020 with an on-going impact on the 2020/21 financial statements?	There have been no known instances of significant non-compliance with law and regulation.
4. Is there any actual or potential litigation or claims that would affect the financial statements?	No.

Impact of laws and regulations

Question	Management response
5. What arrangements does Leicester City Council have in place to identify, evaluate and account for litigation or claims?	All legal work is undertaken on a single specialist case management software system. In individual client areas (e.g. debt recovery, care proceedings, employment law etc) regular client liaison meetings occur or data is shared. Elevation mechanisms within Legal Services ensure that high profile cases are referenced with senior management. Our insurance arrangements are closely managed to ensure that insurable claims are efficiently handled. All Judicial Review claims are brought to the attention of the City Barrister.
57 6. Have there been any report from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	No

Related Parties

Issue

Matters in relation to Related Parties

Leicester City Council are required to disclose transactions with entities/individuals that would be classed as related parties. These may include:

- entities that directly, or indirectly through one or more intermediaries, control, or are controlled by Leicester City Council;
- associates;
- joint ventures;
- an entity that has an interest in the authority that gives it significant influence over the Council;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Council, or of any entity that is a related party of the Council.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the Council's perspective but material from a related party viewpoint then the Council must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Related Parties

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Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in Leicester City Council's 2019/20 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> the nature of the relationship between these related parties and Leicester City Council whether Leicester City Council has entered into or plans to enter into any transactions with these related parties the type and purpose of these transactions 	<p>This work to identify related party transactions is currently being completed.</p>
<p>2. What controls does Leicester City Council have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>Members & Directors are asked to complete an annual declaration.</p> <p>The Council also takes part in the National Fraud Initiative.</p>
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>All transactions are approved in line with the Financial Procedure Rules.</p>
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	<p>All transactions are approved in line with the Financial Procedure Rules.</p>

Accounting estimates

Issue

Matters in relation to Related Accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit and Risk Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We would ask the Audit and Risk Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting Estimates - General Enquiries of Management

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Question	Management response
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	None at this time.
2. How does the Authority's risk management process identify and addresses risks relating to accounting estimates?	The risk management process is identifying the professionals that are used to provide the accounting estimates e.g. valuers and actuaries. In addition, we have professional integrity.
3. How do management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	The professionals will use updated information to base their estimates. For examples the valuer will look at the markets and review the Royal Institute of Chartered Surveyors (RICS) guidance for the year.
4. How do management review the outcomes of previous accounting estimates?	Management will have an oversight of the assumptions used for the estimates and ensure they are reviewed annually. In addition, where there are significant changes explanations from the professional will be requested.
5. Were any changes made to the estimation processes in 2020/21 and, if so, what was the reason for these?	This is currently being assessed.

Accounting Estimates - General Enquiries of Management

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Question	Management response
6. How do management identify the need for and apply specialised skills or knowledge related to accounting estimates?	Management will use professionals with the specialised skills or knowledge for calculating accounting estimates this will be Accountants, Valuers and Actuary's.
7. How does the Authority determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	All accounting estimates are reviewed annually and throughout the closedown process.
8. How do management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	As previously detailed management will review assumptions used for calculating accounting estimates and ensure any changes have an explanation.
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: <ul style="list-style-type: none"> - Management's process for making significant accounting estimates - The methods and models used - The resultant accounting estimates included in the financial statements. 	The estimates are reviewed by the management in the relevant specialisms and by the management reviewing the Statement of Accounts.

Accounting Estimates - General Enquiries of Management

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Question	Management response
10. Are management aware of transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)?	No
11. Are the management arrangements for the accounting estimates, as detailed in Appendix A reasonable?	Yes
12. How is the Audit and Risk Committee provided with assurance that the arrangements for accounting estimates are adequate ?	<p>The material estimates are reported in the Statement of Accounts.</p> <p>Further to this briefing & training sessions are completed with the Audit & Risk Committee to ensure they understand the arrangements used for completion including estimates. The Committee is encouraged to ask questions to gain assurance that officers are able to provide robust answers.</p>

Accounting Estimates

Appendix A

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Land and buildings valuations	<p>Non-dwelling property valuations are planned at the beginning of each financial year by Estates & Building Services. The Valuer is asked to provide estimated property values as at the end of the financial year using forecast valuation indices.</p> <p>Programme of planned valuations maintained by Estates & Building Services to ensure that all land and buildings are regularly revalued.</p> <p>Forward indices published by the Building Cost Information Service are used to forecast property values at the Balance Sheet date.</p>	The Valuer reviews valuations at the Balance Sheet date to Ascertain appropriateness of estimated valuations and therefore any material under- or overstatement.	RICS valuers are appointed to undertake the annual valuations	Actual indices will not vary greatly from forecast indices.	No

Accounting Estimates (continued)

Appendix A

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Council dwelling valuations	An annual valuation of Council dwellings is conducted by external consultants Wilks Head and Eve LLP.	Verification checks will be conducted on the valuations provided.	Yes – Wilks Head and Eve LLP.	The valuations will be conducted in line with relevant guidance.	No
Depreciation	Useful lives received from RICS valuers appointed to undertake valuations.	Checks to ensure reasonableness.	Yes – RICS valuers	At the end of 2019-20 financial year it was estimated that the estimated annual depreciation charge for buildings would increase by approximately £2m for every year that useful lives had to be reduced.	No
Valuation of defined benefit net pension fund liabilities	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.	Checks to the reasonableness of assumptions in the actuaries report are made	Yes (actuary for LGPS administered by Leicestershire County Council)	The effects of the net pension liability of changes in individual assumptions can change the liability significantly. For example, an 0.5% decrease in the Real Discount rate would mean a 10% increase to the employers liability	No.

Accounting Estimates (continued)

Appendix A

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Level 2 investments	Where there are material balances, models are provided from the council's treasury advisors, to calculate the estimated fair values.	Corporate accountant reviews appropriateness of estimated valuations.	Treasury advisors (Arlingclose)	Sensitivity analysis in Nature and Extent of Risks arising from Financial Instruments note to the accounts.	No
Level 3 investments	Where there are material balances, models are provided from the council's treasury advisors, to calculate the estimated fair values.	Corporate accountant reviews appropriateness of estimated valuations.	Treasury advisors (Arlingclose)	Sensitivity analysis in Nature and Extent of Risks arising from Financial Instruments note to the accounts.	No
Fair value estimates	Assume fair value estimates are covered above i.e. in financial instruments and in PPE valuations for PPE related.				

Accounting Estimates (continued)

Appendix A

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Provisions-Bad Debt	<p>A bad debt provision is calculated based on the age & total of outstanding debt at the balance sheet date.</p> <p>Standard percentages and knowledge of individual circumstances are used.</p>	Reviewed to ensure significant movements are understood and are prudent.	No	No policy or legal change affects the collection of this debt.	No
Provisions-Insurance Claims	This is estimated based on the claims received and which are expected to be Settled.	<p>The Insurance claims database is used, providing the estimate.</p> <p>Claims provisions are normally reviewed by an actuary every 2 years.</p>	Insurance companies & Actuaries	Insurance Companies & Actuaries.	No

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Accounting Estimates (continued)

Appendix A

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Provisions - Business Rates	Business Rates appeals - Judgement is applied based on data from the Valuation Office Agency regarding outstanding appeals and the likelihood of success. The amount of the reduction and the backdating of the appeal have been based upon averages of historic settled appeals data and any other known information.	Different averages are calculated for the different types of appeals and property Types.	Revenues Manager	The calculation is based on a range of sources including professional advice. If the volume and outcome of appeals differs significantly from the assumptions then this will impact on the level of provision.	No

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Accounting Estimates (continued)

Appendix A

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Credit loss and impairment allowances	Various methods used, depending on each set of circumstances.	Check with management i.e. treasury manger, head of finance etc. to ensure estimates are reasonable.	No	Sensitivity analysis included in working paper.	No
Finance lease liabilities	Follow the CIPFA code of practice in determining finance lease liabilities.	Mostly property leases and they are valued by a RICS valuer.	For property leases RICS valuers are appointed to undertake the annual valuations.	Lease liability determined by following CIPFA code of practice.	No

Accounting Estimates (continued)

Appendix A

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
PFI Liabilities	<p>Total payments due under existing PFI schemes are split between payments for services, reimbursement of capital expenditure, interest and lifecycle costs. The split being derived from detailed cash flow models provided at the commencement of each scheme. PFI liabilities are reduced by payments made during the year.</p> <p>The financial model details the cash flows of the schemes.</p>	Changes to outstanding liabilities are measured against the financial model and split between current and noncurrent accordingly.	No	<p>It is assumed that the PFI schemes will progress as planned with specifications remaining unchanged.</p> <p>PFI unitary payments are being made as per the financial model.</p>	No



WARDS AFFECTED: ALL

Audit and Risk Committee

17 March 2021

**Regulation of Investigatory Powers Act 2000
Bi-Annual Performance Report July 2020 - December 2020**

Report of the City Barrister and Head of Standards

1. Purpose of the Report

The report advises on the performance of the Council in authorising Regulatory Investigation Powers Act (RIPA) applications from 1st July 2020 to 31st December 2020, and seeks any comments on the reviewed Surveillance Policy.

2. Summary

2.1 The Council applied for 0 Directed Surveillance Authorisation and 0 Communications Data Authorisations in the period above.

3. Recommendations

The Committee is recommended to:

3.1 Receive the Report and note its contents.

3.2 Make any comments on the reviewed Surveillance Policy (v0.9).

3.2 Make any recommendations or comments it sees fit either to the Executive or to the City Barrister and Head of Standards.

4 Report

4.1 The Council has applied for 0 Directed Surveillance Authorisation and 0 Communications Data Authorisations in the second half of 2020.

4.2 The Council's RIPA Monitoring Officer has submitted the annual statistical return to Investigatory Powers Commissioner's Office (IPCO) on time. The Council carried out 0 Directed Surveillance Authorisation and 0 Communications Data Authorisations in 2020 and submitted a nil return.

4.3 The Council's Surveillance Policy has been reviewed and is circulated for the consideration of committee members.

5. Financial, Legal Implications

5.1 Financial Implications

There are no financial implications arising directly from this report, although the Council could incur legal costs should procedures not be correctly followed – Colin Sharpe (Deputy Director of Finance) ext. 37 4081.

5.2 Legal Implications

There are no legal implications arising directly from this report, although the Council could incur legal costs should procedures not be correctly followed – Kamal Adatia (City Barrister and Head of Standards) ext. 37 1402.

6. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting Information
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Climate Change	No	
Crime and Disorder	No	
Human Rights Act	Yes	HRA Article 8 must be considered for all applications
Elderly/People on Low Income	No	
Risk Management	No	

7. Report Author / Officer to contact:

Lynn Wyeth, Head of Information Governance & Risk, Legal Services
- Ext 37 1291

18th January 2021



**Information Assurance
Policies and Guidance**

Surveillance Policy

19 November 2020

**Document Version: v0.9
Review Date: 19 November 2022**

Owner: Head of Information Governance and Risk

Revision Date	Version Number	Summary of Changes
01012013	V0.1	Original draft
12022013	V0.2	Suggestions for amendments by Sarah Khawaja, Legal Services
19072013	V0.3	Suggestions for amendments by Linda Fletcher, Corporate Counter Fraud Team, & presentation comments via IMPB
01072015	V0.4	Updated contact details, changed reporting to Audit Committee to Bi-annual, changed Strategic Directors Board to Corporate Management Team, removed IMPB.
22082016	V0.5	Added non-RIPA Surveillance to policy
23052018	V0.6	Reviewed by Information Governance & Risk Manager. Textual amendments to reflect legislative and role changes made to sections 1., 5., 6.3., 9.2, 12.8, 12.10, 14.5, 14.6, 16., 17.1, 18.4, 19.3, 20.1, 21.2, 22.1, & 22.2
18022019	V0.7	Add social media monitoring, add Investigatory Powers Commissioner's Office (IPCO) to replace IOCCO and OSC, and add annual review of policy by elected members
03072019	V0.8	Changes to reflect Investigatory Powers Act 2016 and NAFN's processing of Communications data, recommendations from IPCO inspection, update of titles, use of social media, & keeping records electronically.
19112020	V0.9	Allocated independent oversight responsibility for all surveillance to Corporate Investigations Team including Non-RIPA surveillance as well as Comms surveillance (s19).

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1. Introduction

- 1.1 The Human Rights Act 1998 gave effect in UK law to the rights set out in the European Convention on Human Rights (ECHR). Amongst the qualified rights is a person's right to respect for their private and family life, home and correspondence, as provided for by Article 8 of the ECHR. It is Article 8 that is most likely to be engaged when public authorities seek to obtain private information about a person by means of surveillance.
- 1.2 Part II of the Regulation of Investigatory Powers 2000 Act provides a statutory framework under which covert surveillance activity undertaken by the Council can be authorised and conducted compatibly with Article 8 and the Data Protection Act 2018.
- 1.3 The Employment Practices Code provides a framework under which surveillance activity of employees can be authorised and conducted compatibly with Article 8 and the Data Protection Act 2018.
- 1.4 Surveillance, for the purpose of the Regulation of Investigatory Powers Act 2000, includes monitoring, observing or listening to persons, their movements, conversations or other activities and communications. It may be conducted with or without the assistance of a surveillance device and includes the recording of any information obtained.
- 1.5 Surveillance is covert if, and only if, it is carried out in a manner calculated to ensure that any persons who are subject to the surveillance are unaware that it is or may be taking place.
- 1.6 Specifically, covert surveillance may be authorised under the 2000 Act if it is either intrusive or directed:
 - Intrusive surveillance is covert surveillance that is carried out in relation to anything taking place on residential premises or in any private vehicle (and that involves the presence of an individual on the

premises or in the vehicle or is carried out by a means of a surveillance device);

- Directed surveillance is covert surveillance that is not intrusive but is carried out in relation to a specific investigation or operation in such a manner as is likely to result in the obtaining of private information about any person (other than by way of an immediate response to events or circumstances such that it is not reasonably practicable to seek authorisation under the 2000 Act.

- 1.7 The grounds on which local authorities can rely on to authorise directed surveillance are narrower than those available to the police or security services. A local authority can only authorise directed surveillance of a member of the public if the designated person believes such surveillance is necessary and proportionate for the purpose of preventing or detecting crime.
- 1.8 In most cases the crime for directed surveillance must be an offence for which there is a minimum prison sentence of 6 months, and the surveillance must be authorised by a magistrate.
- 1.9 The Council must have a policy in place to ensure that such directed surveillance is carried out in compliance with the law and does not breach the human rights of any of the surveillance subjects, and that surveillance in or around the workplace is also carried out in compliance with the law.
- 1.10 The Protection of Freedoms Act 2012 amended s28 of RIPA and brought in the requirement for a magistrate to approve a RIPA authorisation when the crime threshold was met (criminal offences which attract a maximum custodial sentence of six months or more or criminal offences relating to the underage sale of alcohol or tobacco.).
- 1.11 The Investigatory Powers Act 2016 (IPA 2016) provided powers to local authorities to access communications data in order to carry out their statutory functions as a Competent Authority under the Data Protection Act 2018.

2. Scope

- 2.1 The policy applies to all surveillance carried out by The Council, including external surveillance covered by RIPA authorisations, communication data acquisitions covered by the IPA 2016 and internal surveillance covered by the Employment Practices Code

3. Aim

- 3.1 To provide a framework for the carrying out of covert surveillance of the public and staff by the Council.
- 3.2 To ensure all legal obligations on the Council are met, in particular, the Human Rights Act 1998.

4. Applicability to investigations carried out by or on behalf of Leicester City Council

- 4.1 This policy applies to covert surveillance activities carried out by or on behalf of the Council and includes, but is not limited to, the following:
- the taking of photographs of someone in a public place or;
 - the recording by video cameras of someone in a public place;
 - the use of listening devices or photographic equipment in respect of activities in a house, provided the equipment is kept outside the house and the equipment gives information of less quality and detail than devices which could have been placed in the house itself
 - the taking of photographs of staff in the workplace or;
 - the recording by video cameras of staff in the workplace;
 - acquisition of communications data e.g. telephone call logs, subscriber details.

5. Review and Maintenance

- 5.1 This policy is agreed and distributed for use across the Council by the Head of Information Governance & Risk on behalf of the Corporate Management Team. It will be reviewed every two years by the Head of Information Governance & Risk, who will forward any recommendations

for change to the Monitoring Officer and the Audit & Risk Committee for consideration and distribution.

6. Legal Requirements

6.1 The Council is obliged to comply with all relevant UK and EU information legislation. This requirement to comply is devolved to Elected Members, staff, contractors or others permitted to carry out surveillance on behalf of the Council, who may be held personally accountable for any breaches of Article 8 of the Human Rights Act 1998 (Right to Privacy).

6.2 The acquisition of a RIPA authorisation will equip the Council with the legal protection (The RIPA 'Shield') against accusations of a breach of Article 8.

6.3 The Council shall comply with the following legislation and other legislation as appropriate:

- The Data Protection Act (2018) and
- The General Data Protection Regulation (2016)
- Human Rights Act (1998)
- Regulation of Investigatory Powers Act 2000
- Protection of Freedoms Act 2012
- The Telecommunications (Lawful Business Practice) (Interception of Communications) Regulations 2000
- The Investigatory Powers Act 2016

7. Policy Statement

7.1 Leicester City Council supports the objectives of the Human Rights Act 1998, the Regulation of Investigatory Powers Act 2000, the Investigatory Powers Act 2016 and the Protection of Freedoms Act 2012. This policy aims to assist staff with meeting their statutory and other obligations which covers the issues of Information Governance.

8. Objectives

8.1 The policy is intended to provide a framework for carrying out surveillance activities in compliance with the law by:

- Creating and maintaining within the organisation an awareness of the Right to Privacy (Article 8, Human Rights Act 1998) as an integral part of the day to day business;
- Ensuring that all staff are aware of and fully comply with the relevant legislation as described in policies and fully understand their own responsibilities when undertaking surveillance activities;
- Ensuring that all staff acquire the appropriate authorisations when undertaking surveillance activities;
- Storing, archiving and disposing of sensitive and confidential surveillance information in an appropriate manner.

8.2 The Council will achieve this by ensuring that:

- Regulatory and legislative requirements are met;
- RIPA and surveillance training is provided;
- All breaches of privacy, actual or suspected, are reported, investigated and any resulting necessary actions taken;
- Standards, guidance and procedures are produced to support this policy.

9. Responsibilities

9.1 The Chief Operating Officer, on behalf of the City Mayor and Corporate Management Team, is the Senior Information Risk Owner and has overall responsibility for Information Governance within the Council.

9.2 The Head of Information Governance & Risk is responsible for:

- Acting as the Council's RIPA Monitoring Officer
- Developing, implementing and maintaining the relevant corporate Information Governance policies, procedures and standards that underpin the effective and efficient surveillance processes;
- Support and advice to staff and managers on Surveillance;

- The production, review and maintenance of Surveillance policies and their communication to the whole Council;
- Provision of professional guidance on all matters relating to Surveillance;
- Oversight management of all privacy breaches and suspected breach investigations;
- Provision of corporate training;
- Provision, via the Intranet, of Surveillance briefing materials and, through City Learning, of on-line training;
- Management and recording of RIPA authorisations;
- Providing returns to national inspectors e.g. Investigatory Powers Commissioner's office (IPCO)
- Liaising with national inspection regimes, IPCO and the CCTV commissioner to organise inspections;
- Production of an annual Information Governance Report.

9.3 The RIPA Authorising Officers will assess and authorise RIPA applications.

9.4 The Senior Officer, who will be a service manager or above, will be made aware of IPA Communications data requests via the National Anti-Fraud Network (NAFN) process.

9.5 The Director of Finance will authorise all internal intercept requests

9.6 The Corporate Investigations Team will advise and assist in all aspects of staff investigations and internal intercept requests.

9.7 All Directors will:

- Implement this policy within their business areas;
- Ensure compliance to it by their staff;
- Sign off applications for surveillance of staff;
- Take all reasonable steps to protect the Health and Safety of investigators and where appropriate of third parties involved with

investigations. This should include the carrying out of risk assessments.

- 9.8 Elected members will review any updated policy for compliance, and receive bi-annual reports on surveillance activities, via the Audit & Risk Committee.

10. Surveillance Principles

- 10.1 Leicester City Council is committed to a surveillance framework that ensures:

- Requests for Authorisations are assessed to ensure the privacy of the individual is not breached unless it is necessary and proportionate to do so;
- All requests are monitored, and performance indicators made available to demonstrate compliance with the legislation;
- The surveillance process is regularly audited to ensure compliance with statutory requirements and that relevant national codes of practice are followed.

11. Intrusive Surveillance

- 11.1 Intrusive surveillance is covert surveillance carried out by an individual or a surveillance device in relation to anything taking place on residential premises or in any private vehicle. The Council is not permitted to carry out intrusive surveillance in any circumstances.

12. Directed Surveillance

- 12.1 Surveillance is directed surveillance if the following are all true:
- it is covert, but not intrusive surveillance;
 - it is conducted for the purposes of a specific investigation or operation;
 - it is likely to result in the obtaining of private information about a person (whether or not one specifically identified for the purposes of the investigation or operation);

- it is conducted otherwise than by way of an immediate response to events or circumstances the nature of which is such that it would not be reasonably practicable for an authorisation under Part II of the 2000 Act to be sought.

- 12.2 The Council will use Directed Surveillance to acquire information covertly where it is appropriate and legal to do so.
- 12.3 At the start of an investigation, council officers applying for a RIPA authorisation must satisfy themselves that what they are investigating is a criminal offence and passes the criminal threshold test.
- 12.4 The appropriate Directed Surveillance application form, which will be available on the Council's intranet site, should be completed and submitted to the Authorising Officer.
- 12.5 Any officer completing the Directed Surveillance RIPA application form must contact Legal Services so that they can be authorised to attend the magistrate's court on behalf of the Council. This authorisation to act on behalf of the Council at the court remains valid as long as the applying officer is employed by the Council.
- 12.6 The applying officer must submit the signed Directed Surveillance RIPA application, once it is signed by the Authorising Officer, to the local Magistrate for approval.
- 12.7 If confidential information or matters subject to legal privilege are to be acquired, the Directed Surveillance may only be authorised by the Head of Paid Service or their deputy in their absence.
- 12.8 The Head of Information Governance & Risk will ensure there is always a minimum of three (3) trained Authorising Officers at the Council. These will be at Divisional Director level or above, and their names published on the Council's intranet.

- 12.9 Statistical returns for directed surveillance data acquired using RIPA will be submitted to the IPCO by the Head of Information Governance & Risk upon request.
- 12.10 The Head of Information Governance & Risk will comply with requests from the IPCO in relation to the organisation of inspections of the Council
- 12.11 A Directed Surveillance RIPA authorisation may also be used if the crime threshold is not met but the offence is a criminal offence under:
- (i) sections 146, 147 or 147A of the Licensing Act 2003; or
 - (ii) section 7 of the Children and Young Persons Act 1933
- (underage sales of alcohol and tobacco).
- 12.12 A RIPA authorisation is not needed when it is not reasonably practicable for an authorisation to be sought for the carrying out of the surveillance in an immediate response to events.

13. Covert Human Intelligence Sources

- 13.1 Under the 2000 Act, a person is a CHIS if:
- a) he establishes or maintains a personal or other relationship with a person for the covert purpose of facilitating the doing of anything falling within paragraph b) or c);
 - b) he covertly uses such a relationship to obtain information or to provide access to any information to another person; or
 - c) he covertly discloses information obtained by the use of such a relationship or as a consequence of the existence of such a relationship.
- 13.2 A relationship is established or maintained for a covert purpose if and only if it is conducted in a manner that is calculated to ensure that one of the parties to the relationship is unaware of the purpose.
- 13.3 The Council may use a covert human intelligence source (CHIS) to acquire information covertly where it is appropriate and legal to do so. A CHIS covertly uses a relationship to obtain information or to provide access to any information to another person.

- 13.4 The crime threshold does not apply to the authorisation of a CHIS.
- 13.5 The appropriate CHIS application form, which will be available on the Council's intranet site, should be completed and submitted to the Authorising Officer.
- 13.6 The applying officer must submit the signed CHIS RIPA application, once it is signed by the Authorising Officer, to the local Magistrate for approval.
- 13.7 The Council will never authorise the use of a CHIS under the age of 16 to gather evidence against his parents or carers.
- 13.8 The Council will never authorise the use of a CHIS under the age of 18 without carrying out a special risk assessment in relation to any risk of physical injury or psychological distress to the source that may arise.
- 13.9 If confidential information or matters subject to legal privilege are to be acquired by the CHIS, or the CHIS is a juvenile or a vulnerable individual, the Directed Surveillance may only be authorised by the Head of Paid Service.
- 13.10 Monitoring of Internet and/or social media sites as part of investigations or enforcement activity must be carried out in compliance with the relevant Code of Practice. Refer to further guidance entitled 'How to Carry Out Surveillance'.

14. Communications Data

- 14.1 Communications data is generated, held or obtained in the provision, delivery and maintenance of communications services, those being postal services or telecommunications services. The term 'communications data' embraces the 'who', 'when' and 'where' of a communication but not the content, not what was said or written. It

includes the manner in which, and by what method, a person or machine communicates with another person or machine external to the Council.

- 14.2 Local Authorities must not apply for access to internet connection records. It is a criminal offence to unlawfully access such internet data and any staff doing so may be subject to disciplinary procedures.
- 14.3 Applications can be made for entity data (data that associates or links people, identifies people) or event data (data that identifies or describes events).
- 14.4 The crime threshold will apply only to the acquisition of communications data by local authorities for event data and not entity data.
- 14.5 The Council will appoint a Single Point of Contact (SPoC) known as the Senior Officer, who will be a service manager or above, responsible for the acquisition of external communications data. If the National Anti-Fraud Network (NAFN) SPoC system is not used, a trained and accredited member of Council staff must undertake this role.
- 14.6 If the National Anti-Fraud Network (NAFN) SPoC system is not used, the appropriate application form, which will be available on the Council's intranet site, should be completed and submitted to the Senior Officer.
- 14.7 NAFN will submit the request to the Office for Communications Data Authorisations (OCDA) on the Council's behalf if the NAFN service is subscribed to. Any application returned by OCDA for re-work must be completed within 14 days or a new request submitted.
- 14.8 Any application rejected by OCDA can be appealed within 7 days. Any appeal must be re-submitted via the Senior Officer.
- 14.9 Statistical returns for communications data acquired using IPA will be submitted to the Investigatory Powers Commissioner by the Head of Information Governance & Risk upon request.

14.10 The Head of Information Governance & Risk will comply with requests from the Investigatory Powers Commissioner and the National Anti-Fraud Network (NAFN) in relation to the organisation of inspections of the Council.

14.11 Council staff will refer to the statutory Codes of Practice issued by the government and guidance issued by the Council when applying for communications data.

15. Reviews, Renewals and Cancellations of RIPA Authorisations

15.1 The applying officer must review the authorisation on a monthly basis to decide if the operation needs to continue.

15.2 RIPA authorisations must be cancelled as soon as they are no longer required. Cancellations must be authorised by the Council's Authorising Officer.

15.3 RIPA authorisations are only valid for 3 months. If a renewal is required, it must be applied for prior to the three-month deadline. Renewals must be authorised by the Council's Authorising Officer and the Magistrate.

16. Reporting Errors in RIPA Authorisations

16.1 All errors in RIPA authorisations must be reported immediately by the applying manager or Authorising Officer to the Head of Information Governance & Risk.

17. RIPA requests from Third Parties

17.1 Requests from third parties to use Council equipment, facilities or buildings quoting RIPA authorisations must be made in writing, including a copy of the RIPA authorisation (redacted if necessary) and referred to the Head of Information Governance & Risk, or in the case of CCTV, the CCTV Manager.

18. CCTV

18.1 The Council operates CCTV systems, the use of which is subject to the national CCTV code of practice, as adopted by the Council.

- 18.2 Where CCTV cameras are used covertly as part of an operation to observe a known individual or group, an appropriate authorisation must be applied for.
- 18.3 The Council will keep its CCTV protocol up to date.
- 18.4 The Head of Information Governance & Risk will comply with requests from the CCTV Commissioner in relation to the organisation of inspections of the Council.
- 18.5 Any statistical returns required by the CCTV Commissioner will be supplied to him by the Head of Information Governance & Risk upon request

19. Surveillance of Employees and NON-RIPA Surveillance

- 19.1 The Council may use Surveillance and the acquisition of internal communications data where there are grounds to do so. Procedures must be followed in relation to its staff where it is appropriate and legal to do so to protect the Council against claims of a breach of Article 8. A RIPA authorisation is not available in these circumstances. It is good practice to apply the same process however to address Article 8 considerations.
- 19.2 All managers must consider the impact on the human rights of the staff member(s) under formal surveillance and complete one of the appropriate forms which can be found on the Council's intranet.
- 19.3 The Council will follow the ICO's 'Employment Practices Code' to ensure employees' personal information is respected and properly protected under the Data Protection Act 2018.
- 19.4 For the acquisition of communications data (including but not limited to cryptag logs, email accounts, computer access, printing logs, internet use logs and telephone call logs) and CCTV footage (overt or covert) managers must complete the 'Interception of Communications Form' which can be found on the Council's intranet and submit it to the Corporate Investigations Team.
- 19.5 For all other directed surveillance of staff, managers must submit a request to the Corporate Investigations Team.

- 19.6 RIPA does not grant powers to carry out surveillance. It simply provides a framework that allows the Council to authorise and supervise a defined category of surveillance in a manner that ensures compliance with the Human Rights Act 1998. Equally RIPA does not prevent surveillance from being carried out in other circumstances that fall outside the RIPA framework.
- 19.7 There may be times when it will be necessary to carry out covert Directed Surveillance or use a CHIS other than by using RIPA. For example, in relation to an investigation into an allegation that a contractor is not carrying out their work as contracted, a serious disciplinary offence by a member of staff is alleged e.g. gross misconduct, or children are at risk where Court Orders are not being respected, then a RIPA authorisation is not usually available because “*criminal proceedings*” are not normally contemplated.
- 19.8 Similarly, there may be serious cases of neighbour nuisance or involving anti-social activity which involve potential criminal offences for which the penalty is below the thresholds which would enable use of a RIPA authorisation. Nonetheless in such cases there may be strong grounds for carrying out Directed Surveillance or use of a CHIS. Indeed there may be circumstances in which Directed surveillance or use of CHIS is the only effective means of efficiently obtaining significant information to take an investigation forward.
- 19.9 Officers should be particularly careful to ensure that individuals who are not a CHIS at the outset of an investigation do not inadvertently become a CHIS by a process of “status drift”. If, for example a complainant volunteers to obtain further information about a person being investigated, care should be taken to consider whether the proposed action would involve the complainant becoming a CHIS and if so whether that is appropriate and in accordance with RIPA and the CHIS Code of Practice. Advice should be sought from the Head of Information

Governance & Risk if such conduct is suspected.

19.10 In the circumstances outlined above, a RIPA application may be completed in accordance with this Policy and the application must be clearly endorsed in red “NON-RIPA SURVEILLANCE” along the top of the first page. The application must be submitted in the normal fashion to the Authorising Officer who must consider it under the necessity and proportionality test in the same way they would a RIPA application. The normal procedure of timescales, review and cancellations must also be followed.

19.11 The authorisation, regular review, the outcome of any review, renewal applications and eventual cancellation must be notified to the RIPA Monitoring Officer in the normal way and using the same timescales as would be applicable to a RIPA investigation. However, for non RIPA surveillance the requirement to seek approval from the Magistrates Court is inapplicable. The authorisation for non RIPA surveillance takes effect from the date that it is authorised by the Authorising Officer.

20. Social Media

20.1 In some investigations, social media sites can form a useful source of intelligence. Usually a review of open source sites will not require authorisation. However, if reviews are carried out in respect of the same individual with some regularity, this may amount to directed surveillance and authorisation should be obtained.

20.2 If it is necessary and proportionate for the Council to covertly breach privacy controls (e.g. by becoming an account holder's “friend” using a false identity) to conduct an investigation, then a directed surveillance authorisation will be required.

20.3 If the surveillance involves more than merely reading the site's contents, then an authorisation for the use and conduct of a CHIS will be required.

20.4 Such activities may be monitored by the Council.

21 Storage and Destruction of Surveillance Data

- 20.1 The Head of Information Governance & Risk will store all signed authorisations electronically centrally in a secure manner.
- 20.2 All electronic copies of the signed authorisations, will be retained for three years and then disposed of securely, unless it is believed that the records could be relevant to pending or future criminal proceedings, where they must be retained for a suitable further period, commensurate to any subsequent review.

22. Compliance with the Legislation

- 22.1 The Council recognises the need to make the contents of this Policy known and ensure compliance by every employee.
- 22.2 The Head of Information Governance & Risk will notify relevant staff of changes to RIPA and surveillance legislation, how these changes will affect them, when they will occur and what is needed to stay within the law.
- 22.3 Elected members will receive a bi-annual RIPA report via the Audit and Risk Committee, plus any updates to this policy.
- 22.4 The Council also recognises the need to make their policies known and accessible to the public. This policy will be published on the Council's website.
- 22.5 RIPA statistics, suitably redacted as to not reveal specific operations, will be published on the Council's website annually via the open data site.
- 22.6 Leicester City Council expects all employees to comply fully with this policy. Disciplinary action may be taken against any Council employee who knowingly breaches any instructions contained in, or following from, this policy.

23. Complaints

- 23.1 Complaints relating to any surveillance matters must be made in writing and addressed to:

Head of Information Governance & Risk
Legal, Coronial & Registrars Services
Leicester City Council
4th Floor, City Hall
Leicester
LE1 1FZ

info.requests@leicester.gov.uk

- 23.2 If the complainant is still unhappy following the Head of Information Governance & Risk's response they must be advised to write to:

The Investigatory Powers Tribunal
PO Box 33220
London
SW1H 9ZQ.
Tel. 0207 035 3711

24 Internal Charging

- 24.1 Costs incurred by the Council as a result of cases which are progressed to the Investigatory Powers Tribunal or the courts, will be charged to the relevant service area.

25 Further Guidance

- 25.1 Further guidance entitled 'How to Carry Out Surveillance' can be found on the Council's intranet site.

Strategic and Operational Risk Registers / Health & Safety Data

Audit and Risk Committee

Date of meeting: 17th March 2021

Lead director: Miranda Cannon

Useful information

- Ward(s) affected: All Wards
- Report author: Sonal Devani
- Author contact details: (0116) 454 1635 / 37 1635; sonal.devani@leicester.gov.uk
- Report version number: Version 1

1. Summary

The purpose of this report is to provide to the Audit and Risk Committee (A&RC) an update on the Strategic and Operational Risk Registers and Health & Safety data:

- **Appendix 1, the Strategic Risk Register (SRR)** providing a summary of the strategic risks facing the council affecting the achievement of the strategic objectives of the council;
- **Appendix 2**, supports appendix 1, which provides the detail in relation to the **council's strategic risks**;
- **Appendix 3, the Operational Risk Register (ORR)** exposure summary, provides a high-level summary of the operational risks, which affect the day to day operations of divisions. Such risks are assessed by Divisional Directors with a risk score of 15 or above for consideration;
- **Appendix 4, the ORR**, supports Appendix 3 (the summary of the ORR) which provides the detail in relation to the council's operational risks;
- **Appendix 5 – Health and Safety Data** - Number of incidents by incident type.

2. Recommended actions/decision

A&RC is asked to:

- Note the Strategic Risk Register and Operational Risk Register (as at 31st January 2021)
- Note the Health and Safety Data;

Make any comments to the Director of Delivery, Communications and Political Governance

3. Background

- 3.1 The Council's 2021 Risk Management Strategy requires the development, maintenance and monitoring of both the SRR and ORR.
- 3.2 Both the SRR and ORR process is owned and led by the Head of Paid Service.

