

Leicester
City Council

MEETING OF THE AUDIT AND RISK COMMITTEE

DATE: TUESDAY, 22 NOVEMBER 2022

TIME: 5:30 pm

PLACE: Meeting Room G.01, Ground Floor, City Hall, 115 Charles Street, Leicester, LE1 1FZ

Members of the Committee

Councillor Kaur Saini (Chair)

Councillor Dr. Moore (Vice-Chair)

Councillors Cassidy, Pantling, Valand and Whittle

Independent Member Mr Bipun Bhakri

One Labour Group vacancy

One Non-Group vacancy

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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PUBLIC SESSION

AGENDA

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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 HELD WEDNESDAY 28TH SEPTEMBER 2022

Appendix A
(Pages 1 - 12)

The Minutes of the previous meeting of the Audit and Risk Committee held on Wednesday 28th September 2022 are attached, and Members will be asked to confirm them as a correct record.

4. CHAIRS ANNOUNCEMENTS

5. RISK MANAGEMENT UPDATE

Appendix B
(Pages 13 - 56)

The Director of Delivery, Communications and Political Governance submits a report which provides an update on the Strategic and Operational Risk Registers and Health and Safety data.

Members will be asked to note the Strategic Risk Register and Operational Risk Register (as at 30th September 2022) and to note the Health and Safety Data.

Members will also be asked to make any comments to the Director of Delivery, Communications and Political Governance.

6. WHISTLEBLOWING POLICY REVIEW REPORT

Appendix C
(Pages 57 - 64)

The City Barrister and Head of Standards submits a report inviting the committee to review the Whistleblowing policy.

Members will be asked to note the policy and make any comments and to approve the Whistleblowing Policy.

7. 2021/2022 STATEMENT OF ACCOUNTS AND EXTERNAL AUDIT UPDATE

Appendix D
(Pages 65 - 102)

The Director of Finance and the External Auditor present a report providing a progress update on the 2021/22 Statement of Accounts and the external audit.

Members will be asked to note the contents of the report and make any comments to the Director of Finance and the External Auditor.

**8. ANTI-FRAUD, BRIBERY AND CORRUPTION POLICY - [Appendix E](#)
3 YEAR REVIEW (Pages 103 - 122)**

The Director of Finance submits a report inviting the committee to review the Anti-Fraud, Bribery and Corruption Policy 2022-2025.

Members will be asked to note and comment on the report and to approve the Anti-Fraud, Bribery and Corruption Policy 2022-2025.

**9. ANTI-MONEY LAUNDERING POLICY [Appendix F](#)
(Pages 123 - 156)**

The Director of Finance submits a report which introduces details of the new Anti-Money Laundering Policy.

Members will be asked to note and comment on the report and to approve the Anti-Money Laundering Policy.

**10. PROGRESS AGAINST INTERNAL AUDIT PLANS 2021-22 & 2022-23 [Appendix G](#)
(Pages 157 - 170)**

The Internal Auditor submits a report providing a summary of progress against the 2021-22 and 2022-23 Internal Audit Plans including:

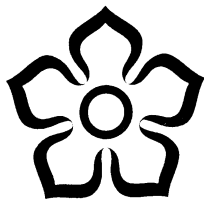
- Summary information on progress with implementing high importance recommendations
- Commentary on the progress and resources used.

Members will be asked to note and comment on the contents of the report.

11. ANY OTHER URGENT BUSINESS

12. DATE OF NEXT MEETING

To note the next meeting scheduled to Wednesday 18th January 2023 at 5.30pm.



Leicester
City Council

Appendix A

Minutes of the Meeting of the AUDIT AND RISK COMMITTEE

Held: WEDNESDAY, 28 SEPTEMBER 2022 at 5:30 pm

P R E S E N T:

Councillor Kaur Saini (Chair)
Councillor Dr Moore (Vice Chair)

Councillor Cassidy
Councillor Pantling

Councillor Valand
Councillor Whittle

Mr Bipun Bhakri – Independent Member

* * * * *

14. APOLOGIES FOR ABSENCE

The Chair welcomed those present and led introductions.

There were no apologies for absence from Members.

15. DECLARATIONS OF INTEREST

Members were asked to declare any interest they might have in the business to be discussed.

There were no declarations of interest made.

16. MINUTES OF THE PREVIOUS MEETING

RESOLVED:

That the minutes of the meeting held on 20 July 2022 be confirmed as a correct record.

17. FINANCIAL UPDATE REPORT

The Deputy Director of Finance submitted a report to the Audit and Risk Committee which provided an update on the progress of the statement of accounts and external audit for 2020/21 and 2021/22, and the decision of the Monitoring Officer to appoint Bipun Bhakri as an Independent Member of the Committee.

The Committee was recommended to note the contents of the report including the progress of the external audit, and to support Mr Bipun Bhakri in his role as the Independent Member.

The Chair welcomed Mr Bhakri (Independent Member) to the meeting. Members agreed with the recommendation to support Mr Bhakri in his new role.

RESOLVED:

The Audit and Risk Committee welcomed Mr Bhakri to the meeting and resolved to support him in his role as the Independent Member.

The Head of Finance presented the report and Members noted the following points made:

- National issues around the valuation of infrastructure assets had delayed the closing of the 2020/21 accounts. However, the delay had no impact on the resources the Council had available and was an accounting adjustment.
- In addition, the Government had delayed issuing the 'Whole of Government Accounts' return further impacting on the 2020/21 accounts.
- Statements for 2021/22 would be impacted by the same issues, and it was not known when the accounts would be completed.

The External Auditor then presented the Leicester City Council audit progress report and sector update

- As a point of clarification, the external auditor confirmed there was now a signed opinion for the 2021 accounts. The annual auditors report had also been issued. It was also noted that the authority would fall under the Whole of Government accounts as it fell under the threshold required by Government.
- Apart from the valuation of infrastructure assets the External Auditors would be in a position to certify the audit closed.
- Members were reminded that initial planning for the 2021/22 audit was taken to the Audit and Risk Committee meeting in March 2022, with the audit plan being taken to the Committee in July 2022.
- External auditors confirmed the statutory publication of accounts for the Council had moved to the end of November. Overall external auditors were on track to hit that deadline apart from the matter of infrastructure assets.
- However, in terms of value for money there was one issue in that the Code of Audit Practice had not changed, and the Auditor's Annual Report should have been issued in September, but it was recognised that all auditor firms had to concentrate on completing statutory statement of accounts.
- With the report there was a value for money extension letter written from the external auditor with the deadline for the report being by 28 February 2023.
- With regards to the overall controlled environment, for journal entry controls there was a continuing issue around authorisation. The Council were aware of the risk, and there was additional testing to mitigate risk.

- In relation to infrastructure assets, they were accounted on the balance sheet as historic cost, but there was an issue that all councils were facing on derecognising components of infrastructure when replaced, which gave rise to potential material misstatement and possible disqualification of accounts. The government have considered the issue and are preparing to provide a statutory override to normalise the position across the country. External auditors would wait for the statutory override before issuing an audit opinion, expected in November 2022.
- External auditors had been reviewing information technology controls. There were elements of weakness, mainly around the general controls and the ability people had to have generic use of accounts, and administrative access to various systems. On Unit-4 (General Ledger) in particular, management had concluded staff did need those rights so was a risk to tolerate. External audit would audit around that. Appendix A to the report provided a management response to the IT audit.

Members were given the opportunity to ask questions, and the following responses were given:

- It was asked if the Government's deferred deadlines were affecting external auditor's work. It was responded that as a firm, audits were taking a little longer, and there were some clients that were struggling themselves, but there was a plan in place to deliver the majority of audits by end November 2022. The infrastructure asset was a challenge for all firms, but it was not believed there would be impact on delivering an audit opinion to the council.
- With response to the difficulties and challenges in the economic market and with regards to the value for money opinion for 2021/22, it was recognised there were challenges around salary, inflation and cost increases that would be impacting councils, and would be picked up as to how the council authority would respond to but recognised it was outside of the council's direct control.
- It was noted the statement of accounts were backwards looking as at the end of March 2022. A conversation would be had with the council as to how resilient they were to the changes in the economy. There was nothing to bring to the attention of Members, but the position would be monitored.
- Management response to the journal entry controls was referenced. It was asked what the risk appetite of the Council was in terms of accepting or mitigating risk, and what the detail of the volume or value was so that Members could understand the level of risk.
- Also the information technology controls were reference with the same question as to what the management response was to the risk.
- External auditors would interrogate their findings and provide a figure for the volume of journals going through the system to Members. With regards to risk appetite, a conversation had been had with finance, there were mitigating controls in place with a full test of journals on a monthly basis, where high risk journals were identified and pulled, with the rest put through risk categorisation and sampled to ensure they had been processed correctly. A report would be provided at a future meeting for Members.
- It was noted with regards to journals that information provided would be a very significant figure, as council tax transactions were also put through as

journals. It was noted that every month senior accountants had to review those journals and sign them off.

- With the IT there were system admin people that required full access to systems to resolve people's problems. The Chief Accountant would review to ensure that system admin people were not doing any transactional works.
- Now the independent member process had completed, the effectiveness of the Committee would now be looked at and reviewed.
- With regards to infrastructure assets in terms of the national picture, auditors were not comfortable with that but recognise it was a sector issue. Given the nature of those assets they were historic costs. It was recognised there was a de-recognition issue which required government intervention. External auditors were comfortable that the Highways department had all of the information available to the council to manage those assets.
- With regards to IT, it was noted there was a deficiency. Members were informed the council would always be managing risk, and if it was a big deficiency there was high potential for things to go wrong. The external auditor's perspective was it could not be ignored, but it was acknowledged that it could be tolerated with people requiring access to the systems with mitigations in place. The risks had not gone away, but Members had to be comfortable with the level of mitigation and control of the risk.
- The levelling up white paper was tabled at the February meeting, and it was asked if there was an update. External auditors informed Members that as a firm it had an active advisory team that led on local government, and the report contained comment on the proposals that had come out in February 2022. Since that time there had been significant change in the political landscape, and it was not known what the Government would propose with regards to the direction it would go policy wise.

The Chair thanked the officer for the report and noted its contents.

RESOLVED:

1. That the Audit and Risk Committee note the contents of the report.

18. PROCUREMENT ANNUAL REPORT 2021/22

The City Barrister & Head of Standards submitted a report, as required under the Council's Contract Procedure Rules, to the Audit and Risk Committee to inform them of the activity of the procurement function of the Council (which comprises three specialist procurement teams: Procurement Services, ICT Procurement and ASC Procurement) over the previous financial year and evidence compliance with the requirements of the Contract Procedure Rules.

The Committee is recommended to note the contents of the report and make any comments to the City Barrister & Head of Standards.

The Deputy Director of Finance presented the report and made the following points:

- The report updated on what was required under Contract Procedure Rules.
- For information Members were asked to note the Public Contracts Regulations (PCR) thresholds updated in December 2021 were now inclusive of VAT, which had caused council internal procedures to be amended, and officers to be reminded of the new thresholds to take the VAT inclusive costs for checking.
- Attention was drawn to the Procurement Bill going through Parliament, to consolidate national procurement regulations following Brexit into UK legislation. Contracting authorities would now have to consider specific national priority outcomes alongside local priorities, including creating new businesses, new jobs and new skills, tackling climate change and reducing waste, and improving supplier diversity, innovation and resilience. It would also give the authority more scope to consider local priorities as well with the added flexibility it had to target procurement activity.
- More information would be required to be published on contacts and contract management as a result. There was now a page on the government website to which local authorities and government had to upload certain contracts, providing a central portal for upcoming procurement so that anyone could check the web page for information rather than going round individual councils, departments and websites.
- Members were asked to note the table at Point 3.7 in the report which listed the number of completed procurements.
- The Council's Open Data website had information on planned procurements for coming years and was kept up to date, with an ongoing exercise currently being undertaken to ensure that directors kept procurement information regularly updated.
- It was noted that normal procurement procedures were suspended during the pandemic with the Council using Exemptions to allow for PPE to be bought outside of normal procurement procedures at the start of the pandemic to respond to the situation. Various contracts had also been extended as they could not realistically be re-tendered or renewed during the pandemic. Internal audit had looked to ensure people were complying with procurement procedures.
- The council had been successful in getting three major capital schemes approved by government under levelling up. The Council were now required to procure the infrastructure works for the schemes.
- The Committee had previously discussed social value over recent years through the Council's processes, for example apprenticeships, benefit for the local community. There was more potential and discussion to be had, and the team had been asked to focus on how the council could embed social value in procurement.
- Also referenced was the living wage, and it was noted the Council was an operator under the Living Wage Foundation's Licence Agreement for its own staff, certain agency staff and some contracts, implementing the living wage where it could. It was acknowledged that it would like to implement the living wage in social care but costs were prohibitive. The Living Wage Foundation had announced a new living wage with an increase of 10%, which would be implemented from November 2022. The Local Government pay award currently on the table would largely deal with that, with two of the

- lowest grades still requiring a top up.
- Waivers at 3.18 in the report provided information on where departments had asked for usual rules to be waived, which was a proper governance procedure.

Members were then given the opportunity ask questions and the following responses were given:

- It was appreciated that procurement had gone tough times due to Covid, and clarity was sought that waivers were where existing contracts had been automatically extended for continuity reasons. Members asked under 'Reason for Waiver' what waivers came under the category of 'Other' which was showing as 33 for 2020/21. Members were informed that largely the reasons were Covid-related. As an example, the SALIX Decarbonisation scheme was noted, which was a government led scheme around carbon reduction energy efficiency measures. A lot of work had been undertaken in schools and other council buildings, such as more efficient heating, solar panels, double glazing and air source heat pumps. The government had wanted the schemes delivering quickly which in turn required procurement to be undertaken more quickly than usual.
- In addition, some of the schemes already had preferred suppliers, which allowed procurement to be addressed more quickly under the circumstances. Members asked how the authority compared with others. Officers would provide information to Members following the meeting.
- Members asked that in relation to the number of procurements as outlined at 3.7 compared to the table at 3.18 in the report, was the value a relatively small number compared to the value of procurements. The Director of Finance would look at the figures in more detail and provide a response to Members following the meeting.
- Members referenced the Procurement Bill, and recalled a strong point being made in years past when the procurement policy was being put together for the authority to favour local suppliers where it could. It was asked that when looking at bids from established local company against a start-up with no track record, were the authority going to put together a local policy for looking at the ratio of how it would prefer a new start-up to something that had a track record. The starting up of new businesses should not be discouraged, but there was an element of risk. The Deputy Director of Finance responded that it was relatively new legislation and there would need to be a process established. It was further noted it could also depend on the type of supplier and how critical it would be if they failed to deliver. The question would be taken back to officers for a response to Members.
- Members noted that improving supplier diversity was important under equal opportunities. What has been said in the past was people had not had the opportunity to get a foot on the ladder, but the new process would give those business an opportunity.
- It was questioned why, under Implications under Section Four in the report, it did not include environmental reporting through the Council's procurement processes on third party carbon emissions. The Deputy Director of Finance would take the question back to officers for a response in writing to Members.

Councillor Valand left the meeting at 18:28

The Chair noted the report and the comments that would be taken to officers for a written response to Members.

RESOLVED:

That:

1. The report be noted.
2. A written response on how the authority compared to others with regards to waivers be provided to Members.
3. Members to be provided with a written response on whether the value of waivers was a relatively small number compared to the number of the value of procurements.
4. The question on whether local policy would favour new start-ups compared to long established companies with a proven track record to be responded to in writing to Members.
5. Information was requested in writing by Members on how the Council's procurement processes were affected by third party carbon emissions.

19. ANNUAL INSURANCE REPORT 2022

The Deputy Director of Finance submitted a report to the Audit and Risk Committee which presented an overview of the Council's internal and external insurance arrangements and provided information on the claims received in recent years, and the results of the claims handling process.

The Committee was recommended to note the contents of the report, and the Council's approach to ensuring it was managing the financial risk associated with the claims.

The Financial Strategy and Insurance Manager presented the report and drew Members' attention to the following:

- A significant decision was how the authority purchased insurance. For most types of claim the first £200k was handled as an excess by the authority, the cost of which was managed internally.
- External insurance was held for catastrophic cases, such as a major fire in a building, or serious injury.
- An annual budget was held corporately which funded both the cost of external premiums and the amount paid out in deductibles.
- Schools and the Housing Revenue Account which had a statutory ring fence on it, paid for their own shares. Other departments insurance was held corporately and not in departmental section budgets.
- The budget setting process in February 2022 had reduced the corporate revenue budget by £0.5million, with a view to paying out less than budgeted due to good performance on claims.
- On balance over the past seven years claims had been coming in under budget, but could be volatile between years, therefore an insurance fund

was held as a corporate reserve on the balance sheet, but in practice managed as one fund. As of 2021 there was nearly £15million in that fund.

- An external actuarial valuation to find out how much should be held to cover claims to date was being undertaken and a report should be received shortly.
- The most significant external insurance was for property, liability and motor insurance, with a combined liability policy to cover staff and the public.
- Externally there had been quite a lot of cost increases, particularly for property insurance, with adverse weather events still concerning insurers.
- Other issues include an insurance provider withdrawing from the UK market post Brexit. In the future there would be a smaller market and less competition for providers that would make it difficult to get better rates.
- Claims information focussed on areas with a lot of claims, namely highways maintenance, motor claims, and housing services. It was not a criticism of those areas for having the most claims but was the type of area, for example, trips and falls on highways. It was noted that highways was very good at repudiating claims usually around 80% defence of claims, largely due to having a good system of highways maintenance.
- Amounts paid could be variable between years, simply depending on when bigger claims were submitted. Employer's liability claims tended to be of higher value but were fewer in number.

In response to Members' questions, the following information was provided:

- The general approach to spreading risk across was with a £200k excess to keep costs low was applauded. It was asked if the authority had considered further reductions by combining with other authorities. It was reported that it would be very difficult to manage a joint policy between authorities due to legal reasons, with insurance being tied into another authority's risk management procedures which would involve giving up a lot of control. The Head of Internal Audit concurred with the response and gave an example of the Municipal Mutual Scheme in past years which had become insolvent and for which claims were still being made.
- Members reported that there were companies contacting tenants directly about disrepair. It was asked if it was having an effect on the number of claims being submitted to the authority. Officers reported the authority was seeing a pressure on the Housing Revenue budget. Further details would be sought from the Director of Housing and provided to Members.
- Members were informed that they along with officers were covered under the insurance scheme when carrying out official duties apart from fraud and criminal actions.
- Members stated that trips and bad falls could have a lasting effect, with resident claims being rejected because the height of the trip hazard being within limit. Further it was considered to be a moral issue, particularly when the elderly were involved, and that as a Council could it not show generosity, and even if it did not meet the full insurance claim, could there not be a small compensation amount given? Officers did recognise the situation. 80% of highways claims were being declined, but it did not mean that 80% of claims were fraudulent and not without injury or damage. It was

further noted that insurance claims, whether externally funded or not were part of the insurance policy and the authority could only settle those claims where the Council was legally liable.

- The table at 4.5.4 in the report was referenced, where 45% of the value of claims related to claims related to Employer's Liability and General Property. It was questioned what was driving some of those figures. Officers responded that it was general people who had a claim through work, where claims tended to be larger in value, for example, trips and slips at work, manual handling injuries, stress claims where people could show a medical injury for the stress.
- It was asked what prevention strategies were in place to prevent repeatable generic claims. It was responded that there were different types of claims, and, for example, there were Health and Safety measure in place through training, reviewing the individual circumstances of a claim. Also, the authority had been working with schools in particular who were part of the Council's policies, as there had been some incidents in schools.
- Detail on the types of motor claims was requested, and what preventatives were in place as the claims were an ongoing cost to the council. Officers responded that it had to be accepted to some extent that with such a large vehicle fleet there would occasions where the driver would be at fault having made a mistake, and there were preventative measures in place to minimise incidents, through training, policy and vehicle safety checks, and so on. It was uncertain that it would be realistic with 700+ vehicles being used most days of the year, that there would not be a number of claims, however it was noted that the vast majority of the authorities motor claims were low value.
- It was asked if the theme of the claims were being tracked and if any measures were being put in place. It was noted that the question would be put to fleet management to ask if they were doing enough to reduce motor claims, and a response provided to Members.
- Officers would also look at claims to see if there was a pattern within the employer's liability claims also, for example, claims with incidents in care facilities. Fuller data on incidents would be provided, ensuring that individuals were not identified.

The Chair noted the report and officers' responses to provide further information.

RESOLVED:

1. That the contents of the report be noted.
2. That the Director of Housing to be asked for information on additional pressures for the HRA budget from company claims for housing disrepairs.
3. That information on the tracking of claims and preventative measures would be put to fleet management for a written response to be provided to Members.
4. That Officers shall analyse employer's liability claims for patterns, with fuller anonymised details on the types of incidents to be provided to Members.

20. ANNUAL REPORT ON THE NATIONAL FRAUD INITIATIVE

The Deputy Director of Finance submitted a report to the Audit and Risk Committee the purpose of which was to provide an update on the National Fraud Initiative (NFI) exercises currently underway.

The Committee was recommended to note the contents of the report and make any comments it deemed appropriate.

Stuart Limb, Corporate Investigations Manager, presented the report, and Members noted the following information:

- The Authority took part in the NFI hosted by the Cabinet Office.
- Every two years in October the authority uploaded vast amounts of data along with other local authorities and public sector organisations throughout the country.
- In return matches were sent back to the Authority by secure portal in January.
- The current exercise was for 2020/21. The types of matches varied across different work areas and work streams. Each work area would be responsible for filtering through those matches, with high-risk cases being worked upon first, identifying any irregularities or errors.
- The statistics are brought to Committee for a timely update.
- 4.3 in the report gave examples of some of the matches the Authority looked through.
- The authority received 14,752 matches, with 8,336 matches checked, with just 2 errors identified, and 0 frauds that would be investigated, which was a success for the authority, with very low level of errors in the authority.
- On the overpayments identified, there had been a query placed with the Cabinet Office as it was believed their reporting figures were slightly inaccurate.
- Officers would start at the end of October to upload data to start the next exercise in January.

In response to Members questions, it was noted that:

- Each local authority would have a different level of matches returned based on the size of the authority which varied greatly, and no more or less fraud had been identified in Leicester, though there was a high level of assurance given there were low levels of fraud based on the matches.
- Members question the number of hours of officer time spent on checking matches and would the time have been better spent identifying underclaimed benefits and payments. Members were informed that the authority Revenues and Customer Support had ongoing work to improve benefit take up and improve welfare support. It was accepted there was a low level of savings for what was a significant piece of work, but the fact was the authority had no choice but to upload data every two years to the Cabinet Office, and most councils would say they spent a disproportionate amount of time on the NFI. The Cabinet Office had consulted recently on

- increasing the scope of NFI but had decided not to progress this currently.
- The Council had recently bought the Better Off Leicester tool on the website, the key aim of which was to allow people in the city to type in their circumstances and information to inform them of what benefits they could claim, including discretionary payments the Council could make.
- Work was now starting in earnest on how the council could help with the cost of living crisis. For example, people were being encouraged to claim free school meals, which as a result would mean schools would receive more money.

RESOLVED:

That the report be noted.

21. PROGRESS AGAINST INTERNAL AUDIT PLANS 2021-22 AND 2022-23

The Head of Internal Audit & Assurance Service submitted a report to the Audit and Risk Committee which provided a summary of progress against the 2021-22 and 2022-23 Internal Audit Plans, including:

- Summary information on progress with implementing high importance recommendations
- Summary of progress against the Internal Audit Plans
- Commentary on the progress and resources used
- An update on progressing improvements to internal audit arrangements following a meeting regarding the CIPFA research report, 'Internal audit: untapped potential'

The Committee was recommended to note the routine update report.

Neil Jones, Head of Internal Audit Service (HoIAS) presented the report and noted the following:

- The report took the opportunity to re-emphasise what was important for the committee, with how internal audit implemented important recommendations towards the front of the report, with paragraph 6 outlining the basis behind the designation of high important recommendations. Appendix 1 to the report introduced references to high importance recommendations.
- There were three new recommendations following audit of key ICT controls, with weaknesses around the IT disaster recovery processes. Recommendations had been accepted and a plan was being developed for those, and brief assurance had been given on progress being made on those by Internal Audit.
- Updates on recommendations were provided in bold font, with the most recent update on 5 September 2022. It was noted there had been a couple of extensions to deadlines for recommendations which were being monitored, one of which related to contract arrangements during Covid which had already been discussed.
- The report and the appendix identified the number of times high importance recommendations had been extended.

- Appendix 2 noted progress against plans up to 31st July 2022, and it was reported that many of the audits had moved on, the outcomes of which would be brought to the next meeting of Committee.
- Paragraph 13 in the report provided a summary of resources used in progressing work over the year, which had gone quite well with officers investing 303 days up to 31 July 2022.
- Paragraph 14 outlined a healthy staffing situation in terms of retention and recruitment. It was also noted there had been extensions to contracts, and the placement of a sponsored student from De Montfort University.
- The final part of report provided a short update from CIPFA about the role of internal audit in local authorities. Improvements had already begun to be implemented, but it was recognised that larger projects would require further discussions.

Members were given the opportunity to comment and ask questions. The following was noted:

1. In terms of social value, it was noted that internal audit had undertaken a piece of work on social value in procurement. Members asked if it would be possible to have sight of the report. Officers would confirm with the Monitoring Officer with regards to the sharing of a report that was not in the public domain with Audit and Risk Committee Members.
2. Members asked if the 303 days of internal audit input were within plan. The HoIAS reported that in terms of budget the aim was to provide 800 days a year, but there had been a reduction in the amount of audit input over the past couple of years due to Covid and vacancies within the team. For 2022/23 the number of days input was on track.
3. It was the role of the Committee to challenge, and the role of the HoIAS to help managers to understand and manage their own areas of risk in the control environment.

The Chair noted the contents of the report.

RESOLVED:

That:

1. The contents of the report be noted.
2. Officers to confirm with the Monitoring Officer whether an internal report on social value not in the public domain could be shared with Members of Audit and Risk Committee.

22. ANY OTHER URGENT BUSINESS

- a) The Chair informed the Committee that Angie Smith, the Democratic Support Officer, was leaving the authority. She thanked Angie for all her assistance and wished her all the very best in her future role.

There being no other items of urgent business, the meeting closed at 7:23pm.

Strategic and Operational Risk Registers / Health & Safety Data

Audit and Risk Committee

Date of meeting: 22nd November 2022

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)** provides a summary of the strategic risks facing the council affecting the achievement of the strategic objectives of the council and **Appendix 1a** is an example of a completed risk control action plan – more detail at section 4.1 and to further consider whether all risk control action plans are to be included as part of this report;
- **Appendix 2**, 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 3**, the **ORR**, supports **Appendix 2** (the summary of the ORR) which provides the detail in relation to the council's operational risks;
- **Appendix 4, Health and Safety report and data** including an early update on the revised corporate audit programme and initial outcomes.

2. Recommended actions/decision

A&RC is asked to:

- Note the SRR and ORR (as at 30th September 2022)
- 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 2022 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 Chief Operating Officer, Strategic Directors and the City Barrister met as the officer Corporate Governance Panel to undertake a fundamental review of the approach, structure and content of the Council's strategic risk register. In undertaking the review, the panel used a **PESTLE** analysis as a framework for considering the wider context and environment and the risks that this gives rise to. PESTLE is a mnemonic which stands for '**Political, Economic, Social, Technological, Legal and Environmental**'. This approach proved very effective at prompting risks in terms of different contextual factors. It is proposed that these themes continue to be used for the SSR in future which have been built into the new approach. In future, individual risk owners for the SRR will be Strategic Directors and/or those with statutory roles such as the Monitoring Officer and Section 151 officer (specific actions relating to the risk may be owned and delivered by other Directors and Senior Officers). This ensures there is robust strategic ownership and oversight of the most significant risks facing the organisation.

The summary (**Appendix 1**) in future will indicate risk scores from previous risk reporting cycles including the variance in scores between the current and previous cycle (as the SRR has been fundamentally reviewed this period and is presented as a new set of strategic risks, it is not possible to demonstrate this in this cycle). Each risk in the summary is then supported by a more detailed risk control and action plan document capturing existing risk controls and also proposed further actions/controls (unless the risk strategy is to tolerate the risk without further controls). **Appendix 1a** provides an example of a completed risk control action plan which illustrates how it is intended to reduce the level of the risk by implementing further controls and the target date in which the control is to be implemented by.

The below 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 requires 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. A significant proportion of the strategic risks are within the red quadrant which is reflective of the challenging context that all organisations are operating within at the current time, not least in relation to the economic impacts facing everyone.

LIKELIHOOD (A)	Almost Certain 5				1.1 2.2 4.1	2.1 2.3
	Probable / Likely 4			4.2 4.3 5.1	3.1 3.2 6.1	
	Possible 3					5.2
	Unlikely 2				1.2 3.3	
	Very unlikely/ Rare 1					
		Insignificant/ Negligible 1	Minor 2	Moderate 3	Major 4	Critical / Catastrophic 5
IMPACT (B)						

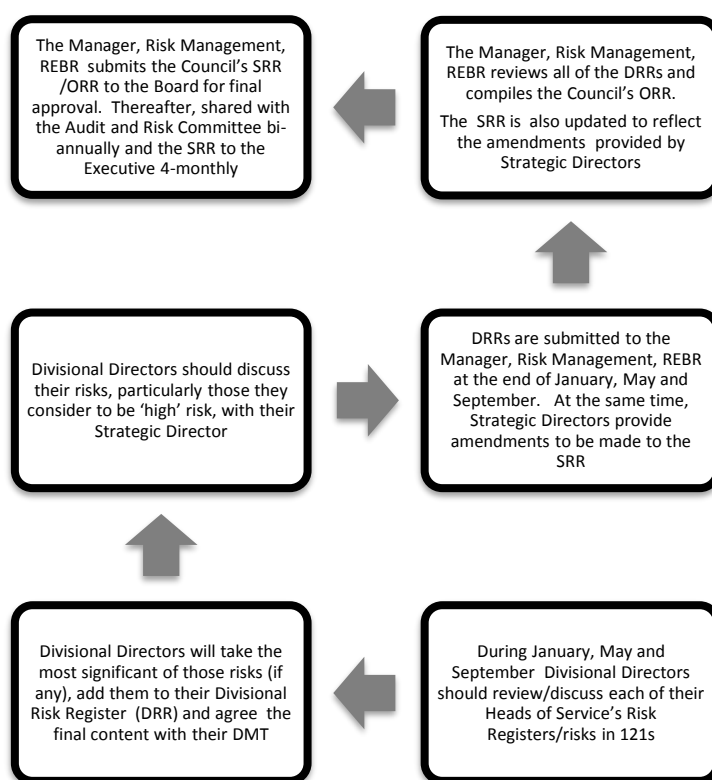
4.2 The risks in the ORR (**Appendix 2/3**) are presented by:

- 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 at **Appendix 2** indicates the number of high risks for each department/strategic area. **Appendix 3** provides comprehensive detail of the risks in **Appendix 2**. With regards to the ORR, **23** existing risks have been amended, **2** deleted and **10** new risks were added this period and target dates were amended reflecting the next review deadline date. However, **10** risks have further amendments to the controls. These are **risk no's 7,10,12,15,26,27,28,29,30 and 32**. The addition of so many new risks is highly likely to be reflective of the challenging and uncertain financial and political environment that the Council is operating within Both appendices have been compiled using divisional risk registers submitted 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 As a reminder, where a risk is '**deleted**' it does not always allude 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.

- 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 Health and Safety Data

A total of **340** incidents were reported in the last reporting period. Of these, **155** were reported as near misses in Q4 21/22. In comparison, in this reporting period, **189** incidents were reported (**109 as near misses, 12 work-related illnesses and 68 injuries**) and **39%** of reported near misses were categorised as verbal abuse to staff who work with the public compared to **55%** in the last reporting cycle. In such cases,

personal safety and conflict resolution training should continue or a refresh. The majority of physical assaults result from a series of escalating steps with conflict and verbal abuse being an early warning sign. Managers have been reminded of incidents that should be reported and those that do not. Better quality, actionable data is coming through allowing for better analysis of risks as well as opportunities for improvement and the quality of reactive health and safety performance monitoring. More detail is at **Appendix 4**.

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.

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.

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 (relate to people with specific protected characteristics such as disability (children with special educational needs, people with mental ill health).

Therefore, the on-going work to update and consider risk management implications in making decisions and assessment 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. The maintaining and monitoring of the Strategic Risk Register will support the delivery of the Council's corporate goals in ensuring that the identified risks are appropriately managed.'

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 6.1 – Environmental within the SRR and risks 1, 2 and 3 for Estates & Building Services - Sustainability within the ORR . 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 – Strategic Risk Register as at 30th September 2022

Appendix 1a – Example of completed Risk Control Action Plan (SRR 2.3 Financial Sustainability)

Appendix 2 – Operational Risk Register Summary as at 30th September 2022

Appendix 3 – Operational Risk Register in detail as at 30th September 2022

Appendix 4 – 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 - Strategic Risk Register summary

Date: 17/10/22

Risk Ref / No	Summarise risk theme and description/impact	Risk Score with existing controls	High / Medium / Low	Risk response strategy – 4T's	Target Score with further actions / controls	Risk Owner	Risk score at xxx	Risk Score at xxx	Risk score at xxx	Variance since last cycle
SRR 1.1	Political: Uncertain political and policy environment	20	High	Treat	15	AG RS MS MC				
SRR 1.2	Political: Failures in integrity of local governance and decision making	8	Low	Treat	3	KA				
SRR 2.1	Economic: Economic instability and rising inflation	25	High	Treat	15	RS				
SRR 2.2	Economic: Lack of critical skills, resources and capabilities across the workforce	20	High	Treat	12	MC				
SRR 2.3	Economic: Financial sustainability	25	High	Treat	25	AG				

Risk Ref / No	Summarise risk theme and description/impact	Risk Score with existing controls	High / Medium / Low	Risk response strategy – 4T's	Target Score with further actions / controls	Risk Owner	Risk score at xxx	Risk Score at xxx	Risk score at xxx	Variance since last cycle
SRR 3.1	Socio-cultural: Growth in demand due to rising cost of living and population growth	16	High	Treat	12	MS				
SRR 3.2	Socio-cultural: Less healthy and health resilient populations	16	High	Treat	12	MS IB				
SRR 3.3	Socio-cultural: Inadequate response to major incidents	8	Low	Treat	3	MC				
SRR 4.1	Technological: Disruption to technology infrastructure	20	High	Treat	16	MC				
SRR 4.2	Technological: Inability to innovate and respond to new and emerging technological developments	12	Medium	Treat	9	MC				
SRR 4.3	Technological:	12	Medium	Treat	9	MC KA				

Risk Ref / No	Summarise risk theme and description/impact	Risk Score with existing controls	High / Medium / Low	Risk response strategy – 4T's	Target Score with further actions / controls	Risk Owner	Risk score at xxx	Risk Score at xxx	Risk score at xxx	Variance since last cycle
	Data not appropriately managed or effectively used									
SRR 5.1	Legal: Unmanageable legislative and national policy requirements	12	Medium	Tolerate	12	KA				
SRR 5.2	Legal: Heightened accountability and intervention approach to local government	15	High	Treat	10	AG KA MS				
SRR 6.1	Environmental: Impacts and requirements arising from climate change	16	High	Treat	12	RS				

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	MC	Miranda Cannon
KA	Kamal Adatia	MS	Martin Samuels
IB	Ivan Browne	RS	Richard Sword

Appendix 1a

IDENTIFIED RISK/RISK ACTION PLAN – SRR 1.1

SECTION A – Risk description and existing controls

Risk description	Uncertain political and policy environment
Risk theme	Political
Risk reference	SRR 1.1
Risk owner (name and role)	Alison Greenhill – Chief Operating Officer. Martin Samuels – Strategic Director Social Care & Education. Miranda Cannon – Director of Delivery, Comms & Political Governance. Richard Sword – Strategic Director City Dev & Neighbourhoods.
Current risk score	20
Response strategy/action	Treat
Target risk score	15
Risk review date	31/01/23

Potential Impact/Likelihood

Provide a brief summary of the risk that you have identified in this section and the likely impact on the organisation's objectives if the risk occurs

National Government changes and May 2023 local elections create uncertainties in relation to strategic direction and priorities

Provide a brief explanation of impact of this risk and the why the likelihood is scored as it is (will help with root cause and possible controls)

Capacity and resources deployed to deliver significant policies / reforms which are subsequently aborted.
Diverted from tackling significant issues.
Disruption to local structures, roles and responsibilities creates uncertainty and disrupts partnership working.
Harder to take the difficult decisions.

Existing action/controls already in place

Describe the specific actions and controls that are already in place now to manage the risk

1. Robust scenario modelling.
2. Reflecting impacts in the medium-term financial strategy.
3. Preparing for and managing change including assessing requirements in terms of change capacity.

Current risk score with existing measures

Impact	Likelihood	Risk rating (I X L)
4	5	20

Response strategy: Treat

Further management action/controls:

List the further action(s) that will be taken in addition to existing controls to manage the risk. Complete the action plan in section B:

1. More effective use of representative bodies to escalate issues eg LGA, ADASS.
2. Capacity and resource planning – further development of workforce and capacity planning as an approach and supporting divisions and services to undertake this more strategically.
3. Continue to strengthen governance arrangements with regular reviews of constitution and governance arrangements and acting on external findings eg external audit.

Target risk score with further management actions/controls

Impact	Likelihood	Risk rating (I X L)
3	5	15

SECTION B – Risk action plan

Action No	Control / Action	Action owner	Target date for implementation	Resources/costs required to implement	Progress update - date action completed / pending (if so why)	Success criteria
1	More effective use of representative bodies to escalate issues eg LGA, ADASS, Sigoma	Alison Greenhill / Martin Samuels	Initial focus on opportunities during current budget planning - February 2023	Officer time		Leicester City Council has a louder voice at a national level on key issues
2	Capacity and resource planning – further development of workforce and capacity planning as an approach and supporting divisions and services to undertake this more strategically	Miranda Cannon	April 2023	OD Team capacity to provide data and support as required Senior Manager time and capacity to develop the approach in their areas		More strategic and embedded approach to workforce planning. Less reactive and better able to address skills and capacity gaps
3	Continue to strengthen governance arrangements with regular reviews of constitution and governance arrangements and acting on external findings eg external audit	Kamal Adatia	Ongoing	Officer time		Fit for purpose and robust governance and decision making

Appendix 2

LCC Operational Risk Exposure Summary as of 30th September 2022

STRATEGIC AREA – CITY DEVELOPMENTS AND NEIGHBOURHOODS

Risk Ref (as per ORR)	Risk	Risk Owner	Impact	Likelihood	Risk Score with existing Risk Score	Impact	Likelihood	Target Risk Score	Target Date
5.	Housing – Budget Pressures - Increase in inflationary pressures have led to increasing pressures on the HRA and the Housing GF	CB	5	4	20	4	3	12	31/01/23 ongoing
7.	Neighbourhood and Environmental Services – Ash Dieback – Epidemic of Ash Trees	SA	4	4	16	4	4	16	31/01/23 ongoing
1.	Estates and Building Services – Sustainability – Energy inefficient property assets adversely affecting LCC carbon reduction targets	MW	4	4	16	3	4	12	31/01/23 ongoing
2. 29	Estates and Building Services – Sustainability – Climate change / Net zero failure to deliver on ambition of Net Zero targets due to insufficient council investment funding and inability to attract external funding	MW	4	4	16	3	4	12	31/01/23 ongoing
3.	Estates and Building Services – Sustainability – Lack of understanding or appropriate knowledge including climate change impact and expectations and perceptions of stakeholders	MW	4	4	16	3	4	12	31/01/23 ongoing
4.	Estates and Building Services – People – New ways of working – potential impact of staff working from home increasing LCC carbon footprint (Scope 1 emissions)	MW	4	4	16	3	4	12	31/01/23 ongoing
8.	Neighbourhood and Environmental Services - Decreasing availability of burial space. Burial space is limited in supply and may run out if further provision is not provided before existing capacity is reached.	SA	4	4	16	4	3	12	31/01/23 ongoing
11.	Planning, Development and Transport — Covid-19 Impacts	ALS	4	4	16	3	4	12	31/01/23 ongoing
12.	Planning, Development and Transport - Failure or delayed delivery of development outcomes, including infrastructure - Ashton Green; new homes, employment land, community social infrastructure, open space, new jobs & skills training etc.	ALS	4	4	16	3	4	12	31/01/23 ongoing

13.	Planning, Development and Transport - Availability of supply chain - contractors, construction difficult to get in place and issues on materials being available since Covid-19.	ALS	4	4	16	3	4	12	31/01/23 ongoing
6.	Housing – Refugees - Increase in community tensions as a result of the newly arrived Afghans in Leicester and the impact on homelessness services/ availability of social housing/ Safeguarding concerns in relation to the Homes for Ukraine project.	CB	4	4	16	3	3	9	31/01/23 ongoing
9.	Neighbourhood and Environmental Services – Lack of adequate resource capacity.	SA	4	4	16	3	3	9	31/01/23 ongoing
14.	Tourism, Culture & Investment – Citywide Covid-19 – Business failure in the city centre due to prolonged impact of Covid-19 impacts on economy and appeal.	MD	4	4	16	3	3	9	31/01/23 ongoing
10.	Neighbourhood and Environmental Services – Beaumont Park Depot – Condition of depot creating risks to service delivery, individuals working on site and visitors	SA / MW	5	3	15	5	3	15	31/01/23 ongoing

STRATEGIC AREA – CORPORATE RESOURCES AND SUPPORT

30	Delivery, Communications and Political Governance – Cyber Security - Increasing profile and expertise to circumvent established defences increase vulnerability of LCC data.	MC	4	4	16	4	3	12	31/01/23 ongoing
16.	Delivery, Communications and Political Governance – On-Going Global supply Chain issues. Global shortage of semiconductor components impacting technology supply chain.	MC	4	4	16	3	4	12	31/01/23 ongoing
17.	Delivery, Communications and Political Governance – Shortages in terms of staff capacity/key skills	MC	4	4	16	3	4	12	31/01/23 ongoing
18.	Delivery, Communications and Political Governance – Loss of income opportunities. Commercial arrangements such as trading with schools are lost due to heightened market competition and due to a lack of staff resources and expertise to undertake marketing and business development	MC	4	4	16	3	4	12	31/01/23 ongoing
19.	Delivery, Communications and Political Governance - Ongoing budget pressures and savings impacting on service delivery	MC	4	4	16	3	4	12	31/01/23 ongoing
20.	Delivery, Communications and Political Governance – Electoral Reforms arising from Elections Act. If key policy details are not	MC	4	4	16	3	4	12	30/04/23 ongoing

	confirmed and secondary legislation not published in adequate time, the Returning Officer will be unable to implement the Elections Act 2022.								
21.	Legal – Workloads and Pressure – Client Care. Services within the Council are stretched with increased demands and pressures.	KA	4	4	16	4	3	12	31/01/23 ongoing

STRATEGIC AREA – SOCIAL CARE AND EDUCATION

22.	Children's Social Care and Early Help – Workforce availability – Diminishing availability of experienced skilled social workers	CT	5	4	20	5	4	20	31/01/23 ongoing
24.	Education - Failure to identify children missing from education in a timely manner. This could include children who have left school rolls who have not arrived at their destination school or where they have become electively home educated but where this is not sufficient. This has an increased likelihood as a result of Covid pandemic	SW	4	4	16	3	2	6	31/01/23 ongoing
23.1	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	31/01/23 ongoing
25.	Education – Pupil Attendance DfE are increasing the statutory responsibilities relating to pupil attendance.	SW	3	5	15	2	2	4	31/01/23 ongoing

STRATEGIC AREA – PUBLIC HEALTH

26.	Wider Economy and Supply Chain - Brexit / Covid related pressures increases prices or reduces availability of IT stock / services / logistics / medicines etc within the supply chain.	IB	5	4	20	4	4	16	31/01/23 ongoing
27.	Budget - Changes to service delivery to comply with available budget and savings targets - continued reductions could force termination of services to ensure priority services remain available.	IB	4	5	20	3	5	15	31/01/23 ongoing
28.	Staffing and recruitment - External. A national skill shortage in conjunction with Leicester being a challenging area in comparison	IB	5	4	20	5	3	15	31/01/23 ongoing

	to neighbouring areas creates difficulties in securing Health Visitors or other appropriately trained professionals.								
29.	Covid-19 / Health Protection – If recovery efforts are slower paced than desired this could lead to delivery and safeguarding issues.	IB	5	4	20	4	3	12	31/01/23 ongoing
30.	Commissioning - Reduced budget for services impacts on financial viability to suppliers who may deem package to be unviable leading to a lack of bids reducing competition or tender failing altogether	IB	4	4	16	3	5	15	31/01/23 ongoing
31.	Policy & Governance. Population health and the wider determinants of health impact, and are impacted by, a broad range of activities LCC undertakes.	IB	4	4	16	3	4	12	31/01/23 ongoing
32.	Staffing and recruitment - Internal. An emerging recruitment crisis across a variety of sectors creates difficulty, both within Public Health and our commissioned services or system partners, in securing sufficient staff with the appropriate skills and experience to meet the immediate Public Health challenges posed by Covid 19 response and recovery.	IB	4	4	16	4	3	12	31/01/23 ongoing
33.	Data - Complex data sharing agreements with external organisations not in place or understood by officers which restricts information flow into Public Health required to deliver objectives.	IB	4	4	16	3	3	9	31/01/23 ongoing

32

Key:

IMPACT (I)	SCORE	LIKELIHOOD (L)	SCORE
CRITICAL/ CATASTROPHIC	5	ALMOST CERTAIN	5
MAJOR	4	PROBABLE / LIKELY	4
MODERATE	3	POSSIBLE	3
MINOR	2	UNLIKELY	2
INSIGNIFICANT/ NEGLIGIBLE	1	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:

ALS	-	Andrew L Smith	MC	-	Miranda Cannon
CB	-	Chris Burgin	MD	-	Mike Dalzell
CT	-	Caroline Tote	MW	-	Matt Wallace
IB	-	Ivan Browne	SA	-	Sean Atterbury
KA	-	Kamal Adatia	SW	-	Sue Welford

Appendix 3 - Leicester City Council Operational Risk

Risk Register Owner: Alison Greenhill, COO

Risks as at: 30/09/2022

RISK	CONSEQUENCE/EFFECT:	EXISTING ACTIONS/CONTROLS	IMPACT SCORE			Risk	RESPONSE STRATEGY / ACTION	FURTHER MANAGEMENT ACTIONS/CONTROLS	EFFECT SCORE			Risk	COST	RISK OWNER	TARGET DATE
What is the problem; what is the cause; what could go wrong? What is it that will prevent you from achieving your objectives?	What would occur as a result, how much of a problem would it be, to whom and why?	What are you doing to manage this risk now?	Impact	Probability	Select from the 4T's (see Process worksheet for definitions and further guidance): Tolerate, Treat, Transfer, Terminate			Impact	Probability						
STRATEGIC AREA - City Development and Neighbourhoods															
1. Estates and Buildings Services - Sustainability - Energy inefficient property assets adversely affecting LCC carbon reduction targets.	- Net zero carbon ambition not met. Global heating not contained within scientific targets. - Reputational damage. Rising energy costs affecting already-stretched budgets.	- Inclusion of Sustainability Impact Assessment on each project. - Work with sustainability colleagues to ensure consideration. - CLL expenditure is directed towards environmental improvements. - Salix funding gained to improve efficiency of portfolio and capital programme in place. - OPEnz programme in place	4	4	16	Treat	- Salix programme of £25m being invested in 55 schools 5 leisure centres and 32 other sites to decarbonise them. - Project extended for 6 months and carbon reductions currently being calculated. - Officer appointed to deliver programme for decarbonisation of operational estate (buildings and operations). - Programme of energy surveys being commissioned. - Involve Change Manager (Climate Change Operations) in all projects. - Salix Phase 3 funding (8 buildings) circa £3million for new low carbon heating measures. (April 2022 - March 2023) - Application being progressed to complete more Heat Decarbonisation Plans for 74 operational buildings. (Phase 3b) - Plan for funding cycle and alignment with capital programme to fund decarbonisation works in the operational estate. - Implementation of the Sustainability Toolkit.	3	4	12			Matt Wallace	31.01.2023 Ongoing	
2. Estates and Buildings Services - Sustainability - Climate change/Net Zero failure to deliver on ambition of Net Zero targets due to insufficient council investment funding and inability to attract external funding.	- Reputational damage and loss of confidence in organisation by local and national stakeholders.	- Governance arrangements in place via the Climate Emergency Action Plan, which has gained sponsorship by the COO. - Corporate climate Board meeting quarterly. - Roadmap completed to give level of investment and timescales	4	4	16	Treat	- Funding tracker- developed to manage monitoring of available funding schemes with resources in place to write and submit bids. - Action planning for new Climate Emergency plan has begun with presentation of funding estimates prepared for Cabinet lead, based upon the Roadmap findings.	3	4	12			Matt Wallace	31.01.2023 Ongoing	
3. Estates and Buildings Services - Sustainability - Lack of understanding or appropriate knowledge including climate change impact and the expectations and perceptions of stakeholders	- Overall Climate Emergency targets not met.	- Continued quality dialogue with stakeholders to manage those expectations focussing on documented impacts of climate change.	4	4	16	Treat	- Clear communications on methods of calculating benefits of carbon reduction for accurate comparison. - Climate Emergency partnership - Launched and receiving roadmap findings presentation in June 22. - Sustainability School training completed in Operations and FM. - Carbon Literacy Training for leaders and managers, completed for Exec, CE Board, Housing and EBS.	3	4	12			Matt Wallace	31.01.2023 Ongoing	

Appendix 3 - Leicester City Council Operational Risk													
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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>	IMPACT SCORE		RISK	RESPONSE STRATEGY / ACTION <i>Select from the 4T's (see Process worksheet for definitions and further guidance): Tolerate, Treat, Transfer, Terminate</i>	FURTHER MANAGEMENT ACTIONS/CONTROLS	EFFECT SCORE			COST	RISK OWNER	TARGET DATE
			Impact	Probability				Impact	Probability	Risk			
4. Estates and Buildings Services - People: New ways of working - potential impact of staff working from home increasing LCC carbon footprint (Scope 1 emissions).	- Net zero carbon ambition not met. Global heating not contained within scientific targets. Reputational damage	- Use of energy at home briefings through FACE, Interface and via Health & Well being festival	4	4	16	Treat	- New work being developed with ODI to roll at behavioural change campaign to staff	3	4	12		Matt Wallace	31.01.2023 Ongoing
5. Housing - Budget Pressures - Increase in inflationary pressures have led to increasing pressures on the HRA and the Housing GF. Cap on 23/24 rent increase now anticipated further limiting options to address the risk	- Budget overspend - Insufficient budget to balance the budget without reducing service offer or capital investment	- In year budget monitoring to oversee the exiting budget pressures	5	4	20	Treat	- Use of reserves in 22/23 to balance the budget - In year District Heating increase of 70% proposed - Identification of savings in HRA to streamline service and deliver efficiencies - HRA Budget 23/24 being developed to address the budget pressures - FBR savings proposed in Housing GF proposals of savings of over £300k - Bidding to secure additional external funding towards existing costs - Ongoing external bidding for funding	4	3	12		Chris Burgin	31.01.2023 Ongoing
6. Housing - Refugees - Increase in community tensions as a result of the newly arrived Afghan's in Leicester and the impact on homelessness services/ availability of social housing/ Safeguarding concerns in relation to the Homes for Ukraine project Potential for unaccompanied Ukrainian children to arrive in Leicester	- Perception that there will be less housing for other groups in housing need. increase in community tensions and perceptions that refugees are getting more favourable treatment - Increase in safeguarding concerns, physical and emotional impact on refugees	- All housing services to be vigilant and report any serious issues to Prevent or Police as appropriate. Ongoing monitoring of community tensions and myth busting as refugees are accessing a range of housing options including the Private Rented Sector. Strategic co-ordination of information sharing with key partners. AMAL working on the resettlement programme for families to be re-housed in Leicester and will be vigilant on reporting any issues that arise. - Separate risk assessment for the Homes for Ukraine project in place plus joined up Council operations across ASC, PRS, Housing working with Police to undertake relevant safeguarding, property and DBS checks on all parties Inter agency protocol has been developed to support unaccompanied Ukrainian children Ongoing oversight of Asylum in the City with the Asylum Board make up of Senior officers, external partners and politicians	4	4	16	Treat	- Continue to monitor, reporting issues working closely with the Police. Link families up with services and support where necessary - Stay abreast of changing arrangements for the scheme and work to minimise the risks to the local authority linked to such areas as rematching - Input and push for the National Asylum dispersal scheme to share the load across the Country not just in Leicester - Push for the Bridging hotel in Leicester to close and not continue	3	3	9		Chris Burgin	31.01.2023 Ongoing
7. 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.	- 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	- 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. - Contingency sum of £100k included in Capital programme.	4	4	16	Treat	- Effective and timely reactive responses - Future development of an Ash Die Back Action Plan, once level of spread of disease more known, and further Capital bid submitted for 2023/24, £250k felling plus £130k platform.	4	4	16	£100k contingency	Sean Atterbury	31.01.2023 Ongoing
8. Neighbourhood and Environmental Services - Decreasing availability of burial space Burial space is limited in supply and may run out if further provision is not provided before existing capacity is reached. rates of death and grave sales have increased above average due to Coronavirus and continued death rate.	Significant distress to families requiring a burial if no new burial plots are available. Some faith communities do not permit cremation as an alternative. Damage to LCC reputation and significant negative press and community tensions arising from failure to meet needs. Reduction in service provision. Financial losses from lack of new burial space reducing cemetery income (estimated £1m plus per annum),	Burial Space Strategy 2014 identified the need for a new cemetery. consultation with planners regarding Local Plan provision in the city and outside the city undertaken. EBS Capital Projects team commissioned to deliver a new cemetery by 2025/26. One site identified for feasibility to date, potential for others being investigated by EBS. £150k budget for feasibility studies agreed. Mitigation action to reduce demand for graves without a burial proposed.	4	4	16	Treat	Identify alternative site/s for new burial space. Secure capital funding (c£5m) and planning permission for new cemetery construction. Public consultation on future needs.	4	3	12	£150k + £5m	Sean Atterbury	31.01.2023 Ongoing

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What is the problem; what is the cause; what could go wrong? What is it that will prevent you from achieving your objectives?	What would occur as a result, how much of a problem would it be, to whom and why?	What are you doing to manage this risk now?	Impact	Probability				Impact	Probability				
9. Neighbourhood and Environmental Services - Lack of Adequate Resource Capacity 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. During times of change, staff are not always aware of the changes being made, resulting in confusion etc.	<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- Creation of temporary project roles	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.- Waste Management structure is under review.- Create staff development opportunities linked to progression (NS).	3	3	9		Sean Atterbury	31.01.2023 Ongoing
10. Neighbourhood and Environmental Services - Beaumont Park Depot Condition of depot creating risks to service delivery, individuals working on site and visitors, situation identified in H&S report in 2011. 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. NES awaiting confirmed direction re resolution.	<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&OS have ensured operational mitigating action in place. Dedicated Banksman employed to manage traffic movement on site.- All staff trained in banksman duty of care.- H&S team undertaken review of short term safety measures for pedestrians and vehicles on site.- £125k approved from Insurance fund to install one way system, plus £10k EBS. 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 supported NES urgent request for appropriate action. NES project halted by Richard Sword at 11th December 2020 meeting with EBS and Planning/Regeneration Colleagues in favour of an alternative option.	5	3	15	Treat	<ul style="list-style-type: none">- 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.- 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 pending review of alternative use of space.- Agreement to relocate items of stock and specialist equipment along with the bio-fuel stock pile to the IMC, pending project implementation of the Depot Transformation Board and the development to 90 LR. This is now on hold pending decision on Levelling Up Fund for IMC, Looking at opportunities to utilise the former Western Golf car park and develop the Bennion Road compound, being considered as part of the Depot Board. Long term part of Depot Review to close depot and transfer functions to 90 LR.	5	3	15	£135k	Sean Atterbury/ Matthew Wallace	31.01.2023 Ongoing