The Corporate Management Team collectively support the strategic risk register process documenting the key strategic risks facing the council and help to ensure these are managed and the SRR is then submitted to the Executive for their consideration. It complements the operational risk register process which is supported and managed by the Divisional Directors in conjunction with their divisional management teams. Both registers are populated and maintained by the Manager, Risk Management for this group.

4. Detailed report

- 4.1 The SRR has been compiled following a review by all Strategic Directors and has been updated. The summary of the strategic risks is attached as **Appendix 1** and **Appendix 2** provides comprehensive detail of the risks.

19 risks were updated in relation to target dates, but **risk controls** were also amended to **all risks except for risks 2, 11, 16, and 17**.

Almost Certain	5				3,18	
Probable / Likely	4			5,12, 16,17	6,19	1
Possible	3			2,11, 14	8,9, 10,13,	7
Unlikely	2			15	4	
Very unlikely / Rare	1					
		1 Insignificant/ Negligible	2 Minor	3 Moderate	4 Major	5 Critical / Catastrophic

The above matrix provides an indicator of the status of the council's strategic risks in terms of likelihood and impact using the risk scoring from the SRR Register. Those risks in the **red quadrant require robust challenge, regular review and monitoring** and consideration for further controls where appropriate. Those in **yellow also require regular review and monitoring** to ensure they do not escalate to a red risk, and there are a number of these with a major impact.

4.2 The risks in the ORR (**Appendix 4**) are presented by:

- Strategic Area (in alphabetical order);
- Then by Divisional Area (again within alphabetical order);
- Then by 'risk score' with the highest first.

4.3 The summary of operational risks attached as **Appendix 3** indicates the number of high risks for each department/strategic area. **Appendix 4** provides comprehensive detail of the risks in **Appendix 3**. Both appendices have been compiled using divisional risk registers submitted to REBR by each Divisional Director. The significant risks (scoring 15 and above) identified within these individual registers have been transferred to the Council's ORR.

4.4 With regards to the ORR, **21** existing risks have been amended, **1** deleted and **4** new risks were added to the ORR this quarter.

Many amendments relate to target dates reflecting the next quarter review deadline date of 31st May 2021. However, **risks 1, 2, 3, 4, 5, 10, 11, 14, 15, 18, 22, 23, 24 and 25** have further amendments other than target dates. **1** risk was deleted (Risk No. **22**) and **4** new risks were added (Risk No. **12, 16, 17 and 21**)

As a reminder, where a risk is '**deleted**' it does not always elude to the risk being eliminated. It refers to the risk score no longer being 'high' and it may well remain within the individual divisional register with a score below 15.

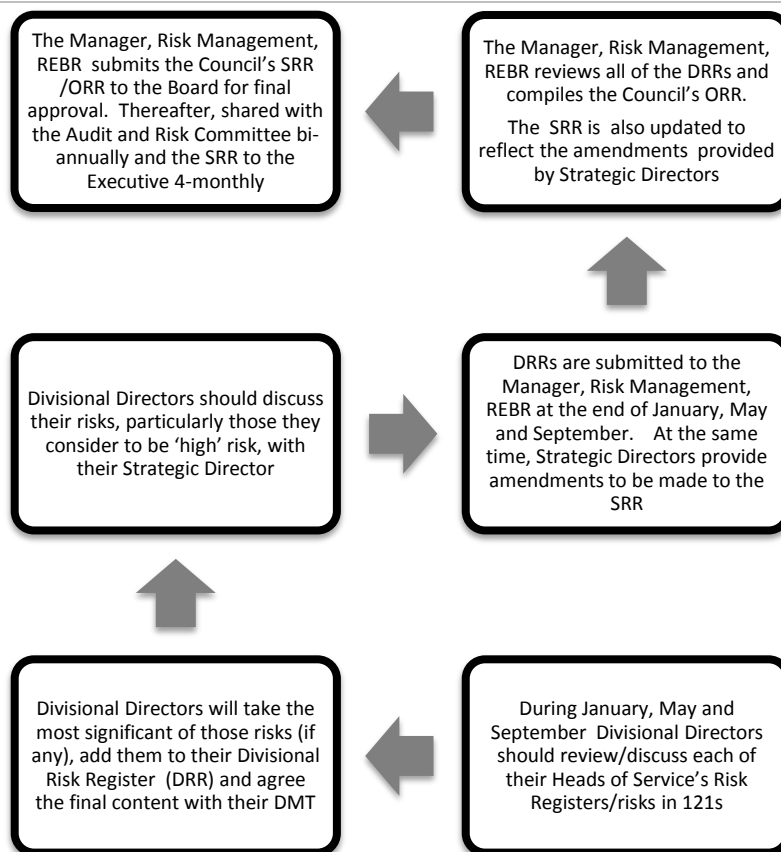
The reduction on the number of risks from the previous quarters allows time and effort to be focussed on the risks which require the management of the Divisional Management Team. This can only be successful if the management of the Head of Service Risk Registers remains in place and is regularly reviewed by them in line with reporting structures, (as stated in the Risk Management Policy and Strategy and see below diagram), and some operational risks may require escalating in the future. Risk management in this way is regarded as best practice.



The summary table below provides an overview of the number of high risks ranging from risk rating of **15 to 25** detailed in the **ORR**:

Risk Score	No of risks as at 31.01.2021
25	0
20	5
16	14
15	6

- 4.5 Both risk registers present the most significant managed/mitigated risks. Whilst there are other key risks, it is the view of Directors that these are sufficiently managed/mitigated for them not to appear in these registers. More detailed registers of operational risks are owned and maintained by individual Divisional Directors and their Heads of Service (and where appropriate their managerial and supervisory staff) as detailed in the Risk Management Strategy and Policy.
- 4.6 Audit and Risk Committee are reminded that the Council's Risk Management Strategy refers to the process of embedding risk management within business areas. The risk registers allow this to be evidenced, but if this process is to be demonstrated as a method by which the Council manages its risk profile, it has to be more than the regular submission of a register to REBR. The number of updates/changes to the risk registers is a positive indication of this, but the process of risk management must become a daily activity throughout the authority to be truly embedded indicating the Council is managing its risk exposure.
- 4.7 Risk registers need to be working documents that can be sent to REBR for advice or discussed with line management and/or members at any time.
- 4.8 For clarity, the process for reviewing and reporting operational risks, in line with the Council's Strategy, is as per the following flowchart:



- 4.9 There has been a 56% decrease in incident reporting when compared to the same quarter in 2019-20. This is thought to be due to COVID19 restrictions and service closures. Incident reporting in the latest period Q2 has increased slightly now as thought to be in line with more and more services being re-introduced. The proportion of reported near misses to actual loss events still being clearly in the favour of near misses which is very reassuring.
- 4.10 Significant corporate attention continues to be given to the significant and wide-ranging impacts of the **Coronavirus pandemic**. Covid-19 has been identified within divisional risk registers and in the context of a number of other ongoing operational risks. However, most divisions have not scored it a high risk, due to the effectiveness of the controls that are being implemented and the ongoing review of actions, and as a result the scoring falls below the threshold for the ORR. The divisions that have scored it at a high are **Housing, Planning, Development and Transport, Tourism, Culture & Investment, Finance, Adult Social Care Safeguarding and Commissioning, Commissioning and Performance and Public Health** (Risk No. 1, 6, 7, 8, 11, 15, 18, and 25 respectively). However, when the pandemic first broke out, this would have most likely been a high impact risk as the controls would have yet to be implemented in order to manage its impacts. When more information comes out publicly, in terms of risk and its management, regarding this pandemic anything of relevance will be communicated via appropriate channels.
- 4.11 During the next quarter Directors will each be conducting a very detailed review of the operational level risks as reflected in divisional and head of service risk registers. This review will need to consider risks arising from the ongoing response to Covid-19 but also as we look ahead to the easing of restrictions and the longer-term recovery period. In practice the continued focus on the pandemic and

significant resource this continues to demand, means it will be important to consider if this may increase the likelihood of other risks and may also impact on proposed mitigating actions. Similarly the easing of restrictions and the move into recovery may increase some risk scores and also lead to new risks emerging, for example a very important and operational level impact is the risks around staff fatigue and wellbeing following many months of significant demand and different ways of working, along with significant levels of annual leave which need we would want staff to be able to take but balanced against ongoing service demands and delivery. It is therefore anticipated that there may be a number of changes in scoring and risks as this work is undertaken over the next period'

5. Financial, legal, equalities, climate emergency and other implications

5.1 Financial implications

'There are no direct financial implications arising from this report'
Colin Sharpe, Deputy Director of Finance, Ext. 37 4081

5.2 Legal implications

'There are no direct legal implications arising from this report'
Kamal Adatia, City Barrister – 37 1401

5.3 Equalities implications

'Under the Equality Act 2010, public authorities have statutory duties, including the Public Sector Equality Duty (PSED) which means that, in carrying out their functions they have to pay due regard to the need to eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

The Council also has an obligation to treat people in accordance with their Convention rights under The Human Rights Act, 1998.

The ability of the Council to meet its duties under the Equality Act 2010 is specifically accounted for in the strategic risk register. However, equalities and human rights considerations cut across all elements of risk management, including strategic and operational risk management.

Effective risk management plays a vital role in ensuring that the Council can continue to meet the needs of people from across all protected characteristics and, in some circumstances, will be particularly relevant to those with a particular protected characteristic. For example, some risks included in the operational risk register (Appendix 3) relate to people with specific protected characteristics such as disability (children with

special educational needs, people with mental ill health).

Some of the risks identified in the strategic risk register (Appendix 1) would have a disproportionate impact on protected groups should the Council no longer be able to effectively manage them and, therefore, the mitigating actions identified in the strategic risk register support equalities outcomes. For example, should the Council fail to safeguard effectively, this would have a disproportionate impact on the human right (prohibition of torture, inhuman or degrading treatment) of those from protected groups, such as age and disability. Likewise, a failure to engage stakeholders could lead to a failure to identify tensions arising in the city (particularly as the financial challenges impact on communities) leading to unrest in specific communities/areas of the city. This, in turn, would have an impact on the Council's ability to meet the general aim of the PSED to foster good relations between people who share a protected characteristic and those who don't.

Therefore, the on-going work to update and consider risk management implications in making decisions and assess of the effectiveness of the controls/ mitigation actions for the risks identified in the report and appendices, will support a robust approach to reducing the likelihood of disproportionate equality and human rights related risks, provided the mitigations/ controls themselves are compliant with the relevant legislation.'

Surinder Singh, Equalities Officer - 37 4148

5.4 Climate Emergency implications

'The risks associated with climate change such as increased flooding, heatwaves and droughts, their consequences and the council's management of these risks are the subject of risk 10, Climate Change, within the SRR. This allows for monitoring of the risks and consequences and the actions that are in place to control them, as well as further actions required. Following Leicester City Council's declaration of a Climate Emergency in 2019, climate change has been identified as one of the council's top three priorities to tackle. Further detail on the risks and impacts of climate change for the UK can be found in the official Met Office UK Climate Projections (UKCP).'

Aidan Davis, Sustainability Officer – 37 2284

6. Summary of appendices:

Appendix 1 – Summary of Strategic Risk Register as at 31st January 2021

Appendix 2 – Strategic Risks in detail as a 31st January 2021

Appendix 3 – Summary of Operational Risk Register as at 31st January 2021

Appendix 4 – Operational Risks in details as at 31st January 2021

Appendix 5 – Health and Safety Data

7. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?

No

8. Is this a “key decision”? If so, why?

No

Appendix 1

LCC Strategic Risk Exposure Summary as at 31st January 2021

Risk Index	Risk	I	L	Risk Score 31 Jan 2021	Risk Score 30 Sep 2020	Risk Score 31 May 2020	Variance	Risk Owner
1.	Financial challenges	5	4	20	20	20	↔	AK / AG
3.	Cyber Risk	4	5	20	20	20	↔	AK / AG
18.	Coronavirus (Sars Coronavirus-2 (SARS-CoV-2))	4	5	20	20	16	↔	MC / IB
6.	Compliance with Regulation, Policies, Procedures, Health & Safety etc.	4	4	16	16	16	↔	KA / MC
19.	Coronavirus Economic Impact	4	4	16	16	New Risk	↔	AK / MD / AG
7.	Safeguarding	5	3	15	15	15	↔	MS
5.	Information Governance	3	4	12	12	12	↔	AK
8.	School Improvement	4	3	12	12	12	↔	SW
9.	Civil Contingency Response / Incident Response	4	3	12	12	12	↔	MC / IB
10.	Climate Change	4	3	12	12		↔	MW
12.	Commissioning, Contract Monitoring, Management & Procurement	3	4	12	12	12	↔	KA
13.	Asset Management	4	3	12	12	12	↔	MW
16.	Ensuring Statutory Responsibility for Provision of Secondary School Places	3	4	12	12	12	↔	SW
17.	Support for Pupils with SEND	3	4	12	12	12	↔	TR
2.	Stakeholder Engagement	3	3	9	9	9	↔	MC / All Strategic Directors
11.	Resource: Capacity, Capability, Retention & Development	3	3	9	9	9	↔	MC / CP
14.	Digital Transformation	3	3	9	9	9	↔	MC
4.	Business / Service Continuity Management	4	2	8	8	8	↔	MC
15.	EU Exit Impacts	3	2	6	12	12	↓	AK / AG / MC

Key:

IMPACT (I)	SCORE
CRITICAL/ CATASTROPHIC	5
MAJOR	4
MODERATE	3
MINOR	2
INSIGNIFICANT/ NEGLIGIBLE	1

LIKELIHOOD (L)	SCORE
ALMOST CERTAIN	5
PROBABLE / LIKELY	4
POSSIBLE	3
UNLIKELY	2
VERY UNLIKELY / RARE	1

Risk scores:

LEVEL OF RISK	OVERALL RATING	HOW THE RISK SHOULD BE TACKLED/ MANAGED
High Risk	15-25	IMMEDIATE MANAGEMENT ACTION
Medium Risk	9-12	Plan for CHANGE
Low Risk	1-8	Continue to MANAGE

Risk Owners:

AG	Alison Greenhill	MD	Mike Dalzell
AK	Andy Keeling	MS	Martin Samuels
CP	Craig Picknell	MW	Matt Wallace
IB	Ivan Brown	SW	Sue Welford
KA	Kamal Adatia	TR	Tracie Rees
MC	Miranda Cannon		

Appendix 2 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO												Date completed: 31/01/21	
RISK <i>What is the problem; what is the cause; what could go wrong? What is it that will prevent you from achieving your objectives?</i>	CONSEQUENCE/EFFECT: <i>What would occur as a result, how much of a problem would it be, to whom and why?</i>	EXISTING ACTIONS/CONTROLS <i>What are you doing to manage this risk now?</i>	RISK SCORE			RESPONSE STRATEGY / ACTION <i>Select from the 4T's (see Process ...)</i>	FURTHER MANAGEMENT ACTIONS/CONTROLS	TARGET SCORE			COST	RISK OWNER	TARGET DATE
			Impact	Probability	Risk			Impact	Probability	Risk			
1. FINANCIAL CHALLENGES The Council fails to respond adequately to the future funding outlook or additional cost pressures arising from the Covid pandemic. Cuts in public sector funding over the coming year or years.	- Council is placed in severe financial crisis. - Reputational damage to the Council and substantial crisis job losses. If the process is not properly managed, the Council will have little money for anything but statutory, demand led services - Budget balanced in 20/21 - Further work required to balance the medium term - Additional risk due to pandemic, and uncertainty over Government funding, reduced income either in respect of the pandemic or beyond 20/21	- Close management of additional Covid spend - Service transformation fund - Managed reserve balance available to smooth 20/21 -Budget setting for 21/22 has taken into account actions required going forward in light of best available information and assumptions	5	4	20	Treat	- Approval of 21/22 budget and commence detailed longer-term planning for 22/23 and beyond including potential savings options	5	3	15		Andy Keeling / Alison Greenhill	31/05/21 and On-going
2. STAKEHOLDER ENGAGEMENT The Council fails to maintain effective relationships with stakeholders (partners, neighbouring Councils, NHS etc.). Key partners and stakeholders fail to support the council in delivery of its strategy as a result of tensions and strained relationships due to financial and other pressures. Covid-19 response and implications stretch resources and impact on existing partnership working Council fails to identify tensions arising in the city (particularly as the financial challenges impact on communities) leading to unrest in specific communities/areas of the city.	- Failure of local agreements and stakeholder arrangements to deliver agreed levels of performance, the impacts of which may reflect negatively on the Council adversely affecting its reputation. - Potential litigation where it impacts on formal contractual relationships. - Financial risk if funding arrangements involving partners are inadequate or not agreed. - Partnership working will be an expensive bureaucracy and fail to add value to improving outcomes for the citizens of Leicester. - Reputational damage to the Council/City from the perspective of stakeholders. - Partnership working fails to take into account the needs of all communities.	- Mechanisms in place for regular dialogue including formal partnerships e.g. Health and Wellbeing Board. - City Mayor Faith and Community Forum in place to engage specifically with faith and non-faith communities and currently some work to review and evaluate the Forum now it has been in place for a number of years - Arrangements for engagement of, and support to, the Voluntary Community Sector (VCS) have been commissioned and contracts are in place. - Specific Executive Members have clear objectives around partnership working in their portfolios, for example working with the voluntary and community sector is reflected in the portfolios for the Assistant City Mayors. Close involvement of City Mayor and Members in key partnerships. - Close partnership working has been a feature of the Covid-19 response across LLR and there has been good local engagement co-ordinated via the LRF. Regular and ongoing engagement with the VCS and faith organisations as part of the response as well as close working with organisations such as VAL to support the volunteering response.	3	3	9	Treat	- Regular review and evaluation of the current position by Corporate Management Board. - Review of existing arrangements and contract for VCS engagement and support is underway but further work is needed to reflect on the impacts and implications of Covid-19 on the VCS and also how to harness the community and volunteering response that has been seen during the crisis - Key aspects of partnership working being reviewed and updated in the light of Ofsted findings e.g. LSCB	3	2	6		Miranda Cannon / All Strategic Directors	31/05/21 and On-going

Appendix 2 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 31/01/21

RISK <i>What is the problem; what is the cause; what could go wrong? What is it that will prevent you from achieving your objectives?</i>	CONSEQUENCE/EFFECT: <i>What would occur as a result, how much of a problem would it be, to whom and why?</i>	EXISTING ACTIONS/CONTROLS <i>What are you doing to manage this risk now?</i>	RISK SCORE			RESPONSE STRATEGY / ACTION <i>Select from the 4T's (see Process ...)</i>	FURTHER MANAGEMENT ACTIONS/CONTROLS	TARGET SCORE			COST	RISK OWNER	TARGET DATE
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2. STAKEHOLDER ENGAGEMENT (Continued) If stakeholder engagement is not robust and effective but is critical to the delivery of the Council's priorities, statutory duties etc., these may not be delivered. An example of such is the need to have a continuing, productive partnership relationship with Clinical Commissioning Group which is particularly important in light of the importance for Adult Social Care of the Better Care Together Fund.	<ul style="list-style-type: none">- There is no common vision or consensus across key partners in the City and therefore the work of individual organisations pulls in different and potentially conflicting directions.- Places a strain on resources and services to manage.- Partners are present round the table but are not collectively owning the agenda or taking on board the responsibilities and actions that arise therefore undermining the approach- Public health and wellbeing may be impacted or the quality of the service delivered to the Public is insufficient, which could cause harm.- Less able or well placed to continue to respond to the current Covid-19 pandemic across LLR	<ul style="list-style-type: none">- The Council/ Police have a Community Gold meeting which meets approx. once a month and includes Local Policing Unit commanders, the Basic Command Unit commander and council officers from Leicester Anti-Social Behaviour Unit, youth services, community services. This tracks and agrees joint actions to address any known tensions in communities. This is supported by a shared system between front line officers from the police and the council to track community tension. Community joint management group now in place which creates a regular conduit for engagement with community leaders.											
3. CYBER RISK - Loss or compromise of IT systems and/or associated data through cyber security attacks	<ul style="list-style-type: none">- Potential financial or reputational damage to Council.- Potential Data Protection breaches.- Fines- Service delivery affected	<ul style="list-style-type: none">- Ensure close monitoring of existing perimeter and internal security protection.- Continue working on staff awareness and training- Services have BCPs which cover loss of systems and ICT have a disaster recovery plan in place- An audit was commissioned in April 2019 to provide assurance that the ICT infrastructure is robust and that the range of IT controls are well designed and consistently applied. The auditors reported "Substantial Assurance" with some minor improvements required with medium risk issues to be addressed and an action plan has been created to resolve these issues	4	5	20	Treat	- Delivery of action plan arising from the audit	4	3	12		Andy Keeling / Alison Greenhill	31/05/21 and On-going

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4. BUSINESS/SERVICE CONTINUITY MANAGEMENT Unforeseen unpredictable events such as flood, power/utility failure etc. could impact on the council's assets, communication channels or resources etc.	<ul style="list-style-type: none"> - Insufficiently prepared management leads to disorder in the rapid restoration of business critical activities and the control of the emergency plan. - The wider risk environment increasingly makes 'resilience' a significant focus for all organisations. - Budget cuts and rationalisation may also challenge the ability of Category 1 responders (which LCC are) to fulfil their statutory duty. - Resource restraints means that there is limited staff to perform manual operations at the volume required in an event/incident. - Council is unable to communicate to stakeholders/deliver its services. - Reputational Damage - Vulnerable service users in danger as such users face loss of service. - Financial Impact - Impact on resources 	<ul style="list-style-type: none"> - All the Senior Management Team have roles in either the Corporate Business Continuity Management Team (CBCT) or are Emergency Controllers. Significant number of senior managers are on the on-call rota and have either had training and in some cases practical experience from actual incidents. The Manager, Risk Management chairs the Multi-Agency Business Continuity Group. - All Business Critical Activities for the council are identified and named in the LCC Incident Response Plan. Critical Services BCPs are reviewed thoroughly and updated annually or as and when changes occur in service areas. These are then submitted to REBR who cast a critical eye on all these plans. A process for undertaking a more detailed review of what are business critical services has been piloted with the DCPG division and is now being rolled out. Some comparisons done with business critical activities identified by other authorities. Business Impact Analysis is being carried out to determine the really critical services. Work has been completed to combine the Council's Corporate Business Continuity Plan with the Major Incident Plan to create a single LCC Incident Response Plan to ensure there is a streamlined and co-ordinated approach between business continuity and major incident response - BCP Strategy and Policy tailored for the council in place to meet organisational needs and this is currently following an annual review process and has been approved by CMT and has been presented to the Executive and now to go to the Audit and Risk Committee. - Training offered corporately and has been appropriately adapted to be delivered virtually in the current circumstance. - Risk Management/Insurance Services/REBR Team provide updates and lessons learnt on incidents to CBCT/Audit & Risk Committee as appropriate - Self cert annually by Directors to confirm BCPs in place for all service areas - Desktop review of the Corporate Plan by insurers confirmed it is a well written plan. Internal Audit have completed an assurance review of risk management and given arrangements a high level of assurance - Resilience Direct Secure Site (web based) holds LCC Incident Response Plan and all Business Critical Activities BCPs (alongside emergency planning documentation) and is securely accessed by the CBCT and electronic logging system in place to support incident management - Communications on-call arrangements working more effectively and training run for all staff involved including LRF training/meet each on call officer individually for an annual half hour briefing - Assisting maintained schools on BC planning - Covid-19 has put the corporate and all service business continuity plans into practice. The organisational response included a major shift to home-working for a significant proportion of staff and services, as well as certain critical services having to adapt to continue working whilst maintaining safe working practices. This has been a 	4	2	8	Treat	<ul style="list-style-type: none"> - Further embedding of business continuity management approach through continued training and awareness raising. - Further completion of Business Continuity testing. - Further communication/training and awareness for staff on continuity arrangements. - Contingency planning training continues to be delivered to levels of management below the Corporate BCP and all staff. - Roll out the framework to review the number of Business Critical Activities and to reduce them to ensure recovery from an incident is more efficient and effective. - Conduct a formal debrief of the Business Continuity response to Covid-19, report this formally to CMT and Audit and Risk Committee and amend as appropriate organisational plans and arrangements to take account of key lessons learnt 	3	2	6		Miranda Cannon	31/05/21 and On-going

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Risk Register Owner: Andy Keeling, COO												Date completed: 31/01/21		
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5. INFORMATION GOVERNANCE Information Governance/Security/ Data Protection policies/procedures/ protocols are not followed by staff and members.	- Major loss of public confidence in the organisation. - Potential litigation and financial loss to the Council. - Reputational damage to the Council. - With data held in a vast array of places and being transferred between supply chain partners, data becomes susceptible to loss; protection and privacy risks. - Reduction in the capacity/capability to retain such data. This could also be costly. - Excessive retention of data can still be requested through a Freedom of Information Act if retained. - Council may not share data with the appropriate individuals/bodies accurately, securely and in a timely manner. - Council fails to adequately secure/protect confidential and sensitive data held. - Possibility of not being compliant with data protection legislation (GDPR, Data Protection Act 2018, PECR, HRA)	- Clear policies and protocols in place. - Staff have been trained and made aware of the Council's policies and procedures. - Secure storage solutions are now in place. - Paper retention has been reduced through the introduction of scanning etc. - Mandatory e-learning module for staff - Monthly reporting of information security incidents-and annual reporting to CMT on all aspects of Information Governance - GDPR action plan implemented and regularly reviewed - Work undertaken to prepare for changes arising from EU Exit in relation to data adequacy with additional period of time agreed between Govt and EU to now address this	3	4	12	Treat	- Clear and on-going communications to staff to reinforce policies & protocols. Data Protection and Freedom of Information training available across the Council - Regular review and monitoring of arrangements across services by Service Managers supported by Information Security/Governance Teams. - Ensure staff are aware of the policy around the management of electronic data and disposal of data - Ongoing review and updating of appropriate information sharing agreements. - Information asset registers, Privacy Notices, policies & procedures and contract clauses regularly reviewed - Regular external audit of GDPR compliance in place - Continue to monitor and take action accordingly in relation to changes arising from EU exit	3	3	9		Andy Keeling	31/05/21 and On-going	

Appendix 2 - LCC Strategic Risk Register

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6. COMPLIANCE WITH REGULATION, POLICIES, PROCEDURES HEALTH AND SAFETY ETC Local management use discretion to apply inconsistent processes and misinterpret Corporate policies & procedures, perpetuating varying standards across business units. The Council fails to respond effectively to the requirements of Health and Safety Executive/Government proposals and/or legislation which places health and safety responsibilities on local authorities. Response to Covid-19 does not follow relevant guidance and procedures / ongoing changes to Government position and PHE guidance are challenging to respond to	- Places the organisation at risk e.g. fraud, data loss etc. Potential financial losses / inefficient use of resources. - Possibility of serious injury or death of member of staff or service user/members of the public. - Failure to meet statutory responsibilities. - Reputational damage to the Council. - Negative stakeholder relationships - Potential for increase in the number of insurance claims	- Day to day management of Health and Safety responsibility rests with the Operational Directors and their Heads of Service. Corporate Health and Safety team available to assist. - Risk is reported and controlled through Divisional Directors Operational Risk Registers (presented to the CMT and the Executive three times annually and reported twice yearly to Audit and Risk Committee) and these are underpinned by registers at Heads of Service level reviewed and discussed at Divisional Management Teams quarterly. Internal Audit have undertaken an assurance review of risk management arrangements and given a high level of assurance. - Regular inspections and reports by the Health and Safety team with all actions being followed up within a reasonable time. Close involvement of Trade Unions in monitoring and reviewing Health and Safety. CMT receive monthly data on the completion of SO2 incident investigations. Quarterly meeting between H&S, Risk and Insurance services to review any recent claims and incidents. - Corporate Management Team receive a regular report on health and safety matters via the risk management reports. Directors/HoS received corporate manslaughter training in December 2019 as part of our insurance offer - Significant targeted work has been undertaken on absence management across the Council which has resulted in a reduction in sickness absence. A detailed and ongoing programme of work is in place around staff health and wellbeing including a strong focus on mental health and wellbeing. Significant support and guidance on this has been a key feature of the Covid-19 response, including a recent virtual health and wellbeing festival for staff and a working group overseeing this with involvement and support of TUs. - Current corporate equality strategy and action plan approved by Council in June 2018 which supports the Council in ensuring it meets the requirements of the Equalities Act 2010 and the Public Sector Equality Duty. Action plan is monitored quarterly. EIA training successfully being delivered with approx 200 attendees so far undertaken the training and targeted training delivered to CMT, Executive, Scrutiny Chairs and members. - Officer decisions process now finalised and agreed and is being rolled out to ensure compliance with the relevant legislation. - Guidance in place locally linked to PHE guidance on PPE in relation to Covid-19. Risk assessments of workplace, work activity and where appropriate for individual staff members, mandated as key to ongoing management of risks relating to Covid-19. Core strategic group overseeing safe working practices in relation to Covid-19 which includes changes needed to Council buildings. Covid-safe measures installed across all currently open and operational LCC buildings. Robust system and processes in place for the management and provision of PPE. Close working with schools to provide support and guidance around safe working, risks assessments etc. Regular communication to managers and staff on current Covid-19 rules and requirements particularly around safe working	4	4	16	Treat	- Continue to review and reinforce key standards and policies via regular communication. - Ensure Managers are appropriately trained and requirements are clearly set out in Job Descriptions and reinforced via appraisals. - Ensure Internal Audit findings are acted on in a timely manner. - Continue to refine and improve strategic monitoring and reporting in relation to Health & Safety to ensure responsibilities are reinforced from the top. - Continue delivery against the equalities strategy action plan including EIA training and targeted work in key areas - Quality assure risk assessments relating to Covid-19 and continue to review and update corporate guidance as necessary. Maintain robust systems and processes relating to PPE supply and management. Keep under review safe working practices relating to buildings including in light of wider guidance/government position	4	3	12		Kamal Adatia / Miranda Cannon	31/05/21 and On-going

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7. SAFEGUARDING - Weak Management oversight of safeguarding processes in place leads to the Council failing to adequately safeguard vulnerable groups e.g. children and young people, elderly, those with physical and learning disabilities.	- Death or serious injury. - Serious case reviews initiated. - Reputational damage to the Council. - Citizens lose confidence in the Council. - Negatively impacts on relationships with stakeholders. - Impacts severely on staff morale - Leads to high turnover of social workers and managers.	- Safeguarding Adults Board and Safeguarding Children Partnership in place. - Regular reviews of policies/procedures and close supervision of staff. - Range of quality assurance processes exist within the Divisions. - Range of developments, including corporate training, exist within the Divisions to manage, support, recruit and retain staff. - Improvement Board established following the Ofsted inspection and other arrangements e.g. Performance Board set up - 24/7 Duty and Advice Service in place - Single assessment team in place which has resulted in a reduced caseload and more timely intervention - Version 11 of Liquid Logic implemented successfully	5	3	15	Treat	- Board performance and framework development. - Chair of Board has direct accountability through Chief Operating Officer. Professional Adviser to Safeguarding Children Partnership being recruited, with Chair of Improvement Board covering role in interim - Regular bi-annual meetings with Mayor and Adults and Children's Lead Members. - Full implementation of all necessary improvements identified via the Ofsted inspection of Children's Services - overseen by Improvement Board and Independency Chair - Performance framework in place across Children's - positive progress highlighted in recent Ofsted reports	5	2	10		Martin Samuels	31/05/21 and On-going
8. SCHOOL IMPROVEMENT - The Council receives a school improvement grant for its retained statutory functions but this has been reduced year on year as schools have converted to academy status. De-delegated funding from School Forum for primary schools has led to the setting up of School Improvement Leicester. The council works in partnership with SIL to provide additional school improvement development. The Council's capacity to both support schools has been reduced but is in a stronger partnership to undertake its statutory role to hold schools to account. Additional pressures of Covid19 on schools and the lack of formal assessment in 2020 and in 2021 means that there is no data available to review remotely and the council will be reliant on reduced capacity to collate and review the position of its schools.	- Poor OFSTED outcome for schools which affects morale and reputation and leads to poorer outcomes for children and young people - Increased risk of schools going into category of special measures, which for LA maintained schools requires the school to become a sponsored academy - Increased risk of safeguarding concerns leading to poor OFSTED outcomes	- Revised desk top analysis to identify potential underperformance in individual schools and settings based on previous years' data and other qualitative data - Revised School Improvement Framework that reflects the lack of statutory assessment information - Regular reporting to LTM and LMB on schools causing concern and targeted work - At risk schools discussed and warning notices considered - All schools are expected to carry out an annual safeguarding audit - Some schools , considered "at risk" and/or near inspection are offered an audit - Working with most schools in the Primary sector through a school-led system and a collaborative approach to school improvement. - Develop a strong relationship with the newly established School Improvement Leicester partnership and ensuring a strong offer of school to school support across the City. - Current COVID19 epidemic has led to more desktop activity including specific vulnerable children data returns to support understanding of safeguarding risks - Ongoing support for schools re risk assessments, sharing of good practice, and managing Covid. Wellbeing training and exemplar work for remote learning and assessment.	4	3	12	Treat	- Single plan implementation for RI schools - Develop strong partnership working both with the LA and between schools to provide support and challenge - Further develop the strategic leadership and collegiately develop an education strategy to improve outcomes and provision - Preparation for inspection to include briefing to all schools. - Further develop induction process for new heads. - Review financial controls on maintained schools (internal audit)	4	2	8		Sue Welford	31/05/21 and On-going

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9. CIVIL CONTINGENCY RESPONSE/INCIDENT RESPONSE Council resources may not be adequate or sufficient to respond should an external incident/disaster occur, for example, flooding, pandemic, explosion, major fire or disruption such as fuel shortage, major power outage etc	<ul style="list-style-type: none">- Having sufficient financial resources and flexibility to address these challenges becomes increasingly difficult.- Having sufficient assets/contingency arrangements.- Lack of resources could lead to inadequate response- Impact on the public's health and wellbeing, safety/housing needs etc.- Adverse impact on budget- Reputational impact- Death/injury- Potential for increase in the number of insurance claims- Negative relationships with stakeholders- Fail to meet statutory requirements- City Council fails to respond effectively to the requirements of Government proposals and/or legislation	<ul style="list-style-type: none">- Risk is reported and controlled through the Divisional Directors Operational Risk Registers (presented to Corporate Management Team and Executive 4 monthly)- Local Resilience Forum (LRF) county wide partnering arrangement in place and currently continuing to run a major incident response to Covid-19 pandemic- Leicester City Council (LCC) is part of the Resilience Partnership of local authorities in LLR. LLR Health Protection Committee coordinates health protection response across LA/PHE/NHS-Regular training provided via LRF and Resilience Partnership to relevant staff- City Council major incident plan combined with the Corporate Business Continuity Plan to create a single LCC Incident Response Plan to ensure a well co-ordinated response to incidents which both impact business continuity and require multi-agency responses such as Covid-19. A significant number of LCC senior managers provide on-call cover and are trained to do so, this is supported by an on-call function for communications and specific service areas also have out of hours emergency cover arrangements.- Emergency control room fully equipped and operational at City Hall and provides a facility for both local management of emergencies and use by the LRF as a SCG venue. Regularly tested/used for large scale events- Logging system implemented to support major incident response and event management- Current Covid-19 epidemic has required the full LCC and LRF emergency management response arrangements to be enacted and those remain in place. LCC has been able to fully respond and support the LRF structures and activity throughout the ongoing epidemic and this has pulled in all senior officers. In due course a formal debrief will be conducted to identify any lessons learnt for future plans, training etc- Briefings provided to scrutiny on emergency planning and incident response to increase member understanding and awareness	4	3	12	Treat	<ul style="list-style-type: none">- LRF and Resilience Partnership arrangements continue to be reviewed- Robust schedule of plan reviews and training in place and agreed via the LRF- LLR-wide Health Protection Committee arrangements under review to provide assurance around management of health protection risks/ incidents and outbreaks- Continue to undertake full debriefs from any incidents and ensure lessons learnt and recommendations are acted upon. Conduct a formal debrief relating to the Covid-19 epidemic and LLR incident response and ensure lessons learnt are reflected in future plans and arrangements- Member development programme includes briefings on emergency planning for Councillors	4	2	8		Miranda Cannon / Ivan Browne	31/05/21 and On-going
10. CLIMATE CHANGE An increase in hazardous weather events (flood, heat-waves, drought, windstorm, increased snow fall etc.) and the inability to respond to adverse weather conditions in a timely manner. A failure to support delivery of wider national climate change targets	<ul style="list-style-type: none">- Impact on the public's health and wellbeing, safety/housing needs etc.- Adverse impact on budget- Reputational impact- Death/injury- Potential for increase in the number of insurance claims- Not meeting carbon footprint reduction target- Fail to meet legal requirements/litigation issues- Impact on tourism/healthcare- Negative impacts on local businesses- Not meeting carbon neutrality	<ul style="list-style-type: none">- Corporate Management of A is outlined in the Local Resilience Plan and B in the Climate Emergency Strategy & Action. The latter has been launched and covers all areas of management activity across the Council. The Climate emergency is one of the council's top three priorities to tackle. Climate Emergency Board of senior officers in place chaired by the COO which is monitoring progress on delivery of the action plan- Management of climate change risk rests with the Operational Directors and their Heads of Service.- Risk is reported and controlled through the Divisional Directors Operational Risk Registers (presented to Corporate Management Team and Executive 4 monthly)- Local Resilience Forum (LRF) county wide partnering arrangement prepared and has plans to respond to major weather events eg flooding.- Statutory flood and water risk management duties rest with the Lead Local Flood Authority Board.	4	3	12	Treat	<ul style="list-style-type: none">- Public engagement and city wide flood defence programmes are being developed jointly with the Environment Agency. This provides a two-pronged approach to manage the risk of severe flooding arising from climate change-Ongoing implementation of the new climate emergency plan- Continue to develop partnerships across the city to raise awareness and encourage action to address climate change.	4	2	8		Matt Wallace	31/05/21 and On-going

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Date completed: 31/01/21

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			Impact	Probability	Risk			Impact	Probability	Risk			
11. RESOURCE: CAPACITY, CAPABILITY, RETENTION & DEVELOPMENT Lack of workforce planning and appropriate development of managers and employees leaves the Council exposed to service failure. The Council does not have the capacity/resilience in resources, should an event/incident occur, may significantly increase the demand on front line services. Changing market conditions gives rise to the council not being seen as first choice for employment as private sector may be perceived as offering better reward.	<ul style="list-style-type: none"> - The Council does not have the right skills, behaviours and competencies in terms of the workforce to deliver the city's vision and priorities - The Council fails to maximise the potential of its key resource - Staff become demotivated/are under pressure which has an impact on productivity and delivery across the Council - Disruption to service delivery - Impacts on continuity of services. Creates risks in delivery because information on processes/procedures etc is lost - Service demands may not be met - Reputational damage - Financial impacts - Drain on resources - Potential reduction in controls being exercised and as a result, the business control environment is reduced - Potential exposure for fraud/irregularity - Impact on the Health and Wellbeing of the City - Council loses knowledge, experience and skills - Posts not filled with the right skills set/qualification/experience - changing market conditions may result in the Council being unable to recruit to specific posts or attract candidates of the right skill mix 	<ul style="list-style-type: none"> - Enabling our best work programme being actively implemented rolling out new leadership qualities and embedding them into the employee lifecycle along with the roll out of the quality conversations framework for employee performance management and supporting tools and guidance around performance management and leadership - Active programme of work to support young people into employment and to utilise graduates, apprenticeships, work placements etc across the Council and to maximise the use of the apprenticeship levy. - Significant numbers of graduates and apprenticeships in place within the Council. CMT started to receive regular reports of utilisation of the apprenticeship levy. - Digital Transformation programme includes a focus on developing the digital skills and competencies within the workforce. - CMT agreed work to be progressed around managing talent and workforce planning following specific pilot work done within Neighbourhood Services which was reported back to CMT - Ongoing work around solutions in relation to hard to recruit roles. - Covid-19 response has demonstrated the ability of the organisation to be agile in both utilising technology as well as managing staffing resource flexibly, including temporary voluntary redeployments of staff from services which were closed to the critical services. 	3	3	9	Treat	-Continue work on workforce planning with divisions tailoring as appropriate to the specific needs of the different divisions - Continue to roll out and embed the enabling our best work programme - Continue to identify opportunities to use apprenticeship schemes in targeted areas e.g. apprenticeship scheme in adult social care in partnership with Warwick University	3	2	6		Miranda Cannon / Craig Picknell	31/05/21 and On-going
12. COMMISSIONING, CONTRACT MONITORING, MANAGEMENT & PROCUREMENT Lack of robustness in contract management & monitoring protocols/procedures/controls and limited awareness/understanding of contractual risks by staff within the Council, particularly by those procuring for goods/services.	<ul style="list-style-type: none"> - Reputational damage. - Financial impacts; not secure value for money and/or required service delivery. - Potential for challenge/litigation and fines being incurred with associated cost/resource implications - Contracts may not be adhered to. - Procurement processes may not be efficient 	<ul style="list-style-type: none"> - New revised Contract Procedure Rules in place (March 2020) along with guidance. - Policy that all procurement over a stated threshold should be carried out by one of the specialist procurement teams. - Professional procurement staff recruited and in post - Professional training for procurement staff (MCIPS) - Electronic tendering system in use - Procurement template documentation in use - Service Analysis Team currently undertaking an analysis of commissioning and contract management corporately - Implications of EU exit on procurement procedures considered and advice provided to officers. Any further impacts will continue to be monitored and guidance provided as necessary 	3	4	12	Treat	- Further guidance being produced to support new Contract Procedure Rules - Training in procurement and contract management for staff across the Council - Enhanced engagement with local business to widen portfolio of potential suppliers - Response to SAT analysis - Review of electronic tag system and potential contract management system	3	3	9		Kamal Adatia	31/05/21 and On-going

Appendix 2 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 31/01/21

RISK <i>What is the problem; what is the cause; what could go wrong? What is it that will prevent you from achieving your objectives?</i>	CONSEQUENCE/EFFECT: <i>What would occur as a result, how much of a problem would it be, to whom and why?</i>	EXISTING ACTIONS/CONTROLS <i>What are you doing to manage this risk now?</i>	RISK SCORE			RESPONSE STRATEGY / ACTION <i>Select from the 4T's (see Process ...)</i>	FURTHER MANAGEMENT ACTIONS/CONTROLS	TARGET SCORE			COST	RISK OWNER	TARGET DATE
			Impact	Probability	Risk			Impact	Probability	Risk			
13. ASSET MANAGEMENT Due to budget pressures, targeting of funds is directed away of the councils property assets and the condition of certain properties will deteriorate.	- The council's assets may fall into disrepair, resulting in increased maintenance costs, interruption to service delivery and potential for reductions in rental, capital and asset values.	- Final Asset Management Plan developed, including lifecycle planning for schools - A single corporate asset management system is now in place - Asset condition survey data held on the Concerto system is used for addressing priority actions. - Compliance data (fire, asbestos, water) is held on a centralised system and used to track risk - Corporate Landlord Fund has provision for emergency reactive repairs - Structural data is used to identify high risk building elements - Business partners in the property team provide the necessary intelligence to the corporate landlord regarding corporate property requirements. - Continued development of effective planned maintenance programme is in place across the estate - performance measurement in place to provide assurance regarding compliance - concerto being established and populated to work as the single corporate asset management system	4	3	12	Treat	- Development of a comprehensive building maintenance strategy to enable the prioritisation of capital improvement to reduce the backlog maintenance costs and targeted investment into critical Council properties to optimise the Council's Corporate and Operational Estates and associated incomes. Procurement of a new CAFM will include a requirement to undertake a full asset capture exercise. This will enable the Council to plan for critical replacements and therefore further reduce risk. - Regular asset valuation	3	3	9		Matt Wallace	31/05/21 and On-going
14. DIGITAL TRANSFORMATION The council may not be able to maximise the use of technology and data to work smarter and more efficiently, reduce costs and deliver customer friendly services. Integration of data, workflows and systems may not be delivered as required	- LCC is not able to meet the savings targets - Service delivery may not be met or may be compromised - Demand management may become problematic as increased population and draw on services. - Service costs may increase as more demand is placed on expensive channels - Demand and service costs are increased if the end to end transformation of both the service area and the IT/data is not delivered as creating a digital presence only increases the process, rather than streamlining - Reputational damage to the council as demand pressures increase - Customer experience is poor, leading to complaints and an increased demand as customers are accessing the services multiple times for the same transaction	- Scope, vision, objectives and design principles for the digital transformation programme have been agreed. - Digital Transformation Programme Manager in post. Lead Member involvement in the programme with regular lead member briefings. - Digital Transformation Board established and a digital transformation gateway process to manage projects is agreed and in place supported by a weekly Digital Transformation conference call led by senior officers. - Resources for the programme-have been-secured and other relevant areas of the programme are being taken forward using existing core resources in areas such as Organisational Development, Smart Cities and Equalities. ICT have aligned appropriate resources outside of operational delivery to specifically support digital transformation - Key transformation projects have been agreed and are being undertaken and includes areas such as ICT rationalisation, data management and service based digital transformation. - Key metrics agreed with the Board and being regularly reported including realisation of savings/efficiencies - Work underway on the further development of the existing open data platform. - Council has signed up to the DHCLG digital declaration and is engaged with the national Digital Collaboration Unit to support the programme including making good use of their training and events offer. Team is also ensuring good networking through other events and conferences to keep up to speed with latest digital developments -DT Team have been deployed to support digital solutions during the Covid-19 response. The response itself has involved a wholesale shift to 'virtual' working and in many areas required a shift to a digital offer for services eg around 70% of Adult Learning has moved to on-line. This has provided a major opportunity in terms of digital transformation, underpinning technologies and workforce skills, confidence and capability - will be important to build on this further as part of the programme - ICT have commissioned an external review of ICT infrastructure to support development of a strategy which will underpin the medium-to-longer term digital transformation of the Council and the report and necessary actions and implications are now being considered	3	3	9	Treat	- Ensure clear communications relating to the programme - Keep under review the ICT resources and approach needed to ensure the programme is able to deliver at the appropriate pace - Capture positives and challenges around the Covid-19 response in relation to using technologies and transformed ways of working and identify how the programme can build further on this - Consider the current DT programme in light of the external ICT commissioned review and consider where the programme may need to be amended / resource implications	3	2	6		Miranda Cannon	31/05/21 and On-going

Appendix 2 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO											Date completed: 31/01/21		
RISK <i>What is the problem; what is the cause; what could go wrong? What is it that will prevent you from achieving your objectives?</i>	CONSEQUENCE/EFFECT: <i>What would occur as a result, how much of a problem would it be, to whom and why?</i>	EXISTING ACTIONS/CONTROLS <i>What are you doing to manage this risk now?</i>	RISK SCORE			RESPONSE STRATEGY / ACTION <i>Select from the 4T's (see Process ...)</i>	FURTHER MANAGEMENT ACTIONS/CONTROLS	TARGET SCORE			COST	RISK OWNER	TARGET DATE
			Impact	Probability	Risk			Impact	Probability	Risk			
15. EU EXIT IMPACTS There may be significant implications relating to requirements for further public sector cuts, reductions in other funding streams particularly for infrastructure projects, as well as longer-term legislative changes in areas such as procurement. Also creating a level of instability and uncertainty in financial markets and in relation to staffing either directly or indirectly (via supply chains) This could be further compounded by the economic and other impacts of the Covid-19 epidemic	- Further budget reductions. Impacts on major infrastructure schemes and vision around future city development. - Implications in terms of treasury management. - Need in future to revisit key policies and procedures - Community tensions and disorder - Potential for service disruption arising from supply issues, public disorder etc	- Monitor ongoing implications closely. - CMT completed and reported a Brexit impact assessment to Executive and Audit and Risk which has been regularly reviewed, updated and reported to CMT and Executive. - LRF continues to monitor ongoing risks particularly in relation to East Midlands Airport and possible disruption by changes to border checks/processes. - Grant funding from Government has been received to support additional workload/burden generated by Brexit - Agreement of a Trade Deal by Government has prevented some of the potential risks around supply chain and other disruption. In addition agreements have been reached allowing more time to manage issues around data and information flows. Guidance has been provided to officers on relevant issues such as information governance and procurement.	3	2	6	Treat	- Continue to monitor ongoing impacts and take appropriate actions in accordance with this. Continue to work with the LRF in managing risks - Consider implications alongside future budget strategy and in light of Covid-19 ongoing response	2	2	4		Andy Keeling / Alison Greenhill / Miranda Cannon	31/05/21 and On-going
16. ENSURING STATUTORY RESPONSIBILITY FOR PROVISION OF SECONDARY SCHOOL PLACES Failure to provide secondary schools places in line with statutory responsibilities Uncertainty over the delivery and timing of government free schools, together with risks around the impact of Brexit, results in the city having either insufficient or a surplus of secondary school places.	- Surplus space developed which prejudices particular schools resulting in closures or that of the free school programme stalls and we find a lack of places, with subsequent impact on our legal duty, the education of children and the reputation of the Council. - This would also carry financial impact in terms of emergency mitigation measures required.	- We are reviewing our projections constantly to ensure we maintain a balance of supply and demand. We now have in place clear check points throughout the year such as offer day, October census, on time applications which allow clear touch point and review periods to ensure close monitoring of places We have established governance in relation to the free school programme. We have monthly meetings, clear governance around programme risk and cost so we understand as LA where we are on the free schools programme. We are continuing to have dedicated officers work with the DFE to maintain oversight of the programme. - At the moment we have established a balanced approach to pupil place provision, between temporary places, permanent places and a programme of planned places. This is under constant review, however this approach provides the local authority the opportunity to be very flexible around supply, oversupply and future demand. Future projections and modelling of places is now reviewed by a third party as part of the verification process to ensure any projections and this has helped the LA established historical patterns and a larger sample of housing yield. - National data sets used to triangulate local needs, such as NHS projected birth data and GP registrations. - Regular DFE meetings in place to discuss need across the city and collaborate around future free schools. DFE meetings and outputs in terms of future wave projections are considered within the pupil places allowing a complete picture to be understood. - Officers monitor the approved free school programme applications, to ensure programmes remain on track around place provision delivery and operate any contingency mechanisms should slippage occur - Working with secondary schools around the city to facilitate temporary provision of space to accommodate larger classes. - Full team in place to work alongside DFE to help support the delivery of additional spaces through the current government programmes such as free schools. This includes review current surplus council assets and land. - In order to reach a point of certainty in the provision of space we are working both internally and with assistance from independent experts to review our place planning forecasts and develop phased provision of new space. This work is being managed by an internal - Schools Estates Governance Board and is reporting regularly. - Ensuring all projections and tolerances are understood including contingency measures which need to be implemented at each milestone and check point should it be identified that we the authority is falling below the projection.	3	4	12	Treat	- Following a review of the pupil place planning team we are now recruiting and placing further resource into this area to strengthen our oversight, - Closer working relationship with trusts, DFE and the RSCs offices, - Education board established to ensure greater scrutiny and understanding of pupil place risks and standards. - Great clarity on data sets and impacts of other element, such as Brexit on student and cohort class room growth in the city, - Data reviews received frequently but sufficient control measures currently in place - Should additional resource be required this will be put in place - Close working with both school in the city and government programme is continuing to ensure sufficient places are provided.	3	2	6		Sue Welford	31/05/21 and On-going

Appendix 2 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 31/01/21

RISK <i>What is the problem; what is the cause; what could go wrong? What is it that will prevent you from achieving your objectives?</i>	CONSEQUENCE/EFFECT: <i>What would occur as a result, how much of a problem would it be, to whom and why?</i>	EXISTING ACTIONS/CONTROLS <i>What are you doing to manage this risk now?</i>	RISK SCORE			RESPONSE STRATEGY / ACTION <i>Select from the 4T's (see Process ...)</i>	FURTHER MANAGEMENT ACTIONS/CONTROLS	TARGET SCORE			COST	RISK OWNER	TARGET DATE
			Impact	Probability	Risk			Impact	Probability	Risk			
17. SUPPORT FOR PUPILS WITH SEND Following a Local Area Review of SEND in Spring 2018, a written statement of action was required in order to show how improvement would be brought about. These improvements need to be achieved in the context of significant financial pressures on the High Needs Block (HNB) which will require the Council to reduce expenditure on SEND for 2019/20 when reserves of the HNB are exhausted.	<ul style="list-style-type: none"> - Failure to implement improvements would lead to an extension of the WSOA requirements and reputational damage to the Council. It could also impact on the forthcoming ILACS inspection of children's services. - Failure to ensure reductions in spend on SEND however would mean that the Council would have to financially subsidise the HNB 	<ul style="list-style-type: none"> - There have already been four joint review meetings with DfE and CCG and in the last such meeting it was concluded that good progress is being made against action points. - In relation to budget pressures, a report was commissioned by an external consultant in which options have been put forward for reductions in spend for mainstream school top ups and special schools. In addition, savings are being looked at from staffing and reductions agreed in relation to vacant posts in the first instance. - On the WSOA improvements, there is a significant amount of improvement work taking place, including quality assuring of EHCPs and work with schools to secure better educational outcomes for pupils with SEND. 	3	4	12	Treat	- In relation to budget pressures, options will need to be considered for a possible restructure of SEND staffing in line with statutory and non statutory functions.	2	4	8		Tracie Rees	31/05/21 and On-going
18. CORONAVIRUS (SARS coronavirus-2 (SARS-CoV-2)) Locally results in significant loss of staff any one time and/or wider national measures designed to slow the spread of COVID-19 cause significant impacts on service delivery and the wider city	<ul style="list-style-type: none"> - Council is unable to deliver any services including essential/critical services, or only deliver to a significantly reduced extent. - Significant risk to the health, safety and welfare of staff and residents including vulnerable services users. Significant impacts on the local economy causing resulting impacts financially on the Council from reduced revenue including loss of income for commercially traded services. Reputational damage should the Council not be able to respond adequately 	<ul style="list-style-type: none"> - At the end of June 2020 in light of an increase in cases in Leicester compared to nationally a local lockdown was implemented by Government. - An Incident Management Team (IMT) set up for local lockdown continues to manage and oversee the response and reports into the LRF SCG. The IMT has implemented a range of interventions including a significant programme of testing using door to door and local testing units, significant communications and community engagement activity, locally led contact tracing including being one of the first LAs to very successfully pilot full local contact tracing, significant work to engage with businesses on Covid-safe practices as well as ongoing work to support social care and education. These interventions were successful in reducing significantly the number of cases in the city over the summer/early autumn and led to an easing of the additional restrictions placed on the city. - More recently in common with the rest of the country cases have risen although not as dramatically as some other areas. This has been driven particularly by the new variant of the virus which is more infectious. - A report by Dame Mary Ney on lessons learnt from the local lockdown recognised and praised the local response and many of the interventions have now been replicated elsewhere. - The city like the rest of England is now subject to national lockdown measures and is responding accordingly drawing on the significant experience and learning of recent months and with the IMT continuing to focus on managing the rise in cases to stop the transmission of the virus. This activity continues to feed into the wider LLR response overseen by the LRF structures which have been in place for many months. 	4	5	20	Treat	-The IMT and LRF structures will continue with the Political Oversight Board ensuring oversight by the City Mayor and Leader of the County Council. Intensive testing programme will continue along with other key activity such as comms and community engagement to seek to stop the transmission of the virus and ultimately to then sustain this position.	4	4	16		Miranda Cannon / Ivan Browne	31/05/21 and On-going
19. CORONAVIRUS ECONOMIC IMPACT Loss of economic activity and rising unemployment impacts demands for council services, reduces income streams and undermines city centre.	<ul style="list-style-type: none"> - Experience to date shows significant direct impact on council income streams from loss of revenue for parking, tickets sales etc. - Longer term impacts in regards to business rates and business failure uncertain. - Growing unemployment likely to result in distress for many household budgets, with further threat to rental payment, council tax collection etc. - Growth in inequality highly likely alongside growth in demand for other services linked to mental health, domestic abuse, drug and alcohol etc. 	<ul style="list-style-type: none"> - Council services been flexed to respond to central government requirement to administer business support grants with £80.3m delivered to more than 6,400 businesses in recent months. - Support provided to over 12,000 vulnerable and shielding individuals. - Staff resources moved to support direct work to identify and reduce COVID infection. - Considerable amount of direct business support provided through council teams and working with partners. - Impact on council capital programme delivery mitigated by proactive renegotiations with contractors to enable projects to proceed. - Quick response to call for 'shovel ready' schemes will enable St Margaret's bus station redevelopment. - Close dialogue maintained with key developers to reassure and keep investment pipeline moving. - Preparatory work done to design economic recovery plan priorities for council. 	4	4	16	Treat	<ul style="list-style-type: none"> - Overall economic trends beyond council control. Response to COVID 19 crisis heavily dependent on central government actions. - City council economic recovery plan will support the most vulnerable, improving government support schemes eg Kickstarter programme for young people by extending employment contracts, enhancing the work experience offer. - Maintenance of capital programme, maximising use of purchasing powers to secure local benefits, effective partnership work and creating new 'green job' opportunities will be other key themes. 	4	4	16		Andy Keeling / Mike Dalzell / Alison Greenhill	31/05/21 and On-going

Appendix 3

LCC Operational Risk Exposure Summary as at 31st January 2021

Risk Ref (as per ORR)	Risk	Risk Owner	Risk Score with existing controls			Target Risk Score with further controls			Target date
			I	L	Score	I	L	Score	
STRATEGIC AREA – CITY DEVELOPMENTS AND NEIGHBOURHOODS									
2.	Neighbourhood and Environmental Services – Ash Dieback – Epidemic of Ash Trees	JL	4	5	20	4	2	8	31/05/21
6.	Planning, Development and Transport – Highways and Transport Services – Covid-19 Impacts	ALS	4	4	16	3	4	12	31/05/21 ongoing
1	Housing - Homelessness – Ongoing pressure and risks associated to statutory homeless cases requiring temporary accommodation exaggerated by budget, capacity and housing stock reductions as well as impact of UC roll out.	CB	4	4	16	3	3	9	31/05/21 ongoing
3.	Neighbourhood and Environmental Services – Lack of adequate resource capacity	JL	4	4	16	3	3	9	31/05/21 ongoing
7.	Tourism, Culture & Investment – Covid-19 restrictions impact on viability of businesses in the short, medium and long term.	MD	4	4	16	3	3	9	31/05/21 ongoing
4.	Neighbourhood and Environmental Services – Beaumont Park Depot – Condition of depot creating risks to service delivery, individuals working on site and visitors	JL / MW	5	3	15	3	3	15	31/05/21 ongoing
8.	Tourism, Culture & Investment – De Montfort Hall – COVID19 UPDATE – Unable to trade due to government lockdown.	MD	3	5	15	3	5	15	31/05/21 ongoing
5.	Neighbourhood and Environmental Services – Reduction in income generation programmes	JL	3	5	15	2	4	8	31/05/21 ongoing
STRATEGIC AREA – CORPORATE RESOURCES AND SUPPORT									
10.	Finance - Information and Customer Access – Cyber Security. Increasing profile and expertise to circumvent established defences increase vulnerability of LCC data.	AG	4	5	20	4	5	20	31/05/21 ongoing
11.	Finance - Financial challenges - the Council fails to respond adequately to the cuts in funding over the coming year or years.	AG	5	4	20	5	3	15	31/05/20 21
9.	Delivery, Communications and Political Governance – City Catering Service losing business. Further loss of schools / decline in	MC	4	4	16	3	4	12	31/05/21 ongoing

Risk Ref (as per ORR)	Risk	Risk Owner	Risk Score with existing controls			Target Risk Score with further controls			Target date
			I	L	Score	I	L	Score	
	school meal uptake make the service unviable.								
14.	Legal – Workloads and Pressure – Client Care. Services within the Council are stretched with increased demands and pressures.	KA	4	4	16	4	3	12	31/05/21 ongoing
12.	Finance – IT Tactical Decision Making - Business solutions considered by services, which impact upon Information Services service delivery are taken without consultation or considering the impact	AG	4	4	16	3	4	12	31/05/21 ongoing
13.	Finance – Introduction of Universal Credit (UC) Full Service	AG	4	4	16	3	3	9	31/05/21 ongoing
<u>STRATEGIC AREA – SOCIAL CARE AND EDUCATION</u>									
15.	Adult Social Care and Safeguarding - Mental Health - Statutory Duty LCC is legally obliged under the Mental Health Act (MHA) to provide 24/7 service	RL	4	5	20	4	4	16	31/05/21 ongoing
16.	Adult Social Care and Commissioning – Contractual Agreements – Failure to complete contractual agreements to build new extra care developments at Tilling Road and Hamelin Road	TR	4	4	16	4	4	16	31/05/21 ongoing
17.	Adult Social Care and Commissioning - Passenger Transport for children and vulnerable adults via external contracted taxis not being available due to failed procurement and lack of drivers following communication of rates	TR	4	4	16	4	4	16	31/05/21 ongoing
18.	Adult Social Care and Commissioning – Implications of Covid-19	TR	4	4	16	4	3	12	31/05/21 ongoing
19.	Children's Social Care and Early Help - Budget Loss and / or reduction of services to achieve budget savings	CT	5	3	15	5	3	15	31/05/21 ongoing
20.	Commissioning and Performance - Insufficient Places for infants There are insufficient places for 2, 3, and 4-year olds to meet demand as nurseries are no longer financially viable following Covid19 lockdown and reduced capacity.	SW	3	5	15	3	3	9	31/05/21 ongoing
<u>STRATEGIC AREA – PUBLIC HEALTH</u>									

Risk Ref (as per ORR)	Risk	Risk Owner	Risk Score with existing controls			Target Risk Score with further controls			Target date
			I	L	Score	I	L	Score	
21	Contract for IT system is incompliant, and the system needs to be replaced – Service is left with an incompliant and outdated system due to the lack of upgrades	IB	5	4	20	4	3	12	31/05/21
22.	Budget - External Influences External national imperatives without associated budget introduced which will impact on local delivery	IB	4	4	16	3	4	12	31/05/21
23.	Budget Restrictions - Commissioning Reduced budget for services impacts on financial viability to potential 3rd party contractors who may deem package to be unsustainable.	IB	4	4	16	4	3	12	31/05/21
24.	Technology – Systems/ technology not fit for purpose to support services and commercial objectives, lack of IT knowledge	IB	4	4	16	3	3	9	31/05/21
25	Budget Restrictions - Funding Ongoing austerity for Public Sector requires changes to service delivery to comply with available budget, continued reductions could force termination of services to ensure priority services remain available	IB	3	5	15	2	5	10	31/05/21

Key:

IMPACT (I)	SCORE
CRITICAL/ CATASTROPHIC	5
MAJOR	4
MODERATE	3
MINOR	2
INSIGNIFICANT/ NEGLIGIBLE	1

LIKELIHOOD (L)	SCORE
ALMOST CERTAIN	5
PROBABLE / LIKELY	4
POSSIBLE	3
UNLIKELY	2
VERY UNLIKELY / RARE	1

Risk scores:

LEVEL OF RISK	OVERALL RATING	HOW THE RISK SHOULD BE TACKLED/ MANAGED
High Risk	15-25	IMMEDIATE MANAGEMENT ACTION
Medium Risk	9-12	Plan for CHANGE
Low Risk	1-8	Continue to MANAGE

Risk Owners:

AG	-	Alison Greenhill	KA	-	Kamal Adatia
ALS	-	Andrew L Smith	MC	-	Miranda Cannon
CB	-	Chris Burgin	MD	-	Mike Dalzell
CT	-	Caroline Tote	RL	-	Ruth Lake
IB	-	Ivan Browne	SW	-	Sue Welford
JL	-	John Leach	TR	-	Tracie Rees

Appendix 4 - Leicester City Council

Risk Register Owner: Andy Keeling,

Risks as at: 31/01/2021

Risk What is the issue: what is the root cause/ problem – what could go wrong	Consequence /effect: what would occur as a result, how much of a problem would it be, to whom and why	Existing actions/controls	Risk Score			Response Strategy / Action Select from the 4T's Tolerate, Treat, Transfer, Terminate	Further management actions/controls required	Target Score	Cost	Risk Owner	Review Date
			Impact	Likelihood	Risk			Impact	Likelihood	Risk	

STRATEGIC AREA - City Development and Neighbourhoods

121	Housing - Homelessness Ongoing pressure and risks associated to statutory homeless cases requiring temporary accommodation exaggerated by budget, capacity and housing stock reductions as well as impact of UC roll out. The roll out of the EU resettlement programme placing additional pressure of homelessness services. The Covid 19 pandemic has increased this risk with the requirement to temporarily house all who were rough sleeping / at risk of rough sleeping. Asylum seeker placements in hotels in Leicester City has also increased the risk of increased demand from this cohort.	<ul style="list-style-type: none">- Supply of temporary / emergency accommodation may not meet demand and will be more expensive. Alternative temporary accommodation will be needed i.e. Bed & Breakfast- Increased budget pressures- Inability to meet demand for preventative homelessness services impacting on crisis management. Increased costs of temporary accommodation and the pressure of having move on options for a large cohort of those accommodated	<ul style="list-style-type: none">- Funding for preventative measures in reflection of additional burdens from new legislation have now been mainstreamed and combined with FHSG- Uplift of funding for 21/22- Homelessness strategy challenging supply and types of temporary accommodation to meet individual needs- Recruited additional workforce- Successful bids for additional funding to focus on rough sleeping (new initiatives)- Different models of TA to move away from historic "institutional" settings. Monitor additional applications from EUs through resettlement process. Consult legal for compliance with process. Brexit and impact on EUs. Training delivered to key staff to manage this and prioritise progression of settled status applications- Working in tandem with other stakeholders and parties on the Homelessness Charter is delivering and focussing services-New initiatives implemented to increase availability of permanent housing solutions and the introduction of a Social Lettings Agency.- Rough Sleeping Next Step Strategy developed in response to increase demand for services throughout the pandemic and the re-configuration of services and loss of Safe Space.- Significant pressure on services due to Covid 19 and 'Everyone In' Single Homeless Pathway developed to manage this.	4	4	16	Treat	<ul style="list-style-type: none">- Roll out of homelessness strategy actions (preventative) to enhance and expand on existing control- Enhanced communications strategy- Ongoing development and embedding of the Homelessness Charter- Build new Social Housing- Buy Market houses to use as Social Housing- Develop relationships with private sector landlords- Next Steps funding secured to assist in the management COVID 19 additional throughput costs	3	3	9	Chris Burgin	31.05.2021 Ongoing
	2. Neighbourhood and Environmental Services Ash Dieback - Epidemic of Ash Trees Caused by an introduced pathogen that most local ash trees are unlikely to have resistance to. It is anticipated that up to 95% of the tens of thousands of ash trees in the city will die. Perhaps 50% of the total will be the council's direct liability. Many trees are located on traffic routes or in areas of use and habitation. Dying and collapsing trees will present an injury and property damage risk, and present a hazard risk to staff during removal operations. Under normal conditions £135k per year is devoted to clearing similar problems across all species. It is anticipated this cost will multiply several times at the height of the epidemic.	<ul style="list-style-type: none">- Injury to staff and residents, including highway users- Damage to property including animal injury, buildings, parked and moving vehicles, various infrastructure and parks and street furniture- Disruption to traffic routes and areas of high use during removal operations	<ul style="list-style-type: none">- Established teams, structures and systems will address problems in the early stages.- These can be built on further as the problem starts to strain existing resources.- There is no way to limit or control the establishment and spread of the pathogen as it is a windborne micro-organism. In essence management is a reactive process.	4	5	20	Treat	Effective and timely reactive responses. <ul style="list-style-type: none">- Exec briefing arranged. - Capital funding bid to be submitted. - Contact APSE for other LA best practice. Lead Member briefed and contingency provision included in draft Capital programme.	4	2	8	Unknown at present	John Leach

Appendix 4 - Leicester City Council

Risk Register Owner: Andy Keeling,

Risks as at: 31/01/2021

Risk What is the issue: what is the root cause/ problem – what could go wrong	Consequence /effect: what would occur as a result, how much of a problem would it be, to whom and why	Existing actions/controls	Risk Score			Response Strategy / Action Select from the 4T's Tolerate, Treat, Transfer, Terminate	Further management actions/controls required	Target Score			Cost	Risk Owner	Review Date
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<p>3. Neighbourhood and Environmental Services - Lack of Adequate Resource Capacity</p> <p>Increase in the demand led services, along with the reduction in head count could mean that there are insufficient resources to deliver the required service levels.</p> <p>During times of change, staff are not always aware of the changes being made, resulting in confusion etc.</p>	<ul style="list-style-type: none"> - Teams already at a minimum and extra workloads are unsustainable. - As demand-led services increase, workload and public expectations increase. - Likelihood of key person dependency as teams reduce further (fewer people in key roles). - Potential risk of non-compliance or breaches/lack of a substantial control environment. - Service delivery requirements not met. - Staff wellbeing may be harmed. - Reputational damage may result from unplanned building closures due to staff shortages. 	<ul style="list-style-type: none"> - Existing prioritisation arrangements are in place. - Policies and procedures are in place. - Processes are in place. - Regular briefings and PDRs - Organisational review consultation process. - Managing expectations with senior officers / stakeholders - Accessing external grants 	4	4	16	Treat	<ul style="list-style-type: none"> - Building adequate criteria and expectations into Service Reviews. - Creating temporary project roles where relevant. - Income generation to fund service specific posts / resources. - Better use of existing internal & external resources (partnerships) - understanding impact of Covid and the increased demand on during recovery. 	3	3	9		John Leach	31.05.2021 Ongoing
<p>4. Neighbourhood and Environmental Services - Beaumont Park Depot</p> <p>Condition of depot creating risks to service delivery, individuals working on site and visitors, situation identified in H&S report in 2011.</p> <p>Previously requested in 2014 to be accommodated in Capital Programme. Strategic Director with Head of Finance moved to be dealt with as part of Depot Review passed for action to Director of EBS following site visit in Nov 2017. Options drawn up Feb 2018 but later abandoned.</p> <p>Director of EBS now progressed further work.</p>	<ul style="list-style-type: none"> - Serious accident injury and or death to staff/member of public. - Reputational damage to LCC. - Insurance claims against the Council. - Legal challenge. - Media exposure. - Adverse effect on budget/finances. - Closure of premises, loss of service. - Breaches in legislation and/or non-compliance. - Demand led services may not be met. - Significant delay to decide and implement a solution could weigh heavily in any proceedings that would follow a serious incident. 	<ul style="list-style-type: none"> - On going review of depot in-house Business Change Manager facilitating with E&B. Undertaking options appraisal with input from Legal, Planning and Highways. - Building conditional surveys reviewed under the TNS Programme. - Agreed to manage outside of Depot review with separate budget allocation. - NES/P&O have ensured operational mitigating action in place. 113Dedicated Banksman employed to manage traffic movement on site. - All staff trained in banksman duty of care. - H&S team undertaken review C13of short term safety measures for pedestrians and vehicles on site. - £125k approved from Loss Reduction Risk fund to install one way system, plus £10k EBS. (NEW ADDITION). Meeting held with EBS 11th April - Trees and Woodland Team and Landscapes Team ensuring all appropriate alternative storage options are utilised. EBS committed to confirmation/delivery of scheme within budget and to providing implementation timescale asap. Andy Keeling supporting NES urgent request for appropriate action.G16 	5	3	15	Treat	<ul style="list-style-type: none"> - New site - Suitable adaptation of existing to accommodate operational practices and introduction of one way traffic system. - Capital project established and full Planning Application submitted 9 October 2019 with provisional start date 4 February 2020. - Planning approval decision received 02 April 2020 which delayed programmed start date. Vegetation clearance completed pre bird nesting, works to fully commence post Covid 19 to be completed this financial year. - New drainage scheme designed in line with Planning requirements, plans approved by Severn Trent to discharge into the surface water sewer. Methane survey commissioned. Planning Permission approved. Project put on hold on 11/12/2020 by Strategic Director pending review of alternative use of space and in light of a potential Park and Ride Scheme which would impact on the planned road if progressed. The timescale for this suggested by Planning leads to commence is July 2021. Assessment taking place if an alternative venue can be used to decant certain operations. Management Plan remains in place - On site Managers aware of need to comply with this. EBS tasked with finding suitable alternative accommodation asap given the latest position. 	5	3	15	£135k	John Leach/Matthew Wallace	31.05.2021 Ongoing