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11. Planning, Development and Transport - COVID19 Impacts Ongoing Covid related absences remains an issues affecting availability of staff to deliver critical services.	- Service suspensions, unforeseen expenditure, reduced income, fee recovery, staff safety, public safety, programme delivery, availability of resources.	- Business continuity plans	4	4	16	Treat	- CMT to Review corporate guidance for managers on Covid and absence management requirements.	3	4	12		Andrew L Smith	31.01.2023 Ongoing
12. Planning, Development and Transport - Failure or delayed delivery of development outcomes , including infrastructure - Ashton Green; new homes, employment land, community social infrastructure, open space, new jobs & skills training etc.	- Delayed or reduced capital receipt for the Council, delayed housing delivery no's inc. affordable, impact on jobs & training. Impact on Local Plan housing no's. Homes England Clawback of HIF Funding	'- Revised Project governance structure, programme board now includes all LP strategic sites, a project specific risk log, development manager lead, project director oversight, regular City Mayor reporting. - External high level review undertake, this has identified priorities and resource requirements. - Recent focus on potential to assist delivery of affordable homes to meet the CM Manifesto commitments. - Change in key personnel within Dev team has resulted in net loss of staff on AG delivery (and wider team). Recruitment has failed twice for senior post replacements and to growth post identified in the delivery review. Interim measures being put in place with consultant support 2 days a week but not a sustainable model for long term delivery, significant officer time spent clienting these resources due to scale of project. Mid level resource lost, recruitment failed once, advert back out. Bidding for capacity funding from HE however note resources at this level with experience are in demand across the discipline nationally. - Availability rather than funding is the limiting factor. - Affordable Housing conversations internally delaying release of next 2 phases of land to market due to undetermined AH% requirement above planning. - Requirement and specification must form part of the procurement from the outset.	4	4	16	Treat	- Need to ensure that adequate external consultancy support is available to deliver the project work streams. - Ongoing review of planning conditions requirements, submission of section 73 applications to unlock development parcels. - Secured external funding to accelerate delivery of infrastructure. In order to make a step change and accelerate delivery need to look at bringing in additional resource either through consultancy or additional post. - Need to ensure focus on delivering additional affordable homes does not impact of delivery programme.	3	4	12		Andrew L Smith	31.12.2022 Ongoing
13. Planning, Development and Transport - Availability of supply chain - contractors , construction difficult to get in place and issues on materials being available since covid-19 Ongoing material shortages and costs are still being felt as a result of economic turmoil and increasing energy prices. This is being felt, nationally, across the construction industry	- Delay to projects and programmes; cost increases; funding slippage; potentially politically sensitive on high profile projects	- Increasing contingency for new projects; working closely with suppliers to identify risks early and mitigate where possible.	4	4	16	Treat	- Options are being considered to further mitigate risk: in accordance with elected member wishes quality of work is being maintained; against a backdrop of increasing costs, risks are being managed at previous levels through increased ECI to better inform initial designs & by deferring / delaying projects & programmes where necessary.	3	4	12		Andrew L Smith	31.01.2023 Ongoing

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14. Tourism, Culture & Investment - Citywide COVID-19 impact Business failure in the city centre due to prolonged impact of Covid-19 impacts on economy and appeal	- 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.	- 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	N/A	3	3	9	BID funding and reviewing support from LCC funds and LLEP Growth Fund	Mike Dalzell	31.01.2023 Ongoing
STRATEGIC AREA - Corporate Resources &Support													
15. Delivery, Communications and Political Governance - 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 / major service disruption	- 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 - Implemented solutions to respond to the new threat from Ransomware which could attack / compromise backup data - Implemented new End Point security - Implemented 3rd party Security Operations Centre service providing 24x7 cyber security monitoring.	4	4	16	Treat	- Assess and implement new Technology solutions as appropriate to address any changing/new threats - Enhance Cloud Security - Continued Staff awareness training etc.. - Maintain Cyber Essentials Compliance	4	3	12		Miranda Canon	31.01.2023 Ongoing
16. Delivery, Communications and Political Governance On-Going Global supply Chain issues Global shortage of semiconductor components impacting technology supply chain.	- Unable to support agile Ways of Working - Unable to provide devices in response to breakages and new demand	- Constrain supply by utilising desktops and office space - Look for low-spec, refurbished devices to use with VDI - Utilisation of manufacturer of remanufactured devices	4	4	16	Treat	- Consider cloud options	3	4	12		Miranda Cannon	31.01.2022 Ongoing

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17. Delivery, Communications and Political Governance Shortages in terms of staff capacity/key skills Skill shortages - Difficulties recruiting to specific posts and high demand for specific expertise such as business analysis and business change, and specific technical skills such as ICT development posts in a competitive marketplace for such skills. Key person dependency - Continuing reductions in staff may lead to increasing reliance on fewer people, some of whom may not have critical knowledge/skills, creating additional pressures at times e.g. unplanned absence; inability to transfer knowledge and skills before key staff leave. Increase in demand arising from level of organisational change and need to deliver efficiencies/savings - There maybe an increased demand for support of which available expertise is limited or competing requirements/expectations. Therefore, support services such as HR and Comms may not be able to meet expectations or deliver to the right level of quality	- Increase in key person dependency and increased dependency on line managers to deliver a number of technical capabilities. - Lean staffing structures put pressure on staff. - Existing staff health and wellbeing may deteriorate, including morale. - Service demand cannot be met. - Members demand/expectations cannot be met. - Tasks are not completed/delivered and/or critical projects may be halted. - Statutory/regulatory requirements may not be adhered to and deadlines breached. - Reputational damage. - Adverse effect on finances. - Specialist expertise and knowledge is not available to deliver the required duties. - Corporate memory diminishes when staff leave the Council. - Highly skilled technical roles cannot easily be filled - Perception of blame culture leads to senior and/or skilled staff leaving - Inadequate/inappropriate decisions are made by management, resulting on increased involvement by HR and/or other services in a reactive capacity. - Changes may not be made quickly and effectively and/or changes may be made prior to all parties consent. - Poor and risky management practices.	- Continued use of graduate and other entry level roles to bring in additional capacity and support 'grow our own' as well as maximising use of apprenticeship funding - this includes entry level roles in HR, ICT, Democratic Services, EA Team - Work done to identify and RAG rate the most critical posts - Use of creative approaches to address gaps e.g. training new swim teachers, maintaining a reasonable pool of casual staff where needed	4	4	16	Treat	- Continue with approach to supporting graduate/entry level roles where appropriate in support of a 'grow our own' approach. - Develop a divisional action plan to address the key risks in terms of critical posts and succession planning	3	4	12		Miranda Cannon	31.10.2022
18. Delivery, Communications and Political Governance - Loss of income opportunities Commercial arrangements such as trading with schools are lost due to heightened market competition and due to a lack of staff resources and expertise to undertake marketing and business development. The withdrawal of specific LCC traded services could create angst amongst 'customer base' and reduce appeal of other services. Leicestershire Traded Services increasingly targeting city schools to sell services. Cost of living impacts on household incomes impact on services such as Sports where people have less disposable income to spend. Inflation including rising fuel, food and supply costs mean prices for traded services need to rise but then cause a drop in demand	- Reduced income opportunities against increasing budget pressures. - Loss of available budget reallocations from the centre e.g. HRA. - Reputational damage. - Adverse effect on finances. - Loss of morale. - Requirement to reduce headcount if service discontinues. - Income levels and budgets are significantly impacted. -Loss of business means reductions in staff are necessary.	- Sports Transformation Board established which will look at next strategic phase for the Sports service and how to further maximise the offer and benefits of capital investment. Fundamental review of trading with schools has been undertaken and a report and recommendations will go to CMB in October including a specific report on City Catering with proposals around future trading and pricing strategies. Work continues in terms of business development activity in relation to traded services	4	4	16	Treat	- Continue to review the position regularly including gathering customer and non-customer feedback and acting upon it - Ensure that relevant functions continue to focus sufficiently on income opportunities and business development. -Implement agreed recommendations following CMB. Proceed with Sports next phase strategic review and opportunities for maximising income arising from this	3	4	12		Miranda Cannon	31.10.2022

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19. Delivery, Communications and Political Governance - Ongoing budget pressures and savings impacting on service delivery Division unable to meet future level of savings required and/or the level of future savings required leads to unsustainable services/loss of services and support to the organisation impacting on the ability of the Council to operate effectively, lawfully and deliver particularly on its statutory obligations.-Wider medium to longer-term financial position of the Council and local government more generally will add increased pressure on the need to make substantial savings and therefore consequent impacts of this along with the impacts of the wider cost of living crisis and rising inflation including increased energy costs	<ul style="list-style-type: none">- Unable to generate additional income, e.g. via trading with schools to help sustain budgets. Potential for a significant budget income gap.- Savings are not delivered, division overspends and puts pressure on corporate budgets- Statutory requirements are not met resulting in risks to service users and legal/reputational issues- Impact on the quality and levels of services being provided.- Impact on staff health and wellbeing- Vacant posts are not appointed, increasing pressure on the existing workforce.	<ul style="list-style-type: none">- Monthly budget forecast reports from period 3 onwards are produced and reviewed in detail. Tight controls on spending including recruitment.- Divisional out-turn was an underspend in 2021/22. Pressures forecast for 2022/23 particularly in relation to Sports and City Catering from rising food, fuel and supply costs and mitigations such as school meal pricing under consideration. Detailed forecasting has been undertaken in these areas and will feed into budget star chamber discussions. Ongoing work between Sports and EBS on carbon neutral techniques, i.e. heat source pumps and PV panels, along with planned works under the SALIX programme- Regular engagement with relevant lead Accountants for the division- Relevant individuals have been trained and have access to the finance system, Agresso.- Savings required to date have been delivered - Open dialogue in 121s and DMT about financial challenges- Work is ongoing in relation to identification and delivery of future savings - further divisional savings identified to be taken into the budget Star Chamber process. Risks around income being considered - see risk 2 above	4	4	16	Treat	<ul style="list-style-type: none">- Continue dialogue in 121s around further opportunities, options, risks and issues and to support delivery of identified savings.- Ensure prioritisation and focus on the timely delivery of savings once agreed. Address actions relating to impacts on income (see risk 2)	3	4	12		Miranda Cannon	31.01.2023
20. Delivery, Communications and Political Governance - Electoral Reforms arising from Elections Act If key policy details are not confirmed and secondary legislation not published in adequate time, the Returning Officer will be unable to implement the Elections Act 2022. This could result in Voter ID not being successfully introduced and confusion about which postal votes can be included. Some voters may be dis-enfranchised leading to a lack of confidence in election results.	<ul style="list-style-type: none">- Unable to deliver against legislative requirements brings litigation and reputational challenges.- Impacts on the smooth running of elections and electoral registration.- Impacts on budgets and resources. Any elections taking place might be undermined.- The democratic legitimacy of the Council might be undermined hindering its ability to fulfil its role as a partner, enabler and leader- The Returning Officer may struggle to deliver the elections they have personal responsibility for.- The risk of challenge by petition after the election will be higher.- Without more information the necessary systems, including software, cannot be implemented and training cannot be provided.	<ul style="list-style-type: none">- Engaged with AEA, Electoral Commission and Cabinet Office to understand and to seek to influence the detailed requirements.- The Electoral Services Manager is part of the Business Change Network facilitated by the Cabinet Office and consequently is very well informed.- New burdens funding via a grant expected in November to help support implementation.- Building requirements into May 2023 election planning.- Keeping team resources and structures under review and have increased establishment temporarily to support May 2023 election planning incorporating reforms.- A One Council approach is being taken in order that the wider Council can provide necessary support.- The Electoral Commission will undertake much of the Communication, but the Returning Officer needs to consider the demographics and harder to reach parts of the electorate and the support that they will require.- Job roles for election staff will be updated to provide clarification on what is required and to assist in arriving at the correct fee.	4	4	16	Treat	<ul style="list-style-type: none">- Continue to plan based on available information. Monthly election planning meetings to consider further detail as it emerges	4	3	12		Miranda Cannon	30.04.2023
21. 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	31.03.2023 Ongoing

Appendix 3 - Leicester City Council Operational Risk

Risk Register Owner: Alison Greenhill, COO

Risks as at: 30/09/2022

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 worksheet for definitions and further guidance): Tolerate, Treat, Transfer, Terminate</i>	FURTHER MANAGEMENT ACTIONS/CONTROLS	RISK SCORE			COST	RISK OWNER	TARGET DATE	
			Impact	Probability	Risk				Impact	Probability	Risk			
STRATEGIC AREA - Social Care and Education														
22. Children's Social Care and Early Help - Workforce - availability Diminishing availability of experienced skilled social workers	- National shortage of qualified SW's impacting on local recruitment Increased reliance on agency staff to full vacancies Increased SW case loads - Increased budget pressures; - Lack of continuity of staff in roles	- Developing a workforce recruitment and retention strategy	5	4	20	Treat	- ASYE Programme Apprenticeship Programme Grow our own Programme	5	4	20		Caroline Tote	31.12.2022 Ongoing	
23. 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	31.12.2022 Ongoing	
24. Education - Failure to identify children missing from education in a timely manner. This could include children who have left school rolls who have not arrived at their destination school or where they have become electively home educated but where this is not sufficient. This has an increased likelihood as a result of Covid pandemic	- Children who are not attending full-time miss out on significant parts of their education. - Children can be "lost" if they are unknown. - ILACS inspection would identify this as a weakness - We do not know where the children are and no-one is following up on their cases. - Harm could come to a child and this would not reflect positively on the LA even if we wouldn't have been in a position to safeguard the child i.e. home educated.	- We have established a clear protocol for removing from roll which has reduced coerced home education and inappropriate removal from roll. - Education welfare team follow up identified children but this identification can take time. And these families are then tracked if they have moved. Those that are EHE are referred to the Home Education Adviser and due to limited capacity are prioritised for contact. - Families will not be visited to check the suitability of education and the adviser will rely on submitted evidence. - Cases are levelled for risk and prioritised. - New E system has been implemented which has streamlined part of the process where parents are willing to use it. - Volume of cases continues to be a significant challenge and there is a large and growing backlog of cases due to a lack of capacity.	4	4	16	Treat	- Increase capacity within the home education adviser team either from within EWS, or sourcing external support. - Properly resource the EWS team to enable the volume of children missing from education cases to be investigated and concerns addressed.	3	2	6		Sue Welford	31.12.2022 Ongoing	

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Risk Register Owner: Alison Greenhill, COO													
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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>	IMPACT SCORE		Risk	RESPONSE STRATEGY / ACTION <i>Select from the 4T's (see Process worksheet for definitions and further guidance): Tolerate, Treat, Transfer, Terminate</i>	FURTHER MANAGEMENT ACTIONS/CONTROLS	EFFECT SCORE		Risk	COST	RISK OWNER	TARGET DATE
			Impact	Probability				Impact	Probability				
25. Education - Pupil Attendance DfE are increasing the statutory responsibilities relating to pupil attendance. Much of this work is currently provided on a traded basis and there is no identified source of funding that could be accessed to negate the impact of ending trading.	- Over £500k of income would be lost with no source of funding to fund the statutory work of the service.	- The risk has been escalated to Senior Managers. The Service is identifying the specific actions that become statutory.	3	5	15	Treat	- Challenge the DfE to clarify the statutory elements of guidance and no additional burdens decision through collective lobbying with ADCS. - Highlight the need for a growth budget, subject to clarification from DfE.	2	2	4	£500k	Sue Welford	31.07.2023
STRATEGIC AREA - Public Health													
26. Wider Economy & Supply chain Brexit / Covid related pressures increases prices or reduces availability of IT stock / services / logistics / medicines etc within the supply chain. Increased costs result in contracted services becoming economically unviable for providers. This is already beginning to present within Sexual Health and Drugs & Alcohol portfolios. Cost of living crisis exacerbates existing inequalities and food / fuel poverty for the poorest and most vulnerable in the city.	- Changes in financial call / contracts due to fluctuations in drug / treatment market prices making delivery otherwise unviable - Logistical and financial difficulties to delivery for services or programmes. - Prioritisation / decommissioning / reduction of existing service delivery model(s) - Call on PH reserves - Staff are unable to be supplied with appropriate IT equipment leading to reduced efficacy and wasted capacity - Suppliers are unable to deliver minimum viable output as per contracts, and either underperform or serve notice on contracts. - Financial impact to maintain existing contracts or retender at short notice - Increased capacity pressure impacts on staff and wider portfolios - Economic crisis within the city as households cannot meet rising costs leading to increased levels of food and fuel poverty. - Increase in health issues caused by poor nutrition or cold / damp environments. Overall reduction in population health. - Static or widening inequalities across the city	- Internal governance, decision making processes, and budgetary oversight leveraging expertise within team to assess choices and inform management briefings / options appraisal - Strong engagement with national partners to aid horizon scanning and early signposting of potential issues - Good relationships with peers in other organisations are maintained as a matter of course to aid communication and working efficiencies - Contract management team maintain strong relationship with services and stress importance of BCP's to ensure fallbacks and contingencies where possible - Fuel poverty programme being launched to raise awareness and signpost support pathways to the most vulnerable.	5	4	20	Treat / Tolerate	- Continue with existing controls and close monitoring of national landscape - Maintain oversight of staffing levels and associated IT requirements and open communication with IT services to inform appropriate actions - Reserve could potentially be used to mitigate short term supply shock. - Alternate IT routes being explored for new starters / initiatives (IGEL / mobile working) - Analysis of need and potential response actions to potential poverty crisis ongoing	4	4	16		Ivan Browne	31.01.2023 Ongoing

Appendix 3 - Leicester City Council Operational Risk													
Risk Register Owner: Alison Greenhill, COO													
Risks as at: 30/09/2022													
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		Risk	RESPONSE STRATEGY / ACTION <i>Select from the 4T's (see Process worksheet for definitions and further guidance): Tolerate, Treat, Transfer, Terminate</i>	FURTHER MANAGEMENT ACTIONS/CONTROLS	RISK SCORE		Risk	COST	RISK OWNER	TARGET DATE
			Impact	Probability				Impact	Probability				
27. Budget Changes to service delivery to comply with allocated budget and increased savings targets. Continued reductions could force termination of services to ensure priority services remain available. If the authorities financial position continues to degrade then focus and capacity may be withdrawn from any non-statutory services across the authority in order to identify cost savings. Increasing financial pressures across the authority contribute to the likelihood that increased level of reserves and funding are taken away from PH budget to support general council budget pressures following Covid 19 and ongoing austerity. Public Health reserves have been reduced in the past year to assist in our Covid response, and no funds have been able to be directed to reserves for the last financial year. Reduction in reserve levels creates uncertainty in our ability to respond flexibly to unpredictable emerging needs and ensure stability and sustainability of programmes. This may be exacerbated by the pandemic in the medium / long term when secondary impacts emerge widening Public Health response needs. Uncertainty over non-recurrent or unconfirmed recurrent funding leads to reduced delivery and higher probability of project failure. Long term sustainability of initiatives is brought into question meaning economies of scale or efficiencies derived from long term planning cannot be capitalised on Increased demand for public health services in response to Covid 19 (possibly sustained by emerging variants of concern), coupled with potential increases in non-Covid related health areas resulting from the pandemic, and an emerging cost of living / fuel poverty crisis create resource / capacity strain that cannot be mitigated due to a lack of available budget for extra posts.	<ul style="list-style-type: none">- Public Health non-statutory programmes are reduced in size or allocated resource, or closed down altogether creating long term impacts and poorer health outcomes for citizens.- Levels of PH grant diverted to other council areas may draw attention and scrutiny from government and result in review on grant usage if services begin to struggle to maintain adequate delivery.- Service areas with PH impacts (Housing / Transport / Sports etc) experience cuts to budgets and programmes leading to knock on health impacts across the population that then require additional resource to manage and tackle.- Reduced ability to deal with emerging PH emergencies- Decreased / ceased service / user contact and / or service effectiveness- Reputational damage and reduced public trust / respect- Risk of missing safeguarding issues impacting on council statutory duties resulting in<ul style="list-style-type: none">- Serious injury or loss of life- Legal challenge- Severe reputational damage- Judicial review & Central government intervention- Inability to recover income and membership levels due to significant level of customers transferring to local competition- Increased demand on other public services (primary / secondary health care / Social Care /	<ul style="list-style-type: none">- PH Return to Central Government (Return On Investment (ROI));- Portfolio restructure and continual review of landscape to ensure we are well positioned to meet upcoming needs- Employing new commissioning, monitoring, and delivery model for key services to streamline and identify adverse effects- Bids for funding being written and submitted across the team as opportunities arise.- Internal governance to closely manage budgets and ensure intelligent and planned use of reserves over time to ensure maximum efficacy and sustainability- Political oversight / scrutiny- Identifying and articulating associated risks through spending review process,- Clinical Governance Process in place- Customer retention plans and actions put in place to reduce subscription cancellations from customers unable to use services which would impact income generation- Strong service / programme planning to cover possible funding scenarios, allowing for adaptations to be made at pace.	4	5	20	Treat / Tolerate	<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,- Investigate building an external funding strategy / toolkit in order to aid and encourage bid creation and consistency- Utilise in kind support/asset sharing where possible- Cross organisational opportunity review of priorities and resources- 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.	3	5	15		Ivan Browne	31.01.2023 Ongoing
28. Staffing and Recruitment - External A national skill shortage and recruitment crisis in conjunction with Leicester being a challenging area in comparison to neighbouring areas creates difficulties in securing appropriately trained professionals - in particular Public Health Nurses and Health Visitors. Wide simultaneous losses due to sickness within commissioned services reduce capacity to the extent that statutory functions are not adequately maintained.	<ul style="list-style-type: none">- Impact on front line service delivery of statutory functions- The ability of our commissioned services to provide adequate safeguarding is reduced, leading to an increased risk of support needs not being identified or met.- Serious incidents could be missed leading to:<ul style="list-style-type: none">- Serious injury or loss of life- Legal challenge- Severe reputational damage- increased strain on existing staff leading to increased turnover, loss of embedded knowledge and experience, and fatigue impacting quality of work. Risk of entering a negative feedback loop (pressure causes staff loss, staff loss causes further pressure etc) further increasing difficulties in securing trained professionals	<ul style="list-style-type: none">- Close monitoring and communication with commissioned services by lead commissioners and Group Manager- Scrutiny and support from contract management team- Safeguarding risk escalated to LCC strategic risk register- Commissioned children's service has introduced a skill mix framework to alleviate Health Visitor pressures whilst maintaining adequate safeguarding.- Ongoing work to make Leicester a more attractive location for Health Visitors to attract and retain skilled workers.	5	4	20	Treat/tolerate	<ul style="list-style-type: none">- Supplier BCP review ongoing- Continual internal PH BCP review-ongoing with consideration given to response in the event of risk presenting- Ongoing close monitoring of suppliers and skill / workforce concerns	5	3	15		Ivan Browne	31.01.2023 Ongoing

Appendix 3 - Leicester City Council Operational Risk

Risk Register Owner: Alison Greenhill, COO

Risks as at: 30/09/2022

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 What are you doing to manage this risk now?	SCORE		RISK	RESPONSE STRATEGY / ACTION <i>Select from the 4T's (see Process worksheet for definitions and further guidance): Tolerate, Treat, Transfer, Terminate</i>	FURTHER MANAGEMENT ACTIONS/CONTROLS	ET SCORE			COST	RISK OWNER	TARGET DATE
			Impact	Probability				Impact	Probability	Risk			
29 .Covid-19 / Health Protection If recovery efforts are slower paced than desired this could lead to delivery and safeguarding issues. Variant strains or other diseases emerge increasing infection / mortality rates hindering recovery efforts and require further local lockdowns or preventative measures., or a continuance of existing efforts that were projected to be tapered off. Moving in to the winter months may create further strain on healthcare systems overall. There is only a single Infection Prevention Control (IPC) Specialist within Public Health that works on a part time basis providing all IPC support to the city. This is a significant bottleneck and single point of failure. A secondary impact of the pandemic may be other health aspects experiencing significant increases in occurrence as a knock on effect i.e. mental health, substance misuse, obesity, oral health that require increased resource to tackle Covid response services are wound down due to financial pressures, uncertain / dwindling funding to support, and reducing case numbers leaving us exposed in the case of variant strains or other diseases taking hold and requiring a significant response e.g. Disbanding of the track & trace team leaves the city without an ability to respond at pace to further health protection issues. Reduced access and low take-up of offered services during the pandemic impacts long term health outcomes, widens inequalities, and reduces opportunity to create income to reduce budget pressures. Further risk that low uptake / referrals that resulted from Covid persist negatively impacting outcomes and inequalities.	<ul style="list-style-type: none">- Negative impact on resident health and wider Public Health outcomes and improvements- Potential variant or other disease cause large increase in case numbers that are unreported lead to further pandemic duration / restrictions. Increased infection rates mean further local lockdowns or preventative measures are enacted.- Further lockdown or restrictive measures would decrease morale across the city, hinder general recovery efforts, and create difficulties for LCC operations- Inadequate capacity and single point of failure for IPC operations means<ul style="list-style-type: none">- Service objectives not achieved/service not provided. Increased outbreaks in vulnerable settings.- Pressure on sole member of staff to provide an unreasonable level of cover for one person- Reputational damage to the authority if outbreaks poorly managed- Reduced ability to 'Live with Covid', recover, or respond quickly to contain future outbreaks- Potential serious impact on health and wellbeing of whole population, particularly those most vulnerable- Reputational damage to the authority if outbreaks poorly managed- If Covid secondary impacts activities persist without associated funding from Treasury to support this will create significant budget pressures	<ul style="list-style-type: none">- Continued monitoring of Covid 19 data and national landscape- Monitoring of at risk health areas to determine level of future need when pandemic subsides- Close relationships built and maintained with service areas around the organisation. - Capacity has been added to the team to increase corporate engagement- Consultants appointed to lead on health inequalities and system wide engagement and health protection, and Covid 19 response / recovery- Renewed focus on building and maintaining a robust Health Protection team and infection prevention control processes across the City- Service objectives set within context of limited capacity- Close relationship with social care teams to share capacity burden where appropriate- Training activities being built in to existing service to increase skills and knowledge of social care and care home staff- Sustained messaging reiterating the continued importance of following the national guidance to increase awareness- Horizon scanning and forward planning to intelligently balance potential resource pressures and safeguard agility in the event of a call to action against current needs and financial state	5	4	20	Treat	<ul style="list-style-type: none">- Continue with existing controls- Ongoing assessment of priority areas to continually determine needs and enable a timely data driven response- Continued close monitoring of Covid data- Community wellbeing and vaccine champion programmes created and currently embedding to promote education and awareness of both Covid and general health information- Service evaluations over time to inform discussion with partner teams assess options to increase capacity.	4	3	12		Ivan Browne	31.01.2023 Ongoing
30. Commissioning Reduced budget for services impacts on financial viability to suppliers who may deem package to be unviable leading to a lack of bids reducing competition or tender failing altogether. This is exacerbated by tight financial envelopes and increased costs due to inflation. In the context of increasing costs and reduced or static budgets, providers could become unsustainable following Covid 19 without an uplift or adjustment to the funding received from PH. In conjunction with the below concerning partner organisations and Risk 8 this increases the likelihood that suppliers will serve notice on contracts or be unable to deliver. Suppliers do not bid on tenders due to staff / skill shortages leaving them unable to meet requirements. Services commissioned on activity based contracts are difficult to predict in times of uncertainty and risk under / over provision each of which come with financial and logistical challenges and risks. At the current time the activity based contract for Sexual Health is unsustainable for the provider and they are being paid 95% block to ensure they remain solvent. Partner organisations are restructured or undergo a change in policy resulting in changes which negatively impact our work / agreements or ability of supplier to deliver services. i.e.. County delivery model for school nursing has changed so City children going to County schools will no longer have access to the same PH Nursing delivery and pathways as city schools offer. Services in these schools are outside of City control; provision will be different and pathways / services they should have available will not be. Sexual Health Service. Provider (MPFT) is struggling to continue dual channel delivery introduced during pandemic under current financial envelope. Risk increased by County not paying MPFT on the same terms as us (they are paying less) which increases the likelihood that the supplier will serve notice on the	<ul style="list-style-type: none">- Providers could become unsustainable and serve notice on contracts following Covid 19 without an uplift or adjustment to the funding received from PH. Loss of existing contractors due to inability to reconcile increased costs within static or reducing financial envelope.- Reduced or ceased delivery of statutory services. Potential legal and governance implications for LCC if delivery ceased.- Dependent on service requiring retendered may be extremely difficult given the increased complexity, and budgetary and time constraints we would be under. Risk of being without a service which would come with legal / governance implications, or having to pay inflated costs for interim delivery.- Reduced provision of online / remote testing - reduced access for population and potential increase in case numbers caused by lack of identification / treatment.- Reduced competition and sub-optimal suppliers awarded contracts to fulfil needs- Our offer may not be attractive to new providers during tenders; risk of failed procurement or lack of competition leading to sub-standard delivery- Loss or alteration of service provision and impact on community who require service leading to poorer outcomes, increased sickness rates and impact on NHS as demand increases for other services- Decreased morale and reputational damage to LCC	<ul style="list-style-type: none">- Bespoke procurement methods and robust internal governance<ul style="list-style-type: none">- Clinical governance board in place for improved oversight and robust governance framework to ensure that commissioned services are robustly reviewed and monitored.- Performance review group provides oversight, early issue identification, and escalation process- Timely briefing of lead members to highlight potential risks and consequences- Expertise within team to assess choices and inform management briefings / options appraisal- Advocacy by Director Public Health 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- Significant analysis and financial / case profiling of MPFT's situation undertaken, and a revised offer extended to them that negates financial impact whilst allowing for adequate provision. Decision not yet taken by MPFT.-Close 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- Relationships built and maintained with partnership organisations to retain collegiate working environment and aid flow of information. PH Consultant employed to stimulate engagement throughout and across the system.- Supplier BCP review ongoing to determine level of supplier resilience	4	4	16	Treat/Transfer	<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,- Investigate building an external funding strategy / toolkit in order to aid and encourage bid creation and consistency- Utilise in kind support/asset sharing where possible- Cross organisational opportunity review of priorities and resources- 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.	3	5	15		Ivan Browne	31.01.2023 Ongoing

Appendix 3 - Leicester City Council Operational Risk													
Risk Register Owner: Alison Greenhill, COO													
Risks as at: 30/09/2022													
RISK	CONSEQUENCE/EFFECT:	EXISTING ACTIONS/CONTROLS	IMPACT SCORE		RISK	RESPONSE STRATEGY / ACTION	FURTHER MANAGEMENT ACTIONS/CONTROLS	EFFECT SCORE		RISK	COST	RISK OWNER	TARGET DATE
What is the problem; what is the cause; what could go wrong? What is it that will prevent you from achieving your objectives?	What would occur as a result, how much of a problem would it be, to whom and why?	What are you doing to manage this risk now?	Impact	Probability		Select from the 4T's (see Process worksheet for definitions and further guidance): Tolerate, Treat, Transfer, Terminate		Impact	Probability				
31. Policy & Governance Population health and the wider determinants of health impact, and are impacted by, a broad range of activities LCC undertakes. There is an opportunity to increase the focus on the PH aspects of service area activities and aid in corporate strategy / policy discussions. By engaging more strongly with service areas that impact wider determinants and creating a 'health in all policies' culture across the Council health outcomes across the city could be significantly improved by leveraging a multiplier effect that PH could not achieve alone. Risk is that this is not supported or implemented in a timely fashion and the opportunity is lost. Ongoing budgetary pressures and savings targets across LCC may lead to PH focus and engagement being deprioritised within service areas. External national imperatives are introduced without associated budget creating difficulties in local delivery. National policy changes impact existing work or ability to respond in a place appropriate manner. Changes in structure / leadership to partner organisations i.e. PCC elections or changes to agreed collegiate working agreements with City organisations impact project outcomes or hinder engagement / reach of community support work Governance structures surrounding funding allocations and sharing between partner organisations are not formalised reducing ability to adequately oversee and manage funding streams and outcomes.	- Reduced outcomes over time lead to long term budgetary and resource drain that could be reduced by small tweaks to wider LCC activities - Reduced influence on corporate policies and strategy, and significant potential for improvement to wider determinants not capitalised on - Reduction of, or failure to realise improvements to, health outcomes for city residents. - Call on finances from NHS pay award, reducing available budget for existing work - Logistical difficulties to delivery for services or programmes. - Prioritisation / decommissioning / reduction of existing service delivery model - Call on PH reserves - Change in leadership may result in changes to organisations agendas which may impact our work / agreements. - Reduced efficacy as work is not tailored to the local area	- Internal governance, decision making processes, and budgetary oversight leveraging expertise within team to assess choices and inform management briefings / options appraisal - Advocacy by the Director of Public Health (DPH) with local and national bodies - Strong engagement with national partners to aid horizon scanning and early signposting of potential issues - Good relationships with peers in other organisations are maintained as a matter of course to aid communication and working efficiencies - Specific workstreams created with the division to engage partners and to embed Public Health considerations in day to day operations	4	4	16	Treat	Continued: - Political escalation - Corporate responsibility - Service & budget planning - Utilisation of partnership approach Explore alternative treatment / therapy options or approaches within services or by programmes 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 - Continued presence within LCC and corporate engagement to provide visibility to Public Health concerns and considerations that work of discrete service areas may unknowingly be able to positively impact	3	4	12		Ivan Browne	31.01.2023 Ongoing
32. Staffing and recruitment - Internal An emerging recruitment crisis across a variety of sectors creates difficulty, both within Public Health and our commissioned services or system partners, in securing sufficient staff with the appropriate skills and experience to meet the immediate Public Health challenges posed by Covid 19 response and recovery, and emerging issues. Recruitment freeze or approval delays coupled with increased traffic from pent up demand cause understaffing issues across the Live Well offer when sites are reopened leading to reduced provision or service cancellation. Public Health have been simultaneously operating a Covid response and recovery as well as BAU functions for 18 months, and will need to continue to do so for an indeterminate time creating sustained stress and pressure on individuals. This is drawing resource from existing teams and programmes stretching capacity thin and reducing resilience. Capacity increase within the PH division is being outpaced by the broadening of scope and increased need that is resulting from current societal context. Key staff leaving division creates deficit of skills, knowledge, key relationships and capacity, lack of resources for training, and reduction in external training opportunities, particularly as more areas seek to expand their public health capacity during Covid 19.	- Increased demand on remaining capacity impacting on team morale. The health and wellbeing of existing staff is impacted resulting in individual burnout or increased staff turnover. Potential for this to lead to loss of key specialist skills, knowledge and expertise, and working relationships that are very difficult to replace due to national shortage of skilled workers. - Existing staff do not gain a breadth of PH experience. This results in an under skilled workforce, or increased turnover as further development is sought after by individuals (with associated difficulty in sourcing adequate replacements for posts). - Negative impacts on delivery of work and inability to meet emerging objectives of individual services as well as divisional strategic objectives. Reduction in ability to front run issues and adequately assess complex situations before being required to act. - Loss of in-year funding available if staff / initiatives cannot be put in place in a timely fashion. - Delay in advertising / filling vacant posts exacerbating capacity issues - Gap in leadership / delivery of PH functions - Impact on team morale	- Close management and oversight of individual workloads and projects - General training and development opportunities and organisational development utilised - Upskilling team - PH supporting staff to undertake a Masters in Public Health - Specific courses identified and allocated to appropriate staff. Training review ongoing by working group created to manage training needs.. - Early identification of potential staffing needs / vacancies with early engagement with HR to ensure timeframes to recruit are sensible -Capacity in Consultant team, Data, and Admin function increased - Increased team awareness at all levels of importance of self care, with support offered necessary. Ongoing team building events / exercises in place to aid wellbeing and pastoral support scheme being put in place to ensure pathways are available to those who require it. - Recruitment concerns escalated - Continued home working and following of guidance.	4	4	16	Treat	- Continual audit of needs and skills against Public Health KSF to identify and fill key knowledge and skills gap across division -Produce a Public Health workforce strategy including succession planning. Task and Finish group being set up to work on this. - BCP review and update regularly scheduled to ensure succession planning and key staff availability plan is adequate - Identification of single points of failure and planning / documentation to mitigate risk of project lead unavailability ongoing - Consideration within service plans for posts and building in long time scales for recruitment as standard practice to be considered in forward planning - Team restructure ongoing to efficiently redistribute capacity and portfolios - Continued monitoring of capacity needs and fixed term recruitments to mitigate issues where appropriate - Continued focus on employee wellbeing and provision of adequate support where necessary - Continued adherence to Covid guidance and best practice	4	3	12		Ivan Browne	31.01.2023 Ongoing

Appendix 3 - Leicester City Council Operational Risk														
Risk Register Owner: Alison Greenhill, COO			Risks as at: 30/09/2022											
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 worksheet for definitions and further guidance): Tolerate, Treat, Transfer, Terminate</i>	FURTHER MANAGEMENT ACTIONS/CONTROLS	RISK SCORE				COST	RISK OWNER	TARGET DATE
			Impact	Probability	Risk				Impact	Probability	Risk			
33. Data Complex data sharing agreements with external organisations not in place or understood by officers which restricts information flow into Public Health required to deliver objectives Self reported data that cannot be verified for activity based contracts leads to uncertainty over financial position and potential over payments Increased data / reporting needs due to Covid hinder ability to deliver BAU reporting functions Increased data access implemented during Covid is withdrawn once BAU returns, leading to reduced data provision and less timely / accurate reporting Updated NHS Patient Safety Framework is incompatible with LLR Reporting Protocol negatively impacting data availability and workflow surrounding reporting of incidents. Risk that we lose sight of incidents / cases and are unable to assess contract performance adequately.	- Delay or complete stoppage in obtaining information required to make timely decisions for service users. - Distress to service users - Reputational damage to LCC - Potential financial burden or incorrect overspend for activity - Potential litigation claims for failure to deliver - Increased stress on LCC staff - Difficulties in workload management and timely production of existing reports and statutory functions as well as making capacity management difficult. - Impact on service delivery and response agility - Reduced data provision and indicators potentially being missed or identified later than they may have been delaying (or preventing) mobilisation. - Negative impact on our ability to both proactively and reactively manage NHS providers that we commission to deliver services due to reduction of oversight and visibility of issues arising in NHS providers for all of PH / LCC. Analysis and ongoing management of service quality is severely hampered without insight or access to incident data. - Obfuscation and extension of timelines for responses and investigations into serious incidents increase the likelihood of unsatisfactory outcomes for users as well as increased waiting times	- Work-around arrangements in place with key organisations to share basic information - Working with wider network of organisations to establish data sharing protocols and file transfers - Engagement with Information Governance to ensure that any risks of data sharing are identified and managed. - Increased relationship building and engagement across system partners - Continued close communication and engagement with CB / LHS regarding the issues surrounding data availability and access. Data sharing agreement recently secured with LHS that will allow for direct access to anonymised GP data in order to better track performance and volumes - Close working relationship with IT, Procurement, and Information Governance to establish data sharing agreements with services external to LCC - Additional resource added to data function - Close working relationship with LPT as 0-19 provider with the aim of maintaining adequate management oversight - Escalation within PH	4	4	16	Treat / Tolerate	- Ongoing discussions across IG and partners aiming to resolve current issues - Use a shared folder to hold all the relevant agreements with external providers. - Undertake an exercise to identify all organisations and data needs and perform gap analysis - Horizon scanning of other services where NHS Patient Safety framework changes could become an issue (potential to effect all NHS services and generate complications when commissioning procurement of new services). - Continue to work with providers to understand implications on services, and liaise with multi-agency partners to plan a way of managing this. Continued close contractual oversight with LPT to ensure current level of visibility for 0-19 contract is maintained - Agree a corporate LCC stance on Patient Safety changes	3	3	9			Ivan Browne	31.01.2023 Ongoing

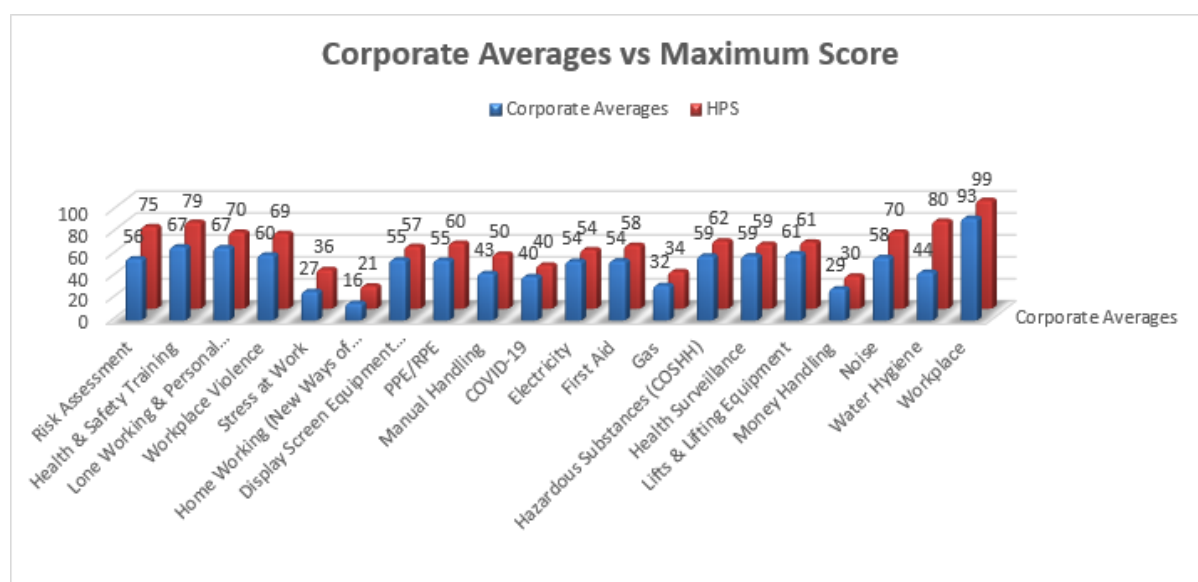
Health and Safety Report and Data

Corporate Audit Program

The recently revised corporate audit program has begun, and the data is beginning to build a picture as to how the council as a whole entity is performing against its own health and safety management standards and policies.

The chart below shows some of the commonly selected RCPIs (Risk Control Performance Indicators). The column in red shows the highest possible audit score relating to that RCPI and the blue column shows the how the whole council is performing against the related management standard.

The results as shown as averages and are based on audits conducted so far in the program, and the complete picture will be presented in an annual performance report at the end of the program.



So far, the audit is showing that there are improvements that can be made to risk assessment and training, and it is recommended that these become areas of focus for the organisation. This is because risk assessment and training are the most common areas that regulators look for and find material breach of in terms of the Health and Safety at Work etc. Act 1974. Risk Assessment and Training are mandatory RCPIs and all services are audited in these two areas.

RAG RATING 100 -85 85 -60 <60	Risk Assessment	Health & Safety Training
Delivery; Comms & Political Governance	87%	94%
Education	64%	87%
Estates & Building Services	80%	68%
Housing	64%	82%
Neighbourhood & Environmental Services	73%	91%

Planning; Development & Transportation	85%	84%
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The authority wide results as a percentage are showing conformance at

- 74% Risk Assessment
- 85% Training
- 75% Stress Management
- 82% Management of Noise
- 55% Water Hygiene
- 86% Manual Handling
- 76% Home Working
- 90% Fire Safety Management (Soft FM)
- 89% Fire Safety Management (Hard FM)
- 94% Work at Height
- 86% Vibration

Water Hygiene currently scores at 55% which is the average score based on the sites audited for this RCPI so far. These are Welford Rd Cemetery and Humberstone Heights Golf Club. It is expected that as more sites are audited this score should improve.

Each service audited is provided with a recommendation report post examination, which will provide advice on how to improve.

The audit this year should be viewed as a baseline assessment from which the council can implement targeted, and data driven strategies as part of its commitment to continuous improvement.

More detailed division level and service level dashboards can be presented at SMT or DMT level and will be shared at consultative committees, with Authority Wide H&S Consultative Committee being provided the corporate wide overview as per this report.

Accident and Incident Data

The changes made to the Alcumus system which allow for the reporting of non-work related and observed hazards are becoming established and we are seeing more accurate reporting across the divisions.

Managers have been reminded of incidents that need to be reported and also those that do not. There has been a 30% reduction in reports which is an indication that we are beginning to see better quality, actionable data coming through.

Improving the quality of data input allows for better analysis of risks as well as opportunities for improvement and the quality of reactive health and safety performance monitoring.

Near Miss

Near misses are accidents rising in or out of connection to work, without injury. Since the beginning of April, the H&S team are working with managers to ensure incidents that need reporting are reported using the correct classification, and where categorised incorrectly, are reclassified appropriately. This has resulted in a 30% reduction in reports overall.

There were 109 incidents involving employees reported as near misses in Q1 22/23.

39% of reported near misses were categorised as verbal abuse to staff who work with the public.

23% of all verbal abuse near misses were reported in Adult and Children's Social Care. 18% in Children's and 6% in Adults.

10% of verbal abuse cases were reported by Parking Wardens.

87% of all reported verbal abuse cases occurred in person and 13% over the telephone.

This highlights the need to continue or refresh personal safety and conflict resolution training, as statistics show the majority of physical assaults result from a series of escalating steps within conflict and verbal abuse being an early warning sign.

Work-Related Ill Health

There were 12 work related ill health reports in the reporting period. Of those 10 were reports of work-related stress. Of the 10 reports 5 involved employees who were under some sort of management investigation before taking a period of absence. 3 reports referenced workload as being the underlying cause.

Injury Incidents

There were 68 injuries to employees reported in Q1 a slight decrease down from 76 in the previous quarter. Top Trends are listed below;

- 12 Manual Handling
- 13 slips, trips, falls
- 10 Attacks by Members of the Public (5 of which were physical assaults)

Analysis of the manual handling reports indicates that the majority of injuries appear to be associated with repetitive motion, leading to muscular strain, rather than injuries relating to the physical lifting of heavy materials. It is important that adequate breaks are taken by employees who undertake repetitive work. This is challenging in work environments where there is no direct supervision but can be addressed by provision of information, training as well as instruction.

There were 3 minor cuts and scratches due to contact with sharp objects, a significant decrease from the same period last year which is continued evidence that the good work undertaken over the last year in the divisions, particularly Housing to address issues with PPE has resulted in a tangible reduction in injury.

There has been a significant increase in anti-social behaviour in the market area over the reporting period. This is affecting teams across the council as well as the market traders themselves. There have been two reports of physical assault to cleaners working in the area. One of which has led to absence for stress.

All assaults are reported to the police and Leicestershire police have requested that data from the Alcumus system is shared with them. This has been actioned upon request by the Markets team.

SO3 – Medium Level Investigations

SO3s are categorised as high level near misses where significant injury or loss event could have occurred should the incident have caused injury, accidents resulting in injury that could lead to a significant insurance claim or a RIDDOR reportable incident. All medium level investigations or SO3s result in a corrective action plan for service managers to work to.

The Health and Safety Team undertook 10 SO3 investigations since April.

All SO3 investigations result in a written report and corrective action plan which the H&S advisor provides to service managers and Heads of Service.

Example SO3 investigations undertaken since April

- **Apprentice cut by a drill operated by another employee in poorly lit area**
- **Chemical burns due to uncontrolled release of a hazardous substance**

- Fall through an inspection chamber
- Service User accessing a roof

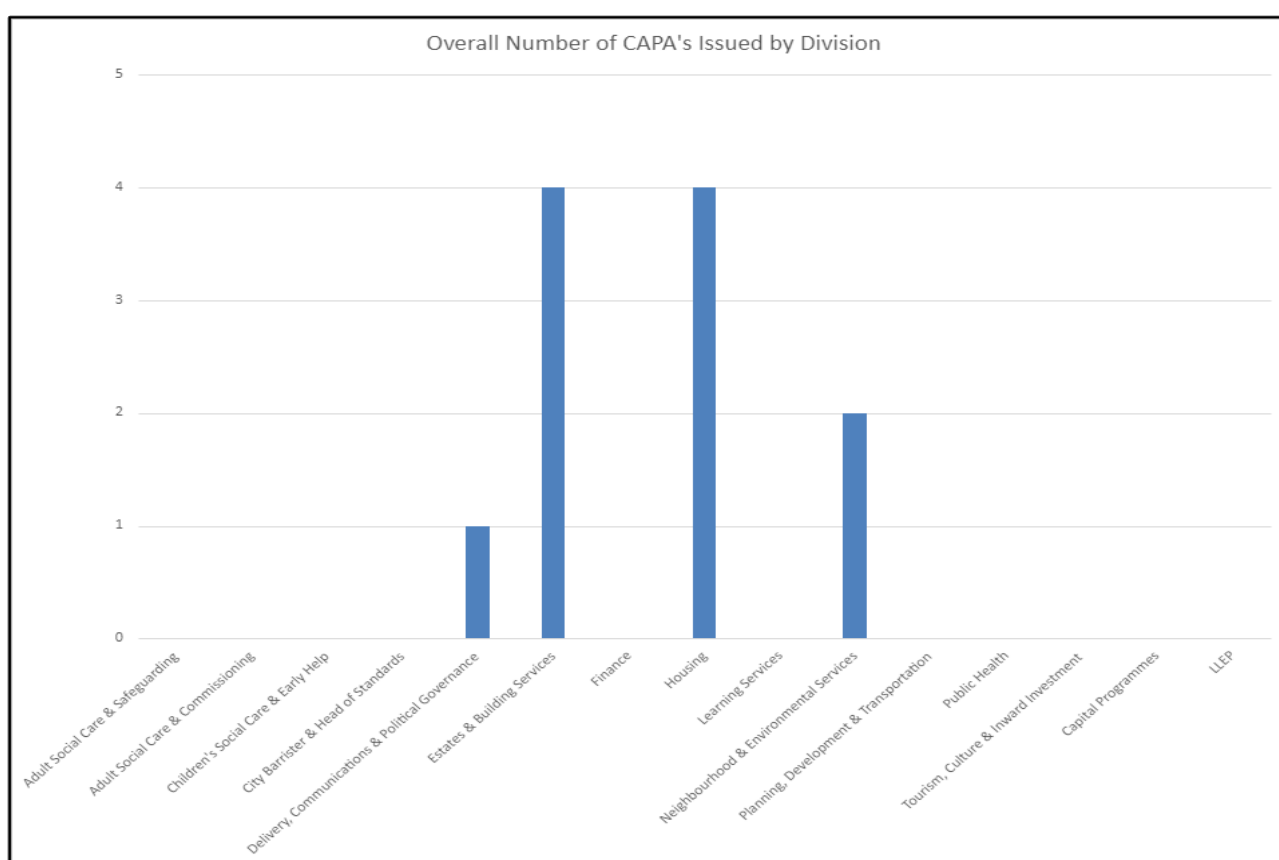
CAPA (Corrective Action /Preventative Action) Notices

A CAPA is issued when a non-compliance or unsafe act or condition has been identified that needs management attention and action outside of the audit or SO3 processes.

Example CAPAs issued in the period.

- Hand dosing of a hazardous substance at a Leisure Centre
- Balustrades and stair rails at a special school
- COSHH assessments at Vehicle Testing Centre and Adequacy of LEVs

There have been 11 CAPA notices issued in total. 5 CAPAs have been issued since April.



Of the 11 CAPAs issued 5 have been closed with all recommended actions completed. 3 are still within the recommended action date. 3 have outstanding actions that have not been completed within the advised timeframe.

- 2 in EBS (Estates and Building Services)
- 1 in N&ES (Neighbourhood & Environmental Services)

It is recommended that these actions are addressed as soon as possible.

Occupational Health Data

Leicester City Council's Absence Dashboard for the period (Sept 21- Sept 22) indicates

- 3678 working days have been lost to Neck & Back Injuries at a cost of £380,563 (not including Occ Health Referrals)
- 7056 to MSDs at a cost of £705,074 (not including Occ Health Referrals)
- 15853 for MHDs at a cost of £1,785,182 (not including Occ Health Referrals)

HML provided their annual figures for referrals at the end of June. In the period June 21 – May 22 there were a total of 592 referrals to Occupational Health.

192 or 39% of all referrals to HML were **mental health** related. Of those referrals 46% were diagnosed as being work related.

- Adult Social Care & Commissioning 54% of their total referrals were for MHDs (Mental Health Disorder)
- Public Health (for which data includes Sports) 50% of referrals were for MHDs.
- Housing 40% of referrals made to Occupational Health were for MHDs.
- Finance 39% of referrals were for MHDs.
- EBS 36% of referrals were for MHDs.
- N&ES 32% of referrals were for MHDs

460 employees were referred to AMICA during the same period.

- Adult Social Care & Commissioning 10% of Amica referrals
- Public Health 19% of Amica referrals
- Housing 8% of Amica referrals
- Finance 13% of Amica referrals
- EBS 6% of Amica referrals

(n.b 11% of employees accessing Amica did not provide their work division)

- 10% of Amica contact was for bereavement
- 25% for Mental Health
- 15% for Family & Relationship Breakdown
- 17% Work Stress

Amica is an employee assistance and counselling service which employees can access voluntarily with encouragement from their manager. Occupational Health requires management referral, predominantly following a period of sickness absence. Management Information supplied suggests that in services for which MHDs are prevalent, staff are not voluntarily accessing preventative, early intervention support services available to them.

It is recommended that leaders examine the barriers to accessing early intervention support in their services, after which a co-ordinated strategy can be devised.

136 or 28% of all referrals to HML were for **Musculoskeletal conditions**. 21% of these referrals were diagnosed as work related.

- Housing 33% of referrals to HML were for MSDs (Musculoskeletal Disorder)
- Public Health 31%
- EBS 28%
- N&ES 26%
- Children's Social Care 23%
- Adult's Social Care & Safeguarding 23%

There were 810 referrals to IPRS the council's procured MIRS (Musculoskeletal Injury Rehabilitation Service) provider in the same period.

- 30% of referrals were for lower back pain
- 20% of referrals were for shoulder pain
- 12% of referrals related to knee pain
- 6% of referrals related to neck pain.

The majority of referrals were for employees in their 50s & 60s. 55% male 45% female respectively.

- Housing 29%
- Public Health 19%
- EBS 14%
- Children's Social Care 10%
- Adult's Social Care & Safeguarding 10%
- N&ES 8%

The comparatively higher usage of the IPRS service is indicative of the fact that pain is physical, and therefore staff are more likely to come forward for referral in this area and seek help, over mental health disorders which can be harder to recognise for individuals and for which there can be perceived stigma attached.

It is noteworthy however, that in a high number of cases, referrals to IPRS are repeat referrals. This can be because the issue persists or reoccurs following discharge (predictable if the causes of the issue are not addressed along with the acute symptoms) or because of a high number of DNAs for appointments following referral. This can affect the integrity of the data and as such the data should be seen as indicative rather than definitive with the likelihood the percentages are in fact lower than stated.

It is recommended that services review their risk assessments to ensure that repetitive and poor ergonomics which could result in muscle pain and strain are considered and that all employees understand the requirements and need to take adequate breaks when performing repetitive tasks to avoid muscle strain. This should include work tasks not traditionally considered to be manual handling related such as DSE work, particularly on mobile or portable devices which can result in the same lack of breaks and poor posture.

Safety Notices

None issued in the reporting period.

Legislative Updates

None in the reporting period

Other Updates

The occupational health service crossed over from HML to Optima Health as of September 1st.

HML will continue to close all cases referred to them prior to August 31st. All new referrals are now being made to Optima Health.

The EAP service (Amica) and MIRS (IPRS) contracts are under evaluation following a procurement process with the new contracts estimated start date of December 1st.

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Audit & Risk Committee

22nd November 2022

REVIEW OF WHISTLEBLOWING POLICY

REPORT OF THE CITY BARRISTER AND HEAD OF STANDARDS

1. PURPOSE OF REPORT

This report invites the Committee to review the Whistleblowing Policy

2. RECOMMENDATIONS

That the Committee note the policy and suggest any further changes

3. REPORT

The Whistleblowing policy

Whistleblowing refers to circumstances in which a member of staff is permitted to raise legitimate allegations about certain types of conduct of other members of staff, and to receive a concomitant level of legal protection against damage or detriment. The purpose of the legal protection is both to:

- i. Expressly afford that employee (the whistle blower) a level of protection whilst they remain employees

and also to;
- ii. Give that employee a remedy in the Employment Tribunal if they make a claim against their employer as a result of suffering detriment from whistleblowing.

In these respects, the term is narrowly defined in law and hence it attaches to a fixed set of 'qualifying disclosures' only. The Whistleblowing policy is not a comprehensive statement of aspiration as to what conduct the local authority expects of its staff. Neither does the Whistleblowing policy attempt to set out a

route for investigating and dealing with such disclosures outside of other established routes.

The Council's proposed whistleblowing policy is attached as **Appendix A**.

4. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

i. Financial implications

None

ii. Legal Implications

The legal implications are addressed throughout the report and detailed legal advice has been obtained in respect of each of the attached policies

5. BACKGROUND PAPERS – LOCAL GOVERNMENT ACT 1972

6. CONSULTATIONS

7. REPORT AUTHOR

Kamal Adatia, City Barrister and Head of Standards

Appendix V1 - Whistleblowing Policy

1 Policy Statement

1.1 Leicester City Council is committed to conducting its business with honesty and integrity and expects all staff to maintain high standards of conduct. All organisations, however, face the risk of things going wrong from time to time, or of unknowingly harbouring illegal or unethical conduct. A culture of openness and accountability is essential in order to prevent such situations occurring or to address them when they do occur.

1.2 The aims of this policy are:

- (a) To explain what constitutes a whistleblowing complaint
- (b) To explain how to raise a whistleblowing complaint and how it will be dealt with.
- (c) To encourage staff to report suspected wrongdoing as soon as possible, in the knowledge that their concerns will be taken seriously and investigated as appropriate and that their confidentiality will be respected.
- (d) To explain what protection is afforded to a legitimate whistle blower and to reassure staff that they should be able to raise genuine concerns without fear of reprisals, even if they turn out to be mistaken.