Appendix 4 - Leicester City Council

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5. Neighbourhood and Environmental Services - Reduction in Income Generation Programmes With reductions in public demand for services such as Building Control and Pest Control income generated by the Council may be significantly reduced and income generation/revenue targets may not be met. Also, 'one off' income programmes are set as recurring within the budgets/accounts; impacting further on future financial targets. Competition from competitors e.g., Crematorium. Long term impact of Covid on income generating services such as room hire.	- Budgets are not adhered to. - Income streams continue to reduce (e.g. Building Regs) due to the economic climate. - Targets remain the same or increase, against income sources and staff reductions. - One off income is disclosed as recurring, increasing the savings gap. - Internal recharges, e.g. for community space, will reduce as services reorganise.	- Budgets are in place and alternative savings option appraisals are performed and saving plans are implemented. - Policies and procedures are in place. - Ashco business development arrangements are in place. - An agreement is in place for withdrawal of internal services from community settings under the TNS programme. - Draw on external funding	3	5	15	Treat	- Introducing new ways of working to encourage entrepreneurial opportunities - External funding opportunities further explored - prioritise relaunch of income generating services post Covid.	2	4	8	N/A	John Leach	31.05.2021 Ongoing
6. Planning, Development and Transport - Highways & Transport Services Covid19 Impacts	- Service suspensions, unforeseen expenditure, reduced income, fee recovery, staff safety, public safety, programme delivery, availability of resources.	- Business continuity plans	4	4	16	Tolerate/Treat	- RAMS undertaken for activities. Financial impacts assessed and mitigation measures in place with finance. - Ongoing monitoring in place. Works have been reprogrammed and resourcing implications assessed.	3	4	12		Andrew L Smith	31.05.2021 Ongoing
7. Tourism, Culture & Investment - COVID-19 restrictions impact on viability of businesses in the short, medium and long term.	- Vacancy rate increases and appeal of city centre is reduced. Lack of visitor confidence leads to low footfall. - Business failure	- Support provided to LCC to get Govt business grant funding claims paid to eligible businesses who either receive SBRR or are in the retail, leisure and hospitality sectors. - City Centre Director is a member of the LLEP Business Growth economic cell. - City centre recovery partnership established with BID Leicester. - LCC leading on economic recovery plans for Leicester. - ERDF Opening High Street grant funding supporting all sectors in city centre and neighbourhoods	4	4	16	Treat	- Reopening Leicester multi-agency group chaired by LCC in place with NTE and Comms cells. - Place marketing plan with additional funding being presented to CM and Exec for approval to promote the place, tourism and inward investment when the time is right in the Covid climate to do so. - Additional lockdown grant and discretionary grants paid out mid Sept to help businesses, especially those who have received previous grant help. - LLEP recovery strategy drafted. - LCC recovery plan written	3	3	9	BID funding and reviewing support from LCC funds and LLEP Growth Fund	Mike Dalzell	31.05.2021 Ongoing
8. Tourism ,Culture and Investment - De Montfort Hall: Covid-19 UPDATE: Unable to trade due to govt lockdown. Inability to maintain income to achieve planned financial outturn due to lack of audience, unavailability of shows, unpopular shows, market conditions.	- Income targets not achieved with consequential overspend against revenue budget or unrealistic reduction in revenue budget. - Income targets not achieved. Additional cost of operation to LCC. - Loss of cultural activity for city residents.	—Covid-19 UPDATE: Unable to trade due to govt lockdown.	3	5	15	Tolerate	- COVID19 UPDATE: No mitigation possible at present as unable to trade. Manage through Covid budget adjustments. Reviewed quarterly Budgets monitored and reforecast monthly	3	5	15		Mike Dalzell	31.05.2021 Ongoing

Appendix 4 - Leicester City Council

Risk Register Owner: Andy Keeling,

Risks as at: 31/01/2021

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Risk What is the issue: what is the root cause/ problem – what could go wrong	Consequence /effect: what would occur as a result, how much of a problem would it be, to whom and why	Existing actions/controls	Risk Score			Response Strategy / Action Select from the 4T's Tolerate, Treat, Transfer, Terminate	Further management actions/controls required	Target Score			Cost	Risk Owner	Review Date	
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STRATEGIC AREA - Corporate Resources &Support														
9. Delivery, Communications and Political Governance - City Catering Service losing business Further loss of schools / decline in school meal uptake make the service unviable. Coronavirus adding additional pressure on the service and presents some ongoing uncertainties and disruption around budget and service delivery.	- If the current rate of decline continues then the service will soon begin to make a loss. Impact on other services due to the difference being picked up by the General Fund affecting delivery of those other services. - Potential food shortages and extended lunchtimes due to social distancing impacts on costs	- Review undertaken by APSE Consultant. Service improvement Plan in place and being worked on. Work ongoing in relation to current financial year and budget forecasts and pricing strategies	4	4	16	Treat	- Detailed route map to be prepared and discussed with Executive to identify clear priorities for the next 12 months and longer-term - will need to take account of any ongoing impacts of Coronavirus as well as lessons learnt from that	3	4	12		Miranda Cannon	31.05.2021	
10. Finance - Information and Customer Access - Cyber Security Increasing profile and expertise to circumvent established defences increase vulnerability of LCC data.	- Data hacked and released into public domain - Reputational damage - seek alternative more expensive solutions - Fines from ICO - Staff stress increases - Damage to identified individuals - Denial of service	- Technology defences; - Awareness campaign; - Targeted follow up's; - Built into new system standards from 3rd party applications (secure passwords, TLS); - Daily back-up of systems - Maintain clear Major incident Management processes - Understand RPO and RTO capability for recovering critical systems - Appointed Security Operations Centre Lead to review and respond to threat intelligence - Achieved Cyber Essentials and cyber essentials plus accreditation - Undertaking Cyber Security Gap Analysis in light of increased flexible and mobile working	4	5	20	Treat	- Implement new Technology solutions to address increasing threat during crisis e.g. COVID-19 - Enhance Cloud Security - Continued Staff awareness training etc.. - Maintain Cyber Essentials Compliance - Review end point security tools - Respond to the new threat from Ransomware which attacks and compromises backup data	4	5	20		Alison Greenhill	31.05.2021 Ongoing	
11. Finance - Financial Challenges The Council fails to respond adequately to the future funding outlook or additional cost pressures arising from the Covid pandemic.	- Budget balanced in 20/21 and will be balanced in 21/22 - Further work required to balance the medium term - Additional risk due to pandemic, and uncertainty over Government funding, after 21/22	- Budget balanced in 20/21 and 21/22. - Close management of additional Covid spend. Service transformation fund;	5	4	20	Treat	Substantial budget review for 22/23 to start early in 2021	5	3	15		Alison Greenhill	31.05.2021 Ongoing	
12. Finance - IT Tactical Decision Making Business solutions considered by services, which impact upon Information Services service delivery, are taken without consultation or considering the impact	- Increased budget pressure to implement / maintain expensive; - Increased pressure achieve service budget / targets; - Staff morale decreases; - Reduction in service capacity; - Breach of licences leading to fines; - Security risks of data / service; - Service support to other parts of council affected; - Internal reputational damage;	- Consultation with HoS to increase knowledge and understanding of IT requirements at early stages of projects; - Create Target Operating Model (TOM); - Enforcing Digital Transformation (DT) gateway process; - Provide clear criteria for commissioning new IT solutions; - Business Continuity (BC) process includes costs to service; - Increased DT Governance is addressing this area. - External consultancy reviewed architectures and 'monolithic' applications and currently planning next steps to implement their findings.	4	4	16	Treat / Tolerate	-Monitor effectiveness of identified mitigations to determine future actions / plan - Seek Exec approval to implement new technologies - Ensure all in-flight and future procurements align with new strategic technologies	3	4	12		Alison Greenhill	31.05.2021 Ongoing	

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13. Finance - Introduction of Universal Credit (UC) Full Service Implementation of UCFS was June 2018. Rollout will take 2/3 years to fully complete. Claimants move from LCC administered HB to DWP administered UC. Risk is impact on claimants changing from 1 system to another and the significant differences between the 2 regimes	<ul style="list-style-type: none">- Adverse impact on resident household income- Increasing poverty- Rent arrears (HRA)- Potential homelessness- Increased demand for discretionary funding- Adverse impact on CT collection and increased arrears- Increased demand for welfare advice services- Increased demand for CTS claims that result in higher costs for LA- Funding from DWP not adequate for the amount of work derived from changing from legacy benefits to UC	<ul style="list-style-type: none">- LCC UC strategy, risk log and ETA- Comms and action plan- Engagement with DWP & SWAP- Staff training- Joint working with Housing	4	4	16	Treat	<ul style="list-style-type: none">- Monitoring and reporting to DoF and Executive- Regular engagement with DWP- Redirection of staff resources- Regular review of customer support	3	3	9			Alison Greenhill	31.05.2021 Ongoing
14. Legal - Workloads & Pressure - Client Care Services within the Council are stretched with increased demands and pressures. Unrealistic deadlines at times can be set for major projects, procurement and contracts. There is a concern that whilst corporate policy is correct and general awareness of correct procedures/rules exists, it may not be implemented effectively within services.	<ul style="list-style-type: none">- Timely legal advice from clients not sought.- Failure to comply with laid down guidelines.- Breach of regulations or law e.g. data protection.- Council found to act unlawfully.- Challenges to procurement processes.- Cost implications from requirements not being followed/deadlines being missed/ not delivering value for money for Council.- Award made against council etc.- Staff demotivated- Negative Press/Reputation of Council	<ul style="list-style-type: none">- Reviewing practices to be improve flexibility of approach.- Channel Shift.- Raising awareness - corporate messages.- Early engagement - feeding into deadlines.- Attending project boards.- Projects to look at new ways of working.- Improved use of technology e.g. Electronic Signatures/Virtual Hearings.	4	4	16	Treat	<ul style="list-style-type: none">- Review of practices.- Increase comms program/training and awareness of current practices (deadlines with project plan).	4	3	12			Kamal Adatia	31.05.2021 Ongoing
STRATEGIC AREA - Social Care and Education														
15. Adult Social Care Services & Safeguarding - Mental Health - Statutory Duty LCC is legally obliged under the Mental Health Act (MHA) to provide 24/7 service. Current issue is the lack of trained Adult Mental Health Practitioners (AMPs). (although recent recruitment has reduced this risk) This is a national issue. Covid-19 individual risk assessments for staff combined with increased demand is placing pressure for visits on a reduced pool of staff	<ul style="list-style-type: none">- Risk of harm to, or by, mentally ill person- Breach of compliance and possible fines- Reputational damage- Impact on morale and stress if staff working outside hours- Increased staff turnover leads to immediate resource issues; also recruitment and training requirement- Potential delays and can increase working hours.- Not meeting MHA legislation- Potential delays and can increase working hours.	<ul style="list-style-type: none">- 24/7 rota in place.- Using non-AMHPs for appropriate functions- Offered additional pay to cover Bank Holiday shifts.- Market supplements in place.- Rolling recruitment/adverts.	4	5	20	Treat	<ul style="list-style-type: none">- Possible T&C for Social Workers.- Temporary use of overtime payments to incentivise staff and reduce the use of TOIL, which further eats in to available capacity- Re-assignment of AMHP qualified staff member to the AMHP FT team	4	4	16			Ruth Lake	31.05.2021 Ongoing

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16. Adult Social Care and Commissioning Contractual Agreements Failure to complete contractual agreements to build new extra care developments at Tilling Road and Hamelin Road	Reputational damage and potential action against the council	Extra care Delivery Group established to project manage delivery of the schemes.	4	4	16	Treat	Discussions in progress with the Andy Keeling and Places for People CEO, as a means of resolving the risk issues associate with the proposed contractual arrangements.	4	4	16		Tracie Rees	31.05.2021 Ongoing
17. Adult Social Care and Commissioning - Passenger transport for Children and vulnerable adults via external contracted Taxis not being available due to failed procurement, and lack of drivers following communication of rates.	Children unable to get to school; adults unable to get to support services	Current contract extended until 22.2.2021 to allow for a period of engagement with taxi operators. Clarity provided to the market on the implications of not signing up to the new arrangements. Information given to taxi drivers. Covid fee agreed.	4	4	16	Treat	Commencing planning for procurement exercise; further follow up letter to drivers to manage understanding of Taxi operating costs.	4	4	16		Tracie Rees	31.05.2021 Ongoing
18. Adult Social Care and Commissioning Implications of Covid-19 External providers unable to support vulnerable individuals, due to loss of staffing,	- Staff in residential/nursing care homes are to be tested on a 3 times weekly basis with the addition of LFD testing. - Risk that large numbers of staff will be positive of Asymptomatic meaning they have to self isolate for 7 days - This could lead to insufficient staff to support the elderly and vulnerable. - The increased testing for staff providing domiciliary care and supported living could also impact on the provision of support to a range of vulnerable adults.	- 'Emergency plan being developed to create a bank/team of staff with the required skills that could assist if needed. This team will be created from re-deploying LCC staff, volunteers and the use of mutual aid. - It should be noted that whilst the Council is doing everything possible to support the external market, there is still a risk that organisations may not be able to provide the required support, due to staff absences.	4	4	16	Treat	- Key officers linked to the IMT, Care Home Cell, PPE and Testing cells reporting to the Local Resilience Forum.	4	3	12		Tracie Rees	31.05.2021 Ongoing
19. Children's Social Care and Early Help - Budget Loss and / or reduction of services to achieve budget savings	- Reduction in preventative services impacting on ability to deliver Statutory services - Inability to deliver Placement Sufficiency - Decrease Capacity / Increase demand - Potential reduction of staffing levels - Limited ability to deliver some front line services - Potential for future claims against authority	- Strategic Oversight and clear governance arrangements in place; - SCE Programme Board oversees all budget reduction projects.	5	3	15	Treat	- Star Chamber oversight regarding saving reductions and undeliverable savings.	5	3	15		Caroline Tote	31.05.2021 Ongoing
20. Commissioning and Performance - Insufficient Places for infants There are insufficient places for 2, 3, and 4 year olds to meet demand as nurseries are no longer financially viable following Covid19 lockdown and reduced capacity. Risk is heightened due to local lockdown and providers not being able to offer a full range of holiday provision.	- Parents are unable to find appropriate places for their under-5s and cannot return to work. - Childcare sufficiency is a statutory duty and could lead to poor judgements being made on the council	- Continual review of the situation both prior and during the pandemic. - Officers have undertaken an audit to determine the likelihood of settings remaining closed or under financial risk. - Identifying which settings are at highest risk and appropriate criteria for additional funding.	3	5	15	Treat	- Use audit information to inform whether any additional financial support could be provided to the most vulnerable settings during return to normal capacity. - Additional funding for holiday care to be identified for the most at risk providers	3	3	9		Sue Welford	31.05.2021 Ongoing

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STRATEGIC AREA - Public Health

<p>21. Contract for IT system is noncompliant and needs to be replaced.</p> <p>Lack of capacity within key LCC teams is extending timescales beyond the contract end date. There is a risk that the service is left with an noncompliant and outdated system due to the lack of upgrades. The existing system will also be without maintenance support with no extension or new contracted service - IT issues or system failure would result in widespread service disruption.</p>	<ul style="list-style-type: none"> - Large scale service disruption with difficulty accessing customer records - Reputational damage - Not in line with industry standards or like for like operators leading to reduced sign-ups and potential loss of existing customer base. - Reduced income generated and difficulty of hitting savings targets increased. - Potential that new solution is rushed increasing risk of a sub-optimal outcome. - Negative impact on following PH strategic objectives: <ul style="list-style-type: none"> - Healthy Lives: we will keep people healthy and reduce preventable illness in adults - Healthy Minds: we will improve health and well-being across the life course - Healthy Places: we will maximise opportunities to build health through the built environment and across the city & respond to threats to public health 	<ul style="list-style-type: none"> - A tender for a replacement system started in July 20. - Close working with DT and IT Procurement in an attempt to expedite the process. - Tender outcome specification from similar local authorities to support process obtained and reviewed. - Concerns escalated - Working with transformation change manager and IT procurement to ensure procurement of effective IT systems - Retender process agreed with Procurement 	5	4	20	Treat	<ul style="list-style-type: none"> - Political escalation to increase priority within partner LCC divisions - ICT Procurement and Legal Services. - Gain approval to extend the current contract as an emergency measure to allow for implementation and configuration of, and training staff on, the new system. - Secure back ups and prep data migration to new system to facilitate fast implementation. - Continue to build closer relationships with IT procurement and legal teams leading to a better understanding and agreement of processes and timescales required. 	4	3	12		Ivan Browne	31/05/2021
<p>22. Budget - External Influences</p> <p>External national imperatives without associated budget introduced which will impact on local delivery</p>	<ul style="list-style-type: none"> - Call on finances from NHS pay award; - Changes in financial call due to changes in clinical requirements/fluctuations in drug/treatment market prices; - Prioritisation / decommissioning / reduction of existing service delivery model - Call on PH reserves 	<ul style="list-style-type: none"> - Internal decision making process; - Expertise within team to assess choices and inform management briefings / options appraisal; - Advocacy by Director Public Health (DPH) with national bodies; - Strong engagement with national partners to aid horizon scanning and early signposting of potential issues 	4	4	16	Treat	<ul style="list-style-type: none"> - Political escalation; - Corporate responsibility; - Service & budget planning - Continue to utilise partnership approach - Explore alternative treatment/therapy options - Safeguard PH reserves in order to preserve ability to provide adequate response without significant detriment to corporate purse - Continued monitoring of medical landscape, and updates to guidance and clinical standards 	3	4	12		Ivan Browne	31.05.2021 Ongoing

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			Impact	Likelihood	Risk			Impact	Likelihood	Risk			
23. Budget Restrictions - Commissioning Reduced budget for services impacts on financial viability to potential 3rd party contractors who may deem package to be unsustainable. Providers could be come unsustainable following COVID 19 without an uplift or adjustment to the funding received from PH	<ul style="list-style-type: none"> - Loss of existing contractors unable to fulfil contracts within reducing financial envelope; - Providers close down due to lack of funding required to keep services open - May not be attractive to new providers during tenders; risk of failed procurement - Loss of service provision; - Impact on community who require service; - Impact on NHS as demand increases for other services; - Decreased morale; - Reputational damage to LCC 	<ul style="list-style-type: none"> - Bespoke procurement methods; - Briefing of lead members to highlight potential risks and consequences; - Internal decision making process; - Expertise within team to assess choices and inform management briefings / options appraisal; - Advocacy by Director Public Health (DPH) with national bodies; - Provider negotiations; Providers have continued to be paid regardless of performance due to the pandemic to ensure the suppliers (and the wider delivery chain) stay afloat and will remain to deliver services when normal life resumes - Working with internal departments (legal / procurement / contract management / finance) - Services jointly commissioned where possible / appropriate to increase efficiencies relating to economies of scale and cross border activity as well as available resource to mitigate issues 	4	4	16	Treat/Transfer	<ul style="list-style-type: none"> - Continue with existing controls; - Continue to joint commission where appropriate (internal with LCC, and external with county and regionally) - Close monitoring of emerging risk from County moving towards an independent / inhouse delivery model - Implement management of change processes -Continued exploration of new and novel approaches to commissioning including encouraging consortium applications and use of section 75 - Continued monitoring and increased engagement of suppliers to pre-emptively identify potential issues - Renew Business Continuity Plans to ensure minimal service disruption in the event of supplier failure. - Request BCP's from suppliers to ensure a reasonable level of resilience 	4	3	12		Ivan Browne	31.05.2021 Ongoing
24. Public Health - Technology Systems / technology not fit for purpose to support services and commercial objectives, lack of IT knowledge.	<ul style="list-style-type: none"> - Inability to achieve savings targets - Service delivery remains static or not effective - Reduced morale of staff seeking organisational development and progress - Reputational damage - Lack of system integration - Customer dissatisfaction - Loss of income - Legal challenges - impact on customers and loss of income 	<ul style="list-style-type: none"> - Realistic business plans and objectives set based on current technology capabilities - Project team involvement in new system deployment which impacts on service delivery - Communications with service users to manage expectations - Discussions with IT to understand potential development opportunities for systems in future - Working with IT to ensure sufficient testing of new system takes place; - Project group in place with IT, DT, and ICT Procurement to establish problems / limitations of current systems and review options on market as solutions - Scrutiny of current systems to review concerns - SS Data Project Officer in place/ new tender for software provider undertaken 	4	4	16	Treat	<ul style="list-style-type: none"> - Continue engagement with IT, DT, and ICT Procurement project group to continue monitoring of current systems and review options on market as solutions as appropriate Ensure adequate engagement of CCG/ HIS to ensure systems run as effectively as possible - Ongoing monitoring and review of our own systems to identify gaps or inefficiencies. - Ensure that solutions procured or created are fit for purpose and do not become a burden over time as needs evolve or increase - Conduct a 'lessons learned' exercise from previous / ongoing technology procurements to ensure experience is carried forward 	3	3	9		Ivan Browne	31.05.2021 Ongoing

Appendix 4 - Leicester City Council

Risk Register Owner: Andy Keeling,

Risks as at: 31/01/2021

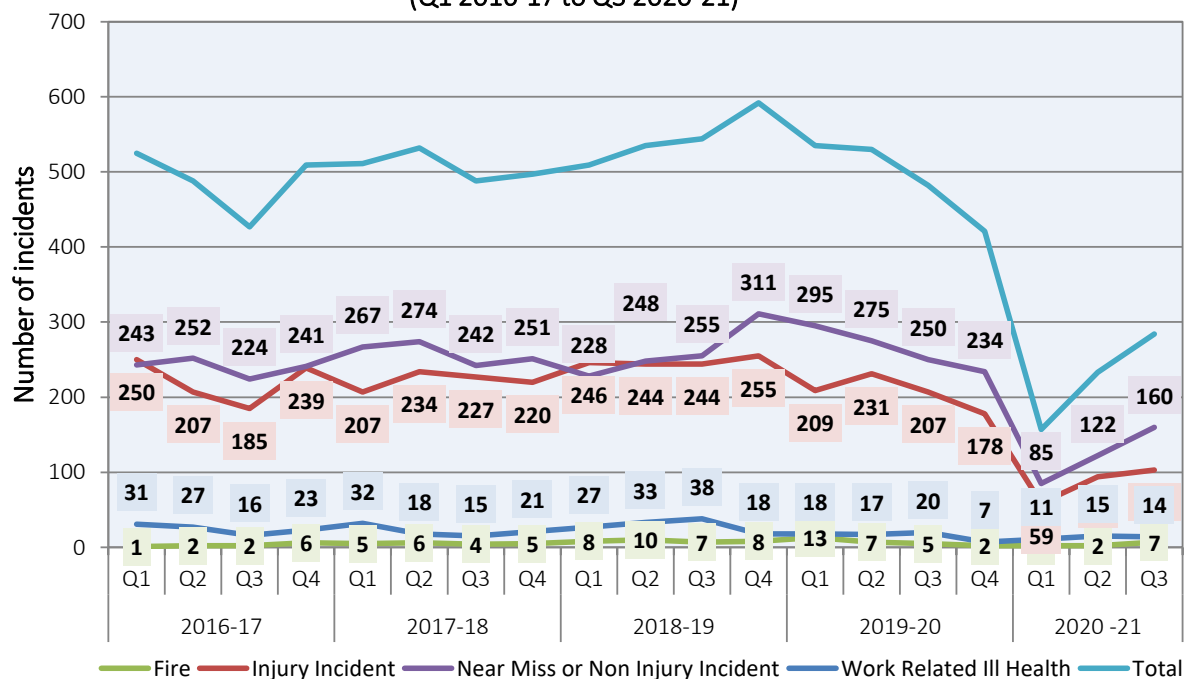
Risk What is the issue: what is the root cause/ problem – what could go wrong	Consequence /effect: what would occur as a result, how much of a problem would it be, to whom and why	Existing actions/controls	Risk Score			Response Strategy / Action Select from the 4T's Tolerate, Treat, Transfer, Terminate	Further management actions/controls required	Target Score			Cost	Risk Owner	Review Date
			Impact	Likelihood	Risk			Impact	Likelihood	Risk			
25. Budget Restrictions - Funding Ongoing austerity for Public Sector requires changes to service delivery to comply with available budget, continued reductions could force termination of services to ensure priority services remain available. Reserves and funding taken away from PH budget to support general council budget pressures following COVID 19 Increased demand for public health services in response to COVID 19. Capital Costs increase beyond the approved budget creates service budget problems	<ul style="list-style-type: none">- Change in service provision;- Lack of services to meet COVID 19 response and recovery programme- Decreased / ceased service /user contact;- Decreased / ceased service effectiveness;- Reputational damage;- Increased demand on other public services (primary / secondary health care / Social Care / Leisure Centres);- Risk of missing safeguarding issues;- Impact on council statutory duties;- Judicial review;- Central government intervention- continued decline in condition of leisure centres/negative impact on customers and income- unable to deliver leisure centre capital programme due to unaffordability	<ul style="list-style-type: none">- PH Return to Central Government (Return On Investment (ROI));- Staffing restructure ongoing- Employing new commissioning and delivery model for key services;- Invest to save opportunities explored- Bids for funding being written and submitted across the team as opportunities arise.- Internal briefings / decision making process;- Political oversight / Scrutiny- Articulating associated risks; through spending review process,- Clinical Governance Process in place- Monitoring to identify adverse effects- Maintenance Plans with EBS- Corporate funding bids for Leisure Centre Capital Programme ongoing- Alliance Leisure appointed via National Leisure Framework- Customer retention plans and actions put in place to reduce subscription cancellations from customers unable to use leisure centre services which would impact income generation	3	5	15	Treat	<ul style="list-style-type: none">- Continue with existing controls;- Secure additional revenue e.g. income generation through commercial opportunities-Continue to explore a variety of potential local and national funding opportunities including commercial, government, academic, grant funding,-Utilise in kind support/asset sharing where possibleCross organisational opportunity review of priorities and resources- Continue ROI Business Cases to fund capital improvement/improve income and customer experience- Explore use of LCC volunteer pool to engage in PH initiatives- Business case to outline justification and need for ringfencing PH reserves to mitigate / respond to any further PH emergencies, and to deal with longer term impacts of Covid 19 as they arise.	2	5	10		Ivan Browne	31.05.2021 Ongoing

Corporate number of incidents by incident type

		Fire	Injury Incident	Near Miss or Non Injury Incident	Work Related Ill Health	Total
2016-17	Q1	1	250	243	31	525
	Q2	2	207	252	27	488
	Q3	2	185	224	16	427
	Q4	6	239	241	23	509
2017-18	Q1	5	207	267	32	511
	Q2	6	234	274	18	532
	Q3	4	227	242	15	488
	Q4	5	220	251	21	497
2018-19	Q1	8	246	228	27	509
	Q2	10	244	248	33	535
	Q3	7	244	255	38	544
	Q4	8	255	311	18	592
2019-20	Q1	13	209	295	18	535
	Q2	7	231	275	17	530
	Q3	5	207	250	20	482
	Q4	2	178	234	7	421
2020 -21	Q1	2	59	85	11	157
	Q2	2	94	122	15	233
	Q3	7	103	160	14	284

There has been a 22% increase in overall incidents since the last quarter. When compared to the same quarter in 2019-20 there has been a 41% decrease overall.

Corporate number of incidents by incident type (Q1 2016-17 to Q3 2020-21)



Risk Management and Business Continuity Strategy and Policies 2021

Audit and Risk Committee

Date of meeting: 17th March 2021

Lead director: Miranda Cannon

Useful information

- Ward(s) affected: All Wards
- Report author: Sonal Devani
- Author contact details: (0116) 454 1635 / 37 1635; sonal.devani@leicester.gov.uk
- Report version number: Version 1

1. Summary

The purpose of this report is to present to the Audit and Risk Committee (A&RC) the Risk Management and Business Continuity Policy Statement and Strategies (Appendix 1 and 2), which provide an effective framework for Leicester City Council (LCC) to manage and respond to key risks facing its services and to support the delivery of its Business Plan.

2. Recommended actions/decision

A&RC is recommended to consider and approve, on behalf of council, the updated:

- Corporate Risk Management Policy Statement and Strategy at Appendix 1. This sets out the council's attitude to risk, the approach to be adopted to manage the challenges and opportunities facing officers; and
- Corporate Business Continuity Management Policy Statement and Strategy at Appendix 2. This sets out the council's attitude, perception and approach towards implementing business continuity practices.

3. Detailed report

Risk Management Strategy and Policy 2021

- 3.1 The council's original Risk Management Policy and Strategy was approved by Cabinet in 2009, with subsequent updates approved each year (since 2012 by the Executive). The Risk Management Strategy sets how the council can tackle the risks it faces. It plays a vital part in the overall governance framework of the council and is particularly important in the current environment given the need to deliver our services in an effective and efficient way.
- 3.2 To date, improvements have been made in strengthening risk management arrangements within the council's diverse business units. A review of the Risk Policy and Strategy has taken place to reflect any developments made in the industry and to support internal risk procedures / processes. Substantive amendments were not made that would affect the risk management process.

Changes made that are of significance are:

- Expanding on the 'risk' definition referring to the ISO 310000 standard and;
- Adding the risk response column (4T's – treat, tolerate, terminate and transfer the risk).

The revised strategy will continue to help embed risk management throughout the

council (**see paragraph 4.1 for further detail**).

- 3.3 Effective risk management is essential for organisations and their partners to achieve strategic objectives and improve outcomes for local people. Good risk management looks at and manages both positive and negative aspects of risk. Officers are not required to be risk averse. This process allows the council to methodically address the possibility of risks stemming from its activities with the aim of achieving sustained benefit within each activity and across the portfolio of all its activities. The council's risk management process should (and if the policy is complied with, does) allow this 'positive risk taking' to be taken and evidenced. (**See paragraph 11 and 12 of the Risk Management Strategy**). With the council adopting a '**Risk Aware**' approach rather than '**Risk Averse**' and integrating risk management into the council's culture and day-to-day practice, it is in a better position to identify opportunities that may benefit the council (including financial) where associated risks are managed rather than avoided altogether.
- 3.4 Every project / programme should have a risk assessment / log. Risk, Emergency and Business Resilience (REBR) delivers risk management training (**Appendix 4 of the Risk Management Strategy provides details and dates for 2021**). This training became mandatory for staff expected to complete a risk assessment and has been approved by Corporate Management Team (CMT) in December 2020. In addition, the Manager (Risk Management) is currently working with HR to further embed risk management within the organisation.
- 3.5 The LCC Risk Management Policy and Strategy formulated by the Manager, Risk Management was considered against good practice guidance, including ISO31000 and working practice observed by Zurich in 2018 in both the public and private sectors. The feedback stated that the Policy Statement clearly sets out the council's risk management objectives identifying that risk presents both threats and opportunities to the organisation. The Strategy articulates an appropriate framework for the delivery of risk management and a positive is that risk management is to be integrated into "business as usual" activities and the development of a risk aware culture in on the forefront.

Business Continuity Policy and Strategy 2021

- 3.6 BCM is a cross-functional, organisation-wide activity and consequently, the arrangements in this strategy apply to:
- All services within the council;
 - Every staff member;
 - All resources and business processes;
 - Suppliers, service partners and commissioned services;
 - Other relevant stakeholders.

The BCM programme needs to be managed in a continuous cycle of improvement for it to be effective. Therefore, formal and regular exercise, maintenance, audit and self-assessment of the BCM **culture** are essential. This would be more achievable and effective where appropriate staff within each division attend the BCM awareness training session delivered by REBR. This is formalised at CMT and remains a key activity within 2021.

The council has established robust business continuity practices which are reviewed and maintained continuously throughout the year by service areas. Progress

continues to be made to improve and strengthen business continuity management arrangements, particularly addressing the continuous change the organisation experiences. In many ways, Covid-19 has demonstrated that LCC's business continuity practices are effective and efficient (see paragraph 3.7) where the Corporate Business Continuity Plan, now the Incident Response Plan, which is developed as part of the overall framework for contingency planning, was invoked.

The implementation of this revised Business Continuity Policy and Strategy will support the delivery of an effective BCM programme including the above-mentioned points.

3.7 How Covid-19 proved LCC'S BCM System was implemented:

- The Corporate BC Plan was invoked (now incorporated with the Major Incident plan into the Incident Response Plan);
- An incident response team was set up which met weekly;
- Service level BCPs were invoked as required;
- LCC's Incident Response Team ensured critical services were up and running;
- Prior to the lockdown in March 2020, a Covid-19 Coordination Centre was set up in the control room resourced with staff from LCC to provide guidance and information to staff and LCC Schools;

REBR facilitated recovery planning sessions with each division considering BC elements.

4. Key deliverables

The **key deliverables** in both Policies and Strategies include:

4.1. Risk:

- Ensuring the Risk Management Framework at the council continues to reflect the organisational structure, and that risks affecting the delivery of the council's priorities and its objectives are properly identified, assessed, managed, monitored and reported;
- Continuation of the process whereby Divisional Directors (and now their Heads of Service) have individual risk registers feeding through to the council's Operational Risk Register, which is reviewed by the CMT, led by the Chief Operating Officer, supported by the Director of Delivery, Communications and Political Governance and the Manager, Risk Management;
- Continue to integrate risk management into the council's culture and its everyday business operations. Risk management should be a significant part of managers overall duties. Improving divisional engagement with risk management processes to further embed a culture within the council where risk is anticipated and managed proactively and is part of the daily process. It is not a quarterly 'form filling' exercise but should be seen to 'add value';

- Increasing recognition of the benefits that can be achieved, operationally and strategically, with effective and embedded risk management;
- Continuing to support the operational service areas in the development and improvement of their individual risk registers by identifying training needs, provide support and guidance and delivering training to them;
- A training programme has been established for 2021 (**Appendix 4 of the strategy**). Directors and managers should ensure they identify staff requiring risk management training not only through the appraisal process but also by job specification process. As highlighted above, this is a key deliverable for directors and their teams to better protect the council. It is the business areas that 'own' and should manage their risks;
- Risk is considered, identified and assessed and in the procurement of goods / services with contractors and partners and;
- REBR are 'Risk Consultants' who will assist managers in scoping and managing risk exposure to enable the implementation of innovative schemes. This team do not manage the council's risks as this remains service areas' responsibility.