2 Scope

2.1 This policy applies to all employees of Leicester City Council and to consultants and casual/ agency workers engaged by the council (collectively referred to as staff in this policy) except those employed/engaged by schools. A dedicated policy will apply to schools.

3 What is Whistleblowing?

3.1 A qualifying whistleblowing disclosure is one made in the public interest by a member of staff who has a reasonable belief any of the following activities are either occurring, have taken place or are likely to:

- (a) criminal offence;

- (b) failure to comply with any legal obligation
- (c) miscarriage of justice;
- (d) danger to health or safety;
- (e) damage to the environment;
- (f) the deliberate concealment of any of the above matters.

3.2 A **whistleblower** is a person who raises a genuine concern relating to any of the above.

4 Whistleblowing is NOT

4.1 This policy should not be used for the following:

- (a) Raising concerns that relate to your own personal circumstances such as the way you have been treated at work. Such concerns should be raised in the first instance informally with your line manager who will attempt to resolve them for you. If no resolution is possible refer to the [Grievance Procedure](#) for next steps.
- (b) Raising concerns as a member of the public. [The Corporate Complaints Policy](#) can be used for this purpose.
- (c) Raising concerns about Councillors. The [Complaints about councillors](#) form can be used for this purpose.

4.2 If you are uncertain whether something is within the scope of this policy you should seek advice from your manager or Human Resources.

5 Raising a whistleblowing concern

5.1 We hope you will be able to raise concerns with your line manager. You may tell them in person or put the matter in writing if you prefer. They may be able to agree a way of resolving your concern quickly and effectively. Where you do not feel you can do this then you should raise your concern with a manager above your immediate manager. **Employees considering raising concerns can also seek advice from a trade union representative.**

5.2 ~~Where the matter is more serious, or~~ If you feel that your line manager has not addressed your concern, or you have a compelling reason why you cannot raise it with them or their manager, you should raise your concern directly with the Monitoring Officer. The Monitoring Officer will consider issues such as whether (i) the allegation can properly be dealt with by another manager and/or (ii) your identity does/does not need protecting, and will discuss their view with you. It is, in most cases, likely that the Monitoring Officer, in dealing with your concern, will liaise with your line manager (or someone in their management chain) regarding its progression. ~~If you are in any doubt you can seek advice from [Protect](#) the independent whistleblowing charity, who offer a confidential helpline.~~

5.3 In all cases the manager will email their HR Team Manager so that it can be recorded as a “whistleblowing concern.”

6 Anonymity

6.1 **It is hoped that staff will feel able to voice whistleblowing concerns openly under this policy.** Anonymous disclosures are not encouraged. Proper investigation may be more difficult, or impossible, if further information cannot be obtained from a whistleblower. It is also more difficult to establish whether allegations are credible. If a whistleblower is concerned about their identity being revealed this should be raised when the disclosure is made and appropriate measures, such as protecting their identity, can be taken where appropriate.

7 External Disclosures

7.1 The aim of this policy is to provide an internal mechanism for reporting, investigating and remedying any wrongdoing in the workplace. **It is preferable to raise a concern internally so it can be investigated without undue delay** and therefore in most cases you should not find it necessary to alert anyone externally.

7.2 The law recognises that, in some circumstances, it may be appropriate for you to report your concerns to an external body such as a regulator. We strongly encourage you to seek independent whistleblowing advice from [Protect](#) before reporting a concern externally. **Raising such a concern externally which**

is not justified may be a breach of your terms and conditions of employment.

8 Investigation and Outcome

- 8.1 Once you have raised a concern, an initial assessment will be undertaken to determine what, if any, steps should be taken and to consider whether your concern falls within the scope of this policy. You may be **requested** to attend meetings in order to provide further information.
- 8.2 Following the initial assessment an investigation may be undertaken. It may be appropriate for a line manager or another Council officer to undertake the investigation. Questions of potential conflict of interest will be considered in determining the appropriateness or otherwise of any particular officer carrying out an investigation. Where a potential or actual conflict of interests exists for a particular officer, they should not carry out the investigation. In exceptional circumstances or where specific expertise is required, an external investigator may be appointed.
- 8.3 It may be appropriate to instigate a further procedure following the conclusion of any investigation, such as the disciplinary procedure. Any such action falls outside the scope of this policy.
- 8.4 **The investigator will decide what details, if any, should be provided to you regarding the investigation. The need for confidentiality may prevent the provision of information to you. If you are provided with information this should be treated as confidential.**
- 8.5 If it is concluded that a whistleblower has made false allegations maliciously, in bad faith (i.e. not merely mistakenly) or with a view to personal gain, the whistleblower ~~will~~ **may** be subject to disciplinary action.

9 Protection and Support for Whistleblowers

- 9.1 **The law protects workers from detrimental treatment or victimisation from their employer if they have made a protected disclosure, as defined in paragraph 3 above.** It is understandable that whistleblowers are sometimes worried about possible repercussions. The

Council aims to encourage openness and will support staff who raise genuine concerns under this policy, even if they turn out to be mistaken.

9.2 Staff must not suffer any detrimental treatment as a result of raising a concern. Detrimental treatment includes dismissal, disciplinary action, or other unfavourable treatment **because of** raising a concern. If you believe that you have suffered any such treatment, you should inform your line manager or HR immediately who will assess what steps, if any, should be taken. If, for any reason, you do not believe it is appropriate to raise this with your line manager, you should inform the next line of management. Where matters have been disclosed in confidence and anonymously, then you can speak with the Monitoring Officer. If you feel you have suffered a detriment you may raise this under the grievance procedure.

10 Responsibility for the success of this policy

10.1 The Monitoring Officer has overall responsibility for this policy and will review it as appropriate.

Contacts	Method
Monitoring Officer	Email: Monitoring-officer@leicester.gov.uk
Protect – independent whistleblowing charity	Protect Advice Line Tel: 020 3117 2520

Statement of Accounts and External Audit Update

Audit & Risk Committee

Date of Meeting: 22nd November 2022

Lead director: Director of Finance

Useful information

- Ward(s) affected: All
- Report author: Ben Matthews, Chief Accountant
- Author contact details: Ben.Matthews@leicester.gov.uk
- Report version number: 1.0

1. Purpose of Report and Summary

- 1.1. To provide a further update on the progress of the statement of accounts and external audit for 2020/21 and 2021/22.

2. Recommendations

- 2.1. The Committee is asked to note the contents of the report and the update provided on the progress of the external audit of the statement of accounts.

3. Report

Statement of Accounts 2020/21

- 3.1. As Members may recall, the 2020/21 statement of accounts was approved at your meeting in September 2021. However, as reported subsequently to the Committee, a national accounting issue concerning the valuation of infrastructure assets continues to delay the closure of the audit.
- 3.2. Infrastructure assets are 'inalienable assets', expenditure on which is only recoverable by continued use of the asset created and there is no prospect of sale or alternative use. They are largely assets with very long lives and the main example is highways.
- 3.3. The infrastructure accounting issue relates to the valuation of infrastructure assets in our accounts, in particular how expenditure is accounted for when existing infrastructure is improved. There has been a CIPFA consultation and more recently a consultation from Government proposing legislation to resolve the matter, which it is hoped could come into effect by the end of this year. However, until a national resolution is confirmed the external auditor cannot close the audit of our accounts (or those of other affected authorities).
- 3.4. Resolution of the issue will not affect the Council's financial position; this issue is only about the valuation of infrastructure assets on the balance sheet.
- 3.5. The outstanding Whole of Government Accounts work reported to the Committee's September meeting has been completed, following the receipt of national guidance.

Statement of Accounts 2021/22

- 3.6. The Committee received the draft 2021/22 accounts at your July meeting. At that time, the external audit was underway. An external audit progress update was provided in September and an Interim External Audit Findings Report can be found at Appendix A of this report.

3.7. The issuing of an external audit opinion for 2021/22 will however be delayed due to the following reasons:

3.7.1. The national accounting issue involving infrastructure assets as set out above. Officers have been working on this whilst awaiting the national resolution and have already identified that the accounts do not currently reflect the de-recognition of previous assets; and therefore do not include the subsequent expenditure on the balance sheet for the replacement of these assets. This results in a lower value for infrastructure assets on the balance sheet than would otherwise be the case. However, until a national resolution is reached, the auditor is not able to conclude what further work will be necessary to satisfy themselves over the compliance of the Council's infrastructure assets valuation. As noted above, there is no impact on the Council's financial position.

3.7.2. The valuation of specialised assets. These assets are not available to purchase in the open market, for example schools, leisure centres and museums. They are valued on the 'depreciated replacement cost' basis. However, it has come to light that within this, a particular requirement for the valuation of council assets nationally has not been applied, which results in an understated valuation on the balance sheet. The valuations from previous years will require amendment.

3.8. During the external audit, some amendments to the draft financial statements have been identified, which are reported in the External Auditor's interim draft audit findings report at Appendix A. These are mainly technical and presentational matters, which do not result in a change in the overall level of balances available to the Council to finance its ongoing operations.

3.9. The changes confirmed so far and impacting balances on the main statements are:

3.9.1. The overstated value of two assets, which will impact the Comprehensive Income and Expenditure Statement and the Balance Sheet.

3.9.2. An updated pension liability in relation to more recent asset valuations provided by the Actuary. This correction will impact the Comprehensive Income and Expenditure Statement and the Balance Sheet.

3.10 As previously reported, the audit work on Value for Money has been delayed, although is now underway.

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

4.1. Financial implications

The report provides an update on the progress with the external audit of the Council's accounts. The changes identified during the audit do not affect the overall level of balances available to the Council to finance its ongoing operations.

Ben Matthews, Chief Accountant, ext. 37 4840

4.2. Legal implications

The Council is unable to meet the statutory deadline for producing an audited statement of accounts. However, this will not be unique to this Council, with other authorities likely to be in the same position, considering the delayed national resolution of the infrastructure assets accounting issue.

Kamal Adata, City Barrister & Head of Standards, ext. 37 1401

4.3. Equalities implications

N/A

4.4. Climate Emergency implications

N/A

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

N/A

5. Other Implications

<u>OTHER IMPLICATIONS</u>	<u>YES/NO</u>	<u>PARAGRAPH REFERRED</u>
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights / People on low incomes	No	
Corporate Parenting	No	
Health Inequalities Impact	No	

6. Background papers:

Agendas and Minutes of the Audit & Risk Committee meetings

7. Summary of Appendices:

Appendix A – Interim External Audit Findings Report

8. Consultations

9. 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)?

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

The Interim DRAFT Audit Findings for Leicester City Council

Year ended 31 March 2022

22 November 2022

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Section

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2. Financial statements
3. Independence and ethics

Appendices

- A. Action plan
- B. Follow up of prior year recommendations
- C. Audit adjustments
- D. Fees

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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 planning 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 the Council or all 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.

This Interim Audit Findings presents the current observations from the audit work currently undertaken that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents will be discussed with management and the Audit & Risk Committee.

Grant Patterson

Name : Grant Patterson
For Grant Thornton UK LLP
Date : 22 November 2022

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Leicester City Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2022 for those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Council's financial statements give a true and fair view of the financial position of the Council and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our audit work has been conducted from June to date. Our interim findings are summarised on pages 5 to 21. It should be noted that our audit work is still in progress and that there are some areas of work where findings are still being concluded upon.

At this point in time two adjustments to the financial statements have been identified that have resulted in a £3.413m adjustment to the Council's Comprehensive Income and Expenditure Statement. One is as a result of an incorrect formulae leading to incomplete processing of asset revaluations in respect of one asset and another is due to a spreadsheet error leading to an asset's value being overstated by £5.2m. Audit adjustments are detailed in Appendix C.

As noted in Appendix C, we have identified omissions from the Council's financial instruments disclosure at Note 18 in respect of long-term creditors and short-term or long-term debtors. These are being amended for and comparative information is also being updated accordingly.

Appendix C also includes reference to the cashflow statement and the figures therein pertaining to the purchase and proceeds of short and long-term investments which are significant for both prior year and current year. We queried as to whether some of these transactions might actually be cash and cash equivalents. Upon further investigation it was determined that this was indeed the case as some of this balance included transactions pertaining to money market funds (MMF), which are accounted for as cash and cash equivalents. This has resulted in a reduction in the disclosures in respect of purchase and proceeds of investments of £702.9m in 2021/22 and £562.9m in 2020/21. There is no impact upon the balances in the general fund.

As noted on page 12 we have identified that the Council has not been applying the 'instant build approach' required by the CIPFA Code when valuing assets on a depreciated replacement cost basis. The Council is in the process of revisiting its valuations. This will also result in an adjustment to prior year figures, to remove the effect in the comparative year. This adjustment is expected to be material but will not impact the balances in the general fund.

We have also raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B.

There are a number of matters still underway as at the time of writing but from the work done to date there are no matters of which we are aware that would require modification of our audit opinion subject to satisfactory resolution of the outstanding matters, as set out on page 6.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

We anticipate that our audit report opinion will be unqualified, but we will be unable to certify the audit closed until our work on the whole of government accounts is complete and we have issued our Annual Auditor's Report (covering our work on the Council's value for money arrangements).

This is also dependent on the conclusion of the national sector-wide issues in relation to infrastructure assets. For further detail, refer to page 12.

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Council's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay was presented to the September Audit & Risk Committee (see below). We expect to issue our Auditor's Annual Report for consideration at the next Audit & Risk Committee. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We identified a risk in respect of financial sustainability. Our work on this risk is underway.

We reported to you in our progress report of 28 September 2022 that we anticipated providing our Annual Auditor's Report no later than the end of February 2023. This remains the case.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We expect to certify the completion of the audit upon the completion of our work on the Council's VFM arrangements, which will be reported in our Annual Auditor's report in due course.

Significant Matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

2. Financial Statements

Overview of the scope of our audit

This interim Audit Findings Report presents the observations arising from the audit at this time that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management and will be discussed with the Audit & Risk Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- An evaluation of the Council's internal controls environment, including its IT systems and controls; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

Conclusion

Our audit continues to be underway as at the time of writing with some outstanding queries yet to be resolved. The outstanding matters are listed overleaf and are as at the time of writing. We will update the Committee verbally of progress against these matters at the meeting on 22 November.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

2. Financial Statements

Status of the audit: the outstanding matters as at the time of writing are set out below.



- receipt of responses from the Council's internal and external valuers on our queries and our consideration thereof
- completion of our work on the valuation of land and buildings including consideration of the amendment to other land and buildings valued at depreciated replacement cost and the impact on prior year
- final manager and engagement lead review of all of the above once completed
- update our consideration of the Council's approach to accounting for infrastructure assets on receipt of the forthcoming statutory instrument; not due to take effect until 25 December 2022.



- receipt of IAS19 assurances from the pension fund auditor
- completion of our work on the Expenditure and Funding Analysis
- final manager and engagement lead review of the above once completed



- completion of our work on the Council's PFI disclosures
- receipt of responses to our queries on capital commitments, school balances, housing benefit payments, agency and employee training, NNDR and Council Tax exemptions and reliefs, and employee changes in circumstances
- clearance of queries raised in respect of expenditure cut-off, PP&E additions, debtors and creditors and HRA capital expenditure not adding value
- receipt of the Council's WGA pack and completion of our procedures thereon (if required)
- receipt and review of the updated financial statements
- obtaining and reviewing the management letter of representation
- updating our post balance sheet events review, to the date of signing the opinion

Status

- High potential to result in material adjustment or significant change to disclosures within the financial statements
- Some potential to result in material adjustment or significant change to disclosures within the financial statements
- Not considered likely to result in material adjustment or change to disclosures within the financial statements

2. Financial Statements



Our approach to materiality

The concept of 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.

Materiality levels remain the same as reported in our audit plan.

We detail in the table below our determination of materiality for Leicester City Council.

	Materiality	Qualitative factors considered
Materiality for the financial statements	£15.000m	<p>We determined materiality for the audit of the Council's financial statements as a whole to be £15,000,000, which is approximately 1.3% of the Council's gross operating expenses.</p> <p>This benchmark is considered the most appropriate because we consider users of the financial statements to be most interested in how it has expended its revenue and other funding.</p>
Performance materiality	£9.800m	<p>We use a different level of materiality, performance materiality, to drive the extent of our testing. Our consideration of performance materiality is based upon a number of factors:</p> <ul style="list-style-type: none"> • We have not historically identified significant control deficiencies as a result of our audit work • We are not aware of a history of significant deficiencies or a high number of deficiencies in the control environment • There were prior period errors in 2019/20, and adjustments in 2020/21 identified in relation to property, plant and equipment and capital expenditure with an absolute value of £15m. • Senior management and key reporting personnel in the finance function has remained reasonably stable from the prior year audit <p>On this basis we have reduced the performance materiality from a possible 75% (standard threshold) to 65%.</p>
Trivial matters	£0.750m	<p>We determined the threshold at which we will communicate misstatements to the Audit & Risk Committee to be £750,000, which is approximately 5% of materiality.</p>

2. Financial Statements - Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan

Commentary

Management override of controls

Under ISA (UK) 240 there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.

The Council faces external scrutiny of their spending and this could potentially place management under undue pressure in terms of how they report performance.

We therefore identified management override of control, and 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.

We have:

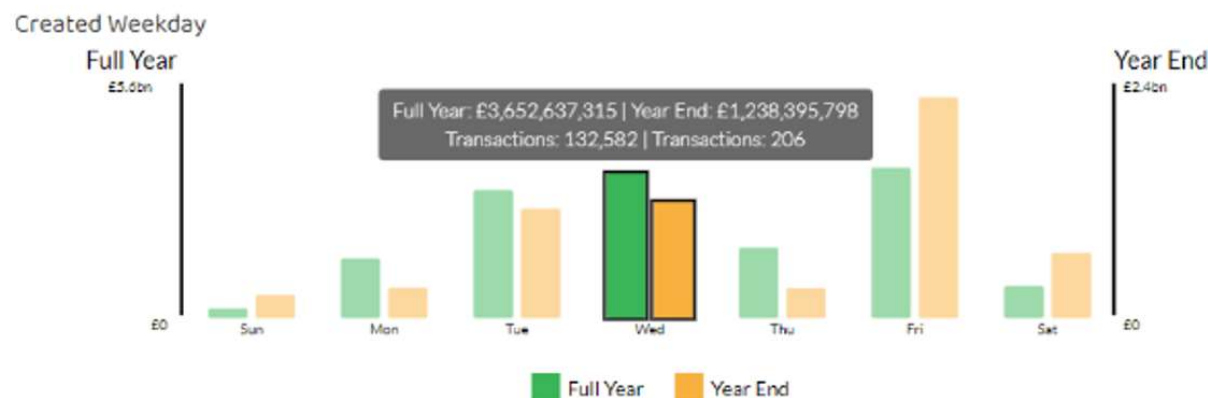
- evaluated the design effectiveness of management controls over journals
- analysed the journals listing and determined the criteria for selecting high risk unusual journals
- identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration
- gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness

Findings

The Council processed journals comprising in excess of 306,000 transactions each containing multiple lines of data in respect of the year ending 31 March 2022, with a value in excess of £21 billion. Just 0.4% of these by number occur at year end but they make up nearly 30% of the value, with the majority linked to a handful of users. While we generally anticipate an increase in activity at year end, auditing standards specifically require us to consider year-end journals and therefore we consider them separately.

The charts below and overleaf are taken from our 'info' software which we use to analyse the transactions posted by the Council during the year. They are included to demonstrate the volume of such transactions and why therefore we review them as part of our response to this significant risk.

Transactions by day



2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

Management over-ride of controls

The table below is taken from the information from the chart on the previous page and sets out the number and value of transactions posted on each day. This data is included for information.

Weekday	Full year Number	Year End Number	Full year value	Year End value
Sunday	98	20	£246,895,989	£246,387,953
Monday	41,637	163	£1,499,471,250	£321,179,411
Tuesday	49,366	189	£3,227,152,591	£1,161,566,564
Wednesday	132,581	206	£3,652,637,315	£1,238,395,798
Thursday	43,444	310	£1,776,952,430	£317,061,507
Friday	35,676	207	£3,791,838,934	£2,345,931,840
Saturday	2,408	82	£810,224,968	£692,373,234
TOTAL BY NUMBER 306,388	99.62%	0.38%	-	-
TOTAL BY VALUE £21,328,069,866	-	-	70.35%	29.5%

As in the prior year we noted that there is a lack of an established approval process for journals; instead placing reliance on the Council's day-to-day activities to identify any journals that were posted incorrectly.

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.

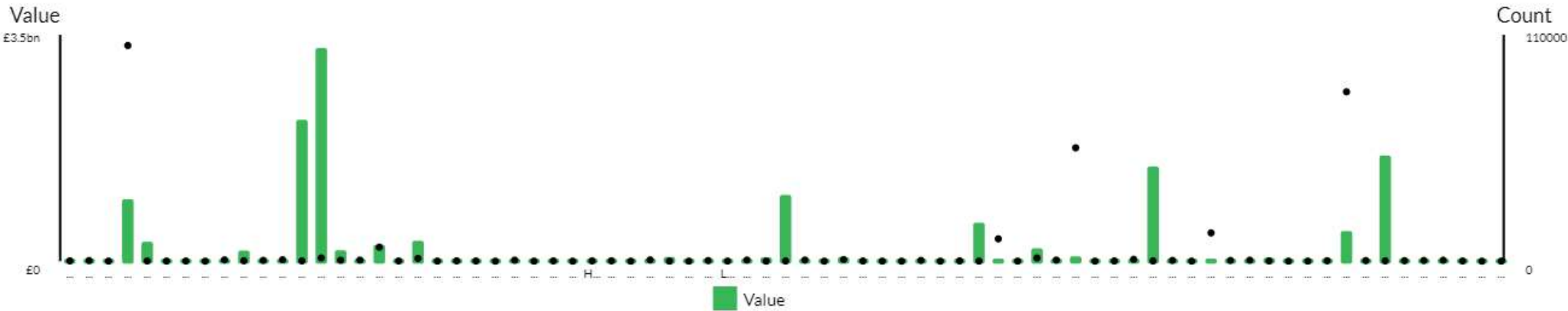
Our approach to this work was informed by the findings made by our IT audit specialists from their review of the Council's IT general controls. IT audit undertook a design and implementation review of the following applications, which were scoped into the review on the grounds that they impact the financial reporting of the Council:

- i-Trent (HR and payroll system)
- Civica (Housing Benefits)

2. Financial Statements - Significant risks

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Risks identified in our Audit Plan	Commentary
Management over-ride of controls (continued)	<ul style="list-style-type: none">Unit-4 (General ledger)Active Directory (domain controller authenticating and authorising users and assigning and enforcing security policies, e.g. password control) <p>One deficiency was raised, which is that administrative access to i-Trent and Unit 4 had been granted to users who also have financial responsibilities.</p> <p>The combination of financial responsibilities with the ability to administer end-user security is considered a segregation of duties conflict. It increases the risk of these elevated privileges being used to make unauthorised changes to the application, business processes or user accounts by over-riding internal system controls, which could lead to fraud and/or financial misstatement.</p> <p><u>Transactions by user</u></p> <p>Our data analytics approach allows us to review all transactions posted during the year by any one individual. For five of these users, there were no outputs and therefore we were satisfied that their conflicted system access had not impacted on the financial reporting. For the remaining five users (a small amount compared to the 75 users with output below) we reviewed the output but did not consider that the risk was sufficiently mitigated from this review. We therefore enhanced our journals testing in this regard to look more closely at the journals posted.</p>



We are in the process of completing this work but have no findings to bring to your attention other than the deficiency identified above.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Presumed risk of fraud in revenue recognition ISA (UK) 240

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.

Having considered the risk factors set out in ISA 240, and the nature of the revenue streams of Leicester City Council, we have determined that the presumed risk of material misstatement due to the improper recognition of revenue can be rebutted, because:

- There is little incentive to manipulate revenue recognition
- Opportunities to manipulate revenue recognition are very limited; and
- The culture and ethical frameworks of public sector bodies, including Leicester City Council, mean that all forms of fraud are seen as unacceptable.

Therefore we do not consider this to be a significant risk for the Council.

Commentary

Notwithstanding that we have rebutted this risk, we have undertaken a significant level of work on the Council and Group's revenue streams, as they are material. We have:

Accounting policies and systems

- evaluated the Council's accounting policies for recognition of income and expenditure for its various income streams and compliance with the CIPFA Code
- updated our understanding of the Council's business processes associated with accounting for income

Fees, charges and other service income

- agreed, on a sample basis, income and year end receivables from other income to invoices and cash payment or other supporting evidence.

Taxation and non-specific grant income

- applied substantive analytical procedures to income for national non-domestic rates and council tax

Other grants

- sample tested items back to supporting information and subsequent receipt, considering accounting treatment where appropriate.

We also designed tests to address the risk that income has been understated, by not being recognised in the current financial year.

Findings

We have no findings to bring to your attention from work done to date, but note that there are queries that are yet to be resolved with the Council in respect of our work on council tax and NNDR income.

Risk of fraud related to expenditure recognition: Public Audit Forum (PAF) Practice Note 10

In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period). As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure recognition may in some cases be greater than the risk of material misstatements due to fraud related to revenue recognition.

Having considered the nature of the expenditure streams of Leicester City Council, and on the same basis as that set out above for revenue, we have determined that there is no significant risk of material misstatement arising from improper expenditure recognition.

Notwithstanding that we have rebutted this risk, we have undertaken a significant level of work on the Council's expenditure streams, as they are material. In addition to reviewing the accounting policies as highlighted above, we have:

Expenditure

- updated our understanding of the Council's business processes associated with accounting for expenditure
- agreed, on a sample basis, operating expenditure, housing benefit expenditure, agency costs and year end creditors to invoices and cash payment or other supporting evidence
- performed substantive analytical procedures on the Council's employee remuneration costs and depreciation

We also designed tests to address the risk that expenditure has been overstated, by not being recognised in the current financial year.

Findings

We have no findings to bring to your attention from work done to date, but note that there are queries that are yet to be resolved with the Council in respect of operating expenditure for items recently received. Furthermore we are awaiting evidence in support of a sample of housing benefit payments made.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

Valuation of property plant and equipment: land and buildings

Within the valuation of the Council's Other Land and Buildings, the valuer's estimation of the value has several key inputs, which the valuation is sensitive to. These include the build cost of relevant assets carried at depreciated historic cost and any judgements that have impacted this assessment and the condition of the current assets.

Depreciated replacement cost (DRC) is a method of valuation that provides the current cost of replacing an asset with its modern equivalent asset less deductions for all physical deterioration and all relevant forms of obsolescence and optimisation. Where DRC is used as the valuation methodology, authorities should use the 'instant build' approach at the valuation date and the choice of an alternative site will normally hinge on the policy in respect of the locational requirements of the service that is being provided.

For assets valued at existing use value and fair value, the key inputs into the valuation are the yields used in the valuation, including estimated future income from the asset.

We therefore have identified that the accuracy of the key inputs driving the valuation of land and buildings as a significant risk, which was one of the most significant assessed risks of material misstatement.

We have:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts, and the scope of their work
- evaluated the competence, capabilities and objectivity of the Council's internal valuer as the valuation expert
- written to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met
- challenged the information and assumptions used by the valuer to assess the completeness and consistency with our understanding
- engaged our own valuer to assess the instructions issued by the Council to their valuer, the scope of the Council's valuers' work, the Council's valuers' reports and the assumptions that underpin the valuations
- tested revaluations made during the year to see if they had been input correctly into the Council's asset register
- evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different from current value at year end.

Findings

Reconciliation of the Fixed Asset Register to the valuer's report

This reconciliation identified that there was a difference of £5.216m between the valuation report and the entries processed in Note 15 of the financial statements. This error was due to an incorrect formula in the fixed asset register in relation to a single asset, whereby the net book value of the asset was overstated by £5.216m in the asset register as the revaluations had not been processed correctly.

The value of Property, Plant and Equipment in the balance sheet is therefore overstated for other land and buildings by £5.216m. There are corresponding impacts to the comprehensive income and expenditure restatements of £3.413m and to the revaluation reserve of £1.803m. There is no impact to the general fund as a result of this adjustment.

Year on year movements

In our assessment of the Council's valuations we created an expectation of what we anticipate the values of other land and buildings to be based on the prior year brought forward balance and the application of land and buildings indices as at 31 March 2022. We identified assets that we considered to be out of line with expectations and upon receiving our queries in relation to these assets, officers identified that there had been a spreadsheet error, whereby one asset had been valued at £11.4m rather than £6.2m. We are in the process of reviewing this error and determining the impact on our remaining work.

Depreciated replacement cost valuations

Within the valuation certificates for all assets with a depreciated replacement cost valuation there is an adjustment for tender price index backdating. The tender price index measures the movement of prices in tenders for building contracts and therefore is used to inform what a modern equivalent asset building would cost to build, and hence what the valuation of said asset should be in the financial statements of the Council. We note that whilst this approach is in accordance with the RICS guidance on the depreciated replacement cost method of valuation for financial reporting, the Code requires the use of the Instant Build approach for public sector valuations; a point of difference which is noted in the RICS Guidance, and therefore backdating is not appropriate to be applied.

The Council is in the process of revisiting its valuations to remove the effect of this backdating. This will also result in an adjustment to prior year figures, to remove the effect in the comparative year. This adjustment is expected to be material but will not impact the balances in the general fund.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Valuation of property plant and equipment: council dwellings

The Council contracts an expert to provide annual valuations of council dwellings based on guidance issued by the Ministry of Housing, Communities and Local Government (now Department for Levelling Up, Housing and Communities). They are valued using a beacon approach, based on existing use value discounted by the relevant social housing factor for Leicester. Dwellings are divided into asset groups (a collection of property with common characteristics) and further divided into archetype groups based on uniting characteristics material to their valuation, such as numbers of bedrooms. A sample property, the “beacon” is selected which is considered to be representative of the archetype group and a detailed inspection carried out. The valuation of this asset is then applied to all assets within its archetype.

The key inputs into the valuation are the social housing factor, consideration of market movements and the determination of the beacons.

We therefore have identified that the accuracy of the key inputs driving the valuation of land and buildings as a significant risk, which was one of the most significant assessed risks of material misstatement.

Commentary

We have:

- evaluated management’s processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts, and the scope of their work
- evaluated the competence, capabilities and objectivity of the valuation expert
- written to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met
- challenged the information and assumptions used by the valuer to assess the completeness and consistency with our understanding
- engaged our own valuer to assess the instructions issued by the Council to their valuer, the scope of the Council’s valuer’s work, the Council’s valuer’s reports and the assumptions that underpin the valuations
- tested revaluations made during the year to see if they had been input correctly into the Council’s asset register
- evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different from current value at year end.

Findings

HRA valuation

We noted that overall the terms of engagement outlining the scope of works of the portfolio of properties by the Council’s valuer is deemed satisfactory as at the valuation date of 31 March 2022 but could be improved in two aspects:

- the information to be relied upon by the Valuer is not set out in any detail; and
- it is unclear whether any special assumptions will be included.

We have recommended that these areas are included in the Terms of Engagement in the future.

We have queries pending in respect of our work on HRA valuations but have no further issues to report to you from our work to date

Housing Revenue Account

We note that in the Housing Revenue account the Council is reporting incurring capital expenditure which is purporting not to add value. It is unusual for this to be the case and we are therefore in discussions with the Council to confirm the treatment of this expenditure.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

Valuation of the pension fund net 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 and the sensitivity of the estimate to changes in key assumptions.

The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.

The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.

The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability.

We have:

- updated our understanding of the processes and controls put in place by management to ensure that the pension fund net liability is not materially misstated and evaluate the design of the associated controls
- evaluated the instructions issued by management to their management experts (the 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 pension fund valuation
- assessed the accuracy and completeness of the information provided by the group to the actuary to estimate the liabilities
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial reports 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

Findings

The Council obtained a revised IAS19 report from its actuary to update for actual return on assets as at the balance sheet rather than the original estimate. The original IAS19 report was dated 28 April 2022 and gave the following outcome:

- Balance sheet, Note 41, Note 42 : other long term liabilities £595,619k.
- Note 18a: other long term liability pension £595,619k.
- Note 12: interest on pensions liability £17,762k.
- Face of CIES: £329,528k

The revised report was dated 23 May 2022 with an impact of £5,830k as follows::

- Balance sheet, Note 41, Note 42: other long term liabilities will be £589,789k
- Note 18a: other long term liability pension £589,789k
- Note 12: Interest on pensions liability £17,762k (no change)
- Face of CIES changes to £335,358k

The financial statements will be amended in this regard.

In order to complete our work in this area the following issues are outstanding:

- resolution of queries made to the Council's actuary to provide information relating to the duration of the Council's unfunded liabilities as well as a request to provide a more accurate (i.e. not rounded) figure for the Council's share of the pension fund assets
- assurances from the auditor of the Leicestershire County Council 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's financial statements.

2. Financial Statements - Other risks

Risks identified in our Audit Plan

Commentary

Operating expenditure

Non-pay expenses on other goods and services also represents a significant percentage of the Council's operating expenses.

Management uses judgement to estimate accruals of un-invoiced costs. We therefore identified completeness of non-pay expenses as a risk requiring particular audit attention.

We have:

- evaluated the Council's accounting policies for recognition of non-pay expenditure streams for appropriateness
- gained an understanding of the Council's system for accounting for non-pay expenditure
- tested a sample of balances included within trade and other payables
- tested a sample of payments immediately prior to and after the year end to ensure that appropriate cut-off has been applied, and therefore that the expenditure has been recognised in the correct period.
- tested a sample of expenditure to ensure it has been recorded accurately and is recognised in the appropriate financial accounting period.

Findings

We have no findings to report to you from our work to date but some queries in respect of our work on creditors are still in the process of being resolved as at the time of writing.



Completeness, existence and accuracy of cash and cash equivalents

The receipt and payment of cash represents a significant class of transactions occurring throughout the year, culminating in the year end balance for cash and cash equivalents reported on the statement of financial position.

Due to the significance of cash transactions to the Council, we identified the completeness, existence and accuracy of cash and cash equivalents as a risk requiring special audit consideration.

We have:

- agreed all period-end bank balances to the general ledger and cash book;
- agreed cash and cash equivalents to the bank reconciliation;
- agreed all material reconciling items and a sample of other items to sufficient and appropriate corroborative audit evidence;
- written to the bank and obtain a bank balance confirmation;
- agreed the aggregate cash balance to the relevant financial statement disclosures.

Findings

We have no findings to report to you from our work to date but some queries in respect of our work are outstanding as at the time of writing; being resolution of queries in respect of our sample testing of schools balances.

2. Financial Statements - Other risks

Risks identified in our Audit Plan

Infrastructure assets

The CIPFA Code of Practice on Local Authority Accounting prescribes the accounting treatment and disclosure requirements for infrastructure assets. The Code requires infrastructure to be reported in the Balance Sheet at depreciated historical cost, that is historic cost less accumulated depreciation and impairment. The Code requires a reconciliation of gross carrying amounts and accumulated depreciation and impairment from the beginning to the end of the reporting period. These requirements of the Code derive from IAS 16 Property, Plant and Equipment.

The Council has material infrastructure assets and there could therefore be a potential risk of material misstatement related to this balance.

Commentary

Infrastructure assets includes roads, highways, streetlighting and coastal assets. In accordance with the CIPFA Code, Infrastructure assets are measured using the historical cost basis, and carried at depreciated historical cost. With respect to the financial statements, there are two risks which we plan to address:

1. The risk that the value of infrastructure assets is materially misstated as a result of applying an inappropriate Useful Economic Life (UEL) to components of infrastructure assets.
2. The risk that the presentation of the PP&E note is materially misstated insofar as the gross cost and accumulated depreciation of Infrastructure assets is overstated. It will be overstated if management do not derecognise components of Infrastructure when they are replaced.

For the avoidance of any doubt, these two risks have not been assessed as a significant risk at this stage, but we have assessed that there is some risk of material misstatement that requires an audit response. We are also aware that CIPFA are consulting on adaptations to the Code which we will factor into our response once the outcome is known.

In order to be able to conclude whether there is a risk of material misstatement our response at this time is that we have:

- assessed the risks of material misstatement related to infrastructure assets
- updated our understanding of the process to explain the Council's current approach to capitalisation, derecognition and depreciation of infrastructure assets and how it complies with the Council's fixed asset register to confirm that the processes are being applied in practice.

Findings

We are able to sample additions to infrastructure in the current year to review the basis of asset life and conclude on whether this is reasonable and correctly factored into depreciation calculations but this becomes more difficult in respect of historic infrastructure assets because individual infrastructure assets are not recorded separately on the Council's fixed asset register: the highways network is treated as one asset, due to components working together as part of a continuous network. This is similar approach to networking computers being capitalized as one asset as part of intangible assets, but it does mean that the Council do not recognize any separate components for infrastructure assets.

There is currently no de-recognition of previous assets: the assumption is that when works are undertaken it is on assets which have reached the end of their useful life and so they have nil net book value. As such we do not have assurance that the value of infrastructure is not materially misstated.

Audit firms, practitioners, DLUH and CIPFA have been in consultation with regard to this national, sector-side issue and a statutory instrument is expected to come into force as of 25 December, specifically in relation to local government's treatment of infrastructure assets. The wording of this SI is not yet finalised and therefore we are not yet in a position to conclude what further work will be necessary to satisfy ourselves over the accuracy of the Council's infrastructure assets.

2. Financial Statements – new issues and risks

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant deficiencies identified during the year.

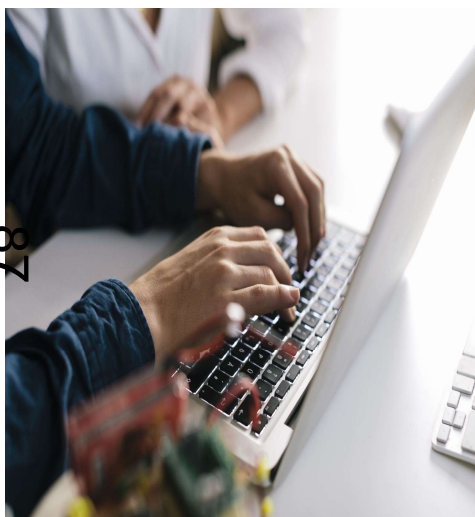
Issue	Commentary	Auditor view
<p>Segregation of duty conflicts within i-Trent and Unit 4</p> <p>Administrative access to i-Trent (via 'LCITC SYSTEM ADMIN') and Unit 4 (via 'AG-SYSTEM' role) has been granted to users who have financial responsibilities. The combination of financial responsibilities with the ability to administer end-user security is considered a segregation of duties conflict. We noted that the following individuals had such elevated permissions:</p> <p><u>i-Trent</u></p> <ul style="list-style-type: none"> • 1 user as Corporate Payments Manager' from the 'Payroll' department. • 3 users as 'Operational Pensions and Payment Officer' from the 'Payroll' department • 1 user as System support and development officer from the 'Payroll' department. <p><u>Unit 4</u></p> <ul style="list-style-type: none"> • 'Finance Systems Technician' from the Finance department. • 'Accountant' from the Finance Team. 	<p>Risks</p> <p>A combination of administration and financial privileges creates a risk that system-enforced internal controls can be bypassed. This could lead to unauthorised changes being made to system parameters, creation of unauthorised accounts, or the deletion of audit logs or disabling logging mechanisms.</p>	<p>This finding is consistent with prior year and we have reported on pages 8 and 9 the impact it has had on our audit approach and the additional steps taken to mitigate the risk.</p> <p>We have rolled forward our recommendations in the action plan, but note that in respect of Unit 4, management accept the risk in place.</p>

2. Financial Statements - other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit & Risk Committee have not been made aware of any incidents in the period other than those which are reported to Committee from the local counter fraud services. Furthermore no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed, though note that our work is still underway as at the time of writing.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation will be requested from the Council on completion of our work. The wording of this letter will be provided at a future Committee, once our work has been concluded.

2. Financial Statements - other communication requirements



Issue	Commentary
Confirmation requests from third parties	<p>We requested from management permission to send confirmation requests to those organisations with which it banks, borrows and in which it invests. This permission was granted and the requests were sent.</p> <p>The majority of these requests have been returned, though 6 investment confirmations are outstanding and are being actively chased.</p>
Accounting practices	<p>We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.</p>
Audit evidence and explanations/ significant difficulties	<p>As noted elsewhere in this report there are several areas where queries remain outstanding, most significantly in relation to the Council's valuation of land and buildings. The valuer responsible for preparing the valuation works two days a week and therefore has limited capacity to address queries raised. We are working with the Council's finance team to progress these issues as quickly as possible, but this is incurring additional audit time and effort.</p>

2. Financial Statements - other communication requirements



Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Issue	Commentary
Going concern	<p data-bbox="871 464 2051 603">In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p data-bbox="871 619 2011 671">Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul data-bbox="871 687 2074 983" style="list-style-type: none"> • the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Council's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p data-bbox="871 999 2051 1137">Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul data-bbox="871 1153 1973 1297" style="list-style-type: none"> • the nature of the Council and the environment in which it operates • the Council's financial reporting framework • the Council's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. <p data-bbox="871 1313 2051 1335">On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul data-bbox="871 1351 2051 1447" style="list-style-type: none"> • a material uncertainty related to going concern has not been identified • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements including the Annual Governance Statement and Narrative Report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified.</p>
<div>88</div> Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. <p>We have nothing to report on these matters but note that as in prior years the Council's AGS is 'light'. While we have concluded it meets requirements the Council should consider enhancing its narrative for future years to more fully explain its governance arrangements, especially in light of governance failures elsewhere in the public sector.</p> <p>We have raised a recommendation in this regard.</p> <p>We also note that the AGS will need to be updated to reflect any changes or emerging issues over the coming months as it is required to comment upon events up to the date that the accounts are authorised for publishing.</p>



3. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Transparency report 2020 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2020)

3. Independence and ethics

Audit and 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 following non-audit services were identified, which were charged from the beginning of the financial year to November 2022, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats	Safeguards
Audit related*			
Certification of 2020/21 Teachers' Pension Return (November 2021)	5,550	For these three audit-related services, we consider that the following perceived threats may apply:	The level of this recurring fees taken on their own are not significant in comparison to the confirmed scale fee for the audit of £118,884 (AuditorDirectoryforWebsite2021-2022_3-February-2022.xlsx (live.com)) and in particular relative to Grant Thornton UK LLP's turnover overall. Further, each is a fixed fee and there is no contingent element to any of them. These factors mitigate the perceived self-interest threat to an acceptable level.
61 Certification of 2020/21 Housing Benefits subsidy (June 2021 – January 2022)	54,000	<ul style="list-style-type: none"> Self-interest (because these are recurring fees) 	Our team have no involvement in the preparation of the relevant form which is certified, and we do not expect material misstatements in the financial statements to arise from the performance of the certification work. Although related income and expenditure is included within the financial statements, the work required in respect of certification is separate from the work required to audit the financial statements.
Certification of 2020/21 Housing capital receipts (January – February 2022)	5,075	<ul style="list-style-type: none"> Self review Management 	The scope of the work does not include making decisions on behalf of management or recommending or suggesting a particular course of action for management to follow. Our team perform these engagement sin line with set instructions and reporting frameworks. Any amendments made as a result of our work are the responsibility of informed management.
There were no non-audit related services			

* Current year proposals for these audit-related services are £7,500, £62,000 and £6,000 respectively. Time frames are expected to be similar to those seen in 2020/21.

3. Independence and ethics

Audit and non-audit service

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit service was identified, which has been charged from the beginning of the financial year to November 2022, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats identified	Safeguards
Audit related			
CFO insights	12,500 (per annum for 3 years)	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is anticipated to be £12,500 in comparison to the total fee for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self-review (because GT provides audit services)	To mitigate against the self review threat , the work is undertaken by a team independent of the audit team. The audit will consider the accounting treatment of the payments made and this is not part of CFOi service. There is not considered to be a significant self-review threat.

CFO Insights is an online software service offering from Grant Thornton UK LLP that enables users to rapidly analyse, segment and visualise all the key data relating to the financial performance of a local authority. The financial data, revenue outturn and budget data for the current year and the previous year (and in time up to 10 years), is provided by CIPFA and the socio-economic data is drawn from Place Analytics. The data is contextualised using a range of socio-economic indicators enabling a local authority to understand its relative performance.

It is reported to you here, as the Council has taken out a subscription to this service for three years at £12,500 annually.

These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. The service is not subject to contingent fees.

Appendices

A. Action plan – Audit of Financial Statements

We have identified 2 recommendations for the Council as a result of issues identified during the course of our audit to date and have rolled forward a further 2 from prior year. We may identify further opportunities for improvement as we conclude our work. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2021/22 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
High	<p>Segregation of duty conflicts within i-Trent and Unit 4</p> <p>Administrative access to i-Trent (via 'LCITC SYSTEM ADMIN') and Unit 4 (via 'AG-SYSTEM' role) has been granted to users who have the ability to enter financial transactions. The combination of this and the ability to administer end-user security is considered a segregation of duties conflict. We noted that the following individuals had such elevated permissions:</p> <p>i-Trent</p> <ul style="list-style-type: none"> 1 user as Corporate Payments Manager' from the 'Payroll' department. 3 users as 'Operational Pensions and Payment Officer' from the 'Payroll' department <p>1 user as System support and development officer from the 'Payroll' department.</p> <p>Unit 4</p> <ul style="list-style-type: none"> 'Finance Systems Technician' from the Finance department. 'Accountant' from the Finance Team. <p>Risks</p> <p>A combination of administration and financial privileges creates a risk that system-enforced internal controls can be bypassed. This could lead to unauthorised changes being made to system parameters, creation of unauthorised accounts, or the deletion of audit logs or disabling logging mechanisms.</p>	<p>It is recommended that:</p> <ul style="list-style-type: none"> Management should consider reviewing access rights assigned to all system users to identify and remove conflicting access rights. Management should adopt a risk-based approach to create and reassess the segregation of duty matrices on a periodic basis. This should consider whether the matrices continue to be appropriate or required updating to reflect changes within the business. If incompatible business functions are granted to users due to organisational size constraints, management should ensure that there are review procedures in place to monitor activities [e.g. reviewing system reports of detailed transactions; selecting transactions for review of supporting documents; etc. <p>Management response</p> <p><u>i-Trent</u></p> <p>A review of the rights assigned to the Admin role will be undertaken and duties segregated where possible.</p> <p><u>Unit 4</u></p> <p>The users in question need the access they have been given, in order to facilitate the smooth running of systems and processes that the Council has in place.</p>

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

A. Action plan – Audit of Financial Statements

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Assessment	Issue and risk	Recommendations
High ●	Valuation process of other land and buildings While our work on the valuation process is still underway at the time of writing, we have identified two errors from the work done to date. Therefore, we do not consider this recommendation to be fully addressed and have rolled this recommendation forward into this year's Action Plan, amending it accordingly to reflect the particular errors identified in the current year.	It is recommended that officers and the valuer ensure that the information used in the valuation process is the most up to date and in line with relevant guidance. We also recommend that the valuer documents robustly and in detail, the rationale behind assumptions applied as the valuations are produced, to ensure that an audit trail is readily available. Management response [...]
Medium ●	Annual Governance Statement We consider the Council's Annual Governance Statement to be 'light' in comparison to other examples we see in the sector. While we have concluded it meets requirements the Council should consider enhancing its narrative for future years to more fully explain its governance arrangements, especially in light of governance failures elsewhere in the public sector.	We recommend that the Council consider enhancing its Annual Governance Statement to provide greater detail on how it ensures that its governance arrangements in place are appropriate and adequate and are functioning effectively. Management response [...]
Low ●	Terms of Engagement with valuers responsible for valuing Council Dwellings We noted that, overall, the terms of engagement outlining the scope of works of the portfolio of properties by the Council's valuer is deemed satisfactory as at the valuation date of 31st March 2022 but could be improved in two aspects: <ul style="list-style-type: none"> the information to be relied upon by the Valuer is not set out in any detail; and it is unclear whether any special assumptions will be included. 	We recommend that these missing aspects are included in the Terms of Engagement in the future. Management response [...]

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

B. Follow up of prior year recommendations

We identified the following issues in the audit of Leicester City Council's 2020/21 financial statements, which resulted in 3 recommendations being reported in our 2020/21 Audit Findings report. We have followed up on the implementation of our recommendations and note 2 require continuing action.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
x	<p>Segregation of duty conflicts within i-Trent and Unit-4</p> <p>Administrative access to i-Trent and Unit 4 had been granted to users who have the ability to enter financial transactions.</p> <p>The combination of this with the ability to administer end-user security is considered a segregation of duties conflict. It increases the risk of these elevated privileges being used to make unauthorised changes to the application, business processes or user accounts by over-riding internal system controls, which could lead to fraud and/or financial misstatement.</p>	<p>The update to this finding for the current year instead on page 17. While the Council accept the risk in relation to Unit-4 there is action required in relation to i-Trent. This is set out within the Action Plan on page 26.</p>
x	<p>Valuation Process</p> <p>It is recommended that officers and the valuer ensure that the information used in the valuation process is the most up to date. We also recommend that the valuer documents the rationale behind assumptions applied as the valuations are produced, to ensure that an audit trail is readily available.</p> <p>Secondly, we recommend that officers are reminded of the need to notify finance such that any changes to the status of assets, such as them being demolished, or in the case of a capital project, when it's aborted, such that the appropriate financial amendments can be made.</p>	<p>While our work on the valuation process is still underway at the time of writing, we have identified two errors from the work done to date.</p> <p>Therefore, we do not consider this recommendation to be fully addressed and have rolled this recommendation forward into this year's Action Plan. Upon conclusion of our work we will refine our recommendation to reflect the particular errors identified in the current year.</p>
✓	<p>Useful economic lives of assets</p> <p>From review of the Council's fixed asset register, we have identified that there are 880 assets with a gross book value of £35.8m which have no remaining useful economic life.</p> <p>The net book value of these assets is £nil, so they have no impact on the financial statements, however this may be indicative that either there are assets in the fixed asset register that no longer belong to the Council, or the useful economic lives assigned to these assets were not appropriate.</p> <p>We recommended that the Council review assets with on useful economic life remaining and take action as appropriate based on their findings.</p>	<p>The finance team have investigated the issue with colleagues in order to address our recommendation and have identified disposals of £26m which have been written out of the accounts.</p> <p>This finding is considered to be addressed though we would expect the Council to continue undertaking review of such assets so that the fixed asset register reflects the most up to date position each year.</p>

Assessment

✓ Action completed

x Not yet addressed

C. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2022.

These are the adjustments as at the time of writing, and will be updated as our work concludes.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £'000	Impact on total net expenditure £'000
Incorrect formulae in fixed asset register There is a difference of £5.216m between the valuation report and the entries processed in note 15 of the financial statements due to an incorrect formula in the fixed asset register in relation to a single asset, whereby the net book value of the asset was overstated by £5.216m in the asset register as the revaluations had not been processed correctly. The value of Property, Plant and Equipment in the balance sheet is therefore overstated for other land and buildings by £5.216m. There are corresponding impacts to the comprehensive income and expenditure restatements of £3.413m and to the revaluation reserve of £1.803m. There is no impact to the general fund as a result of this adjustment.	3,413	5,216	3,413
Spreadsheet error An asset had been mistakenly input into the valuation spreadsheet with a valuation of £11.2m rather than £6.4m leading to an overstatement of £5.2m.	-	5,200	-
Overall impact	£3,413	£10,416	£3,413

C. Audit Adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Auditor recommendations	Adjusted?
<p><u>Investing Activities</u></p> <p>Note 28 to the accounts is a note to the cash flow statement analysing investment activities. The figures pertaining to the purchase and proceeds of short and long-term investments are significant (for both prior year and current year). We queried as to whether some of these transactions might actually be cash and cash equivalents. Upon further investigation it was determined that this was indeed the case as some of this balance included transactions pertaining to money market funds (MMF), which are accounted for as cash and cash equivalents.</p> <p>This classification means that they should not be shown as part of investing activities within the cashflow statement, and therefore the relevant lines from within Note 28 should be amended to remove the effect of the MMF-related activity.</p>	<p>For 2021-22 the purchase of short-term and long-term investments changes from £872.9m to £170m, and proceeds from short-term and long-term investments changes from £877.9m to £175.0m.</p> <p>For 2021-21 the purchase of short-term and long-term investments changes from £700.9m to £138m, and proceeds from short-term and long-term investments changes from £732.9m to £170.0m.</p> <p>Under IAS8 Accounting Policies, Changes in Accounting Estimates and Errors, there will need to be narrative added to the note explain the changes to the prior year figures, and that this will include:</p> <ul style="list-style-type: none"> the nature of the prior period error for each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected the amount of the correction at the beginning of the earliest prior period presented; and, if retrospective restatement is impracticable, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected - not considered to be applicable in this instance as not impracticable. 	TBC
<p><u>Financial instruments</u></p> <p>Notes within Note 18 have been updated as they did not reflect financial instruments which were long- and short-term debtors or short-term creditors.</p> <p>This also has an impact on the comparative figures.</p>	<p>As well as the adjustments to the note (which are material, as they now for instance refer to long term debtors of £13.0m, short term debtors of £78.0m and short-term creditors of £207.1m for 2021/22, there will need to be an equivalent disclosure to comply with IAS8 as noted above in respect of investing activities as the figures for 2020/21 also require updating.</p>	TBC
<p><u>Pooled Budgets</u></p> <p>Gross income and expenditure for partner bodies has been incorrectly shown in the Council's I&E for ICELS. As the Council is acting as an agent on the partner bodies behalf, the gross income and expenditure should be excluded. This results in £5.9m of gross expenditure being incorrectly included and £5.9m of gross income being incorrectly included.</p>	<p>As well as the correction to the figures disclosed, we have asked the Council to expand the narrative in relation to its pooled budget schemes so that the arrangements of each scheme are more clearly set out.</p>	TBC
<p><u>Audit Fees</u></p>	<p>Disclosure in financial statements needs to be updated to reflect proposed fees.</p>	TBC

C. Audit Adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2021/22 audit which have not been made within the final set of financial statements. The Audit and Risk Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
None identified to date, but kept open pending conclusion of audit	TBC	TBC	TBC	TBC
Overall impact	£TBC	£TBC	£TBC	

Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2020/21 financial statements. We are satisfied that these adjustments are still not required as they are not material in respect of 2020/21 and their impact has been superseded for 2021/22 through revised valuations.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
To correct the valuation of:		-£1.2m		
• Braunstone Leisure Centre		£1.6m		
• Haymarket Car Park	-	-£0.8m	-	Not material
• Forest Lodge Education Centre		-£0.7m		
• Soar Valley College				
Overall impact	£-	£1.0m	£-	

D. Fees

We are unable to confirm our final fees charged for the audit as the work is still underway. Our proposed fees per our plan are set out below:

Audit fees	Proposed fee	Final fee
Council Audit	173,447	TBC
Total audit fees (excluding VAT)	£173,447	£TBC
Non-audit fees for other services	Proposed fee	Final fee
Audit related services (page 23)	75,500	TBC
Non-audit related services (page 24)	12,500	12,500
Total non-audit fees (excluding VAT)	£88,000	£TBC

The fees do not reconcile to the financial statements as shown in the excerpt from the draft financial statements below.

As noted on page 30 this note will be updated when the financial statements are finalised.

Note 33 External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors:

	2020/21	2021/22
	£000	£000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	148	148
Fees payable for the certification of grant claims and returns for the year	54	54
Fees payable in respect of other services provided during the year	11	11
Total	213	213





Review of the Anti-Fraud, Bribery and Corruption Policy 2022-25

Audit & Risk Committee

Date of committee meeting: 22 November 2022

Lead director: Director of Finance

Useful information

- Report author: Stuart Limb (Corporate Investigations Manager)
- Author contact details: 0116 454 2615 / 37 2615 stuart.limb@leicester.gov.uk
- Report version 6

1. Purpose of report

- 1.1 The purpose of this report is to request the Audit and Risk Committee to review and approve the Council's Anti- Fraud, Bribery and Corruption Policy 2022- 25.

2. RECOMMENDATIONS

- 2.1 The Audit and Risk Committee is recommended to:

- a) note and comment on the report as it deems appropriate; and
- b) approve the Anti-Fraud, Bribery and Corruption Policy 2022-25.

3. BACKGROUND

- 3.1 Preventing fraud is an integral part of ensuring that tax-payers' money is used to protect resources for our services. The cost of fraud to local government is estimated at £2.2 billion a year. This is money that can be better used to support the delivery of front-line services and make savings for taxpayers.

Leicester City Council is totally committed to maintaining a zero tolerance towards fraud, bribery, and corruption and to the prevention, deterrence, detection and the investigation of all forms of fraud, bribery and corruption affecting its activities. The Council is committed to the highest possible standards of openness and probity and accountability. This is reflected in the council's core organisational values, which state that we will work with integrity, openness and honesty. Our standards of conduct are based on trust, respect, fairness, and honesty, sincerity, and equality.

The Anti-fraud, Bribery and Corruption policy sets out the key principles and approaches to counter fraud and corruption. Alongside the whistleblowing policy and new anti-money money laundering policy, they comprise a suite of policies and procedures that together form the counter fraud strategy for Leicester City Council.