4.2 **Business Continuity:**

- Continuing development of BCM at the council to better align with current accepted best practice standards (ISO22301) and requirements of the Civil Contingencies Act (2004);
- Ensure up to date, tested plans exist for all areas. Primary focus remains on critical activities, followed by review of the remainder of the council's activities, those deemed 'non-critical' which will continue to be reviewed and dealt with by divisions;
- Challenging the definition and interpretation of critical by managing the number of services deemed to be critical by undertaking out a Business Impact Analysis. This will involve Directors/Heads of Service nominating/identifying a Business Continuity Lead for each of their service areas to work with REBR to identify priority processes, resource requirements as well as the impacts of not delivering key activities. LCC currently have 40 Business Critical Areas and it is anticipated to reduce these to ensure that resources can be correctly prioritised in the event of an incident. The BIA process has been piloted with the Director of DCPG and this has resulted in some refinements to the process and template. REBR has carried out the exercise with the Directors of Adult Social Care and Safeguarding and the intention is to roll this out to other divisions in 2021. This was deferred due to Covid-19.
- The former Corporate Business Continuity Plan has been combined with the Major Incident Plan now the **LCC's Incident Response Plan**;
- Continued delivery of a specific business continuity training programme for senior managers, management and their staff, virtually during Covid-19;

- Review, maintain, update the corporate BCP template annually and promote council wide use;
- Promoting BC Planning to schools and assisting with developing and testing of their BCPs and
- Targeted chargeable work with some academies.

5. Financial, legal, equalities, climate emergency and other implications

5.1 Financial implications

'The revised Risk Management Policy Statement and Strategy is intended to promote an effective approach to risk across the council. It should minimise the costs of insurance premia, successful claims and responding to incidents. Rigorous BCP arrangements are essential to ensure the council can be confident of recovering effectively from a major incident and with as little additional or abortive expense as possible'.

Colin Sharpe, Deputy Director of Finance, Ext. 37 4081

5.2 Legal implications

Rigorous Risk Management and BCM arrangements are essential to ensure the council can be confident of ensuring it has proper cover for its legal liabilities'.

Kamal Adatia, City Barrister, 37 1401

5.3 Equalities implications

'Effective risk management is essential for organisations and their partners to achieve strategic objectives and improve outcomes for local people and therefore is likely to be beneficial to people from across all protected characteristics.

As an organisation, with a range of different stakeholders, each with differing needs and expectations, this can be a challenge. In some circumstances, effective risk management will be particularly relevant to those with a particular protected characteristic (for example, safeguarding risks and risks which could result in service disruption). Therefore, a robust risk strategy and policy statement which is embedded effectively will minimise the likelihood of ineffective risk management resulting in a disproportionate impact on those with particular protected characteristic/s.

The strategy identifies other potential risks which are relevant to equalities, such as legislative requirements (ensuring that the council meets its statutory duties) The strategy promotes that the management of such risks should be embedded into the day to day business and culture of the council. This would support the continued delivery of positive equalities outcomes for the citizens of Leicester.'

Surinder Singh, Equalities Officer, Ext. 37 4148

5.4 Climate Emergency implications

'There are no significant climate change implications associated with this report'
Aidan Davis, Sustainability Officer, Ext 37 2284

5.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

OTHER IMPLICATIONS	YES/NO	Paragraph/References Within Supporting information
Risk Management	Yes	All of the paper.
Legal	Yes	
Climate Change	No	
Equal Opportunities	Yes	
Policy	Yes	All of the paper.
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	

6. Summary of appendices:

Appendix 1 – Risk Management Policy Statement and Strategy

Appendix 2 – Business Continuity Management Policy Statement and Strategy

7. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?

No

8. Is this a “key decision”? If so, why?

No



Risk Management

Policy Statement and Strategy 2021

20/11/2020
Leicester City Council
Sonal Devani on behalf of Miranda Cannon

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Enterprise Risk Management

Policy Statement and Strategy 2021

Risk Management Policy Statement

Leicester City Council's (LCC) approach to the management of enterprise risk

Risk management involves identifying, assessing, managing, monitoring and reporting, communicating the council's threats and opportunities. By doing so effectively, the Council is in a stronger position to deliver its objectives. Risk is a feature of all business activity and is an attribute of the more creative of its strategic developments. The council accepts the need to take proportionate risk to achieve its strategic objectives, but these should be identified and managed appropriately. However, residual risks may still be high even after controls are identified and implemented. Such risks may relate to activities/projects where the organisation has statutory responsibilities to deliver such services, and in such instances, it is important that risks are being managed effectively and efficiently and the impact is minimised as far as is reasonably practicable should the threat/event occur. By evaluating our plan for potential problems and developing strategies to address them, we are able to improve our chances of a successful, if not perfect delivery of the project/initiative assessed. The risk strategy will also ensure that high priority risks are cost effectively managed and provide decision makers at all levels with the information required to make informed decisions.

The key objectives of Risk Management at LCC are to:

1. Identify, manage and act on opportunities and threats to enable the council to achieve its objectives and integrate risk management into the culture and day to day working of the council.
2. Ensure compliance with governance requirements and that risk management (identification of, and plans to manage, risk) is an integral part of the Council's governance including the decisions taken by the Executive and the Corporate Management Team (CMT).
3. Make the Executive, CMT and Audit and Risk Committee aware of the potential risks.
4. Ensure the organisation's risk profile and exposure is communicated top down, bottom up and across the organisation and coordinate action plans designed to change or reduce the risk profile.
5. Embed, actively support and promote risk management. Raise awareness of the need for risk management to those involved in developing the council's policies and delivering services and ensure it is understood that risk management is a cross service planning activity.
6. Ensure that a systemic and consistent approach to risk management is adopted throughout the organisation and as part of divisional planning, performance management and models of operation.
7. Supporting a culture of well-measured risk taking throughout the council's business.
8. Ensure risks are considered, actioned and responsibility is assigned in the procurement of goods/services.
9. Manage risk in accordance with best practice and comply with statutory and regulatory requirements, for example Fraud Act, Anti Bribery and Care Acts.

The above objectives will be achieved by:-

1. Ensuring CMT, Directors and other relevant stakeholders obtain assurance that the council and its services are managing and mitigating risks that could affect the achievement of the organisation's objectives.
2. Establishing reporting mechanisms to submit Strategic and Operational Risk Registers to CMT, City Mayor and Executive, Audit and Risk Committee and relevant stakeholders.
3. Ensuring the operations and initiatives that are high risk to the council are reported and monitored through the appropriate director to aid informed decision making.
4. Providing learning opportunities to council officers on risk management process across the council by scheduling a rolling training programme year on year with the option of bespoke training.
5. Keeping abreast of best practice throughout the industry and through the continual review and improvement of the council's risk management practices.
6. Good practice tools to support management of risks applied consistently throughout the council.
7. Ensuring accountabilities, roles and responsibilities for managing risk are clearly defined, communicated and understood by establishing clear processes, responsibilities and reporting lines for risk.
8. Anticipating and responding to changes in the external environment including changing political, economic, social, technological, environmental and legislative requirements.
9. Demonstrating the benefits of effective risk management through: -
 - Cohesive leadership and improved management controls;
 - Improved resource management – people, time, and assets;
 - Improved efficiency and effectiveness in service and project delivery;
 - Minimising the impact following an incident, damage limitation and cost containment;
 - Better protection of employees, residents and others from harm;
 - Reduction in incidents, accidents and losses leading to lower insurance premiums and improved reputation for the council.
10. Recognise that it is not possible, nor desirable, to eliminate risk entirely, and so have a comprehensive business continuity and insurance programme that protects the council from significant financial loss, reputational damage or even litigation therefore minimising the impact from an event.

Andy Keeling
Chief Operating Officer

Sir Peter Soulsby
City Mayor

November 2020

Risk Management Strategy

INTRODUCTION

1. The **Risk Management Strategy** provides a structured and coherent approach to identifying, assessing and managing risk. It builds in a process for regularly updating and reviewing the assessment based on new developments or actions taken. and builds on communication and reporting of risks that may adversely impact the achievement of the council's aims and objectives.
2. This strategy builds on, and replaces, the 2020 Risk Management Strategy. Through the continued development and implementation of the strategy, the maturity of the council's risk management will be reflected in a more enabled and proactive culture of embracing innovative opportunities and managing risks. This strategy helps to embed risk management throughout the organisation and ensures officers / staff understand their roles and responsibilities within the process.

AIMS AND OBJECTIVES

3. The aims and objectives of Leicester City Council's (LCC's) Risk Management Strategy are:-
 - To assist LCC in setting strategy, achieving objectives and making informed decisions;
 - To provide the Executive, Members and senior officers with regular risk management reports that give a comprehensive picture of the council's risk profile, risk ranking exposure;
 - To provide and assist the council and its partners to adopt a "fit for purpose" methodology towards identification, evaluation, control and communication of risks and to help ensure those risks are reduced to an acceptable level – the 'risk appetite';
 - To ensure that transparent and robust systems are in place to track and report upon existing and emerging risks which potentially could have a detrimental impact on the council or influence decision making and affect the achievement of objectives;
 - To help further integrate risk management into the culture and day to day working of the council and ensure a cross divisional/operational approach is applied;
 - To provide reliable information on which to base the annual strategic and operational risk and governance assurance statements;
 - To consider the limitations of available information in the process of identifying and assessing risk;
 - To encourage well measured risk taking where it leads to improving performance and sustainable improvements in service delivery;
 - To ensure a consistent approach in the identification, assessment and management of risk ('the risk management cycle') throughout the organisation; and
 - To acknowledge that even with good risk management and our best endeavours, things can go wrong and that we learn from this to prevent it happening again. Risk Management is continually improved through learning and experience.
4. Given the diversity of services offered by the Council, there are a wide range of potential risks that could arise, it is therefore essential that responsibility for identifying and taking action to address those risks is clear. Commitment and involvement of staff at every level is essential to effectively carry out enterprise risk management. Although different staff/managers will have specific duties to assist in this process, it is important that they are aware of and understand

their role. Staff involvement may consider views and comments from other divisional teams who may have experience of managing similar risks.

ASSURANCE AND REPORTING STRUCTURE OF RISKS AT LEICESTER CITY COUNCIL

5. As part of the risk management and assurance process, we would like to create an environment of a 'no surprises' system and the 'tone from the top' is an essential criterion in fulfilling this. To do this, LCC's risk and assurance systems need to be working well. LCC is open to consider all potential delivery options with well measured risk-taking, being aware of the impact of its key decisions.
6. All staff and associated stakeholders have responsibility for managing risk, some more than others. Please see **Appendix 1** for full roles and responsibilities.



Within this structure, each party has the following key roles:

- The **Audit and Risk Committee (A&RC)** is responsible for noting the effectiveness of the council's risk management arrangements, challenging risk information and escalating issues to the Board/Executive;
- **City Mayor and Executive** has a leadership and oversight role particularly in challenging CMT and senior managers in relation to the identified risks and mitigating actions and holding them to account for effective risk management. The City Mayor and Executive are also responsible for approving risk policies and strategy and receiving regular risk management reports to review;
- **The Corporate Management Team (CMT)** has the risk oversight role and ultimate accountability. CMT must ensure the risk related control environment is effective; is responsible for approving and reviewing risk policies and strategies; setting the level of risk the council is prepared to accept – it's '**risk appetite**'; receiving 4-monthly risk update reports to review and for approving as well as agreeing the training programme;
- **Risk, Emergency and Business Resilience (REBR)** develops and coordinates implementation of the Risk Management Strategy and provides a facilitators role, supporting

and guiding service areas on how to complete operational risk assessments, whom they should refer to and deliver corporate risk management and business continuity training. REBR also coordinate, populate and maintain the council's risk registers, producing 4-monthly risk reports comprising of these risk registers to submit to CMT, City Mayor and Executive (SRR only) and the A&RC (bi-annually);

- **Departments and services** are the '**risk-takers**' and are responsible for identifying, assessing, measuring, identifying risk actionees, monitoring, communicating risk as well as reporting on significant risks associated with their functions or activities and for managing risks within their departments;
- As part of the council's **combined model, management, third parties and Internal Audit** give assurance on the management of risks and the operation/performance of controls.

See **Appendix 1** for further Roles and Responsibilities.

RISK DEFINITION AND APPETITE

7. At LCC we use the definition of risk taken from the **International Risk Management Standard 'ISO31000 – Risk Management Principles and Guidelines standard and BS65000 – Guidance on Organisational Resilience'**:

"Risk is the effect of uncertainty on objectives" and an effect is a positive or negative deviation from what is expected. **ISO 31000** recognizes that all of us operate in an uncertain world.

8. By identifying potential problems with in-depth risk assessment, the council can implement controls and treatments that maximise the chance of gain while minimising the chance of loss. It is assumed by many staff, during risk discussions, that all risks must be eliminated. However, this is not the case. Risk is a part of everyday life and taking risks and acting on opportunities may be a route to success, if managed properly where the risk appetite is crucial to this process. Risk Appetite is defined as 'amount and type of risk that the organisation is willing to pursue, retain or take (ISO73 – ISO2002)). **Appendix 2** demonstrates the council's risk appetite. **The council is prepared to tolerate risks that fall below the risk appetite line (the prominent black line).** For risks that are scored above the line, the relevant council officers should consider their occurrence (repetitiveness), impact and design controls for implementation if that risk materialises. An example of this would be total loss of a building by fire. This is a typical 'high impact' but 'low likelihood' risk that cannot realistically be managed day to day, beyond normal management responsibilities, but if it occurs, would be dealt with by the invocation of an effective business continuity plan and appropriate insurance cover which are both significant mitigants for that risk.
9. Risk appetite needs to be considered at all levels of the organisation – from strategic decision makers to operational deliverers. The council's risk appetite is the amount of risk that it is prepared to take in order to achieve its objectives. Defining the council's risk appetite provides the strategic guidance necessary for decision-making and is determined by individual circumstances. In general terms, the council's approach to providing services is to be innovative and to seek continuous improvement within a framework of robust corporate governance. This framework includes risk management that identifies and assesses risks appertaining to decisions being considered or proposed.
10. As such, risk appetite should be considered for every proposal and risk rather than an over-arching concept for the entire council. There will be areas where a higher level of risk will be taken in supporting innovation in service delivery. Certain areas will maintain a lower than cautious appetite - for example, in matters of compliance with law and public confidence in the council or safeguarding adults and children. Risk appetite can therefore be varied for specific risks, provided this is approved by appropriate officers and/or members. However, in all circumstances:
 - The council would wish to manage its financial affairs such that no action will be taken which would jeopardise its ability to continue as a going concern; and
 - The council would wish to secure the legal integrity of its actions always.

Despite this, at times the council may be forced to take risks beyond its appetite to comply with central government directives or to satisfy public expectations of improved services. The challenge process will determine the decisions made - whether to proceed with such proposals and after careful assessment of the identified risks and an analysis of the risks compared to the benefits – i.e. cost benefit analysis. A cost benefit analysis also helps decide the commitment to risk management resources and it is important to keep in mind that not all costs benefit is confined to financial measurement and the cost of not taking action should also be considered.

11. LCC's approach is to be **risk aware** rather than **risk averse**, to manage and mitigate the risk. As set out in its Risk Management Policy Statement, it is acknowledged that risk is a feature of all business activity and is a particular attribute of the more creative of its strategic developments. Directors and members are not opposed to risk. They are committed to taking risk with full awareness of the potential implications of those risks and in the knowledge that a robust plan is to be implemented to manage/mitigate them. The council's risk management process allows this '**positive risk taking**' to be evidenced.
12. '**Positive risk taking**' is a process of weighing up the potential benefits and impacts of exercising a choice of action over another course of action. This entails identifying the potential risks and developing plans and controls that reflect the positive potentials and stated priorities of the council. It then involves using available resources and support to achieve desired outcomes, and to **minimise any potential 'harmful' impacts**. It is certainly not negligent ignorance of potential risks but, usually, a carefully thought out strategy for managing a specific risk or set of circumstances.
13. The risk management process ensures that key strategic and operational risks are well controlled, minimising the likelihood of an occurrence and its impact should the risk occur. It is recognised that there are costs involved in being too risk averse and avoiding risk, both in terms of bureaucracy and opportunity costs.
14. The council seeks to identify, assess and respond to all strategic risks that may affect the achievement of key business objectives and plan outcomes. Once a risk has been identified and rated, the council will adopt a risk response based on the nature of the risk. The council's risk responses include treat, tolerate, terminate or transfer – refer to paragraph 27 for the detail. Integrating risk transfer strategies requires decisions at the highest levels as the risk appetite will determine the extent to which it is prepared to retain the risk, as opposed to sharing risk by outsourcing or insurance.
15. However, having an effective risk management framework does not mean that mistakes and losses will not occur. Effective risk management means that high risks are highlighted, allowing appropriate action to be taken to minimise the risk of potential loss. The principle is simple, but this relies upon several individuals acting in unity, applying the same methodology to reach a sound conclusion and understand that risk management is a cross service planning activity. However, it is recognised that risk management and the analysis is based on judgement and is not infallible or an exact science, and for a more accurate analysis, the appropriate people should be involved who should consider and understand ALL the available information at the time relevant to that activity but be aware there may be limitations on that information. Incidents will still happen, but the council will be in a better position to recover from these incidents with effective risk controls/business continuity management processes in place. LCC is a "learning organisation" and the council will seek to learn from adverse risk events.

RISK FINANCING

16. Risk Financing is the process which determines the optimal balance between retaining and transferring risk within an organisation. It also addresses the financial management of retained risk and may best be defined as money consumed in losses, funded either from internal resources or from the purchase of 'external' insurance (such as the catastrophe cover provided by the council's external insurers). Simply put, it is how an organisation will pay for loss events in the most effective and least costly way possible. Risk financing involves the identification of risks, determining how to finance the risk, and monitoring the effectiveness of the financing technique chosen. Commercial insurance policies and self-insurance are options for risk transfer schemes though the effectiveness of each depends on the size of the organisation, the organisation's financial situation, the risks that the organisation faces, and the organisation's

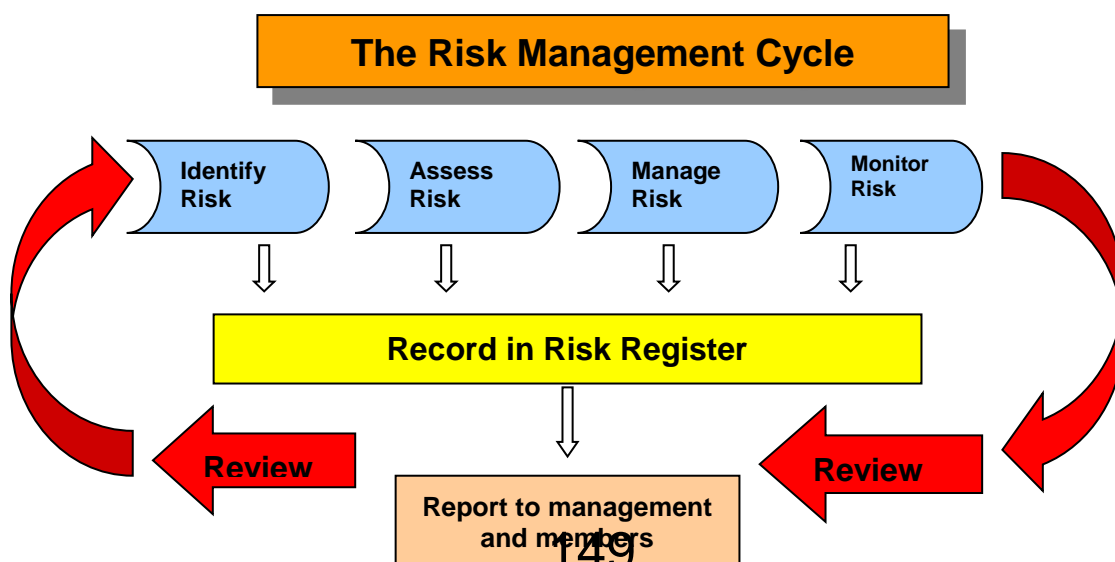
overall objectives. Risk financing seeks to choose the option that is the least costly, but that also ensures that the organisation has the financial resources available to continue its objectives after a loss event occurs. The council currently takes cover with external insurers for the following categories of insurable risk:

- Casualty (Employers Liability and Public Liability)
- Property
- Motor
- Fidelity Guarantee
- Engineering
- Professional Negligence
- Official Indemnity
- Personal Accident

17. LCC's strategy for risk financing is to maintain an insurance fund and only externally insure for catastrophe cover. The council's strategy is to review the balance between external/internal cover on an annual basis in the light of market conditions and claims experience. This balance will be influenced by the effectiveness of the risk management process embedded at the council and this process is managed by REBR on behalf of the Director of Delivery, Communications and Political Governance.

RISK MANAGEMENT PROCESS

18. The council's strategic objectives and individual divisional operational objectives are the starting point for the management of risk. Managers should not think about risk in isolation but consider events that might affect the council's achievement of its objectives. Strategic risks are linked to strategic objectives and operational risks linked to divisional service delivery objectives, therefore, day to day activities need, as a minimum, to be identified and monitored. This is best done by the effective implementation of the risk management process with the use of risk assessments/risk registers (**Appendix 3**).
19. Risk management is to be driven top down, bottom up and across, to ensure risks are appropriately considered. To achieve this, managers should encourage participation with their staff/peers in the process, through regular discussions/reviews. **The risk management process seeks to work with and support the business and not add a layer of bureaucracy or create masses of paperwork.**
20. The process below should be implemented by managers and staff at all levels to identify, assess, control, monitor and report their risks. Risk management is intended to help managers and staff achieve their objectives safely and is not intended to hinder or restrict them. The aim is not to become risk averse. The process ensures that a consistent risk management methodology is in place and implemented across all the diverse activities of the council.
21. There are five key steps in the risk management process. These stages are covered in greater detail in the **Risk Management Toolkit** – a step-by-step guide to risk management at LCC - which is available to all members, managers and staff via the REBR pages on SharePoint.



22. The risk management process is explained in detail in the '**Identifying and Assessing Operational Risk**' training course, which is now mandatory for staff completing a risk assessment (see **Appendix 4** for the 2021 training schedule) and teaches staff to: -
- **Identify risk** - management identify risks through brainstorming discussions as a group, or discussion with their staff, interviews, seek employee feedback, analyse customer complaints, internal/external audit reports, scenario analysis and SWOT/PESTLE analysis. REBR are available to support this process either by attending or facilitating risk 'workshops' or delivering risk identification and mitigation training to managers and their business teams in advance of their own sessions;
 - **Assess/Analyse/Evaluate** - management assess the likelihood of risks occurring and the impact on the council/their objectives using the council's approved risk assessment form and the 5x5 scoring methodology. Once the risks are scored, this will determine whether the risks are high, medium or low which will help in the prioritisation of risks for urgent attention (see **Appendix 2**);
 - **Manage** - management determine the best way to manage their risks e.g. terminate, treat, transfer, tolerate or take the opportunity (see paragraph 27 below);
 - **Record risks** – using corporate risk assessment template to record risks (see **Appendix 3**);
 - **Monitor** – management should monitor their risks and the effectiveness of their identified management controls; are controls implemented and need for further controls;
 - **Review** - management ensure identified risks are regularly reviewed and if controls have been implemented, whether further controls are necessary or required. This will normally be managed by means of a risk register (see paragraphs 30 - 39 below for more detail).
 - **Risk Reporting, communication and consultation:** Communication and consultation with external and internal stakeholders should take place during all stages of the risk management process

IDENTIFYING THE RISKS

23. At LCC in order to identify risks, we need to focus on the aims and objectives of the organisation and of any project and activity. Every activity the council engages in contributes to achieving an objective and so risks that may affect the successful completion of that activity must be taken seriously. Risk is simply defined as '**the effect of uncertainty on objectives**' – ISO31000 Risk Management Standard. As mentioned in paragraph 22, the training session covers in detail how to identify risks. Please refer to **Appendix 3** for the risk assessment template to log risks and its evaluation. **Appendix 5** indicates the different categories of risk which staff use as a prompt to identify risks that are external facing. However, it is not an exhaustive list and officers are reminded that risks may not be present in all categories when they are completing their risk assessment. Other means of identifying risks include previously completed risk assessments, brainstorming exercises involving the relevant stakeholders, complaints received, claims, incident and accident reports. This is discussed in more detail in the training sessions. Also, staff may need to consider carrying out a dynamic risk assessment as and when required, for e.g. in the case of inclement weather, the original risk assessment may not have considered how to operate on a wet day as it was not anticipated.
24. The Manager, Risk Management will continue to work collaboratively with ALARM, the professional body for Risk Management, as part of the Regional Committee for the Midlands Region and an Editor for their risk Journal, along with other councils and partners to undertake

horizon scanning to identify new and emerging risks that affect the council. This may help to identify new collective trends and emerging risks.

ASSESS / ANALYSE AND EVALUATE RISKS

25. The primary function of “scoring” risks is to facilitate their prioritisation and assessment against risk appetite. This step involves determining the likelihood of the risk occurring and its impact should it occur. Please see **Appendix 2** for further detail of the scoring mechanism and the definitions utilised at this council to calculate the level of the risk: - **Impact x Likelihood = Risk score.**
26. This helps to prioritise the risks (risk ranking) which require urgent action using a red, amber, green scoring mechanism (RAG status). The table below indicates how risks that are high, medium and low should be managed.

LEVEL OF RISK	OVERALL RATING	HOW THE RISK SHOULD BE TACKLED/ MANAGED
High Risk	15-25	IMMEDIATE MANAGEMENT ACTION
Medium Risk	9-12	Plan for CHANGE
Low Risk	1-8	Continue to MANAGE

MANAGE THE RISKS

27. Once risks have been identified and assessed by management (**a risk rating score has been derived**), managers should then determine how those risks will be dealt with – a process commonly known as the four T’s. The risk rating score will also enable risks to be prioritised and influence the use of one or more of the four T’s –
 - Terminate
 - Treat
 - Tolerate
 - Transfer

Please see below charts for possible actions after assessing and analysis of risks:

4 T's

Impact	
High	<p>Transfer</p> <p>Transfer risk to another party, outsource, insurance</p> <p>Terminate</p> <p>Stop the activity or do it differently using alternative systems</p>
Low	<p>Tolerate</p> <p>Bear losses out of normal operating costs following an informed decision to retain risk, monitor situation</p> <p>Treat</p> <p>Implement procedures and controls to reduce the frequency or the severity; formulate a contingency plan to reduce service interruption</p>

Likelihood	Impact	4 T's	Actions to take
		Low	High
High	High	Terminate	Requires immediate action/avoid or consider alternative ways
High	Low	Treat	Consider steps to take to manage risks – reduce the likelihood and/or better manage the consequence
Low	High	Transfer	Contingency plan/Insurance cover to bear financial losses/transfer risk to third party/outsource
Low	Low	Tolerate	Informed decision to retain risk. Keep under review. Monitor and bear losses from normal operating costs as the cost of instituting a risk reduction or mitigation activity is not cost effective or the impact of the risks are so low so deemed acceptable

28. Taking the opportunity is an enhancement to this process. This option is not an alternative to the above; rather it is an option which should be considered whenever tolerating, transferring or treating a risk. **There are two considerations here:**
- Consider whether at the same time as mitigating a threat, an opportunity arises to exploit positive impact. For example, if a large sum of capital funding is to be put at risk in a major project, are the relevant controls good enough to justify increasing the sum at stake to gain even greater advantage?
 - Consider also, whether circumstances arise which, whilst not generating threats, offer positive opportunities. For example, a drop in the cost of goods or services frees up resource which may be able to be redeployed for projects that enhance the economy of Leicester.
29. Secondary Risk - It's important to note here that it's common for efforts to reduce risk to have risks of their own. These are known as secondary risks. For example, if a project is outsourced/subcontracted a number of secondary risks will be assumed such as the risk that the outsourcing company/subcontractor will fail to deliver.

MONITORING AND REVIEWING THE RISKS

30. After evaluating the measures already in existence to mitigate and control risk, there may still be some remaining exposure to risk (residual risk). It is important to stress that such exposure is not necessarily detrimental to the council and ensures that the council is aware of its key business risks; what controls are in place to manage (mitigate) these risks; and, what the potential impact of any residual risk exposure is. This step in the risk process never really ends as monitoring and review of your risk assessment to ensure it stays valid is an ongoing process. The ultimate aim of risk management/assessment is to implement measures to reduce the risks to an acceptable level. Monitoring and review of circumstances must occur to see whether the measures implemented have reduced risks effectively and whether more should be done. To summarise, are the controls being implemented, are they effective, do further controls need to be considered, therefore, re-scoring of the risk, and do new risks need to be incorporated or any existing ones deleted.
31. It is important that those risks that have been identified as requiring action are subject to periodic review, to assess whether the risk of an event or occurrence still remains acceptable and if further controls are needed. Any further action(s) should be determined, noted and implemented. The frequency of reviews should be decided by management, depending on the type and value of the risks identified (see also 32 below). Currently, at LCC, the significant strategic and operational risks are reviewed and reported on a quarterly basis to CMT and bi-annually to the A&RC, with strategic risks reported quarterly to the City Mayor and Executive, facilitated by the Manager, Risk Management. Below, is a table indicating a **suggested review** of risks dependent on the risk rating whether, high, medium or low.

Recommended risk review frequencies as per risk rating:

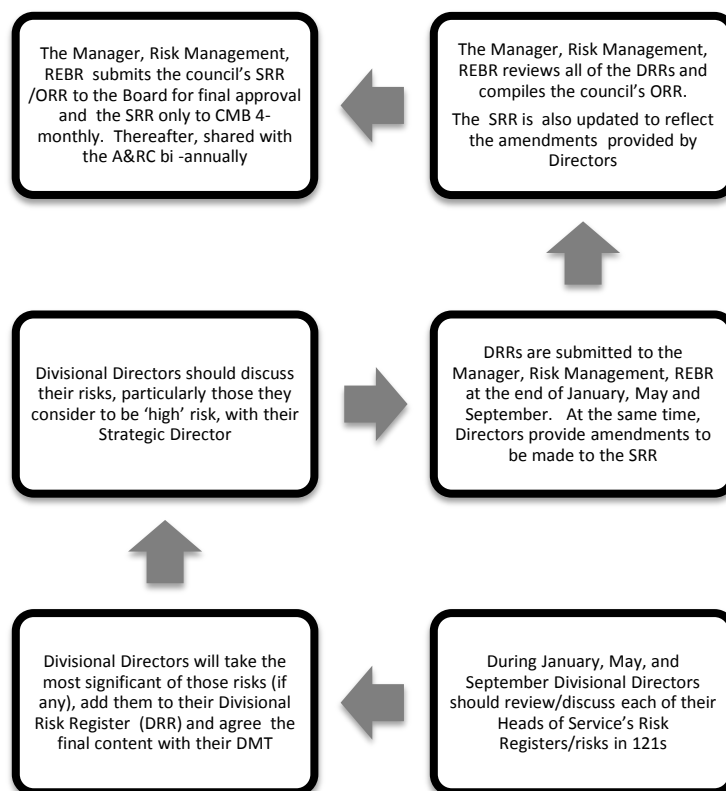
Standard Review	
Red risks	1 – 3 months
Amber risks	3 months
Green risks	6 months

RISK REPORTING

32. Significant operational risks (scoring 15 and above) should continue to be logged and monitored via the Operational Risk Register (ORR). It is the responsibility of each divisional director to ensure that operational risks are recorded and monitored via a risk register. These registers and the risks identified are aligned to the council's operating structure. REBR has produced a pro-forma risk assessment/register that **must** be used by all business areas (see **Appendix 3**).
33. The most significant risks identified by the divisional directors feed into the council's ORR which is managed by CMT and facilitated by the Manager, Risk Management, REBR. They are accountable for ensuring that all operational risks are identified against service delivery objectives; that plans are implemented to control these exposures; key risks are included within the individual service plan and that monitoring and communication of risks takes place.
34. The Chief Operating Officer supported by CMT manages and monitors the Strategic Risk Register (SRR) for those risks that may affect achievement of the council's strategic objectives, with REBR facilitating. The most significant of these risks, those that may threaten the council's overall strategic aims, form this register which is reviewed and updated by directors each quarter. Responsibility for these risks rests with named directors. As part of the overall process of escalation, each strategic director should also have risk on their 121 agenda with their divisional directors at least quarterly. One of the significant strategic risks is a serious failing of the management of operational risks by their divisional directors.
35. REBR facilitates and supports this process and will continue to maintain the SRR/ORR, using the input from each Divisional Risk Register and the updates provided by each director for the

SRR. The SRR/ORR will be reported 4-monthly to CMT, and bi-annually to the A&RC. In addition, the SRR (Strategic Risk Register) is also reported to the City Mayor / Executive 4-monthly. As part of this process, bespoke training needs may be identified and the REBR team will provide training and support upon request.

36. The process for reviewing and reporting operational and strategic risks at LCC is set out as below:



Key:

- DRR** – Divisional Risk Registers – compiled using most significant operational risks from Heads of Service risk registers.
- ORR** – Operational Risk Registers – produced by REBR using the significant risks from the DRRs submitted by Divisional Directors
- SRR** – Strategic Risk Registers – compiled by REBR using significant risks submitted by Directors and are those risks that may affect achievement of the council's strategic aims.

37. All risks identified, both operational and strategic, will need to be tracked and monitored by regular reviews of the risk registers at 121's with management. This will ensure that any changes in risks requiring action are identified; there is an effective audit trail; and the necessary information for ongoing monitoring and reporting exists.
38. Those officers completing risk assessments / registers should use this document as a reporting tool to their line manager in order to aid decision making. The frequency of this reporting should be as and when changes are made to the risk assessment / register particularly where they are significant. However, this is not to become a bureaucratic process and to put it into perspective, the DRR's are revised for 4-monthly reporting to CMT and Executive.

39. **Document Retention** - It is recommended to save a new copy of the updated risk register rather than overwriting the existing one so that an audit trail of reviewing risk registers can be evidenced.

PARTNERSHIP RISK

40. It is recognised that partnership working is a key area where associated risk needs to be identified and controlled. Best practice states that local authorities must meet two key responsibilities for each partnership they have. They must: -
- Provide assurance that the risks associated with working in partnership with another organisation have been identified and prioritised and are appropriately managed (partnership risks);
 - Ensure that the individual partnership members have effective risk management procedures in place (individual partner risks).

RISK MANAGEMENT TRAINING

41. An annual programme of training (covering risk and business continuity planning) is available to all staff, managers and members. However, directors and managers should identify staff who require this training through the staff appraisal process (existing staff) and through the jobs specification process (new staff) and appropriate training will be provided by REBR. CMT have made the 'Identifying and Assessing Operational Risk' training mandatory for staff who have to carry out a risk assessment. (See **Appendix 4** for the 2021 training schedule).

INSURANCE LIMITS AND PROCURING OF SERVICES / GOODS (RISK TRANSFER)

42. Guidance is available on SharePoint on what to consider when determining insurance levels if procuring for services by a contractor or third party. The insurance limits requested are based on the risks the activity will impose and the impacts (risk based rather than blanket limits). The consequences, impact and cost of risk columns of the risk assessment template will help to determine the insurance levels required. The insurances requested are usually Public Liability, Employers Liability and Professional Indemnity (though the latter is not always a pre-requisite).

REVIEW OF RISK MANAGEMENT POLICY AND STRATEGY

43. This Risk Management Policy Statement and Strategy is intended to assist in the development/integration of risk management from now until December 2021 when the next review is due of this policy and strategy.
44. All such documents and processes will remain subject to periodic review and with the next planned review to occur in Quarter 4 2021, this allows any changes in process to be aligned to the council's financial year end.