- 3.2 The policy was last presented to the Audit and Risk Committee in September 2019. No updates were proposed during time.

The Anti-Fraud, Bribery and Corruption Policy 2022-25 for approval is included as Appendix 1.

4. REVIEW OF THE CURRENT POLICY

- 4.1 The Committee formally reviews this policy every three years. A review should ensure the policy is aligned to current council values, reflective of any relevant legislative change and good practise. Any relevant legislative changes or circumstances may warrant an earlier review between the formal review periods, which would mean the policy would return to the Committee for review outside of this timeframe.
- 4.2 The policy has been reviewed to include:
- Updated index to align with the content of the policy
 - Updated the Policy to apply to maintained schools
 - Reference to Constitution as this includes Members' Code of Conduct, financial procedure rules, contract procedure rules, etc.
 - Include a clearer explanation of the responsibility for managers to complete a Fraud Risk Assessment
 - Include the pursuit and possible consequences of and potential for the recovery of misappropriated funds / equipment (Loss Recovery Strategy)

5. THE POLICY IN PRACTICE

- 5.1 The policy identifies the need to embed combatting the risk of fraud and corruption, including bribery, into the culture of the organisation. The prevention, detection and investigation of financial irregularities including fraud and corruption (which may involve bribery) are an important activity for local authorities. The Corporate Investigations Team considers cases of suspected fraud and irregularity such as:
- Council Tax Support and discounts
 - Blue Badge fraud
 - School place allocations
 - Council Tax Energy Rebate
 - Household Support Grant
 - Empty residential properties to validate empty council tax discounts
 - Right to Buy applications
 - Council House Tenancies to minimise the risk of fraud.
- 5.2 Managers and employees are provided with advice and training to ensure that they consider ways to minimise the risks of fraud, bribery, and corruption as part of their day- to-day duties.
- 5.3 Proactive measures must be taken by services and officers to minimise the risk of fraud, bribery, and corruption, these instil assurance and confidence the public purse is being protected. Some measures include:
- Scheme declarations
 - Policy review
 - Service risk assessments
 - On the job observations

- Quality checks
- Publication of the policies
- Publication to zero tolerance towards fraud, bribery, and corruption and to the prevention, deterrence, detection and the investigation of all forms of fraud, bribery and corruption

Guidance on this and further advice for managers is provided in documentation supporting the Policy as well as from the Corporate Investigations Team.

5.4 Public reporting of fraud, bribery, and corruption is encouraged.

5.5 The Council funds a Corporate Investigations team who support services to deliver the Counter Fraud Strategy for Leicester City Council.

5.6 Key performance indicators of the effectiveness of the policy are:

1. The number of suspicions of fraud identified by, or referred to, the Corporate Investigations Team.
2. The number of cases investigated in which fraud or corruption is proven.
3. The value of amounts misappropriated (of all kinds including employee time), both in absolute terms and as a proportion of the Council's annual budget.
4. Periodic surveys by the Corporate Investigations Team to ascertain the level of management's awareness of fraud, bribery and corruption.
5. The number of employees disciplined for offences involving fraud, bribery or corruption.

The HOS receive a minimum of 8 KPI reports throughout the year.

The Audit & Risk Committee are kept informed of KPIs through the annual and mid-year Corporate Fraud report. Consideration is being given to the introduction of a periodic surveys to ascertain the level of management's awareness of fraud, bribery and corruption.

5.7 In addition to undertaking specific referral and targeted investigations, the team co-ordinates the National Fraud Initiative (NFI) data matching exercise and measures and assess the risk of fraud and corruption and exception reporting using council systems, e.g. exception reporting of payroll data may identify individuals who regularly receive amounts more than their contracted salary, indicating potential excessive amounts of overtime. Such reports may also reveal excessive expense claims or processing errors.

5.8 The Corporate Investigations Team has produced an e-learning package which provides online training to assist staff in understanding the risk of Fraud, Corruption and Bribery. The training is mandatory for all new members of staff, work is ongoing to roll the training out to all existing member of staff and will be supported by annual refresher training.

5.9 To support the promotion of the policy the Corporate Investigations Team intranet pages provide support to services and officers alike, has a link to the latest version of:

- Anti-fraud, bribery and corruption policy
- Whistleblowing Policy
- Anti-Money laundering policy (once approved)
- And a link to book an eLearning session

6 Financial, legal and other implications

6.1 Financial implications

There are no direct financial implications arising from this report. However, theft, fraud and corruption, including bribery, are all offences of a financial nature and can cause significant financial loss to the Council.

Colin Sharpe, Deputy Director of Finance

6.2 Legal implications

The Bribery Act 2010 applies to the Council and/or senior Council personnel (Officers and/or Members) to the extent that it is covered by the offences of bribing another person, being bribed and bribing a foreign public official. Council Officers could be liable for offences committed with their 'consent or connivance'

In addition, to the extent that it engages in commercial activities, the Council (and any company established by it) is also covered by an offence of failure to prevent bribery (subject to the defence that is available). A defence is available in respect of the offence of failing to prevent bribery if the Council (or company) can show that it had in place adequate procedures designed to prevent persons associated with the Council from undertaking such conduct (bribery).

When reviewing the Policy and the procedures underpinning it, Committee should satisfy itself that the Council is complying with the 6 Key Principles set out in the Policy and that it is doing all it can to prevent persons associated with it from committing acts of fraud, bribery or corruption

The Report recommends undertaking further reviews of the Policy on 3 yearly cycles; however this should be subject to any changes in legislation or guidance. A review may also be appropriate in response to a major incident or an adverse risk assessment.

Kamal Adatia, City Barrister & Head of Standards.

6.3 Climate Change and Carbon Reduction implications

There are no significant climate change implications arising from the attached report.

Aidan Davis, Sustainability Officer, Ext 37 2284

6.4 Equalities Implications

Sound systems of public accountability are vital to effective management and in maintaining public confidence. The minimisation of losses to fraud and corruption is essential for ensuring that public resources are used for their intended purpose of providing services to its local residents.

There are no significant equality implications arising out of the report.

The continuing success of the council's Anti-Fraud, Corruption and Bribery Policy will depend largely on the effectiveness of the programmed training and responsiveness of staff throughout the organisation and through publication, it is therefore important that this is accessible.

Surinder Singh, Equalities Officer

7. **BACKGROUND PAPERS – LOCAL GOVERNMENT ACT 1972**

None

Leicester City Council

Anti-Fraud, Bribery and Corruption Policy

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Policy statement

Preventing fraud is an integral part of ensuring that tax-payers money is used to protect resources for our services. The cost of fraud to local government is estimated at £2.2 billion a year. This is money that can be better used to support the delivery of our front- line services and make savings for our tax-payers.

Leicester City Council is totally committed to maintaining a zero tolerance towards fraud, bribery and corruption and to the prevention, deterrence, detection and the investigation of all forms of fraud, bribery and corruption affecting its activities.

Aims of the policy

This policy sets the standard and makes clear the council's zero tolerance against fraud, bribery, and corruption and that ALL cases will be investigated thoroughly and dealt with in the appropriate manner.

Who this policy applies to

This policy applies equally to the City Mayor, Members and officers, agency staff, consultants, those contracted to deliver services for or on behalf of the Council and agents of the Council as well as to third parties including members of the public and third-party organisations.

Introduction

Leicester City Council has a responsibility for the provision of effective and efficient services to clients and to ensure the protection of the public purse. The Council recognises that failure to implement effective anti-fraud measures can undermine the standards of our public services.

The council does not, and will not, engage indirectly in or otherwise encourage bribery, nor does it wish to be associated with any organisations that does or has done so. This extends to all third parties whether such conduct is associated with business on behalf of the Council or not.

The Council will not commit the offence of failing to prevent bribery, providing that we can show that we have adequate procedures in place to prevent bribery. We provide adequate investigative resources to support managers to deter detect and prevent fraud, bribery and corruption.

In an effort to establish and promote a culture of integrity, openness and honesty in the conduct of the Council's business, thereby reducing levels of fraud, bribery, corruption and financial irregularity, the council follows the key six principles as set out in the Bribery Act 2010.

Proportionate Procedures

Adequate bribery prevention procedures are proportionate to the bribery risks that the council faces.

The procedures & policies of the council are put in place to prevent bribery and are designed to mitigate identified risks as well as to prevent deliberate unethical conduct on the part of associated persons.

Top Level Commitment

Continued support from the Senior Managers fosters a culture of integrity where bribery is unacceptable. With this support from members and directors we can promote a zero-tolerance culture and ensure that we make sure that our staff understand that bribery is not tolerated and to take the necessary action to address any risks.

Risk Assessment

Risk management is all about managing the council's threats and opportunities. By managing the council's threats effectively, we will be in a stronger position to deliver the council's objectives. It is acknowledged that 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 obligations but expects that these are properly identified and managed. By managing these opportunities in a structured process, the council will be in a better position to provide improved services and better value for money.

The council will undertake to: -

1. Identify, manage and act on opportunities as well as risks to enable the council to achieve its objectives and integrate risk management into the culture and day to day working of the council.
2. Manage risks in accordance with best practices and comply with statutory requirements.
3. Ensure that a systematic approach to risk management is adopted as part of Service Planning and Performance Management.
4. Anticipate and respond to changing social, environmental and legislative requirements.
5. Keep up to date and develop our processes for the identification/management of risk.
6. Have in place a defined outline of individual roles and responsibilities.
7. Raise awareness of the need for risk management to those involved in developing the council's policies and delivering services.
8. Demonstrate the benefits of effective risk management by:
 - Cohesive leadership and improved management controls;
 - Improved resource management – people, time, and assets;
 - Improved efficiency and effectiveness in service and project delivery;
 - Better protection of employees, residents and others from harm;
 - Reduction in losses leading to lower insurance premiums; and,
 - Improved reputation for the council
9. Ensure risk assessments (identification of, and plans to manage, risk) are an integral part of all plans and proposals to the Executive, Corporate Management Board and Strategic Directors.

10. Recognise that it is not always possible, nor desirable, to eliminate risk entirely, and so have a comprehensive insurance programme that protects the council from significant financial loss following damage or loss of its assets.

Due Diligence

We need to know exactly who we deal within the council and to protect our organisation from taking on people who are less trustworthy.

The council conducts Due Diligence on all third parties that they form a partnership with. It is encouraged that if there are any material changes to the business or relationship, Due Diligence is re-evaluated to ascertain if the relationship and its risk level have changed.

Communication (including training)

The council seeks to ensure that its bribery prevention policies and procedures are embedded and understood throughout the organisation through internal, including training, that is proportionate to the risks it faces.

The council will ensure that all levels of employees are aware of this policy via the internal processes.

We ensure that fraud and bribery and awareness training is conducted with new staff, existing and members.

Monitoring and Review

We face the risk of the effectiveness of our procedures and these may change over time. We will measure the level of fraud and corruption across the Council and introduce and maintain measures ensuring that policies and procedures are kept up to date with any changes in the bribery risk by utilising the full range of integrated actions available to prevent, detect, sanction and seek redress for fraud, bribery and corruption.

We ensure that policies and procedures designed to prevent and deter fraud; bribery and corruption are adopted and consistently implemented across the Council.

For the purposes of this policy fraud, bribery and corruption are defined as follows:

Fraud – dishonestly making a false representation, failing to disclose information which there is a legal duty to disclose or abuse of position to make a gain for their self or another, or to cause loss to another or to expose another to a risk of loss.

Bribery - giving someone a financial or other advantage to encourage that person to perform their functions or activities improperly or to reward that person for having already done so.

Corruption - Forms of corruption vary, but include bribery, extortion, patronage and embezzlement. By its nature corruption can be difficult to

detect as it usually involves two or more people entering into a secret agreement.

The Fraud Act 2006

The act defines fraud as being committed in three main ways:

Fraud by false representation

A person commits an offence when they dishonestly make a false representation and intends by making:

- A gain for himself or another
- Cause loss to another person
- Expose another to a risk

Fraud by failing to disclose information

The offence is committed where a person is dishonestly fails to disclose information where there is a legal duty and intends to do this by making:

- A gain for himself or another person
- To cause a loss or expose another to the risk of a loss

Fraud by abuse of position

This offence is intended to prevent the dishonest abuse of those in a position who are considered being in a role of trust and safeguarding and not acting against the council financial interests and intends to abuse the position by:

- Making a gain for himself or another
- To cause a loss or expose another to the risk of a loss

The following actions could constitute a fraud or corruption may include and is not limited to:

- Forging or altering council documents or accounts
- Forging or altering cheques, bank drafts or any other financial documents
- Misappropriation of funds or other assets
- Receiving a financial gain from releasing inside knowledge or council activities
- Disclosing confidential information to outside parties
- Failure to declare an interest
- Giving and receiving of high-end Gifts and Hospitality during tenders or new business ventures and contracts

The Bribery Act 2010

Criminal

The introduction of this new corporate criminal offence places a burden of proof on companies to show they have adequate procedures in place to prevent bribery. The Bribery Act also provides strict penalties for active and passive bribery by individuals as well as companies.

Individuals found guilty can face an unlimited fine and imprisonment up to ten years. Where Leicester City Council itself is found guilty of any of the key offence then the penalty is an unlimited fine.

An employee of the council who performs the function or activity and is in a position of trust, even if it has no connection with the United Kingdom and is performed in a country or territory outside the United Kingdom can still be prosecuted under this legislation.

Basic Definitions of Bribery:

- To secure or keep a contract
- To secure an order
- Gain an advantage over a competitor
- Giving of facilitation payments to government officials

Section 1 of Bribery Act 2010

General Offence of offering, promising and giving

Section 2 of Bribery Act 2010

Agreeing, Receiving and Accepting

Function or activity to which bribe relates

Any function of a public nature,
Any activity connected with a business,
Any activity performed during a person's employment
Any activity that is expected to perform in good faith.
Performing a function or activity that is expected to perform it impartially.

Section 6 creates an offence relating to the bribery of a *foreign public official*. The definition applies to individuals who hold a position or exercise a public function.

Common examples include:

- Government ministers and civil servants
- Local government members and officials
- Police
- Security agencies such as immigration and border controls

Facilitation Payment

The definition of a facilitation payment is one where a payment is made to a public official intended to secure an official action. These types of payments are a form of bribery that may also be referred to as 'kickbacks' and 'backhanders'

Section 7

This section creates the corporate liability for failing to prevent bribery on behalf of the organisation. The council will be liable to prosecution if a person associated with it bribes another person intending to obtain or retain business or an advantage in the

conduct of business for that organisation. The council will have a full defence if it can show that despite a case of bribery it nevertheless had adequate procedures in place to prevent persons associated with it from bribing.

Please note: **The timing of gifts & hospitality is most relevant shortly before, after or during a tendering process and is inappropriate as this can be construed as a bribe, offered with the intention to 'close a deal'. Therefore, staff should not accept any during this process.**

Summary of Gifts & Hospitality

All employees must not receive any reward or fee other than their proper remuneration. As a rule, you should tactfully refuse offers of gifts, hospitality or services from organisations or persons who do, or might, provide work, goods or services to the City Council or who require a decision from the City Council and/or within the tender process.

The full guidance can be found at 7.7 in the Code of Conduct for council employees.

The giving and receiving of cash are prohibited.

It is of vital importance that the possibility of you being deemed by others to have been influenced in making a business decision, because of accepting such hospitality, should be avoided at all costs, for your own protection.

All interests you may have must be declared to your line manager by recording them on MyView. If you are unable to access My View a 'Register of Interests form' can be obtained from your line manager and returned to the Employment Services Centre.

Responsibilities

Human Resources

Whilst most individuals appointed into positions within the council are on their own merit and experience, HR are responsible for ensure that all staff are screened and made aware of their responsibility and contractual obligations in relation to anti-fraud, bribery and corruption policies and procedures.

The council has in place a Contra Indicator Risk Assessment Process – Criminal Record Information policy that must be adhered to.

All applicants are required to complete an application form and must declare any criminal convictions. It is a requirement that the council conducts a police check under the Disclosure and Barring Service (DBS).

Further information can be found on this policy under HR Policies.

All Staff

Failing to prevent bribery is an offence on its own, so ALL staff have a requirement to report any suspicious fraud, theft, bribery or corruption. The penalties for not reporting a bribe are of the same level of receiving and giving of a bribe.

It is important that employees do not try to handle the issue themselves.

Poorly managed investigations or improper interference could potentially disrupt prospective criminal investigations/prosecutions. There are several procedures which must be followed.

The council encourages all staff to report any suspicious activities and will be treated seriously and in confidence and will protect those who have done so (even if the suspicion is unfounded and not made maliciously.) This is set out in the Whistleblowing policy.

Management

Managers are in the best position to promote and encourage the reporting of all suspicious activity and provide support to employees.

Managers are responsible for maintaining their own internal controls and identify risks that are exposed and conduct risk assessments where required and all controls are being complied with.

Internal Audit

The function of Internal Audit has been delegated to Leicestershire County Council and as an independent and objective service is there to help the city council achieve its objectives by providing assurance on the management of its risks.

They see how well the procedures and controls in place within the system or process prevent the risk occurring or lessen its potential impact. They do this by testing to see whether the procedures are operating effectively. They report to managers and Members on whether risks have been identified and whether they are being well managed.

Corporate Investigation Team

The Corporate Investigation Team can and will conduct criminal investigations of any internal and external allegation when it is deemed applicable. This is achieved through criminal and/or civil courts. The council will also look to take the appropriate actions of the retrieval of any goods or money.

Avenues for reporting any suspicious activity.

You can report your concerns in several ways:

- Contacting Corporate Investigations directly by means of email to the Investigation mailbox or contacting us directly on 0116 454 6490
- Using the Whistleblowing line. This procedure is set out in the council policy.
- Reporting to their line manager or the most appropriate employee.

Detecting

The council has in place numerous measures in detecting and preventing fraud, bribery and corruption. The CIT coordinates the National Fraud Initiative (NFI) data matching exercise which is a mandatory exercise as required by the Cabinet Office. The NFI measures and assesses the risk of fraud and corruption using council systems, e.g. exception reporting of payroll data may identify individuals who regularly receive amounts more than their contracted salary, indicating potential excessive amounts of overtime and expenses.

The council is currently leading a group of 10 Local Authorities in a project funded by the Department for Communities and Local Government (DCLG) to identify, isolate multiple potential frauds being committed against members in other Local Authorities by verifying applications and to identify potential irregularities. This project looks to share best practice and create a single intelligence hub which will hold hundreds of thousands of records which can be interrogated.

All other irregularities, including those reported via the Whistleblowing process will be investigated by the Corporate Investigation Team.

Whistleblowing

Leicester City Council is committed to conducting its business with honesty and integrity and it expects all staff to maintain high standards of conduct. All organisations, however, face the risk of things going wrong from time to time, or of unknowingly harbouring illegal or unethical conduct. A culture of openness and accountability is essential to prevent such situations occurring or to address them when they do occur.

The whistleblowing policy sets out the parameters of reporting any illegal and unethical conduct

The staff is encouraged to report suspected wrongdoing as soon as possible, in the knowledge that their concerns will be taken seriously and investigated as appropriate and that their confidentiality will be respected.

Management are to reassure staff that they should be able to raise genuine concerns without fear of reprisals, even if they turn out to be mistaken.

The whistleblowing policy however is NOT to be used to raise concerns with personal circumstances, such as the way staff member is treated at work or if they have a grievance against another member of staff.

If a member of staff prefers not to approach their manager, staff can report their concerns directly with the Monitoring Officer.

- External disclosure – The law recognises that in some circumstances it may be appropriate for you to report your concerns to an external body such as a regulator. It will very rarely if ever appropriate to alert the media.

Courses of Action

Under their work section 7.4 of the City Council's Finance Procedure Rules, the Corporate Investigation Team always have authority and access to:

- Any City Council property
- Access to all data, records, documents and correspondence relating to any financial or any other activity of the City Council.
- Access to any assets of the City Council
- Require from any member, employee, agent, partner, contractor or persons engaged in City Council business any necessary information and explanation.

Disciplinary

The Corporate Investigations Team will make recommendations of disciplinary action as and when it is required to do so.

Prosecution

The Corporate Investigation Team can and will conduct criminal investigations of any internal and external allegation when it is deemed applicable. This is achieved through criminal and/or civil courts

Consequences

Failing to comply and prevent under the Bribery Act 2010 could result in an unlimited fine or imprisonment for an individual and for the council, an unlimited fine.

Failure to adhere to the internal policies and procedures may lead to gross misconduct and the dismissal of the employee. In all cases of financial loss the council will seek recovery in full.

Desired outcomes of the policy

- A high profile and awareness of fraud, bribery and corruption throughout the Council.
- Greater management awareness of the risk of fraud, bribery and corruption.
- Improved management controls arising from better risk assessments.
- Improved compliance with Council policy, procedures and practices, for example Finance Procedure Rules and Contract Procedure Rules as evidenced by on-going management monitoring, Internal Audit reviews and the level identified fraud and irregularity.

Measuring success

The following indicators will be used to monitor the effectiveness of the Anti- Fraud and Corruption Policy and Strategy:

- The number of suspicions of fraud identified by, or referred to, the Corporate Investigations Team.
- The number of cases investigated in which fraud or corruption is proven.
- The value of amounts misappropriated (of all kinds including employee time), both in absolute terms and as a proportion of the Council's annual budget.
- The number of employees disciplined for offences involving fraud, bribery or corruption

Review & monitoring of the Policy

The revisions to the anti-fraud, bribery and corruption policy and the guidance on managing this policy are held with the Audit and Risk Committee.

However, the onus lies with Managers to ensure that they have in place processes that place sufficient measures to ensure compliance with the Bribery Act.

Conclusion

The council is committed to the high profile and awareness of fraud, bribery and corruption. Improved compliance within Council policies and practices, for example Finance Procedure Rules and Contract Procedure Rules, as evidenced by on-going management monitoring, Internal Audit reviews and the level of identified fraud and irregularity and promote its zero tolerance on fraud, bribery and corruption.

Appendix 1

Managing the Risk of Fraud and Bribery

Comprehensive advice on managing risk is available on INSITE. This guidance is intended to help Directors and managers manage the risk of fraud and bribery so avoiding the loss of public funds, the risk of prosecution and reputational damage.

1. Identify the risk

- Do you or your team handle cash?
- Do you or your team award contracts, procure goods or services, approve grants, deal with schools' admissions, grant licenses, allocate tenancies, approve planning applications, have access to payroll, Housing Benefit and other payment systems?
- Are there any areas within your work area that may face the risk of bribery?

2. Assess the risk

- What is the likelihood of fraud or bribery occurring?
- What would be the impact if it did happen – what losses would the Authority suffer and what consequences might the Authority face?

3. Manage the risk

There are four options available to you once you have completed the steps above.

- Tolerate the risk, in other words accept it
- Treat the risk, take steps to introduce controls to prevent or deter fraud or bribery, and measures to ensure that any fraud or bribery committed is swiftly identified, including those responsible
- Transfer the risk
- Terminate the risk

4. Monitor the Risk

- Have you implemented the chosen control measures? Are the controls working?
- Are there any new problems?

5. Reviewing and Reporting

- All information relating to the identified risk should be recorded on a risk assessment form or risk register and a named individual should be identified who will be responsible for introducing, implementing and managing the effectiveness of each control measure.

Appendix 2

Gifts and Hospitality

[Register an interest - Your Details - Section 1 - Dash \(achieveservice.com\)](#)

Disciplinary

<https://leicestercitycouncil.sharepoint.com/sites/sec003/Shared%20Documents/Conditions/X%20%20-%20Disciplinary%20Procedure.pdf>

Code of Conduct

<https://leicestercitycouncil.sharepoint.com/sites/sec003/SiteAssets/Forms/AllItems.aspx?id=%2Fsites%2Fsec003%2FSiteAssets%2FSitePages%2FPolicies--also-known-as-conditions-of-service-%2FAppendix-V---Code-of-Conduct%2Epdf&parent=%2Fsites%2Fsec003%2FSiteAssets%2FSitePages%2FPolicies--also-known-as-conditions-of-service->

Constitution

[Our constitution January 2022 \(leicester.gov.uk\)](#)



Anti-Money Laundering Policy

Audit & Risk Committee

Date of committee meeting: 22 November 2022

Lead director: Director of Finance

Useful information

- Report author: Stuart Limb (Corporate Investigations Manager)
- Author contact details: 0116 454 2615 / 37 2615 stuart.limb@leicester.gov.uk
- Report version 2

1. Purpose of report

- 1.1 The purpose of this report is to request the Audit and Risk Committee to review and approve the introduction of the Council's Anti-Money Laundering Policy.

2. RECOMMENDATIONS

- 2.1 The Audit and Risk Committee is recommended to:
- a) note and comment on the report as it deems appropriate; and
 - b) approve the Anti-Money Laundering Policy.

3. BACKGROUND

- 3.1 Money-laundering is defined in the Proceeds of Crime Act (POCA) as the process by which the proceeds of crime are converted into assets which appear to have a legitimate origin, so that they can be retained permanently or recycled into further criminal enterprises.

Money laundering can be broken down into two categories:

- Those who commit offences and then launder the proceeds of those criminal offences. The criminal offences are referred to as predicate offences.
- Those whose only criminal involvement is to launder the proceeds of crime committed by others.

Examples of this are:

- concealing, disguising, converting, transferring, or removing criminal property from the UK
- becoming involved in an arrangement which an individual knows, or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person
- acquiring using or possessing criminal property
- doing something that might prejudice an investigation, e.g. falsifying a document

- failure to disclose one of the offences listed above where there are reasonable grounds for knowledge or suspicion
- tipping off a person who is suspected of being involved in money laundering in such a way as to reduce the likelihood of or prejudice an investigation

3.2 Although local authorities are not legally obligated to apply the provisions of The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, guidance from the Chartered Institute of Public Finance and Accountancy (“CIPFA”) indicates that they should comply with the underlying spirit of the legislation and regulations. In an effort to make this risk and mitigation of those risks clearer, a formal policy is being produced.

3.3 It is recognised good practice to publish a policy which sets out how we assess the risk to the council and puts in place sufficient measures to prevent the council from being used for money laundering. The majority of local authorities in the East Midlands have a specific Anti-Money Laundering Policy. Examples of where local authorities may be at risk of money laundering is on Right to Buy Applications, payments of Business Rates or Council Tax or any other large financial transactions. In an effort to mitigate these risk areas, all RTB applications are vetted by the Corporate Investigations Team and this policy covers in detail about how to reduce the risk of facilitating money laundering.

3.4 The Council currently implies this function within the due diligence element of the Anti-Fraud, Bribery and Corruption Policy. The introduction of a separate Anti-Money Laundering Policy will clearly establish effective arrangements to prevent and detect attempts to launder money, thereby ensuring that the council does not facilitate money laundering and protecting the reputation of the council.

3.5 The proposed Anti-Money Laundering Policy is at Appendix 1.

4. THE POLICY IN PRACTICE

4.1 The policy formally sets out the measures that the council should follow to minimise the risk of money laundering occurring during its business. The legislation determines that a single cash transaction or a series of linked transactions totalling over €15,000 (approximately £12,000 at the time of the legislation) should be treated as suspicious. However, vigilance also needs to be maintained in respect of all other possibilities, such as a series of smaller payments in cash. These include:

- assess the risk of Leicester City Council being used by criminals to launder money
- check the identity of our customers
- check the identity of ‘beneficial owners’ of corporate bodies and partnerships

- monitor our customers' business activities and report anything suspicious to the [National Crime Agency](#) (NCA)
- make sure we have the necessary management control systems in place; keep all documents that relate to financial transactions, the identity of our customers, risk assessment and management procedures and processes
- make sure our employees are aware of the regulations and have had the necessary training
- relevant persons must have policies to ensure they undertake risk assessments prior to the launch or use of new products or business practices, as well as new technologies
- Where cash in excess of £1,000 is received from customers, employees should ask for, and inspect, identification

4.2 This Policy applies to all employees of Leicester City Council and aims to maintain the high standards of conduct which currently exist within the Council by preventing criminal activity through money laundering. The Policy sets out the procedures which must be followed (for example the reporting of suspicions of money laundering activity) to enable the Council to comply with its legal obligations. Failure by a member of staff to comply with the procedures set out in the Policy should be escalated for appropriate action to be taken.

4.3 Council staff will receive eLearning training course explaining the policy and their obligations to apply measures to prevent and deter money laundering, and how to report a suspicion.