RISK MANAGEMENT AT LEICESTER CITY COUNCIL

45. A robust risk management process should be applied to all our activities during the next 12 months and beyond. To achieve this, priority exposures should be identified, addressed, and incorporated into appropriate risk management strategies and risk improvements into organisation's service delivery. A robust risk process will allow identification of emerging risks and horizon scanning. This should be in line with the council's priorities. This helps to determine how risks affects such priorities, whether to consider changes in council's operations and to enable us to make well-informed decisions. Risk must be considered as an integral part of divisional planning, performance management, financial planning and strategic policy-making processes. The cultural perception of risk management must continue changing from a 'have-to-

do' to a 'need-to-do'. However, this does not need to become a bureaucratic and paper intensive exercise and judgment by the appropriate person should be exercised.

46. The Manager, Risk Management, REBR will continue to maintain a central copy of the SRR/ORR as well as the DRR's. Internal Audit will continue to utilise these registers to assist them in developing the audit plan and producing a programme of audits, which will test how well risk is managed within specific areas of the business – subject to resource being available. The council's Risk Strategy and Policy will help directors to report appropriately upon their risk and their risk registers, together with other information gathered by Internal Audit through consultations, will be used to formulate the audit work programme which, in turn, allows assurance to be given to both the CMT (officers) and the Audit and Risk Committee (members) that risk is being properly identified and managed at LCC.
47. Consideration should be given as to whether the management of risk should be included in job descriptions for all operational service area managers with responsibility and accountability for risks and be included in every director/manager's objectives and performance appraisal discussion.
48. Directors and managers should also ensure that all stakeholders (employees, volunteers, contractors and partners) are aware of their responsibilities for risk management and of the lines of escalation for risk related issues. Operational performance linked to risks helps to achieve objectives more effectively and efficiently.

CONCLUSION

49. A certain amount of risk is inevitable to achieve objectives, improve performance and take opportunities with measured risk-taking, hence the existence of this Policy and Strategy to help the organisation manage those risks and deliver high quality public services and better value for money. The aim of risk management is to 'embrace risk' and acknowledge opportunities can arise from taking risks and not to miss those opportunities.

Appendix 1 - LEADERSHIP, ROLES AND RESPONSIBILITIES

All Councillors	<ul style="list-style-type: none"> • To consider and challenge risk management implications as part of their decision-making process.
City Mayor/ Executive	<ul style="list-style-type: none"> • Approve the council's Risk Management Strategy and Policy Statement annually. • Consider risk management implications when making decisions and determine the risk appetite for the council. • Agree the council's actions in managing its significant risks. • Receive regular reports on risk management activities and a quarterly review of the strategic risk register. • Approve an annual statement on the effectiveness of the council's risk controls as part of the statement of accounts. • Consider the effectiveness of the implementation of the risk management strategy and policy.
Audit and Risk Committee	<ul style="list-style-type: none"> • Receive and note the council's Risk Management Strategy and Policy Statement annually. • Receive and note the Strategic and Operational Risk Registers update reports.
Strategic Directors	<ul style="list-style-type: none"> • Responsibility for leading and managing the identification of significant strategic risks. • Ensure that there is a robust framework in place to identify, monitor and manage the council's strategic risks and opportunities. • Ensuring that the measures to mitigate these risks are identified, managed and completed within agreed, time-scales, ensuring that they bring about a successful outcome. • Lead in the promoting of a risk management culture within the council and with partners and stakeholders. • Approve and maintain the requirements for all CMT reports, business cases and major projects to include a risk assessment (where appropriate). • Ensure risk is considered as an integral part of service planning; performance management; financial planning; and, the strategic policy-making process. • Consider risk management implications when making Strategic decisions. • Management and quarterly review of the strategic risk register. Review and progress actions and capture emerging risks. • Recommend the level of risk appetite for all strategic risks to Executive. • Note, through quarterly review, the operational risk register. Ensure that the measures to mitigate these operational risks are identified, managed and completed within agreed timescales, ensuring that they bring about a successful outcome. • Ensure that appropriate advice and training is available for all councillors and staff. • Ensure that resources needed to deliver effective risk management are in place.
Corporate Management Team (CMT)	<ul style="list-style-type: none"> • Responsibility for leading and managing the identification of significant operational risks from all operational areas. • Ensuring that the measures to mitigate these risks are identified, managed and completed within agreed timescales, ensuring that they bring about a successful outcome. • Lead in promoting a risk management culture within the council and within their departments. • Approve and endorse the Risk Management Strategy and Policy • Approve regular Risk Registers Report and understand status • To respond appropriately and in a timely manner to exceptions in reports to ensure accountability and risk management processes aren't compromised.

Divisional Directors	<ul style="list-style-type: none"> • Submit Divisional Operational Risk Register (DORR) showing significant Divisional operational risks to Risk Management for consideration of inclusion in the council's Operational Risk Register. • Escalating risks/issues to the relevant Strategic Directors, where appropriate. • Ensure there is a clear process for risks being managed by their Heads of Service (and where appropriate, their managers and/or supervisors) to be reviewed, at least quarterly, allowing their DORR to be seen as complete. • Embeddedness of risk management within the service areas they are responsible for and promoting a risk management culture. • Ensure compliance with corporate risk management standards. • Ensure that all stakeholders (employees, volunteers, contractors and partners) are made aware of their responsibilities for risk management and are aware of the lines of escalation of risk related issues. • Identify and nominate appropriate staff for risk management training.
Manager, Risk Management	<ul style="list-style-type: none"> • To develop and coordinate the implementation of the Risk Management and Business Continuity Policy and Strategy. • Provide facilitation, training and support to promote an embedded, proactive risk management culture throughout the council. • Assist the Strategic and Divisional directors in identifying, mitigating and controlling the council's risks. • Coordinate, populate and maintain the strategic and operational risk registers of the council's most significant risks which are submitted to CMT and Audit & Risk Committee quarterly. • Review risks identified in reports to Strategic Directors and the Executive. • Ensure that risk management records and procedures are properly maintained, decisions are recorded and an audit trail exists. • Ensure an annual programme of risk management training and awareness is established and maintained to promote good risk management. • To assess emerging risks and key risks facing the council. Horizon scanning. • Advise management of key risk issues • Review External and Internal Audit recommendations to ensure these are picked up and dealt with by the business.
Internal Audit	<ul style="list-style-type: none"> • Have knowledge of Risk Management Policy and Strategy. • Support the risk management process. • Focus internal audit work on significant risks – risk-based auditing. • Provide the Risk team / Divisions / Departments with updates on risks identified from audits where necessary.
All Employees	<ul style="list-style-type: none"> • To have an understanding of risk and their role in managing risks in their daily activities, including the identification and reporting of risks and opportunities. • Support and undertake risk management activities as required. • Attend relevant training courses focussing on risk and risk management.
Stakeholders	<ul style="list-style-type: none"> • Directors and managers should also ensure that all stakeholders (employees, volunteers, contractors and partners) are made aware of their responsibilities for risk management and are aware of the lines of escalation for risk related issues. Risk management is most successful when it is explicitly linked to operational performance

Appendix 2 – RISK APPETITE AND RISK SCORING MATRIX

Key to Table:

The numbers in the boxes indicate the overall **risk score**, simply put:

‘Impact score’ x (multiplied) by the ‘Likelihood score’.

The score is then colour coded to reflect a ‘RAG’ (red, amber green) status. The solid black line indicates what directors consider is the council’s **‘risk appetite’** (see paragraphs 4-11 above) where they are comfortable with risks that sit below and to the left of that line.

Risk or Likelihood	Almost certain (5)	Probable /Likely (4)	Possible (3)	Unlikely (2)	Very Unlikely /Rare (1)
Critical/Catastrophic (5)	25	20	15	10	5
Major (4)	20	16	12	8	4
Moderate (3)	15	12	9	6	3
Minor (2)	10	8	6	4	2
Insignificant/negligible (1)	5	4	3	2	1

LEVEL OF RISK	OVERALL RATING	HOW THE RISK SHOULD BE TACKLED/ MANAGED
High Risk	15-25	IMMEDIATE MANAGEMENT ACTION
Medium Risk	9-12	Plan for CHANGE
Low Risk	1-8	Continue to MANAGE

Likelihood	Impact	Actions to take
High	High	Terminate - needs immediate action
High	Low	Treat - consider steps to take to manage risks
Low	High	Transfer - contingency plan/Insurance cover
Low	Low	Tolerate - keep under review

	IMPACT	SCORE	BENCHMARK EFFECTS
CRITERIA	CRITICAL/ CATASTROPHIC	5	Multiple deaths of employees or those in the council's care Inability to function effectively, council-wide Will lead to resignation of Chief Operating Officer and/or City Mayor Corporate manslaughter charges Service delivery has to be taken over by Central Government Front page news story in national press Financial loss over £10m
	MAJOR	4	Suspicious death in council's care Major disruption to council's critical services for more than 48hrs (e.g. major ICT failure) Noticeable impact in achieving strategic objectives Will lead to resignation of Strategic Director and/ or Executive Member Adverse coverage in national press/front page news locally Financial loss £5m - £10m
	MODERATE	3	Serious Injury to employees or those in the council's care Disruption to one critical council service for more than 48hrs Will lead to resignation of Divisional Director/ Project Director Adverse coverage in local press Financial loss £1m - £5m
	MINOR	2	Minor Injury to employees or those in the council's care Manageable disruption to internal services Disciplinary action against employee Financial loss £100k to £1m
	INSIGNIFICANT/ NEGLIGIBLE	1	Day-to-day operational problems Financial loss less than £100k

LIKELIHOOD	SCORE	EXPECTED FREQUENCY
ALMOST CERTAIN	5	Reasonable to expect that the event WILL undoubtedly happen/recur, possibly frequently and is probable in the current year.
PROBABLE/LIKELY	4	Event is MORE THAN LIKELY to occur. Will probably happen/recur, but it is not a persisting issue. Will possibly happen in the current year and be likely in the longer term.
POSSIBLE	3	LITTLE LIKELIHOOD of event occurring. Not likely in the current year, but reasonably likely in the medium/long term.
UNLIKELY	2	Event NOT EXPECTED. Do not expect it to happen/recur. Extremely unlikely to happen in the current year, but possible in the longer term.
VERY UNLIKELY/RARE	1	EXCEPTIONAL event. This will probably never happen/recur. A barely feasible event.

Appendix 3 – RISK ASSESSMENT / REGISTER TEMPLATE

Risk Assessment / Register														
Completed by:								Date completed: xx/xx/20						
Business Objective	Risk What is the problem/hazard? <i>What is it that will prevent you from meeting your objectives?</i>	Consequence /effect: <i>what would actually happen as a result? How much of a problem would it be? To whom and why?</i>	Existing actions/controls <i>What are you doing to manage this now?</i>	Risk Score with existing measures (See Scoring Table) (I x L)			Response Strategy / Action	Further management actions/controls required. <i>What would you like to do in addition to your existing controls?</i>	Target Score with further management actions/ controls required (See Scoring Table)			Cost (of Impact; of current controls; of further controls)	Risk Owner (<i>Officer responsible for managing risk and controls</i>)	Risk Review Date
				Impact	Likelihood	Risk Rating			Impact	Likelihood	Risk Rating			
What is your objective upon which the risk could have an effect? What is it you need to achieve?	What is the actual risk to your objective? This should be a statement that provides a brief, unambiguous and workable description that enables the risk to be clearly understood, analysed and controlled.	If the risk happens what will actually be the impact? What will go wrong/	What have you already got in place to either reduce the likelihood of this risk occurring, or to reduce the impact on your area/budget if it does happen? These will be factors that are exerting material influence over the risk's likelihood and impact.	Score as per the scoring guide for both impact and likelihood and multiply the two together to get the overall risk score. These scores should take into account the existing controls			Select from the 4 T's Tolerate, Treat, Transfer, Terminate	What further action do you feel necessary? Enter here regardless of whether you have the resource to makes these happen.	Score as per scoring guide for both impact and likelihood taking into account the proposed new controls. Multiply the two together to get the overall risk score.			What will it cost you/the council if this happens? Include also how much the current controls are costing you as well as the cost of future controls	Who is the owner of this risk on a day to day basis? This may not be the owner of the risk register.	When will the future controls be in place or when will the risk be reviewed?

Appendix 4 – 2021 TRAINING SCHEDULE

Risk, Emergency & Business Resilience Training Programme 2021

Below are details of the Risk, Emergency and Business Resilience Training Programme for 2021. If you wish to attend these sessions, **please book via the 'Career and Development' tab on the ESS system.** Prior to booking, please discuss with and seek your manager's approval. Most of the sessions are limited to between 15 and 20 attendees, so bookings will be on a 'first come, first served' basis.

All the sessions will take place virtually on MS Teams and will start promptly at 10am. Sessions tend to run for no more than two hours but could finish at 12.30pm.

Identifying and Assessing Operational Risks

14 January
24 February
14 April
25 May
30 June
15 July
21 September
27 October
25 November.

(Training delivered by Sonal Devani and Nusrat Idrus)

Since October 2014 this session has been mandatory for all staff who complete an operational risk assessment or risk register. Anyone completing a risk assessment that has not been on this training recently may be exposing the Council to a potential uninsured loss. If in doubt – ask!

This course covers the process of Operational Risk Identification and Assessment and will touch upon identification of mitigating controls. The session includes an outline of the council's Risk Management Strategy and Policy and the role you play in implementing the strategy and policy. The session is for anyone who manages operational risk (manage staff; manage buildings; manage contact with service users or the general public) in their day to day role – all tiers of staff from Directors down – and those that let council contracts. The course will lead you through the agreed risk reporting process at Leicester City Council and allow you to identify your role within that process. The practical exercise should help staff complete the council's risk assessment form.

Business Continuity Management

20 January
02 March
13 May
09 June
07 September
10 November.

(Training delivered by Sonal Devani and Nusrat Idrus)

This course provides an understanding of Business Continuity Management within the organisation. It explains the difference between managing business continuity and merely writing your plan. This understanding will allow you to manage unexpected incidents and get back to delivery of your 'business as usual' service in the event of an unforeseen circumstance. This session is aimed at anyone who has a responsibility for a building, staff; and for delivery of a service, therefore, needs to have a business continuity plan or would be part of a recovery team needed to restore an affected

service after an incident. The session also outlines the council's Business Continuity Strategy and Policy and will explain how that might affect you and your work. A step-by-step guide is provided to completing the council's BCP pro-forma. This session should be attended by all Heads of Service and their senior management to ensure that, in the event of a serious, unexpected incident, they understand the processes that will help to ensure the council can continue to operate with minimal impact.

Emergency Centre Volunteer Training

11 February
24 March
21 April
15 June
16 September
18 November.

(Training delivered by Martin Halse, and Neil Hamilton-Brown)

The half day training session gives you an understanding of how an Emergency Centre is setup and the roles and responsibilities of staff and various organisations. **'What happens to people when there is a fire or flood in the city?'** Frequently, the council is the first port of call for those caught up in the incident. One of the essential ways the council can help during an emergency is to open an emergency centre to assist those affected, such as happened during the recent major incident at Hinckley Road explosion.

Personal/Bespoke Sessions

We accept that, due to staff constraints and timing of leave, it may not be possible for all of your staff with a need to attend these training courses to attend one of the dates above. We continue to offer all of our training to specific groups of staff at times and locations to suit you. All of our training can be condensed to fit whatever time you have available. We can also focus on your own service area's needs and objectives when delivering this training to a bespoke group of staff. Please be aware that we are a small team and it may be that such a session may take weeks rather than days to be arranged.

If you would like to discuss a bespoke session, please contact:

For Risk and Business Continuity:

Sonal Devani: (sonal.devani@leicester.gov.uk), 454 (37) 1635,

Nusrat Idrus (Nusrat.idrus@leicester.gov.uk), 454 (37) 1623

For Emergency Management:

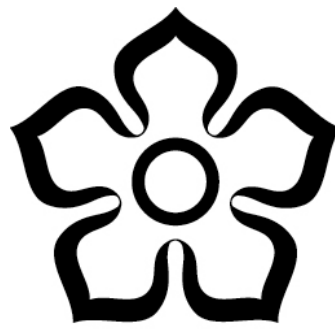
Neil Hamilton-Brown (Neil.Hamilton-Brown@leicester.gov.uk), 454 (37) 1341,

We would like to assist you in any way we can and are happy to meet you to assist you to identify training needs of your staff, whilst at the same time protecting the council's most valuable asset – you and your staff.

Sonal Devani
Manager, Risk Management
Risk, Emergency & Business Resilience

Appendix 5 – CATEGORIES OF RISK

Sources of risk	Risk examples
Infrastructure	Functioning of transport, communications and infrastructure. Impact of storms, floods, pollution.
Political, Legislative and Regulatory	Effects of the change in Central Government policies, UK or EU legislation, local and National changes in manifestos. Exposure to regulators (auditors/inspectors). Regulations – change and compliance.
Social Factors	Effects of changes in demographic profiles (age, race, social makeup etc.) affecting delivery of objectives. Crime statistics and trends. Numbers of children/vulnerable adults 'at risk'. Key Public Health issues.
Leadership	Reputation, authority, democratic changes, trust and branding. Intellectual capital. Culture. Board composition.
Policy and Strategy	Clarity of policies, communication. Policy Planning and monitoring and managing performance.
Technological	Capacity to deal with (ICT) changes and innovation, product reliability, developments, systems integration etc. Current or proposed technology partners.
Competition and Markets	Cost and quality affecting delivery of service or ability to deliver value for money. Competition for service users. Success or failure in securing funding.
Stakeholder related factors	Satisfaction of LCC taxpayers, Central Government, GOEM and other stakeholders. Customer/service user demand.
Environmental	Environmental impact from council, stakeholder activities (e.g. pollution – air and water, energy efficiency, recycling, emissions, contaminated land etc.). Traffic problems and congestion. Impact of activity on climate and climate change.
Finance	Associated with accounting and reporting, internal financial delegation and control, e.g. schools finance, managing revenue and capital resources, neighbourhood renewal funding taxation and pensions. Liquidity and cashflow. Interest rates. Credit lines and availability. Accounting controls.
Human Resources	Recruiting and retaining appropriate staff and applying and developing skills in accordance with corporate objectives, employment policies, health and safety.
Supply Chain - Contracts and Partnership	Supply Chain management. Contracts. Failure of contractors to deliver services or products to the agreed cost and specification. Procurement, contract and life cycle management, legacy. Partnership arrangements, roles and responsibilities.
Tangible Assets and Equipment	Safety and maintenance of buildings and physical assets i.e. properties; plant and equipment; ICT equipment and control. Public access.
Environmental	Pollution, noise, licensing, energy efficiency of day-to-day activities. Natural events, often weather related.
Project and Processes	Compliance, assurance, project management, performance management, revenue and benefits systems, parking systems etc. Research and development.
Professional Judgement and Activities	Risks inherent in professional work, designing buildings, teaching vulnerable children, assessing needs (children and adults).
Safeguarding	Protection of vulnerable adults/children
Integrity	Fraud and corruption, accountability, transparency, legality of transactions and transactions and limit of authority.
Leadership	Reputation, authority, democratic changes, trust and branding.
Information Governance & Data Security/Information for decision making	Data protection, data reliability and data processing. Control of data and information. E-government and service delivery. IT Systems.
Risk Management and Insurance	Incident reporting and investigation, risk analysis or measurement, evaluation and monitoring. Taking advantage of opportunities.



Leicester
City Council

Business Continuity Management Policy Statement and Strategy 2021

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Business Continuity Management

Policy Statement and Strategy 2021

Business Continuity Management Policy Statement

Disruptive unexpected events occur. Such events could be **external** like severe weather, utility failure, terrorist attack or pandemic flu, or an **internal** incident such as ICT failure, loss of a major supplier or loss of a key building which could affect delivery of Leicester City Council's (LCC) services. These events are usually low likelihood, but high impact which need to be planned for usually by implementing a robust, efficient and effective Business Continuity Management (BCM) system. This mechanism allows to restore and deliver continuity of key services in the event of a disruption or incident, hence the creation of this Policy which also ensures the council fulfils its duties under the Civil Contingencies Act 2004.

By planning *now* rather than waiting for it to happen, we can eventually get back to normal business effectively and efficiently. This is essential for those stakeholders who rely on council services and it helps communities retain confidence in the council. Planning means firefighting is kept to a minimum in a real incident, staff are able to handle such situations better, reputational damage is managed and reduced potential for financial loss.

In a disruptive situation, it will not be possible to run **all** council services as normal. Priority for recovery will be given to those that are the most essential (business-critical services) – those that the Corporate Management Team (CMT) agree must be back up and running within 24 hours. All services and staff have responsibilities for ensuring the council continues to operate through any crisis. It is unrealistic to expect the entire service, critical or not, to be recovered immediately or fully. In this case, the essential parts of the service are to be restored followed by the non-essential elements when possible and that reasonable and practicable action is taken. Also, there will be instances where a dynamic risk assessment of the situation must be undertaken in order to make decisions which may not be considered in the pre-planning stage because the unexpected happens. The expectation is that all services whether deemed critical or not, should have a Business Continuity Plan (BCP) in place which aligns to the ISO22301 Standard for invocation in an incident.

The BCM Strategy and Policy sets the framework for our BCM approach the key elements of which include:

- Business Continuity Planning at LCC will be aligned with the International Standard for Business Continuity, ISO22301.
- The Incident Response Plan which is reviewed and updated annually;
- Business critical services are determined and agreed by CMT;
- Clear roles and responsibilities defined within both the Incident Response Plan and service business continuity plans which staff are fully aware of;
- Managers have responsibility for ensuring an effective service level BCP is in place for invocation (in line with the corporate standard) which is reviewed annually and as and when changes take place in the service;
- Corporate training provided to staff on BCM;
- The council will implement a programme of BCP testing exercises and learning will be reflected in plans.

Andy Keeling
Chief Operating Officer

Sir Peter Soulsby
City Mayor

Business Continuity Management Strategy

1. DEFINITION

Business Continuity Management (BCM) is be defined as:

'A holistic management process that identifies potential threats to an organisation and the impacts to business operations that those threats, if realised, might cause, and which provides a framework for building organisational resilience with the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand and value creating activities.'

ISO 22301 Societal security – Business continuity Management systems - Requirements

BCM is about the council preparing for a disaster, incident or event that could affect the delivery of services. The aim being that at all times key elements of a service are maintained at an emergency level and brought back up to an acceptable level as soon as possible. Although the immediate response to a disruption is a key component, business continuity is also concerned with maintenance and recovery of business functions following such a disruption.

BCM is not simply about writing a plan, or even a set of plans. It is a comprehensive management process that systematically analyses the organisation, determines criticality of services, identifies threats, and builds capabilities to respond to them. It should become our 'culture - the way we do things'.

2. SCOPE

BCM is a cross-functional, organisation-wide activity; consequently, the arrangements in this strategy apply to all parts of the council.

Business Continuity will also apply to outsourced contracts, services as well as suppliers, service partners and other relevant stakeholders. This is covered in more detail in section 13. The aim is to ensure that business continuity practice is implemented so that the service provider is able to deliver acceptable standards of service following a disruption to the organisation or the supplying company.

3. IMPORTANCE AND BENEFITS OF BCM

The Civil Contingencies Act 2004 places a statutory duty upon the council and, as a Category 1 responder, Leicester City Council (LCC) is to maintain plans to ensure that it can continue to exercise its functions in the event of an emergency so far as is reasonably practicable. In addition, a clear procedure for invoking BCP's should be in place. Plans should also be reviewed and tested periodically to keep them up to date. Training should be provided to those staff responsible for populating, invoking and reviewing BCPs.

The benefits of having a clear, unambiguous and appropriately resourced Business Continuity and Crisis Management policy and programme include:

- **Resilience** - Proactively improves resilience when faced with the disruption to the council's ability to achieve its key objectives;
- **Reputation** - Helps protect and enhance the council's reputation as well as reducing the risk of financial loss;
- **Business improvement** - Gives a clear understanding of the entire organisation which can identify opportunities for improvement;
- **Compliance** - Demonstrates that applicable laws and regulations are being observed;
- **Cost Savings** - Creates opportunities to reduce the cost of business continuity management and may reduce insurance premiums. Poorly managed incidents also leave the council and its officers exposed to insurance claims;

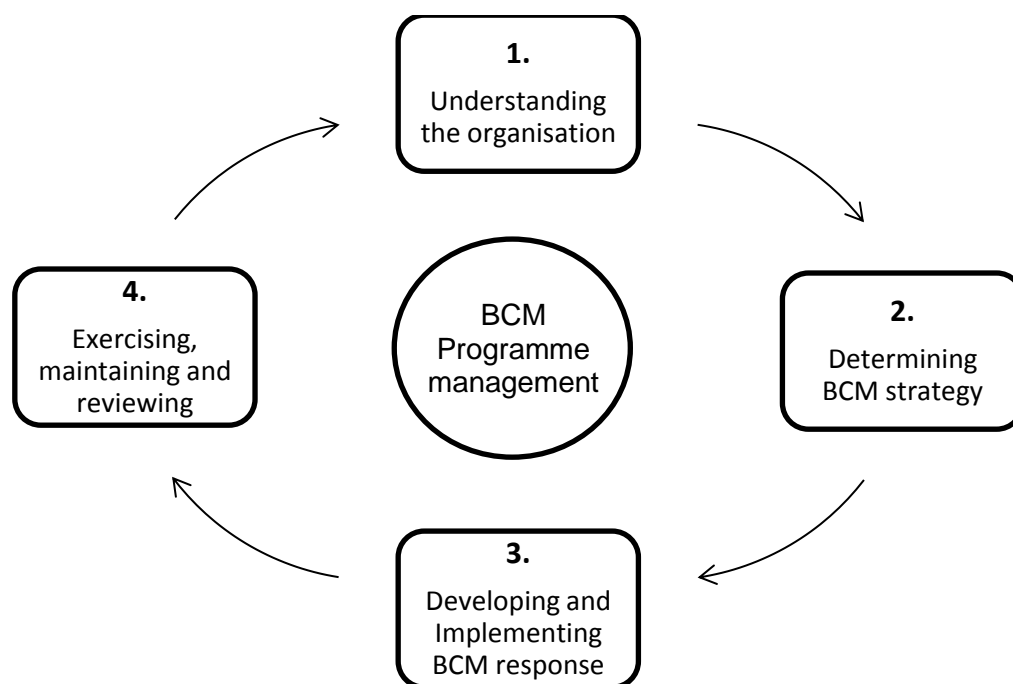
- **Delivery** - Provides a rehearsed method of restoring the council's ability to supply critical services to an agreed level and timeframe following a disruption;
- **Management** - Delivers a proven capability for managing disruptions which helps to retain confidence in the council.

BCM arrangements are effective only if specifically built for the organisation. The council's programme is aligned with the principles of ISO22301, the International Standard, and to BS11200 Crisis Management Guidance and Good Practice, a recent standard for Crisis Management which is reinforced by reference to the Business Continuity Institute's Good Practice Guidelines.

4. METHODOLOGY

The ultimate aim is to embed BCM within the council's culture. Training and education is an ongoing task but awareness and capability is also a product of the structures put in place and the way we manage our programme.

Embedding BCM in the organisation's culture



Key stages in a BCM programme are:

1. Understanding the organisation:

This involves carrying out business impact analysis (BIA) and risk assessments to identify critical activities / functions, evaluate priorities and assess risks to service delivery (see below). This involves in-depth information-gathering:

- **BIA** – identify the critical processes and functions and assessing the impacts on the council if these were disrupted or lost. The BIA measures the impact of disruptions upon the organisation;
- **Risk assessment** – once those critical processes and functions have been identified, a risk assessment can be conducted to identify the potential threats to these processes.

2. Determining an appropriate Business Continuity Strategy:

Making decisions based on analysis of data gathered in the above stage. Setting recovery time objectives for services and determining resources required. The identification of alternative strategies to mitigate loss, and assessment of their potential effectiveness in maintaining the council's ability to deliver critical service functions.

BCM strategies at LCC involve:

- Implementing appropriate measures to reduce the likelihood of incidents occurring and/or reduce the potential impacts of those incidents;
- Taking account of mitigation measures in place;
- Providing continuity for critical services during/following an incident;
- Identifying key staff/teams who would be involved in a BCM response to an incident and accessibility to critical BCPs;
- Factoring services that have not been identified as critical in planning of BC;
- Consider, determine and set communication channels for implementation in an incident.

3. Developing and implementing a BCM response:

The Incident Response Plan and service areas BCP pulls together the organisation's response to a disruption and enables resumption of business units according to agreed corporate priorities. The BCP ensures that the following actions are considered:

- The immediate response to the incident;
- The interim solutions or maintaining an emergency level of service;
- Reinstating full services.

4. Exercising, maintaining and reviewing:

- **Testing and Exercise** – Testing ensures plans are in step with organisational changes and can be audited against defined standards. This enables the organisation to demonstrate the extent to which plans are complete, current and accurate and helps identify opportunities for improvement
- **Maintenance of BCPs** – Ensures the organisation's BCM arrangements and plans are fit for purpose, kept up to date, quality assured and support an effective response.
- **Review and Lessons Learnt** - Assesses suitability and adequacy and effectiveness of the BCM programme and identifies opportunities for improvements. It is imperative that a debrief is held after any incident with the involvement of relevant parties, be it internal or external. Lessons learnt should be reflected by updating BCPs accordingly.

5. ROLES AND RESPONSIBILITIES

The table below details the roles and responsibilities of those involved in BCM, its planning, implementation and invocation of plans.

City Mayor / Executive	<ul style="list-style-type: none"> • Approve the council's Business Continuity Strategy and Policy Statement annually.
Audit and Risk Committee	<ul style="list-style-type: none"> • Ensure that the Business Continuity Strategy is produced, approved by the Executive and updated regularly; • Monitor effectiveness of Business Continuity Management (BCM) arrangements via reports from the Manager, Risk Management • Note the BC Policy & Strategy
Chief Operating Officer / BCM Champion	<ul style="list-style-type: none"> • During an incident, lead the Council's 'Strategic' (Gold) Incident response.
Strategic and Operational Directors	<ul style="list-style-type: none"> • Ensure the BCM policy, strategy and development plan is enforced and resourced appropriately; • Participate as required in management teams within the Incident Response Plan; • Ensure appropriate staff sit on the 'Strategic' (Gold) and 'Tactical' (Silver) Recovery teams within the Incident Response Plan; • Ensure each of their Service Areas has an effective and current BCP in place which is reviewed each year; • Annually self-certify that effective plans exist for all their services, that these plans remain current and 'fit for purpose'; and that any testing of those plans has been carried out (with the assistance and support of Risk, Emergency & Business Resilience (REBR), if required); • Identify staff for training and keep themselves updated on BCM practice; • Embed BCM culture into the ethos of operational management
Corporate Management Team	<ul style="list-style-type: none"> • Approve the BC Strategy and Policy annually and ensure implementation
Manager, Risk Management / Business Continuity & Risk Officer	<ul style="list-style-type: none"> • Overall responsibility for co-ordinating the BCM programme; • During an incident, co-ordinate the council's BCM incident response(s), supporting the COO as 'Strategic' lead; • Following an incident, facilitate the 'lessons learned' session(s); • Produce the Corporate BCM framework; • Make available best practice tools (e.g. templates); • Identify training needs and arrange delivery; • Support and advise service areas and LA maintained schools; • Facilitate the self cert process; • Facilitate testing and exercising of the council's BCPs when requested by Directors/their teams; • Quality control – review BCM arrangements for services; • Promote BCM in the community.
All Heads of Service / Managers	<ul style="list-style-type: none"> • Lead Business Continuity arrangements within their area; • Attend training commensurate with their role; • Identify staff from their teams that have a role to play in any recovery for suitable training; • Prepare a recovery plan covering all service delivery functions (priority for critical functions), update at least annually; and, • Implement the agreed arrangements in the event of a disruption.
All Staff	<ul style="list-style-type: none"> • Familiarisation with business continuity arrangements within their area; • Attend training commensurate with their role; • Engage with testing and exercising; • Respond positively during a crisis.

6. INVOKING THE INCIDENT RESPONSE PLAN

The Incident Response Plan is a high-level strategic response plan which is accessible to all 'on call senior officers and other relevant staff'. This plan will not allow recovery of individual services but guides them to allow for the recovery of affected services, with the use of the service area's own plans. The Incident Response Plan can be invoked by any member of the council's Corporate Incident Response Team (CIRT) as defined within the plan itself.

The Incident Response Plan can be triggered by serious situations such as:

- Serious danger to lives and/or the welfare of council staff, Members, visitors or service users;
- Major disruption of council services or interruption of any of its business-critical activities (as listed in the Incident Response Plan);
- Serious loss or damage to key assets;
- Serious impact on the council's financial status or political stability; or
- Emergency situations in Leicester, or the wider Local Resilience Forum area (Leicester, Leicestershire and Rutland).

7. CORPORATE INCIDENT RESPONSE TEAM

The council has put in place a 3-tier incident management structure: - the Strategic (Gold) and Tactical (Silver) teams have control of the situation and are authorised to take all decisions necessary. The Strategic (Gold) Team have overall control by overseeing, directing and authorising the work of the Tactical (Silver) Team who are managing the response and monitoring the actions for the Operational teams to implement.

The Incident Response Plan sets out this process in more detail. The constitution of the following teams can change as the BCM response unfolds which are:

Incident Response Team:

- Comprises predominantly of those Directors and Senior Heads of Service who have responsibility for a defined Business Critical Activity;
- Manages and directs the council's response to a serious incident affecting council services or assets;
- Comprises of the Strategic (Gold) and Tactical (Silver) teams;
 - **Strategic (Gold) Team** will act as a 'check and challenge' function and leads on communications (internal and external), workforce-related matters and directs noncritical services;
 - **Tactical (Silver) Team** will manage the Operational (Bronze) Recovery teams and keeps the Strategic (Gold) team informed of developments.

Recovery Teams:

- Comprises principally of Heads of Service and their senior managers;
- Collective responsibility for resumption of critical services within their divisions by means of their own individual BCPs;
- Will be directed by and report back to the 'Tactical' (Silver) team.

The above establishes the command, control and communication system helping to ensure the organisation has clearly documented and well understood mechanisms for responding to an incident regardless of its cause.

8. MAINTENANCE OF THE INCIDENT RESPONSE PLAN

Ensuring that the plan reflects ongoing changes within the business is crucial. This involves revising the document and amending to reflect updates, testing the updated plan, informing and updating the on-call team/authorised personnel. REBR will facilitate the maintenance of this plan and annually will ensure that this undergoes a formal/complete review which may lead to major revisions.

9. BUSINESS CRITICAL SERVICES BCPs

Annually, the Business Continuity & Risk Officer/Manager, Risk Management circulate a reminder to business-critical services plan owners requesting a thorough update of the plan for submission to REBR. The Business Continuity & Risk Officer facilitates this process. Although, changes should be made to their BCP's as and when new staff join or leave, to reflect office moves, procedures changing, a thorough review is expected annually, usually by the financial year end.

Each department is responsible for keeping its contact lists up to date and issuing off site documentation to new members of staff in their service areas BCPs'. These revisions will need to then be distributed to all authorised personnel, who exchange their old plans for the newly revised plans.

10. LOCATING BCPS

The Incident Response Plan and Critical Service BCPs are held securely on Resilience Direct (a secure Government IT platform within which LCC have a restricted area) as well as the restricted pages on REBR's site on SharePoint.

BCPs should be saved electronically and onto a memory stick (ensuring that the memory stick is an encrypted one). Holding paper copies is acceptable as this mitigates the risk of total loss of ICT, however, also being cautious of such a method as the plan will contain confidential information. Ensure staff within teams are aware who have access to their service area BCP. This will ensure smoother and faster recovery following an incident.

11. BUSINESS CONTINUITY SELF CERTIFICATION

Annually, all Directors will self-certify that BCPs are in place for all their services where the Manager, Risk Manager will facilitate the process and report to Corporate Management Team.

12. MANAGING BUSINESS CONTINUITY INCIDENTS AND INCIDENT MANAGEMENT SYSTEM

REBR support and advise service areas during a business continuity incident to help manage a response to an incident. Once an incident has concluded, REBR can assist with conducting a debrief and draw out any lessons learnt, involving relevant parties and gather feedback for distribution, and where necessary, services amend BCPs appropriately to reflect any changes.

On-call officers are regularly briefed by REBR on how to deal with internal and external incidents and its response. In addition, they are also briefed on guidance, plans and processes available to them to aid in the response to an incident.

REBR have access to an Incident Management System (IMS) to log incidents. This cloud web-based system is accessible anywhere as long as there is internet access and all logs are timed, dated and by whom. All key LCC responders are/will be given access to log entries during an incident. This is to be used for all major and minor incidents and may help for discussion points when conducting the debrief.

13. BUSINESS CONTINUITY AND PROCUREMENT

Contracts for goods and/or services deemed critical to business continuity should include a requirement for each nominated supplier to give an assurance and evidence that robust BCP arrangements are in place covering the goods and/or services provided. When procuring for goods and/or services, the need for business continuity requirements in the specification and/or evaluation criteria must be considered.

14. BCM IN THE COMMUNITY

The council will participate in appropriate practitioner groups and work with partner agencies to promote BCM in the community including schools and will advise and assist local organisations with their BCM arrangements.

15. MULTI-AGENCY BUSINESS CONTINUITY GROUP

The Manager, Risk Management will continue to chair this group which involves partner agencies such as emergency services, utilities, voluntary organisations. These meetings highlight how partner agencies respond to an incident and its business continuity implications.

Annual Review of the Council's Local Code of Corporate Governance

Decision to be taken by: Audit and Risk Committee

Date of meeting: 17th March 2021

Lead directors: Deputy Director of Finance, City
Barrister & Head of Standards

Useful information:

- Ward(s) affected All
- Report author Amy Oliver, Chief Accountant
- Author contact details x 37 5667
- Report version number

1. **Purpose of Report**

- 1.1 To present to the Audit & Risk Committee for approval updates to the assurance and corporate governance processes at the City Council and to approve the Local Code of Corporate Governance.

2. **Recommendations**

- 2.1 The Committee is recommended to:
- a) Approve the **Local Code of Corporate Governance** (Appendix 1)

3. **Summary**

- 3.1 In the interests of good governance and compliance with law and regulation, the Council has in place a Local Code of Corporate Governance and a formally constituted Audit & Risk Committee. The Committee has prescribed terms of reference that form part of the Council's constitution and are designed to enable the Committee to discharge its functions both as 'those charged with governance' generally and as 'the Board' under the Public Sector Internal Audit Standards.
- 3.2 There are clear linkages between these components in making up the Council's overall system of corporate governance. In order that they remain relevant and fit for purpose, each of these documents is subject to regular review.
- 3.3 Reporting on actual compliance (i.e. what we have achieved as an organisation in this regard) will be reported in due course through the Annual Governance Statement.

3.4 **Local Code of Corporate Governance**

- 3.4.1 A central component of the Council's system of governance is its Local Code of Corporate Governance. This reflects the main components set out in the CIPFA and SOLACE guidance *Delivering Good Governance in Local Government: Framework*. The Local Code is a public statement of the arrangements the Council has in place to ensure it conducts its business in a way that upholds the highest standards.
- 3.4.2 The Local Code of Corporate Governance is therefore an important part of the Council's public accountability. It is important it remains fit for purpose, as each year the Council conducts a review of compliance with the Code. The results of this feed into the annual review of the effectiveness of the Council's

system of internal control, thereby contributing to the Annual Governance Statement.

3.4.3 The Code has been refreshed for 2021/22 to ensure it sets out the Council's objectives and reflects the controls currently in place. The main change relates to the key plans that have recently been updated.

3.4.4 The Local Code of Corporate Governance is given at **Appendix 1**.

4. Financial, Legal and other implications

4.1 Financial Implications

Adequate and effective systems of corporate governance and assurance and an effective Audit & Risk Committee are all central components in the processes intended to help ensure that the Council operates efficiently, cost effectively and with integrity. Such arrangements will support the processes of audit and internal control that will help the Council as it faces financially challenging times.

Amy Oliver, Chief Accountant, x37 5667

4.2 Legal Implications

Part 2 of the Accounts and Audit (England) Regulations 2015 obliges the Council to ensure that the financial management of the Council is adequate and effective and that the Council has a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk. The Council must conduct a review at least once in a year of the effectiveness of its system of internal control and following the review, must approve an annual governance statement.

Kamal Adatia, City Barrister & Head of Standards, x37 1401

5. **Other Implications**

Other Implications	Yes/No	Paragraph or references within the report
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Climate Change	No	
Crime and Disorder	Yes	This report is concerned with effective systems of governance and control, which are an important safeguard against the risks of theft, fraud and corruption.
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	
Risk Management	Yes	The whole report concerns the governance and assurance processes, a main purpose of which is to give assurance to Directors, the Council and this Committee that risks are being managed appropriately by the business.

6. **Report Author**

Amy Oliver, Chief Accountant x37 5667

Appendix 1

Local Code of Corporate Governance 2021/22

INTRODUCTION

The Council's Code of Corporate Governance is based on the CIPFA/SOLACE publication "Delivering Good Governance in Local Government Framework 2016"

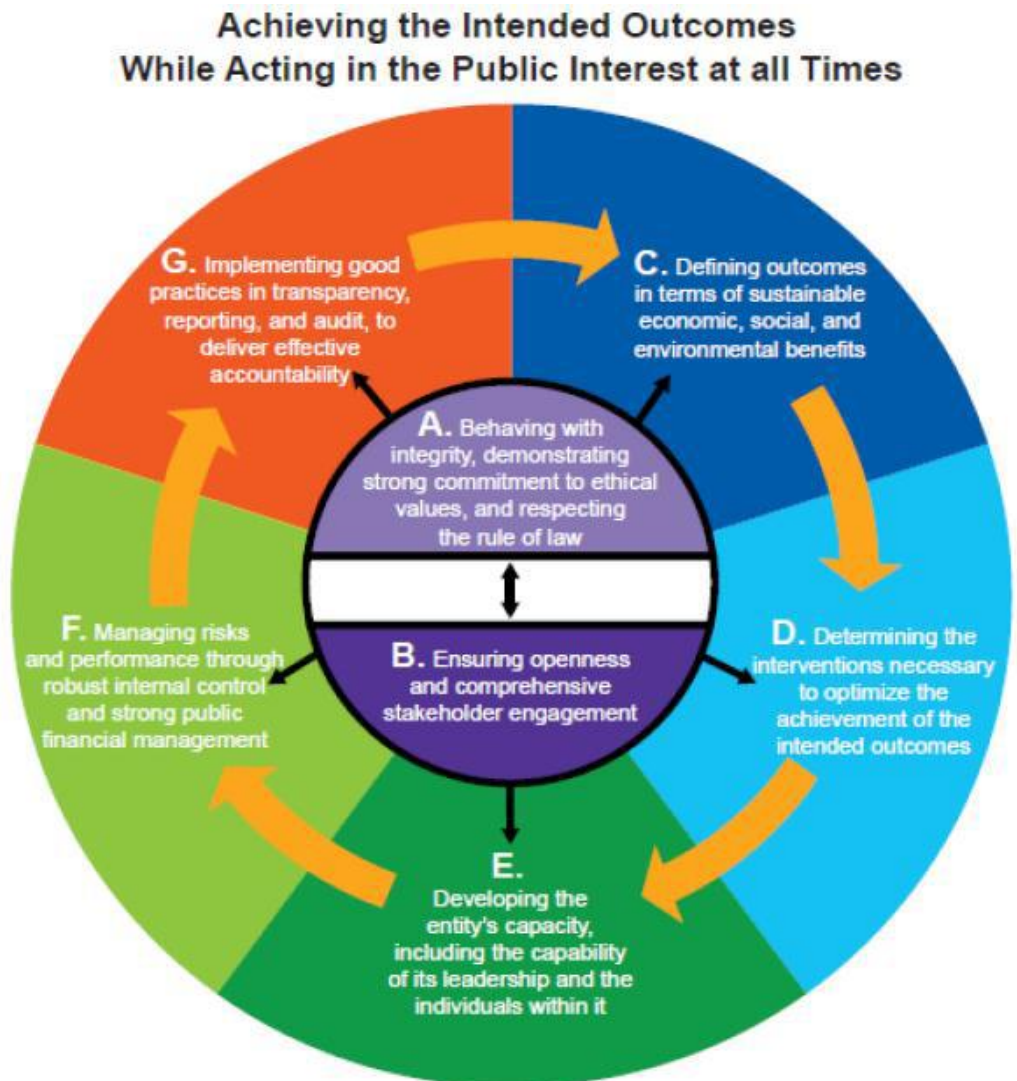
The International Framework defines Governance as arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. The framework goes on to state to deliver good governance in the public sector both governing bodies and individuals working for them must aim to achieve their entity's objectives while acting in the public interest at all times.

Leicester City Council is committed to the principles of good corporate governance as identified in the CIPFA/SOLACE guidance. Its commitment is confirmed through the adoption of its Local Code of Corporate Governance and its publication of the Annual Governance Statement.

This document sets out Leicester City Council's *Local Code of Corporate Governance for 2021/22* and the processes for monitoring its effectiveness. The Code provides the framework for the Council to achieve its aims and objectives.

CORE PRINCIPLES

The Council's Code of Corporate Governance is based on the seven core principles. The illustration below shows the principles of good governance in the public sector and how they relate to each other.



HOW THE COUNCIL ENSURES GOOD GOVERNANCE

The following details how the Council ensures good governance and complies with the CIPFA/SOLACE “Delivering Good Governance Framework” (2016)

181 Behaving with Integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.	We have the following codes and rules which are followed:
	<ul style="list-style-type: none">• Constitution
	<ul style="list-style-type: none">• Financial Procedure Rules
	<ul style="list-style-type: none">• Code of Conduct for Members
	<ul style="list-style-type: none">• Code of Conduct for Employees
	<ul style="list-style-type: none">• Anti-fraud, Bribery & Corruption Policy
	<ul style="list-style-type: none">• Whistleblowing Policy
	<ul style="list-style-type: none">• Information Governance & Risk Policy

Ensuring openness and comprehensive stakeholder engagement.	We show openness and engagement through the following:
	<ul style="list-style-type: none"> • Open Council & committee meetings with published minutes
	<ul style="list-style-type: none"> • Published Executive Decisions
	<ul style="list-style-type: none"> • Scrutiny of Executive projects through commissions
	<ul style="list-style-type: none"> • Call in periods for Executive decisions
	<ul style="list-style-type: none"> • Public engagement through consultation, representations and petitions
	<ul style="list-style-type: none"> • Use of social media engagement on key projects and partnership working
	<ul style="list-style-type: none"> • Publication of Freedom of Information Act responses and transparency data
Defining outcomes in terms of sustainable economic, social and environmental benefits	The City Mayor has set out a strategic vision in terms of a number of key pledges which relate to:
	<ul style="list-style-type: none"> • A Fair City
	<ul style="list-style-type: none"> • Homes for All
	<ul style="list-style-type: none"> • Connecting Leicester
	<ul style="list-style-type: none"> • Sustainable Leicester
	<ul style="list-style-type: none"> • Health and Care
	<ul style="list-style-type: none"> • Lifelong Learning
	<ul style="list-style-type: none"> • A City to Enjoy
	<ul style="list-style-type: none"> • A Safe and Inclusive City

Determining the interventions necessary to optimise the achievement of the intended outcomes

The key pledges are supported by the following key plans:

- Economic Recovery
- Budget Strategy
- COVID-19 Reopening Plan for the City
- COVID-19 Transport Recovery Plan
- Leicester Street Design Guide
- Joint Health & Wellbeing Strategy
- Local Transport Plan
- Tourism Action Plan
- Economic Action Plan
- St George's Cultural Quarter Action Plan

Principle	Examples of the Council's commitment to achieving good governance in practice is demonstrated below
Developing the entity's capacity, including the capability of its leadership and the individuals within it	The Council is supported by:
	<ul style="list-style-type: none"> Democratic services including Member and Civic Support Services, who also support member development
	<ul style="list-style-type: none"> An Organisational Development Team, who ensure effective development of employees
	<ul style="list-style-type: none"> A communications functions which includes PR, Media and Digital Media Teams
	<ul style="list-style-type: none"> A staff intranet and established internal communication channels, which provide guidance to staff
	<ul style="list-style-type: none"> Partnership working on key priorities
	<ul style="list-style-type: none"> An Information Assurance Team to support our data policies
	<ul style="list-style-type: none"> Specialist teams offering professional advice, for example Legal, Procurement, IT and Finance
Managing risks and performance through robust internal control and strong public financial management	We review processes and delivery throughout the year supported by:
	<ul style="list-style-type: none"> Internal Audit
	<ul style="list-style-type: none"> External Audit
	<ul style="list-style-type: none"> Information Governance
	<ul style="list-style-type: none"> Audit and Risk Committee
	<ul style="list-style-type: none"> Regular reporting of Capital and Revenue spend during a year
	<ul style="list-style-type: none"> Annual review of the Local Code of Corporate Governance
	<ul style="list-style-type: none"> Annual review of the Assurance Framework

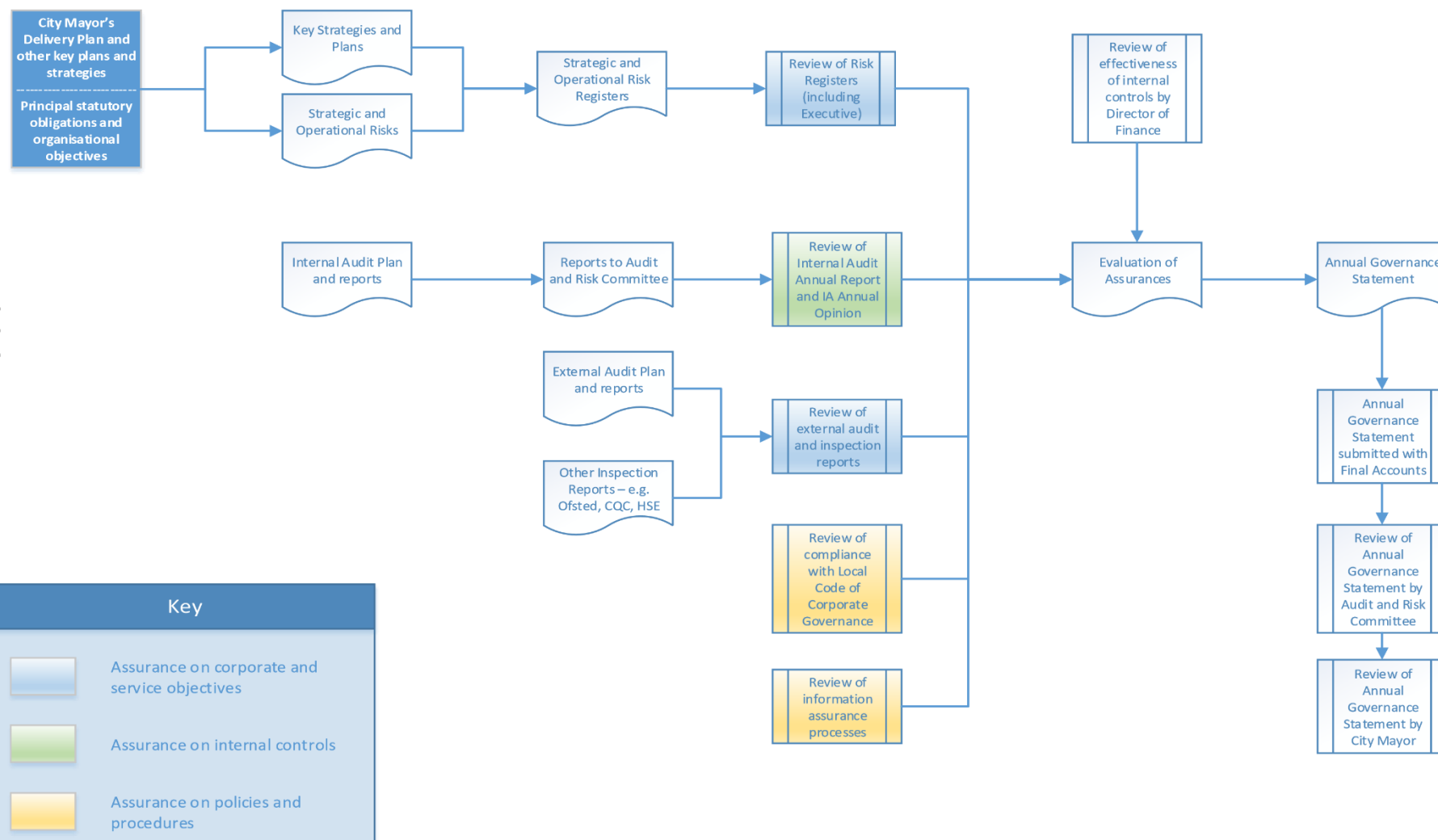
Principle	Examples of the Council's commitment to achieving good governance in practice is demonstrated below
Implementing good practices in transparency, reporting, and audit to deliver effective accountability	How the Council demonstrates good practice and ensures accountability:
	<ul style="list-style-type: none"> • External Audit
	<ul style="list-style-type: none"> • Annual Financial Statements
	<ul style="list-style-type: none"> • Annual Governance Statement
	<ul style="list-style-type: none"> • Open Council & committee meetings with published minutes
	<ul style="list-style-type: none"> • Compliance with CIPFA codes of Practices
	<ul style="list-style-type: none"> • Scrutiny Committees

Additional information on many of the areas detailed above can be found on the Council's website;

[Hyperlink to council website with additional information on how the council ensures good governance](#)

ANNUAL REVIEW OF GOOD GOVERNANCE

The Council is annually required to assess how effective its governance arrangements are and report this through the Annual Governance Statement. The assessment of the Council's effectiveness is completed by following the framework below;



Audit & Risk Committee Terms of Reference

Audit & Risk Committee

Decision to be taken by: Council

Date of meeting: 17th March 2021

Lead director: Colin Sharpe

Useful information

- Ward(s) affected: All
- Report author: Amy Oliver
- Author contact details: amy.oliver@leicester.gov.uk
- Report version number: v1

1. Purpose of the Report

To propose, for the approval of the Committee, revisions to the terms of reference.

2. Recommendations

Audit & Risk Committee is recommended to support the proposed revisions to the Terms of Reference and recommend to Council they are adopted.

3. Summary

The Audit & Risk Committees terms of reference have been updated to ensure they reflect our current arrangements and ensure we comply with the CIPFA best practice. CIPFA's position statement on Audit Committees recognises the key component the committee play in supporting good governance and strong public financial management.

Changes to the Terms of Reference will need to be approved by full Council. It is proposed the amended Terms of Reference for the Audit & Risk Committee are taken to Council at the same time as other changes to the constitution, planned for later in the year.

The main areas of change to the terms of reference are detailed below:

- An update of the senior officers attending the meetings regularly and the ability to allow delegations.
- Removing areas of the constitution that are elsewhere in the constitution or repeated in the committee's terms of reference.
- The separation of governance from internal audit, following the transfer of the internal audit function to the County.
- Changes in the reporting of complaints to the Committee, to meet the requirements of the Local Government and Social Care Ombudsman.
- Change of membership to allow an Executive member to sit on the Committee. However, they cannot be chair, this is to maintain the independence of the Committee and ensure good governance.
- Quorum is a minimum of three non-executive councillors.
- Inclusion of an annual report on insurance.
- Reflects the updated arrangements for procurement reporting.
- Focussed on driving the Committee's annual work plan.

A copy of the proposed terms of reference can be found at Appendix 1. Appendix 2 contains a copy of the current terms of reference.

4. Financial, legal, equalities, climate emergency and other implications

4.1 Financial implications

None

4.2 Legal implications

There are no direct legal implications arising from this report – Kamal Adatia 37 1401

4.3 Equalities implications

None

4.4 Climate Emergency implications

None

4.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

5. Background information and other papers:

6. Summary of appendices:

Appendix 1 – Proposed Audit & Risk Committee Terms of Reference

Appendix 2 – Current Audit & Risk Committee Terms of Reference

7. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?

8. Is this a “key decision”? If so, why? No

Audit & Risk Committee

Proposed Terms of Reference

1. Constitution & Purpose

The Audit & Risk Committee is a key component of the Council's corporate governance framework. The Committee reports to the Council and its purpose is to provide those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes.

It fulfils the role of 'the Board' for the purposes of the Public Sector Internal Audit Standards.

The Terms of Reference of the Committee will comply with Part 4a of the Constitution unless explicitly detailed below.

2. Membership

The Committee shall consist of non-Executive Councillors, although one Executive Member may also be appointed. The Chair will be a non-Executive Councillor. A quorum of at least three non-Executive Councillors will be required at all meetings.

The Committee must remain apolitical, displaying unbiased attitudes, treating auditors, officers, the executive and management equally.

3. Attendance by officers

The Director of Finance or their nominated officer(s) and the designated Head of Internal Audit Service shall normally attend meetings. There is a standing invitation to the Council's appointed External Auditor to attend all meetings.

Other officers who will attend as required, including at the request of the Chair.

4. Frequency of meetings and agendas

Meetings shall be held not less than four times a year.

5. Duties

The duties of the Committee shall be as set out in the annexed schedule to these Terms of Reference.

To support and assist Committee members undertaking their duties and extending their knowledge, regular briefings or training will be provided by officers.

6. Authority

The Committee has the responsibilities detailed in Annex 1. The Committee is authorised by the Council to investigate any activity within its terms of reference.

It is authorised to seek any information it requires from any officer and all officers are directed to co-operate with any request made by the Committee. The Chair will advise the Chief Operating Officer as the Head of Paid Service if it has exercised this authority to seek information (other than routine information) from any officer, setting out the information required and the circumstances underlying the request.

The Committee is authorised by the Council, if considered necessary, to secure the attendance of third parties with relevant experience and expertise provided that the Chair notify the Chief Operating Officer as the Head of Paid Service before any fees for such attendance are agreed.

7. Accountability

The Committee will undertake an annual review of its effectiveness (including where it has added value and supported improvement).

The outcome of this annual review and the Committee's activity will be reported to the Council each year.

Duties of the Audit & Risk Committee

1. Audit Framework

1.1 Internal Audit

- To fulfil the role of 'the Board' for the purposes of the Public Sector Internal Audit Standards (the PSIAS).
- To review and approve: -
 - The Internal Audit Charter which defines the purpose of the internal audit function.
 - The risk-based internal audit plan, including resource requirements.
 - The Head of Internal Audit Service's annual report containing an opinion on the overall adequacy and effectiveness of the Council's control environment, and conformance to the PSIAS.
- To receive regular reports on progress against the internal audit plan, containing activity undertaken, summaries of key findings, issues of concern and action in hand.
- To review conformance to the principles of the CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations, and to support any improvements required.
- To contribute to and support an external quality assessment of the internal audit function which is a requirement of PSIAS to take place at least once every five years.
- To review any proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.

1.2 External Audit

- To consider, comment upon and note the arrangements chosen by the Council to select and appoint its statutory external auditor.
- To review the External Auditor's disclosure of independence and objectivity. To satisfy itself that no issues with compliance with ethical standards or problems with audit quality have been raised.
- To consider and note the annual audit fees letter and the assumptions supporting the fees.
- To consider the scope and depth of all external audit plans, reports and audit risk assessments.
- To consider the External Auditor's ISA 260 Report to 'Those Charged with Governance'. This contains: -
 - key findings arising from the audit of the Council's financial statements;
 - the Auditor's assessment of the Council's arrangements to secure value for money (VFM) in its use of resources; and

- the requirement for members of the Committee to authorise the Director of Finance to sign the letter of representation to the External Auditor from the Council in connection with the audit of the Council's financial statements.
- To note the External Auditor's annual report on the claims and returns certified for the Council.
- To ensure that non-audit work by the External Auditor is in accordance with the Council's *Policy for Engagement of External Auditors for Non-Audit Work* and report any such instances to the Council.

2. Counter Fraud and Investigations

- To review and approve, on a triennial basis (unless significant changes in legislation or circumstances dictate otherwise), the Council's policy and procedures for: -
 - i. Anti-Fraud (including Bribery and Corruption)
 - ii. Disclosure (whistleblowing)
- To note the outcomes of any review of the Council's conformance to the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.
- To receive and note reports on the performance of the counter fraud function and outcomes from the Council's participation in the National Fraud Initiative (NFI).
- To consider regular reports on the Council's application of the Regulation of Investigatory Powers Act (RIPA) and the outcomes of any inspections and approve the adoption of any related policies.

3. Statutory Financial Reporting

- To review and approve the annual statutory statement of accounts and the annual Letter of Representation on behalf of the Council.
- To bring to the attention of the Council any concerns arising from the financial statements or from the audit.
- To receive periodic reports providing updates on accounting and financial developments.

4. Risk Management and Insurance

- To review and challenge the adequacy and effectiveness of the Council's overall risk management framework, specifically to: -
 - i. Consider and approve, on an annual basis, the Council's Corporate Risk Management Policy Statement & Strategy.
 - ii. Consider and approve, on an annual basis, the Council's Corporate Business Continuity Management Policy Statement and Strategy, ensuring it is compliant with the statutory duties required by the Civil Contingencies Act 2004 and continues to align to international and national standards and good practice guidelines.

- iii. Review reports in respect of the status of key current and emerging risks and internal controls relating to those risks, including the Operational and Strategic Risk Registers) and partnerships with other organisations.
- iv. Receive and note the annual report on the Council's insurance arrangements and its claims performance.

5. Governance and Assurance Frameworks

- To satisfy itself that the Council's assurance statement including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievement of the Council's objectives. The Committee's responsibilities are to: -
 - i. Review the adequacy of the Council's assurance framework through the annual review of its system of internal control.
 - ii. Review and approve the Council's Local Code of Corporate Governance prepared in accordance with the CIPFA/SOLACE Good Governance Framework and the statutory requirement for producing an Annual Governance Statement.
 - iii. Note any reports providing updates on assurance, risk or governance related developments

6. Complaints

- To consider an annual report on complaints, including the Local Government and Social Care Ombudsman's annual review letter and recommendation.
- To consider and decide on appropriate actions relating to the Council's compliance with its own and other published or regulatory policies, Acts, standards and controls.
- To consider ad-hoc LGSCO reports.

7. Procurement

- To receive and note the annual report setting out the Council's performance against the Procurement Plan and compliance with the Contract Procedure Rules (including data on waivers).
- To consider any proposals for changes to the Rules to be made to Full Council and to review any changes to the Rules made by the City Barrister or any changes to thresholds.
- To seek assurance that the Council has appropriate arrangements to identify and manage risks, ensure good governance and obtain assurance on compliance in its procurement activity.

8. Other Matters

- To consider, approve or make recommendations in respect of any other matters referred to it by the City Mayor, Chief Operating Officer (as the Head of Paid Service) or a Director or any Council body.

- To consider any relevant matters reserved for Member-level decision as detailed in Rules of Procedure.

AUDIT & RISK COMMITTEE CURRENT TERMS OF REFERENCE

1. Constitution

The Council has established a Committee of the Council to be known as the Audit & Risk Committee to report to the Council. This supports the Council's corporate governance responsibilities in relation to internal control, risk management and governance.

2. Membership

The Audit & Risk Committee shall consist solely of non-Executive Councillors. The Chair of the Committee shall be appointed by the Council from amongst the non-Executive Councillors.

The membership of the Committee should reflect the political representation of the Council as a whole.

A quorum of at least three Committee members will be required at all meetings.

3. Attendance at Meetings

The Director of Finance, the Head of Internal Audit and the Internal Audit Manager shall normally be invited to attend meetings. Other officers will be required to attend if called for by the Committee or when relevant items appear on the agenda. All Councillors are entitled to attend public meetings, should they choose to do so. All such attendees shall have the right to speak, at the discretion of the Chair, but not vote at meetings.

4. Frequency of Meetings

Meetings shall be held not less than three times a year. Additionally, special meetings may be convened if an issue arises that, in the opinion of the Chair, cannot wait until the next scheduled meeting.

5. Duties

The duties of the Committee shall be as set out in the annexed schedule to these Terms of Reference.

6. Authority

The Committee approves, on behalf of the Council, the Council's accounts and its internal control, risk management and governance frameworks and any aligned policies and arrangements.

The Committee is authorised by the Council to investigate any activity within its terms of reference. It is authorised to seek any information it

requires from any employee and all employees are directed to co-operate with any request made by the Committee. The Committee will advise the Chief Operating Officer as the Head of Paid Service if it has exercised this authority to seek information (other than routine information) from any employee, setting out the information required and the circumstances underlying the request.

The Committee is authorised by the Council, if considered necessary, to secure the attendance of third parties with relevant experience and expertise provided that the Committee shall notify the Chief Operating Officer as the Head of Paid Service before any fees for such attendance are agreed.

7. Communications

The Secretary of the Committee will circulate the agenda and papers for meetings five clear days before the meeting.

The Committee will consider and agree the approved minutes of the Committee at its next meeting.

The Committee's Terms of Reference will be made available on the Council's website. They will be reviewed and, where necessary, updated at least annually.

An annual report of the Committee's activity will be submitted to the Council each year.

Duties of the Audit & Risk Committee

1. Audit Framework

1.1 Internal Audit

- On behalf of the Council, to approve the Head of Internal Audit's annual report and opinion, considering the level of assurance given over the Council's corporate governance arrangements and decide on appropriate actions.
- To consider, challenge and approve (but not direct) Internal Audit's strategy and plan and monitor performance on an annual basis.
- To receive summaries of Internal Audit reports and the main issues arising.
- To review and challenge management's responsiveness to the internal audit findings and recommendations, seeking assurance that appropriate action has been taken where necessary and agreed recommendations have been implemented within a reasonable timescale.
- To monitor and assess the role and effectiveness of the Internal Audit function.

In fulfilling these functions, the Audit & Risk Committee fulfils the role of 'board' for the purposes of the *Public Sector Internal Audit Standards*.

1.2 External Audit

- On behalf of the Council, to review with the external auditor and inspection agencies the findings of their work including any major issues which are unresolved; key accounting and audit judgments; and the levels of errors identified during the audit. The Committee should obtain explanations from management and from external auditors, where necessary, as to why errors might remain unadjusted.
- To consider the scope and depth of external audit work and to assess whether it gives value for money.
- To liaise with Public Sector Audit Appointments Ltd (as successor body to the Audit Commission for this purpose) over the appointment of the Council's external auditor and conduct such other related functions as required by the local public audit regime.
- To facilitate effective relationships between external and internal audit, inspection agencies and other relevant bodies and ensure the value of these audit relationships is actively promoted.
- To approve any instances of non-audit work by the external auditors in accordance with the *Policy for Engagement of External*

Auditors for Non-Audit Work and report any such instances to the Council.

2. Risk Management Framework

- On behalf of the Council, to consider and challenge the effectiveness of the Council's Risk Management Strategy and Framework, including the Risk Management and Insurance Services function.
- To consider and approve, on behalf of the Council, the Council's Risk Management Strategy and its key risk management policies including the Council's statement of overall risk appetite.
- To approve, on an annual basis, the Risk Management and Insurance Services function's terms of reference and its annual plan.
- To review (and take any actions as a consequence of) reports from the Head of Internal Audit & Risk Management in respect of the status of key current and emerging risks and internal controls relating to those risks (the Operational and Strategic Risk Registers).

3. Internal Control and Governance Framework

- To review the adequacy of the Council's internal control framework through review of its system of internal control and system of internal audit and overseeing the production and approval of the Council's Annual Governance Statement prepared in accordance with the Local Code of Conduct Governance.
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts. (The Committee is to do this before approving the Council's published financial statements. The Committee should take note of any adjustments set out in the external auditor's report and agree any such adjustments where management has declined to do so or set out the reasons for not doing so.)
- To maintain an overview of the Council's Constitution in respect of contract procedure rules, finance procedure rules and codes of conduct and behaviour.
- To review and approve, on an annual basis, the Council's anti-fraud, bribery and corruption and its disclosure (whistle-blowing) policies and procedures.
- Annually, to assess all significant risk issues considering:
 - Changes since the last annual assessment and the Council's response;

- The scope and quality of management's ongoing monitoring of risks and the system of internal control;
 - The incidence of significant control failings in relation to all significant risks and their impact.
- To review regular reports from Internal Audit and Risk Management on risk and internal controls, considering:
 - The effectiveness of systems of internal control across the Council
 - Reports on major control issues and their impact on the Council's risk profile.
- To consider and decide on appropriate actions relating to the Council's compliance with its own and other published or regulatory policies, standards and controls, including:
 - Information assurance including compliance with the Data Protection Act;
 - Freedom of Information Act;
 - Health & Safety at Work;
 - The Disclosure Policy
 - Complaints;
 - Raising Concerns at Work; and
 - Others as appropriate.

4. Financial Reporting Framework

- To review and approve the Council's published financial statements, the external auditor's annual opinion and other reports to Members and to monitor management action in response to issues raised.
- To review and approve the annual statement of accounts and the annual Letter of Representation on behalf of the Council, giving particular attention to critical accounting policies and practices, decisions requiring a significant element of judgement, how any unusual transactions should be disclosed and the clarity of the disclosures.
- To bring to the attention of the Council any concerns arising from the financial statements or from the audit.

5. Other Matters

- To consider, approve or make recommendations in respect of any other matters referred to it by the City Mayor, Chief Operating Officer (as the Head of Paid Service) or a Director or any Council body.

- To consider any relevant matters reserved for Member-level decision as detailed in Rules of Procedure.
- To present an annual report to the Council on the Committee's conduct, business and effectiveness.

Director of Finance

LCC Interests in Third Parties

Audit & Risk Committee

Date of meeting: 17th March 2021

Lead director: Colin Sharpe

Useful information

- Ward(s) affected: All
- Report author: Ben Matthews
- Author contact details: ben.matthews@leicester.gov.uk
- Report version number: V1.1

1. Purpose of Report

This report has been bought to the Committee following well publicised significant concerns at other councils about the governance of wholly or partly owned companies, together with the level of oversight exercised by the council as owner.

In the interests of good governance, this report aims to identify the companies/ organisations in which Leicester City Council has an interest, identifying our involvement and potential exposure to risk. It also seeks to offer assurance that the Council has appropriate governance arrangements in place to manage this involvement whilst making some recommendations for improvement.

2. Summary

This report provides an overview of the Council's relationship with other organisations in which it is a shareholder, member, and/or where officers and members have roles on the board. It concludes that there are no significant financial risks of our involvement, but our involvement may create reputational risk and an expectation that the Council steps in if organisations run into difficulties.

Plans for improving overall corporate oversight are included in the report.

3. Recommended actions/decision

The Committee is asked to note the report and support the next steps detailed and add any comments they see fit.

4. Scrutiny / stakeholder engagement

N/A

5. Background and options with supporting evidence

N/A

6. Detailed report

Background

There have recently been some well publicised significant concerns at other councils about the governance of wholly or partly owned companies, together with the level of oversight exercised by the council as owner. For example:

- The external auditor of Nottingham City Council (NCC), Grant Thornton in 2020

published a public interest report on the Council and its relationship with Robin Hood Energy Ltd (RHE). The report raised fundamental concerns around the management of risk and governance arrangements between the two and the impact it had on the public purse.

- London Borough of Croydon have also received a recent public interest report highlighting concerns around their financial resilience along with concerns around its governance arrangements with a number of companies either wholly owned or part owned, stating:

“The Council’s governance and oversight of the companies shows insufficient rigour and control”

In light of the public interest reports, a review has been undertaken into the Council’s involvement with third parties to ensure we have the appropriate governance arrangements and oversight in place.

Leicester City Council’s involvement with third parties

An exercise has been completed to ensure we have a comprehensive list of third parties in which the Council has formal involvement e.g. shareholder, trustee, director, member of a board, or nominates an officer.

The Council’s interests in other organisations is shown in Appendix A. This table also shows the nature of the Council’s interest. Overall, interests in 26 organisations, involving the City Mayor, 5 elected members, 12 Senior Officers and a voluntary advisor. The Council appoints or nominates members and officers as board directors and trustees for two main reasons:

- The Council wholly or partly owns a company, and the directors are responsible for running the company.
- The Council is not the owner, but alongside the organisation sees wider benefit in Council members or officers having a formal role in governance and decision making, promoting positive relationships and joint working. This can also include organisations where the Council is one of a larger number of members.

It should be noted at this point that all companies that are wholly, or partly owned by the Council are mostly dormant, which means they are not trading. There is only a small number of organisations that present a direct, but limited financial risk, these are identified in Appendix A.

Overall, the review has concluded that the council has very limited risk to financial exposure compared to that of Croydon or Nottingham.

The main area of concern beyond financial exposure, is in relation to potential reputational risk or the expectation the Council would step in financially if an organisation runs into difficulties (morally if not legally). It is therefore important that the Council carefully considers the nature of the relationships with these organisations and ensures appropriate monitoring and governance arrangements are in place.

Roles & Responsibilities

There is an expectation on elected members, the City Mayor and officers to ensure they properly understand their roles and responsibilities to the organisation and the Council when acting in a nominated capacity. There is also a legal requirement on them that they do when acting as a Director.

Members and officers acting as directors owe their first duty to the organisation when representing them. Where possible they should step back from discussions and formal decision taking if there is a conflict with the Council's interests, otherwise they should act in the best interests of the company. Understanding and acting upon actual, potential and perceived conflicts of interest is key.

It is very clear that there is a requirement when officers and Members are on other boards, they need to recognise their separate and different roles. To illustrate this difficulty the following examples are provided below:

- When acting as a company director it would be wrong to disclose confidential information belonging to the council to the company. The duty towards the company only applies when the individual is acting in their capacity as a director.
- Acting as councillor when at council meetings or acting in a role as a local authority officer or elected member, he or she must act in the best interests of the council in law. As a director however they are also bound by their responsibilities and confidentiality of their director position.

Next Steps

Going forward the following steps are going to be taken to ensure appropriate governance arrangements are in place:

- Formalised training for officers & councillors acting as directors and/or trustees, covering key areas such as legal requirements, best practice and conflicts of interest.
- Where we are a member of a Company or Shareholder (and it is not wholly owned) ensuring those companies have an appointed Council officer (who is not a director) who will receive communications intended for shareholders/members, and where appropriate may attend the Annual General Meeting to represent the Council's interests.
- If a partly or wholly owned company were to become active, then the governance arrangements would require review and a report back to Audit & Risk Committee.
- A register of third parties in which the Council has an interest is established and maintained.
- Ensure we have appropriate indemnity cover for appointed directors/trustees to protect against potential liability claims.
- Ensure there is a formal process to approve new organisations that the council wishes to establish (whether it is wholly or partly owned) or join (where it is an existing company) or appoint trustees/directors to. Including ensuring we have appropriate governance arrangements.

7. Financial, legal, equalities, climate emergency and other implications

7.1 Financial implications

Financial implications are noted within the report.

7.2 Legal implications

There is a wide variety of organisations in the Appendix and, it should be noted that the nature of them will dictate the extent to which the Council has a role or control of the organisation. It is not intended to provide a detailed legal position on each in this report.

It should be clearly noted that owning the company (as a shareholder or member) is not the same as appointing a director to it. Directors are the management board, not the owners. Where we involved at a director level only then we are not owners of the Company.

In terms of trusts, whilst the role of a trustee is distinctly different legally to that of a director there are still responsibilities and duties on anyone appointed as a trustee.

It should also be noted that where a company or trust is charitable there may be additional requirements on the Council (where it wholly or partly owns) or those appointed by the Council as directors/trustees.

It is recommended that a review of the wholly owned organisations is undertaken to ensure that they are required, though dormant the returns are still required with Companies House and it may be that there is no need to keep the Company active.

When establishing future companies which the Council either wholly or partly owns it is advised that there is a central repository for information concerning our involvement and ownership as some of the Companies in the Appendix we no longer have the original paperwork.

Emma Jackman, Head of Law (Commercial, Property & Planning)

7.3 Equalities implications

Under the Equality Act 2010, public authorities have a Public Sector Equality Duty (PSED) which means that, in carrying out their functions, they have a statutory duty to pay due regard to the need to eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

There are no equality impacts arising directly from the recommendations in this report.

It is important to ensure the Council is transparent and is as open and engaging with all its local communities through in its governance practices.

Surinder Singh Equalities Officer Ext 37 4148.

7.4 Climate Emergency implications

There are no significant climate change implications directly associated with this report. However, it should be noted that in respect of the declaration of a climate emergency and it's ambition for the city to achieve carbon neutrality by 2030, the council has an important role to play through its influence on other organisations, and the opportunities this provides to promote sustainable policies and practices as applicable and appropriate.

Aidan Davis, Sustainability Officer, Ext 37 2284

7.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

N/A

8. Background information and other papers:

London Borough of Croydon

<https://www.croydon.gov.uk/sites/default/files/articles/downloads/Report%20in%20the%20Public%20Interest%20-%20London%20Borough%20of%20Croydon.pdf>

Nottingham City Council Public Interest Report:

<https://www.nottinghamcity.gov.uk/publicinterestreport>

9. Summary of appendices:

Appendix A - Leicester City Council's interest in third parties

10. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)? No

11. Is this a “key decision”? If so, why? No

Appendix A

Leicester City Council's (LCC's) interest in third parties

Third Party	Officers/Councillors involved	Role in third party	Nature of relationship
BID Leicester Limited	Officer	Director	Representing council on the board. Business Improvement District
EMPSN Infrastructure Limited	Officer	Director	Member with other LA's
EMPSN Services Limited	Officer	Director	Member with other LA's
Forge Health Limited	Officer	Director	Wholly owned by the Combined Fire Authority. Officer is a director by invitation of Chief Fire Officer
Fosse Energy Limited	Officer	Director	Dormant; owned 50/50 with Leicestershire County Council
Homecome Limited	Member	Director	Not for profit company created by LCC. LCC has charges against some of Homecome's properties as part of historic funding arrangements
Housing Leicester Limited	Officers	Director	Dormant
Leicester And Leicestershire Enterprise Partnership Limited (LLEP)	Member	Director	LCC is Accountable body. LLEP Ltd is currently formally dormant, although the Board is active. A review of the operational arrangements is being undertaken.
Leicestershire County Cricket Club	Officer	Director	LCC commercial loan to the club £2.45m. LCC invited to the board as a key partner
Procon Leicestershire Limited	Officer	Director	Represents council on board
Schools Development Support Agency (SDSA)	Officer	Director	Represents council on board
The Wyggeston's Hospital And Hospital Branch Trustee	Member	Director	Represents council on board
Craven Recreation Ground	Trust run by the council only	Trustee	Public space/park
Fullhurst Learning Partnership	Vacant	Trustee/Director	Dormant; Foundation School
Leicester Arts Centre Limited (Phoenix Cinema)	Officers/Members	Trustee/Director	Council can be the member or nominate two individuals as members to the board
Leicester Riders Foundation	Member	Trustee	Trustee at Leicester Riders' invitation
Leicester Theatre Trust Limited (Curve)	Officer/Member	Trustee/Director	Member of company & represent council on board
National Space Centre	Officer	Trustee/Director	Council can appoint a director/trustee to the national space centre.
Newarke Houses	Trust run by the	Trustee	Trust run by the council

Museum	council only		
New College Leicester Trust	Vacant	Trustee/Director	Foundation School
The Bradgate Park & Swithland Wood Charity	Officers/Voluntary Advisor/Member	Trustee/Honorary Secretary/Vice Chair	Can nominate 3 trustees according to terms of Charles Bennion's gift. LCC holds the role of Honorary Secretary via the Trust Deed and honorary auditor.
Leicester DNA Centre Limited	Officers	Soon to be director	Company to be formally transferred to the Council
East Midlands Council	The council is a member	Member	Member & Involvement on boards. Potential pension costs
Leicester Community Sports Arena Limited	Officer	May attend board meetings as an observer	Observer by agreement from time to time.
Great Central Railway	None	Shareholder	Shareholder in the company.
North Memorial Homes	Members	Trustees	Housing charity.



Leicester City Council Audit & Risk Committee
17 March 2021

**Report of Leicestershire County Council's Head of Internal
Audit & Assurance Service**

Internal Audit Service – Annual Plan 2021-22

Purpose

1. To provide the Audit & Risk Committee (the Committee) with an indication of internal audit work planned to be conducted during 2021-22.

Recommendations

2. The Audit & Risk Committee is recommended to: -
 - a. Receive the plan, note its contents and seek clarification on any areas as they wish and then approve the plan.
 - b. Make any recommendations or comments it sees fit either to the Head of Internal Audit Service (HoIAS) or Director of Finance

Background

3. Under the Accounts and Audit Regulations (2015), Leicester City Council (the Council) is required to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes'.
4. In January 2017, the Council's internal audit function was delegated to Leicestershire County Council.
5. Leicestershire County Council Internal Audit Service (LCCIAS) conforms to all relevant standards and legislation, particularly the Public Sector Internal Audit Standards (PSIAS).
6. PSIAS require the Head of Internal Audit Service (HoIAS) to form an annual opinion on the overall adequacy and effectiveness of the Council's control environment (its framework of governance, risk management and control).

To form an opinion, the scope of internal audit work needs to be wide. The HoIAS prepares a risk based internal audit plan to determine the priorities of the internal audit activity, consistent with the City Council's goals. There needs to be sufficient internal audit work to gain assurance during 2021-22. The opinion is in turn one of the sources of assurance that the public body relies on for its annual governance statement.

7. Within its Terms of Reference, the Committee has a duty to consider, challenge and approve (but not direct) Internal Audit's strategy and plan and monitor performance on an annual basis. The Committee is designated as 'the Board' in the Council's Internal Audit Charter (revised March 2020).

Planning methodology

8. The provision of a risk based internal audit plan (the Plan) consistent with the Council's goals is an essential part of ensuring probity and soundness of the Council's governance framework, risk exposure and internal controls. To develop the scope of audit coverage, the HoIAS has researched and evaluated where risk might occur to the Council using methods including: -
 - a. Consulting on emerging risks, planned changes and potential issues with the statutory and other senior officers.
 - b. Evaluation of wider governance arrangements e.g. the most up to date risk registers, plans and committee reports
 - c. 'Horizon scanning' new and emerging risks from professional and industry sources
 - d. Comparisons against similar councils' audit plans
 - e. Discussions with the External Auditor especially around its planned approach to the revised value for money opinion and where it can work better with internal audit.
 - f. Identifying alternative sources of assurance that the HoIAS can place reliance on when forming his opinion.
9. The Plan has been devised to ensure that it delivers against the PSIAS i.e. that the internal audit activity must: -
 - c. assess and make appropriate recommendations to improve the Council's governance processes (including ethical and information technology governance).
 - d. evaluate the effectiveness and contribute to the improvement of risk management processes; and,
 - e. assist the Council in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement
10. Governance is defined in PSIAS as, '*The combination of processes and structures implemented to inform, direct, manage and monitor the activities of the organisation toward the achievement of its objectives*'.

11. Amongst a wide range of governance themed audits, the HoIAS plans to undertake audits of LA involvement with Private Companies, procurement post Brexit and other governance changes.
12. Risk management is defined in PSIAS as, *'A process to identify, assess, manage and control potential events or situations to provide reasonable assurance regarding the achievement of the organisation's objectives'*.
13. The PSIAS advise that when constructing the Plan, the HoIAS should take into account the risk management framework, including using risk appetite levels set by management for the different activities or parts of the organisation. The Council's Corporate Management Team has responsibility for identifying and managing risk and, the design, implementation and operation of robust internal control systems. The HoIAS plans to undertake risk management themed audits in the risk management and business continuity frameworks and the covid tracking database.
14. Internal Control is defined in PSIAS as, *'The policies, procedures (both manual and automated), and activities that are part of a control framework, designed and operated to ensure that risks are contained within the level that an organisation is willing to accept'*.
15. Part of the Plan requires annual audits on key elements of the significant financial and IT systems. These audits are often used by the Council's External Auditors to assist their risk appraisal before auditing the financial statements. Other planned audits include grant certifications and major financial systems.
16. A contingency is retained for audits as yet not identified and any unplanned audit work e.g. special projects and investigations to be undertaken during the course of the year. Finally, an allocation is reserved for the HoIAS' client management and professional responsibilities (attendance at committees, form opinions and reports etc).

The Internal Audit Plan 2021-22

17. The attached Plan for 2021-22 (Appendix) contains a wide scope of audits that should allow the HoIAS to form an opinion on the overall adequacy and effectiveness of the Council's control environment. It is mostly based on assurances required by Leicester City Council Directors and their management teams. It is comparable to the risks affecting other local authorities and contains risks highlighted by internal audit and risk management professionals. The HoIAS intends to provide a minimum of 800 days internal audit service.

18. Most of the planned audits are an 'assurance' type, which requires undertaking an objective examination of evidence to reach an independent opinion on what assurance can be given that risk is being sufficiently mitigated. There are usually four levels of assurance: full; substantial; partial; and little. 'Partial' ratings are normally given when the auditor has reported at least one high importance recommendation. These recommendations are reported in summary to this Committee and will stay within its domain until the HoIAS is satisfied that action has been implemented (usually after a follow up audit has been conducted). Occasionally, the auditor might report several recommendations that individually are not graded high importance but collectively would require a targeted follow up to ensure improvements have been made.
19. When it receives updates on completed audits, the Committee has a duty to review and challenge management's responsiveness to the internal audit findings and recommendations, seeking assurance that appropriate action has been taken where necessary and agreed recommendations have been implemented within a reasonable timescale.
20. LCCIAS also undertakes 'consulting' (advisory type audits). Examples include commentary on the effectiveness of management's intended control design and framework and potential implications of changes to/implementations of new systems, processes and policies.
21. Some resources will be required for audits started in 2020-21 that will be finalised in 2021-22.
22. The plan aims to give the optimum audit coverage within the resources available. Though it is compiled and presented as a plan of work, it must be recognised that it is only a statement of intent, and there is a need for flexibility to review and adjust it as necessary in response to changes in business, risks and operations.
23. It is likely that the 2021-22 plan will be more fluid than normal as a result of the continuing impact of the pandemic on the Council's operations. The HoIAS has taken account of new audit priorities to cover the new risks and changes from the impact of COVID-19 and that work will provide support for the annual opinion. The impact of COVID-19 and the capacity of the Council to respond will likely continue to vary as a result of a number of factors for instance further operational disruptions that impact on the access of internal auditors to key staff, information or systems.
24. The HoIAS will discuss and agree any material changes with the Director of Finance and if required members of the Corporate Management Team and these would be reported to the Committee.

25. Detailed Terms of Engagement covering each audit's scope and any areas for exclusion are agreed with the relevant risk owners in advance of each audit.

Progressing the Audit Plan

26. Responsibility for the evaluation and management of risk and the design and consistent operation of internal controls rests with the Council's management. LCCIAS' role and responsibility is to carry out independent and objective audits and give an opinion on the extent to which risk is being managed and (where appropriate) make recommendations to improve controls.
27. On completion of each audit, findings will be discussed with the appropriate risk owner before issuing a draft report for comment. Final reports will be sent to Directors.
28. The HoIAS/Principal Auditor will meet regularly with the relevant officers to discuss progress and any issues arising. A progress report containing audits completed and summaries of any 'high importance' recommendations will be brought periodically to the Committee.

Resource Implications

29. The Council pays for LCCIAS to provide its internal audit activity

Equal Opportunities Implications

30. There are **no specific** equal opportunities implications contained within the annual summary of work undertaken.

Legal Implications

31. There are no direct additional legal implications arising from this report. These implications will rest within (and be reported by) the business areas that have day-to-day responsibility for managing their risk.

Background Papers

The Constitution of Leicester City Council
Accounts and Audit Regulations (Amendment) 2015
The Public Sector Internal Audit Standards (revised from April 2017)
Leicester City Council Internal Audit Charter (March 2020)

Circulation under Sensitive Issues Procedure

None

Officer to Contact

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Appendix

Internal Audit Service - Annual Plan 2021-22

Appendix - Leicester City Council - Internal Audit Plan 2021-22

Appendix - Leicester City Council - Internal Audit Plan 2021-22								
Key to columns								
Timing		Indicative quarter for the audit. These may change in discussion with management. Completion of 2020-21 work is already underway and, in some cases completed.						
CE		Indicates which component of the control environment (governance, risk management or internal control) the audit primarily matches. There is quite often overlap.						
Plan Category		To enable some analysis of the wide scope of the plan						
Audit Name		Self-explanatory						
Director		Lead Director/risk owner						
RR		Indicates where the HoIAS has tried to map audits against entries in the Council's risk registers either strategic (SRR) or operational (ORR)						
Scope		An indicative scope of the audit. This will be firmed up with management before the audit engagement						
Rationale		Professional internal audit or risk management guidance', comes from a combination of the HoIAS monitoring emerging audit/risk advice and from his contacts with other HoIAS in Midlands and National networks.						
Timing	CE	Audit Plan Category	Audit Name	Director	Department/Division	RR	Scope	Rationale for inclusion
Q1		Various	Work undertaken to close off 2020-21 Audits	Various	N/A		Completion of Audits started in 2020-21:	Completion of previous years audits
Q2	IC	Grant Certifications	Leaseholder Accounts	Alison Greenhill	Corporate Resources and Support/Finance		The annual accountants certificate of compliance relating to LCC's Leaseholder accounts - for those holding a Designated Reserve Fund (DRF). Deadline: 30th Sept 2021 , but IA required to complete work by 3rd September 2021.	Certification requirement
Q3	IC	Systems & Governance	Bus Lane Penalty Enforcements	Alison Greenhill	Corporate Resources & Support/Finance		Testing to ensure systems and processes are operating effectively .	Director Assurance
Q2/Q3	IC	Significant Financial Systems	Major Financial Systems(MFS) Audit	Alison Greenhill	Corporate Resources and Support/Finance		Major Financial Systems Audits - possible areas for inclusion : - Non Domestic Rates (NNDR) - Council Tax (CT) - Payroll Exact scope to be confirmed Suggested Q3/Q4 for NNDR & CT	Director Assurance /Professional internal audit or risk management guidance
Q2	IC & G	Systems & Governance	Tax Digital	Alison Greenhill	Corporate Resources and Support/Finance		Making Tax Digital is a key part of the government's plans. Review will look at the new systems and processes to ensure these are robust and in line with Government guidance.	Director Assurance
Q1-Q4	IC & G	Systems & Governance	COVID 19 - Grants	Alison Greenhill	Corporate Resources and Support/Finance		A number of Government Grants have been received by the Council to help support the economy and City citizens during the pandemic in 2020-21. Further grants are expected and assurances are required that grants have been issued in line with government guidelines.	Director Assurances

Timing	CE	Audit Plan Category	Audit Name	Director	Department/Division	RR	Scope	Rationale for inclusion
Q1-Q4	IC	IT & Information Assurances	Data analytics	Alison Greenhill	Corporate Resources and Support/Finance		Exploration with management where Internal Audit Service can use its analytical tool IDEA to increase efficiency and effectiveness and provide improved assurance and greater audit coverage. Some initial work was undertaken in 2020-21; this is continuation and further development in the use of IDEA.	Professional internal audit or risk management guidance
Q1	IC & G	Systems & Governance	Finance Roles & Responsibility	Alison Greenhill	Corporate Resources and Support/Finance		The review of the Council's Finance team has resulted in number of changes in the staff roles and responsibilities. Assurances required that separation of duties are still being maintained and the control environment remains robust.	Director Assurances
Q1-Q4	G	Schools	Management and governance of maintained schools	Alison Greenhill Martin Samuels	Corporate Resources and Support/Finance Social Care & Education		As part of the schools governance audits, a range of areas (e.g. SEND, SFVS) were covered in 2019-20. Management would like to continue these thematic audits and further areas of risk were identified in 2020-21; this is a continuation of this work.	Director Assurances
Q1-Q4	IC	Schools	Schools Financial Audits	Alison Greenhill Martin Samuels	Corporate Resources and Support/Finance Social Care & Education		As result of the pandemic, no school audits were undertaken in the financial year 2020-21; this still remains an area of risk and some coverage will be included in 2021-22. This will include an initial programme of six schools audits; other schools could be included if specific concerns are raised by management.	Audit requirement under Council's Statutory Scheme for Financing / Director Assurances
Q3	G/RM	IT & Information Assurances	Tracking database	Alison Greenhill Kamal Adatia	Corporate Resources		Audit of the security, plans for closure/archiving etc of the bespoke City database on the activity of household testing teams	Professional internal audit or risk management guidance
Q2	IC	Grant Certifications	DfT Block Funding Capital Grant	Andrew L Smith	City Development & Neighbourhoods/Planning , Development & Transportation		The Government provided capital funding for local transport, which includes additional highways maintenance grants. Certification is required in line with the Grant conditions. Deadline: 30th September 2021	Certification requirement
Q2	IC	Grant Certifications	BSOG	Andrew L Smith	City Development & Neighbourhoods/Planning , Development & Transportation		Local Authority Bus Subsidy Ring-Fenced (Revenue) Grant. Certification is required in line with the Grant conditions Deadline: 30th September 2021	Certification requirement
Q2	IC	Grant Certifications	Ultra Low Emissions Vehicle (ULEV) Taxi Infrastructure Grant	Andrew L Smith	City Development & Neighbourhoods/Planning , Development & Transportation		Capital grant to provide electric charging posts for taxi operators in the city. Implementation likely to be Autumn 2021. Certification is required in line with the Grant conditions Deadline: Certification is 30 days after the completion of the scheme.	Certification requirement
Q2	IC	Grant Certifications	National Productivity and Investment Fund	Andrew L Smith	City Development & Neighbourhoods/Planning , Development & Transportation		Certification in line with Grant Determination Letter for the remaining grant received in previous years. Deadline: 30th September 2021 (TBC)	Certification Requirement

Timing	CE	Audit Plan Category	Audit Name	Director	Department/Division	RR	Scope	Rationale for inclusion
Q2	IC	Grant Certifications	Transforming Cities Grant (TCF1)	Andrew L Smith	City Development & Neighbourhoods/Planning , Development & Transportation		Tranche 1 of the Transforming Cities fund was received in March19. Certification is required in line with Grant Determination. Completion likely to be Autumn 2021. Deadline: 4 months after the physical completion of the scheme. Client to inform IA of completion date	Certification Requirement
Q4	IC	Grant Certifications	Active Travel Fund (Tranche 2)	Andrew L Smith	City Development & Neighbourhoods/Planning , Development & Transportation		This is the 2nd Tranche of the Active Travel Fund received from the DfT - the emphasis is on increasing cycling and walking in the longer term. in line with Government objectives set out in Gear Change. Deadline : 31st March 2022 (TBC)	Certification Requirement
Q1-Q4	IC	Grant Certifications	Troubled Families	Caroline Tote	Social Care & Education/Children's Social Care & Early Help		Verification of results from claims with reference to the Financial Framework for the programme. 4 claims are expected to be audited in 2021-22. Actual deadlines to be confirmed	Certification requirement
Q1/Q2	IC & G	Systems & Governance	Housing Stores	Chris Burgin	City Development & Neighbourhoods/Housing		A procurement exercise is being undertaken for an external provider to take over the existing Stores operation as a Managed Service. Management would welcome an audit to ensure arrangements between the new stores provider and the Council are robust.	Director Assurances
Q1/Q2	IC	Systems	B&B Emergency Planning (Phase 2)	Chris Burgin	City Development & Neighbourhoods/Housing		Housing B&B emergency placements is on the increase; management would welcome a review of the process to ensure that the services procured are efficient and cost effective. Some initial advisory work was undertaken in 2020-21. This is the 2nd phase of this audit which will involve sample testing to ensure controls are operating effectively.	Director Assurances
Q3/Q4	IC	IT & Information Assurances	NHS Health Check	Ivan Browne	Director of Public Health		Assurance over the system procured to extract information from GP systems to ensure accurate payments are made. Delays in implementation of the system has led to this audit being postponed from 2019-20; the pandemic has resulted in further delays in the start of this audit.	Director Assurances New Significant System Nationwide issue and Professional internal audit or risk management guidance
Q3	IC & G	Governance	Smoking Cessation	Ivan Browne	Director of Public Health		Smoking Cessation is identified as an area for audit coverage by management - exact scope to be confirmed	Director Assurances
Q2	IC & G	Governance	Critical Incidence	Ivan Browne	Director of Public Health		Review of the processes and procedures for handling Critical Incidences. A number of organisations are involved in the handling of Sex/Drug /Alcohol critical incidence; assurances required to ensure that these incidences are dealt with in line with the agreed procedures, which includes handling the cases in a timely manner from the beginning to final closure of the case.	Director Assurance

Timing	CE	Audit Plan Category	Audit Name	Director	Department/Division	RR	Scope	Rationale for inclusion
Q3	G	Governance	LA involvement with Private Companies	Kamal Adatia	Corporate Resources / City Barrister and Head of Standards		Following the recent publicity and issues relating to the Robin Hood Energy company – assurances are required that due diligence is being undertaken and good governance arrangements are in place prior to engaging in any joint arrangements with a private organisation.	Director Assurance
Q1-Q4	G	Governance	Procurement of Contracts - Post Brexit	Kamal Adatia	Corporate Resources / City Barrister and Head of Standards		Post Brexit - there is likely to be more freedom to spend locally. The audit will review the potential risks relating to governance and contract management; ensuring procurement is still being undertaken within the permitted rules and regulations and ensuring VFM is being achieved. Preparedness for any impacts of the Government's Transforming Public Procurement – Green Paper and Consultation, will be monitored.	Director Assurance
Q1-Q4	G	Governance	Contract Audits	Kamal Adatia	Corporate Resources / City Barrister and Head of Standards		Audits covering the Council's corporate procurement and contracts processes. These will seek to identify whether due processes have been followed and value for money has been sought. The exact scope to be agreed, but it could include : - Children's services contracts - Implementation of the new Contract Procedure Rules. - Contract arrangements during the COVID period - Supply chain management The first two audit areas were postponed from 2020-21	Director Assurances / Nationwide issue and Professional internal audit or risk management guidance
Q1	G	Governance	Governance changes	Kamal Adatia/Miranda	Corporate Resources / City Barrister and Head of Standards		To perhaps include - the adoption of CIPFA guidance on reporting the impact of COVID-19 in the AGS - bedding in of constitution changes - adoption of the Centre for Governance & Scrutiny tool 'The governance risk and resilience framework'	Professional internal audit or risk management guidance
Q3	IC & G	Systems	Section 106 Agreements	Kamal Adatia	Corporate Resources / City Barrister and Head of Standards		This area will be revisited to provide assurance that sound processes and procedures are in place.	Professional internal audit or risk management guidance
Q1	IC	Grant Certifications	Peer Network Funding	Mandip Rai	LLEP		Internal Audit Assurance Report is required in relation to Peer Networks - LLEP grant Deadline: 30/4/2021	Certification requirement
Q1	IC	Grant Certifications	LLEP - BEIS Growth Hub - Core	Mandip Rai	LLEP		Audit in line with Grant determination Deadline 25/5/2021	Certification requirement
Q1	IC	Grant Certifications	LLEP - BEIS Growth Hub – supplementary	Mandip Rai	LLEP		Additional funding received from BEIS re: Growth Hub Audit in line with Grant Determination. Deadline 25/5/2021	Certification Requirement
Q1	IC	Grant Certifications	LLEP - BEIS- EU transition funding	Mandip Rai	LLEP		Grant certification required in line with Grant conditions. Deadline : 30/06/21	Certification Requirement

Timing	CE	Audit Plan Category	Audit Name	Director	Department/Division	RR	Scope	Rationale for inclusion
Q3	IC	Grant Certifications	LLEP - European Regional Development Fund (ERDF)	Mandip Rai	LLEP		A certification audit is expected. Provision made, should a request be made by MHCLG. Deadline : TBC	Certification Requirement
Q3	IC	Grant Certifications	LLEP - European Social Fund (ESF)	Mandip Rai	LLEP		Last audit was in 2017, an audit will be due soon. Provision made should a request for an audit be made by DWP. Deadline : TBC	Certification Requirement
Q4	G	Governance	LLEP	Mandip Rai	LLEP		A review of LLEP's operating model is being undertaken by consultants. The scope of any audit work will be decided following this review.	Director Assurances
Q1	IC	Grant Certifications	Adriatic Land 7 Limited Service Charges	Matthew Wallace	City Development & Neighbourhoods/Estates & Building Services		The lease agreement between LCC and Adriatic Land 7 requires an audit of the charges within 3 months from the year-end (31/03/2021). Deadline 30th June 2021	Certification requirement
Q2	IC	Grant Certifications	Green Homes Grant	Matthew Wallace	City Development & Neighbourhoods/Estates & Building Services		Green Homes Grant: Determination (20/21) [No:31/5336]. Certification in line with Grant Conditions Deadline : 30/09/2021	Certification Requirement
Q3	IC	Grant Certifications	BEIS Public Sector Decarbonisation Scheme	Matthew Wallace	City Development & Neighbourhoods/Estates & Building Services		This determination may be cited as the BEIS Public Sector Decarbonisation Scheme Grant Determination (2020-21): Certification required in line with Grant determination Deadline: TBC	Certification Requirement
Q3	G	Contract & Governance	Third Party Operators	Matthew Wallace	City Development & Neighbourhoods/Estates & Building Services		Assurances required that 3rd party operators of assets are maintaining assets in line with the Lease agreement. Academies and investment properties will be potential areas for audit. This audit was postponed from 2020-21.	Director Assurances
Q2	IC	Systems	Climate change and carbon emissions	Matthew Wallace	City Development & Neighbourhoods/Planning, Development & Transportation	SRR	Following on from reviewing the stewardship, risk management and assurance arrangements this audit will drill down into the data collation, verification and reporting.	Nationwide issue and Professional internal audit or risk management guidance
Q3	IC & G	Systems & Governance	Recruitment System	Miranda Cannon	Corporate Resources and Support/Delivery, Communication and Political Governance		The new recruitment system has been in place for approximately two years. An audit was planned in 2020-21, but postponed due to COVID-19. The exact scope to be confirmed.	Director Assurances
Q3	RM	Risk Management	Risk Management & Business Continuity Framework	Miranda Cannon	Corporate Resources and Support/Delivery, Communication and Political Governance		The objective of the audit is to provide assurance that the revised risk management & business continuity policies and procedures are being consistently applied; this is to assist the HoIAS in forming opinion at the year end. The exact scope to be confirmed	Directors Assurances plus PSIAS requirement and Professional internal audit or risk management guidance
Q3	G/RM	Systems & Governance	Digital projects	Miranda Cannon	Delivery, Communications, and Political Governance		Continuing previous governance & risk management work on the digitalisation of line of business systems	Professional internal audit or risk management guidance
Q3	G/RM	Systems & Governance	Health & Safety function	Miranda Cannon	Delivery, Communications, and Political Governance		The function is being reviewed - IA would review planned arrangements then potentially give assurance later in the year	Director Assurances

Timing	CE	Audit Plan Category	Audit Name	Director	Department/Division	RR	Scope	Rationale for inclusion
Q1-Q4	IC	IT & Information Assurances	IT Audits	Miranda Cannon	Delivery, Communications, and Political Governance		Possible IT audits could include: 1. Key ICT controls - standard audit 2. Automated Call distribution project - checking its merit 3. Unit 4 - Phase 2 (Q3/Q4) - payables/receivables 4. VDI rollout 5. Homeworking arrangements - cyber security Other areas and scope to be agreed with client	Director Assurances/ Professional internal audit or risk management guidance
Q4	IC	Grant Certifications	Basic Needs Grant	Richard Sword	City Development & Neighbourhoods/Capital Programmes		Certification in line with Grant Determination : Deadline : February 2022 (exact date to be confirmed)	Certification requirement
Q1	RM	Risk Management	Fire risk in owned and occupied buildings	Chris Burgin	City Development & Neighbourhoods/Planning , Development & Transportation	SRR	To give assurances that fire safety measures across all relevant LCC building scenarios are being thoroughly evaluated	Nationwide issue and Professional internal audit or risk management guidance
Q3	IC & G	Systems & Governance	Residential Financial Assessment	Ruth Lake	Adult Social Care & Safeguarding		An audit of the procedure for assessing individual's contributions and the maximisation of income (people's own income and ours from charging).	Nationwide issue and Professional internal audit or risk management guidance
Q4	IC & G	Systems & Governance	Non Residential Financial Assessment	Ruth Lake	Adult Social Care & Safeguarding		An audit of the procedure for assessing individual's contributions and the maximisation of income (people's own income and ours from charging). Due to a recent court judgement, there may be some changes to the policy and the procedures, so review to be scheduled around Q4. Some initial Advisory work could also be included as part of this audit.	Director Assurance
Q2	IC & G	Systems & Governance	Direct Payments	Ruth Lake	Adult Social Care & Safeguarding		Management are working with finance to improve the process following engagement with people who use Direct Payments (DPs); Internal Audit's support in reviewing the proposals before they are agreed is welcomed .	Director Assurance
Q2/Q3	IC	Grant Certifications	Disabled Facilities Capital Grant	Ruth Lake/ Chris Burgin	Social Care & Education/Adult Social Care & Safeguarding City Development & Neighbourhoods/Housing		Integration and Better Care Fund: The Disabled Facilities Grant. Certification in line with the Grant Determination Deadline: 31st October 2021	Certification requirement
Q3	IC	Grant Certifications	School Centred Initial Teacher Training (SCITT)	Sue Welford	Social Care & Education/Education		This audit is undertaken at the request of the City's lead school for the SCITT process. Grant Certification in line with funding guidance, for year ending 31st July 2021 Deadline 31st December 2021.	Certification requirement

Timing	CE	Audit Plan Category	Audit Name	Director	Department/Division	RR	Scope	Rationale for inclusion
Q2/Q3	IC	Contract & Governance	Taxi Contract	Tracie Rees	Adult Social Care & Commissioning		An audit around the allocation of the journeys and payment processes. The taxi contract will be retendered and (dependent upon timing) may require further advisory work to be undertaken, followed by testing of contract management and transactional testing to ensure that payments to providers are being correctly calculated, made on a timely basis, and in line with contractual terms.	Director Assurances
Q1-Q4	ALL		Contingency				A provision is made for audit as yet unidentified and unplanned audit work to be undertaken during the course of the year .	
Q1-Q4	N/A	Follow-up	Follow-up	N/A	N/A		Routine follow-up of audit recommendations, particular emphasis on the High Priority Recommendations and where an overall Partial Assurance is given.	Director Assurances
Q1-Q4	ALL		Client responsibilities	N/A	N/A		Research risk; provision of advice (including on national reports on changes in governance requirements); liaison with External Auditor; HoIAS professional responsibilities; preparation for and attendance at A&R Committee and any other meetings as required.	

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