4.4 The obligations on the Council are to establish and maintain appropriate and risk-sensitive policies and procedures relating to the following, this is done in conjunction with the anti-bribery and corruption policy:

- customer due diligence measures and ongoing monitoring
- reporting
- record-keeping
- internal control
- risk assessment and management
- the monitoring and management of compliance with, and the internal communication of such policies and procedures

4.5 The role of Money Laundering Reporting officer is proposed as the Director of Finance. The Corporate Investigations Manager will act as a point of contact for queries and questions relating to this policy. The MLRO role is set out in the policy.

4.6 To alert the public and business who transact with the council of our intentions and commitments to this function, there will be a dedicated Anti-Money Laundering webpage on the council website and regular campaigns to promote the policy.

- 4.7 The policy will be effective from 1st April 2023 to allow the Corporate Investigations Team time to cascade information to relevant parties of the new obligations, put in place the new arrangements and monitoring tools. This will include listing the policy on the council's website and also on the staff information pages. The policy will also be referenced in the existing Fraud Awareness E-Learning package.

5 Financial, legal and other implications

5.1 Financial implications

The Anti-Money Laundering Policy will further bolster the Council's efforts to ensure it is not used for money laundering purposes.

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

5.2 Legal implications

The Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations 2007 place obligations on the Council and its employees to establish internal procedures to prevent the use of their services for money laundering. This policy details the controls to prevent and protect against money laundering and terrorist financing.

Kamal Adatia, City Barrister, ext 37 1401

5.3 Climate Change and Carbon Reduction implications

There are no significant climate emergency implications associated with this report.

Aidan Davis, Sustainability Officer, Ext 37 2284

5.4 Equalities Implications

Under the Equality Act 2010, public authorities have a Public Sector Equality Duty (PSED) which means that they have a statutory duty to pay due regard to the need to eliminate unlawful discrimination, harassment and 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 and sexual orientation.

The report requests the Audit and Risk Committee to review and approve the introduction of the council's Anti Money Laundering Policy.

The public is entitled to expect the council to conduct its affairs with integrity, honesty and openness. Sound systems of public accountability are vital to effective management and in maintaining public confidence. The minimisation of losses to fraud and corruption is essential for ensuring that public resources are used for their intended purpose of providing services to its local residents.

There are no significant equality implications arising out of the report.

It should be noted that some activity must be suspected for the policy to be followed.

The success of the council's Anti Money Laundering Policy will depend largely on the effectiveness of programmed training and responsiveness of staff throughout the organisation and through publication, it is therefore important that this is accessible.

Surinder Singh, Equalities Officer, Ext 37 4148

Appendix 1

LEICESTER CITY COUNCIL
ANTI-MONEY LAUNDERING POLICY

CONTENTS

1. INTRODUCTION AND SCOPE
2. WHAT IS MONEY LAUNDERING
3. REQUIREMENTS OF THE MONEY LAUNDERING LEGISLATION
4. THE MONEY LAUNDERING REPORTING OFFICER
5. DUE-DILIGENCE PROCEDURE
6. REPORTING PROCEDURE FOR SUSPICIONS OF MONEY LAUNDERING
7. REVIEW
8. VERSION CONTROL
9. APPENDIX A – OFFENCES TABLE
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11. APPENDIX C – CUSTOMER DUE DILIGENCE PROCEDURE FLOWCHART
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13. APPENDIX E – SUSPICIOUS TRANSACTION REPORTING PROCEDURE
14. APPENDIX F - MONEY LAUNDERING REPORT

1. Introduction

- 1.1 Money Laundering is the process by which criminally obtained money or other criminal property is exchanged for “clean” money or other assets with no obvious link to their criminal origins. The term is used for a number of offences involving the integration of “dirty money” (i.e. the proceeds of crime) into the mainstream economy. The aim is to legitimise the possession of such monies through circulation, and this effectively leads to “clean” funds being received in exchange.
- 1.2 Although local authorities are not directly covered by the requirements of The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, guidance from the Chartered Institute of Public Finance and Accountancy (“CIPFA”) indicates that they should comply with the underlying spirit of the legislation and regulations.
- 1.3 Leicester City Council is committed to establishing and maintaining effective arrangements to prevent and detect attempts to launder money using Council services. The Council requires all Members and employees to demonstrate the highest standards of honesty and integrity, and this includes compliance with appropriate legislation. The Council is committed to working constructively with the National Crime Agency (NCA), Police and other relevant agencies in relation to combating money laundering and ensuring compliance with the legislation.
- 1.4 This policy should be read in conjunction with the Council’s Anti-Fraud and Corruption Policy. The Council will seek to ensure the corporate stance on money laundering is widely publicised and that employees and Members have access to the appropriate guidance. A breach of these procedures may lead to disciplinary and/or criminal action being taken.

Scope

- 1.5 This policy applies to Leicester City Council, and as a consequence it applies to Members and all employees of the Council, including temporary and agency staff as well as those employed in wholly owned entities of the Council. It contains specific sections to advise employees and Members of the process to be followed to enable the Council to comply with its legal obligations.
- 1.6 This policy is to ensure all appropriate action is taken to prevent, wherever possible, the employees, the Council and its Members from being exposed to money laundering and to comply with all legal and regulatory obligations, including the reporting of suspected or actual cases in line with disclosure requirements

2. What is Money Laundering?

- 2.1 The Proceeds of Crime Act 2002 (as amended by the Crime and Courts Act 2013, Serious Crime Act 2015 and the Criminal Finances Act 2017), Terrorism Act 2000 (as amended by the Criminal Finances Act 2017) and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended by the Money Laundering and Terrorist Financing (amendment) Regulations 2019) cover a range of activities and offences in relation to money laundering. The primary offences are listed below. Further details are provided in Appendix A: Offences Table:

- Concealing, disguising, converting or transferring criminal property or removing it from the UK.
- Entering into or becoming concerned in an arrangement which you know, or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person.

- Acquiring, using or possessing criminal property.
- Failure to disclose knowledge or suspicion of another person(s) involvement in money laundering.
and
- Tipping off or making a disclosure which is likely to prejudice an investigation being carried out by a law enforcing authority, knowing that such an investigation is in motion.

2.2 These offences cover a range of activities, which do not necessarily need to involve money or laundering, regarding the proceeds of crime. This means that potentially any employee or Member, irrespective of what sort of Council business they are undertaking, could commit an offence if they become aware of, or suspect the existence of criminal property, irrespective of the size of the benefit gained, and/or fail to report their concerns.

2.3 Where an employee/Member suspects money laundering and reports, or are aware that someone else has, they must exercise caution in what is discussed with others as a further offence of “tipping off” may be committed if, knowing or suspecting a disclosure has been made, the employee/Member take any action which is likely to prejudice any investigation that may be conducted.

2.4 It is impossible to give a definitive list of ways in which to spot money laundering or how to decide whether to make a report. Facts which tend to suggest that something ‘odd’ is happening may be sufficient for a reasonable suspicion of money laundering to arise. Risk factors which may, either alone or cumulatively with other factors, suggest the possibility of money laundering activity are provided at Appendix B: Possible Signs of Money Laundering.

2.5 Potentially any employee or Member could be caught by the money laundering provisions if they suspect money laundering and either become involved with it in some way and/or do nothing about it, then they may be liable to prosecution. Heavy penalties, including unlimited fines and up to 14 years imprisonment, can be handed down to those who are convicted of one of the offences listed in Appendix A: Money Laundering Offences.

Requirements of the Money Laundering Legislation

3.1 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 impose specific obligations on “relevant persons”.

3.2 The term ‘Relevant Person’ relates to the following activities carried out in the course of business; tax advice; accounting services; treasury management; investment or other financial services; credit institutions; audit services; legal services; estate agents; services involving the formation, operation or arrangement of a company or trust; dealing in goods wherever a transaction involves a cash payment equivalent to €15,000.00 (£12,000.00) or more.

3.3 Some activities undertaken by local authorities could be included within the scope of the money laundering regulations. Therefore, to ensure compliance with the regulations and legislation and for the purposes of this Policy and Guidance, the Council are considered a relevant person when acting in the course of business and activities carried on by them.

3.4 The obligations include the following requirements:

- Appointment of a Money Laundering Reporting Officer (MLRO).
- Obtain sufficient knowledge to ascertain the true identity of customers in certain circumstances, by applying customer due diligence measures.

- Know the intended nature of business relationships and undertake ongoing monitoring of them (to identify unusual transactions).
- Implement a procedure for assessing and controlling risk and reporting suspicions of money laundering.
- Maintain record keeping procedures (e.g. for evidence of identity obtained, details of transactions undertaken, for at least 5 years).

3.5 The European Union 4th Money Laundering Directive requires a focus on risk assessments in relation to anti-money laundering; in particular the need to evidence that an organisation's exposure to risk is considered as part of ongoing business. As such Assistant Directors/Service Managers should maintain engagement with Internal Audit as business operations change with regard to undertaking appropriate and proportionate assessments.

4 The Money Laundering Reporting Officer (MLRO)

- 4.1 If an individual becomes aware that their involvement in a matter may amount to money laundering then they must report it to the Money Laundering Reporting Officer (MLRO) and not take any further action until they have received consent from the MLRO, who may have to be granted such consent by the National Crime Agency (NCA).
- 4.2 The Council has designated the Director of Finance as the Money Laundering Reporting Officer (MLRO). In the absence of the MLRO or in instances where it is suspected that the MLRO is involved in suspicious transactions, concerns should be raised with the Chief Operating Officer.
- 4.3 The MLRO will nominate an officer to act as their deputy except in the instance where it is suspected that the officer is involved in suspicious transactions:

5 Due-Diligence Procedure

- 5.1 Where the Council is carrying out activities in the course of business (paragraph 3.2), extra care needs to be taken to check the identity of the customer – this is known as carrying out customer due diligence. This is covered in Regulations 27-38 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017. Details of the process to be undertaken is provided in Appendix C: Customer Due Diligence Procedure Flowchart.
- 5.2 The requirement for customer due diligence applies immediately for new customers and should be applied on a risk basis for existing customers. Ongoing customer due diligence must also be carried out during the life of a business relationship but should be proportionate to the risk of money laundering and terrorist funding, based on the officers' knowledge of the customer and a regular scrutiny of the transactions involved.

Cash Payment Procedure

- 5.3 Where cash in excess of £1,000 is received from customers, employees should ask for, and inspect, identification (Appendix D: Verification of Customer Identity). This will help to identify and report any suspicious transactions.
- 5.4 Electronic or cheque payments to the Council are easily traceable through the banking system. As traceability is key and an individual walking in to pay a debt with cash is not necessarily traceable, it is best practice to insist on payment electronically from a UK Clearing Bank. Satisfactory Evidence of

Identity.

5.5 The Council require only the most basic of identity checks (e.g. signed, written instructions on the organisation in question's headed paper at the outset of a particular matter) documented on a Verification of Customer Identity Checklist. The following factors suggest these minimum level checks are appropriate for the Local Authority.

- For Members, employees and contractors of the Council, the Council already has detailed information through recording systems and internal processes.

In General:

- Any services that may be defined as regulated business activities are provided to customers who are UK local authority/public bodies and
- are subject to defined, robust public sector governance and financial management controls.

Record Keeping Procedures

5.6 Each area of the Council, see paragraph 3.2, must maintain relevant records of every customer due diligence record, preferably electronically, and details of all relevant transactions carried out for customers for a minimum of five years from the date of (as appropriate) the transaction/end of any client relationship. This is to meet the requirements of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (Regulation 40) and may be used as evidence in any subsequent investigation/inspection by the relevant supervising body.

5.7 Records must be capable of providing an audit trail during any investigation, for example distinguishing the customer and the relevant transaction and recording in what form any funds were received or paid. In practice, the business areas of the Council will be routinely making records of work carried out for customers in the course of normal business and these should suffice in this regard.

5.8 Any record keeping should be in line with GDPR and the originating department's Privacy Statement.

6. Reporting Procedure for Suspicions of Money Laundering

6.1 Where an employee or Member suspects money laundering activity they must disclose this as soon as practicable to the MLRO. The disclosure should be within "hours" of the information coming to your attention, not weeks or months later.

6.2 Disclosures should be made to the MLRO in line with the procedure outlined at Appendix E: Suspicious Transactions Reporting Procedure. The standard pro-forma report attached at Appendix F should be used for this purpose. The report must include as much detail as possible, i.e.

- Full details of the people involved (including employee or Member, if relevant).
- Full details of the nature of their involvement.
- The types of money laundering activity involved (see Appendix B, Possible Signs of Money Laundering).
- The dates of such activities, including whether the transactions have happened, are ongoing or are imminent.

- Where they took place.
 - How they were undertaken.
 - The (likely) amount of money/assets involved.
 - Exactly why there are suspicions; the NCA will require full reasons.
 - Any other relevant available information to enable the MLRO to make a sound judgment as to whether there are reasonable grounds for knowledge or suspicion of money laundering and to enable them to prepare their report to the NCA, where appropriate.
- 6.3 If an employee or Member becomes concerned that their own involvement in a transaction would amount to an offence under sections 327 – 329 of the Proceeds of Crime Act 2002 or Regulations 86 - 88 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (see appendix A, Offences Table), then the report must include all relevant details. Consent will be required from the NCA, via the MLRO, for the individual to take any further part in the transaction. This is the case even if the customer gives instructions for the matter to proceed before such consent is given. Employees and Members should therefore make it clear in the report if such consent is required and clarify whether there are any deadlines for giving such consent. e.g. a completion date or court deadline.
- 6.4 Once the matter has been reported to the MLRO then any subsequent directions provided must be followed. Further enquiries into the matter should not be made by the employee or Member; any necessary investigation will be undertaken by the NCA.
- 6.5 Should allegations be raised regarding employees of the Council then the Council's Disciplinary and Dismissal Procedure will also apply.
- 6.6 Should allegations be raised regarding Members of the Council then the Money Laundering Reporting Officer should be contacted.
- 6.7 Reference of any reports being made to the MLRO should not be recorded on client files – should the client exercise their right to see their records, then such a note/reference will tip them off to the report having been made and may render the employee or Member liable to prosecution. The MLRO must keep the appropriate records in a sensitive confidential manner.
- 6.8 Any information containing personal and/or sensitive data which is supplied or processed during the course of a money laundering investigation shall not be processed wider than is absolutely necessary for the purposes of determining whether a money laundering offence has been committed.

7. Review

- 7.1 Leicester City Council will continue to review rules and procedures to ensure that the Anti-Money Laundering Policy is regularly reviewed, minimum of every 3 years to ensure that it stays current, appropriate and effective.

8. Version Control

Policy name		Anti-Money Laundering Policy		
Policy description		Regulated Authorities must have provisions in place relating to Money Laundering, as a Local Authority Leicester City Council are not legally obliged to apply the provisions of the Money Laundering Regulations 2007. However, as a responsible public body, Leicester City Council who do not undertake any such regulated activities should employ policies and procedures which reflect the essence of the UK's anti-- terrorist financing, and anti-money laundering regimes. Such legislation has been considered by professional bodies, resulting in best practice guidance being issued that requires local authorities to establish internal procedures to prevent the use of their services for money laundering.		
Responsible Officer		Stuart Limb, Corporate Investigations Manager		
Version number	Date approved	Reason for update	Author	Review date
1.1		To introduce a corporate anti- money laundering policy	Stuart Limb / Stephen Langford	October 2022
1.2				

9. Appendix A

OFFENCES TABLE

Section Ref.	Type of Offence	Definition
S327 Proceeds of Crime Act 2002	Money Laundering Offence: Concealing Criminal Property	A person commits an offence if they conceal, disguise, convert or transfer criminal property or if they remove criminal property from England, Wales, Scotland or Northern Ireland. This is punishable by a maximum term of imprisonment of 14 years at the Crown Court and an unlimited fine. At the Magistrates Court it is 6 months and £5,000 fine.
S328 Proceeds of Crime Act 2002	Money Laundering Offence: Arrangements	This offence requires a person to become actively involved in some arrangement which helps someone else to get, keep, use or control the proceeds of a crime. The punishment is as for S327.
S329 Proceeds of Crime Act 2002	Money Laundering Offence: Acquisition, Use and Possession	This offence is committed by anyone that has criminal proceeds in their possession provided they know or suspect that it represents the proceeds of a crime unless they paid 'adequate consideration' for it. Someone who pays less than the open market value is therefore guilty of the offence but someone who pays the full retail price, despite knowing or suspecting they are stolen goods is not guilty. The punishment is as for S327.
S330 Proceeds of Crime Act 2002	Failure to Disclose Offence: Regulated Sector	This offence is committed by an employee of a business in the regulated sector who has knowledge or suspicion of another person's involvement in money laundering and does not make a report through the appropriate channels. Negligence is not a defence as the employee will be tried upon what they should have known given their experience, knowledge and training. This is punishable by a maximum term of imprisonment of 5 years and/or a fine.

S331 Proceeds of Crime Act 2002	Failure to Disclose Offence: Nominated Officers in the Regulated Sector	This offence is committed by a nominated officer (MLRO) of a business in the regulated sector who has knowledge or suspicion of another person's involvement in money laundering and does not make a report through the appropriate channels without an acceptable excuse under the legislation. Negligence is not a defence as the nominated officer will be tried upon what they should have known given their experience, knowledge and training. This is punishable by a maximum term of imprisonment of 5 years and/or a fine.
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5332 Proceeds of Crime Act 2002	Failure to Disclose Offence: Other Nominated Officers	This offence is committed by a nominated officer (MLRO) of a business outside of the regulated sector who has knowledge or suspicion of another person's involvement in money laundering and does not make a report through the appropriate channels without an acceptable excuse under the legislation. The officer will be tried on what they knew or suspected not on what they might have been expected to know or suspect. This is punishable by a maximum term of imprisonment of 5 years and/or a fine.
5333 Proceeds of Crime Act 2002	Tipping Off Offence	This offence is committed if an officer or Member makes a disclosure which is likely to prejudice an investigation being carried out by a law enforcing authority, knowing that such an investigation is in motion. This is punishable by a maximum term of imprisonment of 5 years and/or a fine.
Reg 86 Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017	Contravening a relevant requirement	A person commits an offence if they have not followed any relevant guidance issued by the European Supervisory Authorities, Financial Conduct Authority or any other relevant supervisory authority approved by the Treasury. This is punishable by a maximum term of imprisonment of 2 years at the Crown Court, a fine, or both. At the Magistrates Court a term of three months, a fine, or both.

Reg 87 Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017	<u>Prejudicing an investigation</u>	<p>This offence is committed when a person who knows or suspects that an appropriate officer is acting (or proposing to act) in connection with an investigation into potential contravention of a relevant requirement which is being or is about to be conducted. The offence is committed if either they make a disclosure which is likely to prejudice the investigation or they falsely, conceal, destroy or otherwise dispose of, or cause to permit the falsification, concealment, destruction or disposal of, documents which are relevant to the investigation.</p> <p>The punishment is as for Reg. 86 above.</p>
Reg 88 Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017	Providing false or misleading information	<p>There are two separate offences under regulation 88. Under regulation 88(1) a person commits an offence if:</p> <ol style="list-style-type: none"> 1. In purported compliance with a requirement imposed on him by or under the MLR 2017, provides information which is false or misleading in a material particular and knows that the information is false or misleading; or 2. Is reckless as to whether the information is false or misleading. <p>In respect of both offences, the punishment is the same as Regs 86 and 87 above.</p>

10. Appendix B

POSSIBLE SIGNS OF MONEY LAUNDERING

Types of risk factors which *may*, either alone or along with other factors suggest the possibility of money laundering activity:

General

- A new customer with no previous 'history' with the Council.
- A secretive customer: for example, one who refuses to provide requested information without a reasonable explanation.
- Concerns about the honesty, integrity, identity of a customer.
- Illogical third-party transactions: for example, unnecessary routing or receipt of funds from third parties or through third party accounts.
- Involvement of an unconnected third party without logical reason or explanation.
- Payment of a substantial sum in cash (but it's reasonable to be suspicious of any cash payments particularly those over £1,000.00).
- Overpayments by a customer.
- Absence of an obvious legitimate source of the funds.
- Movement of funds to/from overseas, particularly to and from a higher risk country as defined in The Money Laundering and Terrorist Financing (Amendment) (High-Risk Countries) Regulations 2021.
- Where, without reasonable explanation, the size, nature and frequency of transactions or instructions is out of line with normal expectations.
- A transaction without obvious legitimate purpose or which appears uneconomic, inefficient or irrational.
- Cancellation or reversal of an earlier transaction.
- Requests for release of customer account details other than in the normal course of business.
- Poor business records or internal accounting controls.
- A previous transaction for the same customer which has been, or should have been, reported to the MLRO.

Property Matters

- Unusual property investment transactions with no apparent investment purpose.
- Instructions to receive and pay out money where there is no linked substantive property transaction involved (surrogate banking).
- Regarding property transactions, funds received for deposits or prior to completion from an unexpected source or where instructions are given for settlement funds to be paid to an unexpected destination.

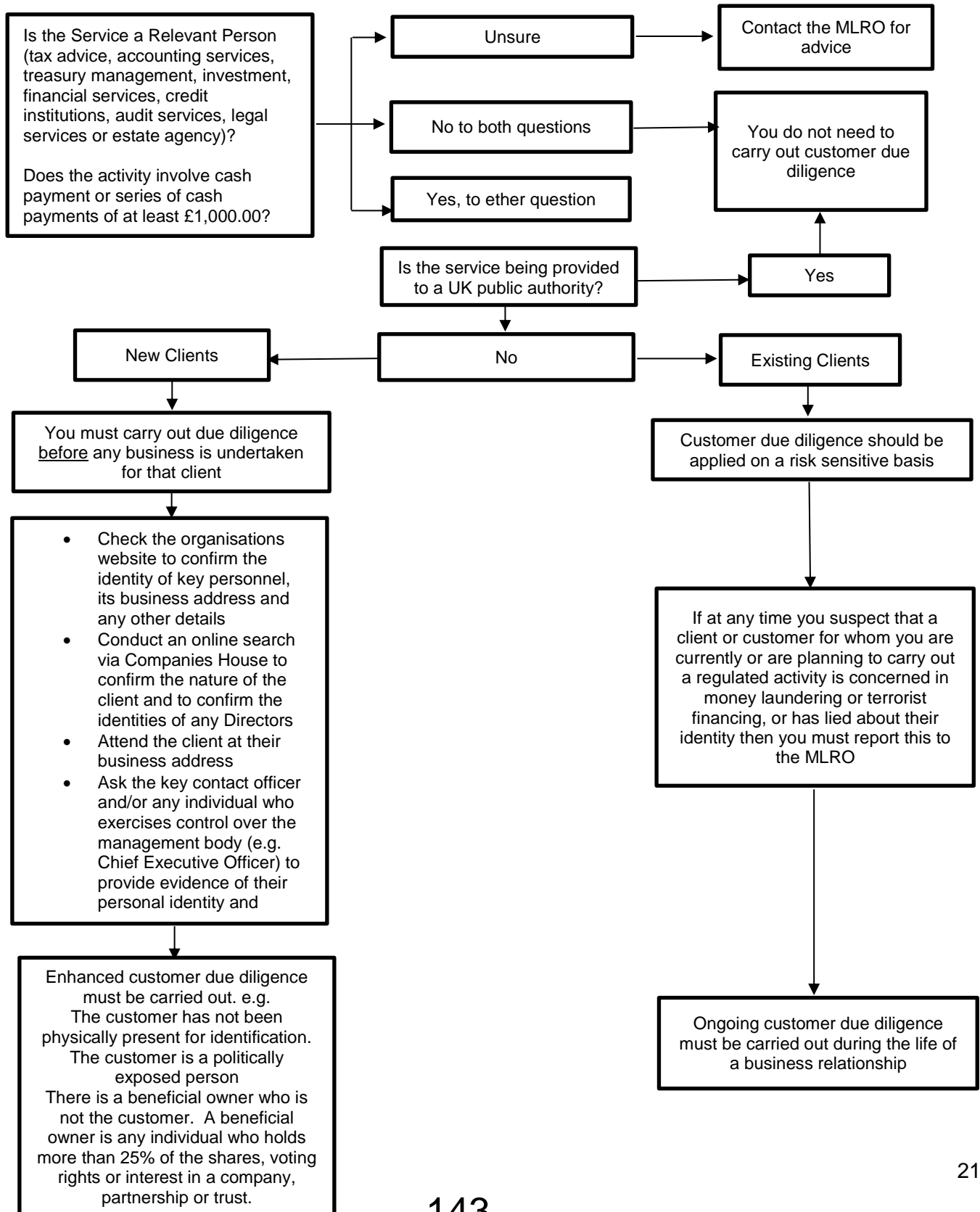
The following table sets out the types of activities that might be suspicious and where the council may be susceptible to money laundering activities. It is not intended to be exhaustive, and just because something is not on the list, it does not mean that it should not be reported.

ACTIVITY	The types of activity that may be affected
New customers with high value transactions	<ul style="list-style-type: none"> • Selling property to individuals or businesses • Renting out property to individuals or businesses • Entering into other lease agreements • Undertaking services for other organisations
Secretive clients	<ul style="list-style-type: none"> • Housing benefit claimants who have sums of money entering into/ out of their bank account (even if we do not award them benefit, we should still consider money laundering implications) • People buying or renting property from the council who may not want to say what it is for • People receiving grant funding who refuse to demonstrate what funding was used for
Customers who we think are acting dishonestly or illegally	<ul style="list-style-type: none"> • People paying for council services who do not provide details about themselves • People making odd or unusual requests for payment arrangements
Illogical transactions	<ul style="list-style-type: none"> • People paying in cash then requesting refunds • Requests for the council to pay seemingly unconnected third parties in respect of goods/ services provided to the council • Requests for the council to pay foreign currencies for no apparent reason
Payments of substantial sums by cash	<ul style="list-style-type: none"> • Large debt arrears paid in cash • Refunding overpayments • Deposits / payments for property
Movement of funds overseas	<ul style="list-style-type: none"> • Requests to pay monies overseas, potentially for "tax purposes"
Cancellation of earlier transactions	<ul style="list-style-type: none"> • Third party "refunds" grant payment as no longer needed / used • No payment demanded even though goods/ services have been provided • Sudden and unexpected termination of lease agreements

Requests for client account details outside normal course of business	<ul style="list-style-type: none"> • Queries from other companies regarding legitimacy of customers • Council receiving correspondence / information on behalf of other companies
Extensive and over- complicated client business structures / arrangements	<ul style="list-style-type: none"> • Requests to pay third parties in respect of goods/ services • Receipt of business payments (rent, business rates) in settlement from seemingly unconnected third parties
Poor accounting records and internal financial control	<ul style="list-style-type: none"> • Requests for grant funding / business support indicates third party not supported by financial information • Companies tendering for contracts unable to provide proper financial information / information provided raises concerns • Tender for a contract which is suspiciously low
Unusual property investment or transactions	<ul style="list-style-type: none"> • Requests to purchase Council assets / land with no apparent purpose • Requests to rent Council property with no apparent business motive
Overcomplicated legal arrangements / multiple solicitors	<ul style="list-style-type: none"> • Property transactions where the Council is dealing with several different parties

11. Appendix C

CUSTOMER DUE DILIGENCE PROCEDURE FLOWCHART



12. Appendix D

Example of VERIFICATION OF CUSTOMER IDENTITY

Verification of Customer Identity Checklist for customer:

Name: _____

NB: If you are receiving funds from a Council customer in any transaction **above £1,000.00 cash**, the identity of the customer must be checked.

All suspicions, regardless of amount, should be reported to the MLRO via the Money Laundering Reporting Form.

A. Evidence not obtained - reasons:

1. Customer previously identified in: Month _____ Year _____
2. Other - state reason fully _____

B. Evidence obtained to verify name and address:

(GROUP A) - Acceptable on their own:

- Full national passport.
- Full national driving licence with photo.
- Pension book.
- Armed Forces ID Card.
- Signed ID card of employer known to you.

(GROUP B) - Acceptable with two of next group below:

- Young person **NI** card (under 18 only).
- Pensioner's travel pass.
- Building Society passbook.
- Credit Reference agency search.

- National ID Card.
- Copy Company Certificate of Incorporation if a limited company.

- Company and 2 Directors personal identify as above.

(GROUP C) - *NOT acceptable on their own:

- Gas, electricity, telephone bill.
- Mortgage statement.
- Council tax demand.
- Bank/Building Society/credit card statement.
- Young persons medical card (under 18 only).
- Home visit to applicants address.
- Check of telephone directory.
- Check electoral roll.

**Suitable for proof of address only*

NB BEST PRACTICE is to have one of Group (a) plus two of Group (c)

C. Evidence obtained for unquoted company or partnership:

- Certificate of Incorporation or equivalent.
- Certificate of Trade or equivalent.
- Latest report and audited accounts.
- Principal shareholder/partner (*personal ID*).
- Principal Director (*personal ID*)
- Screenshot of the customers' website to confirm their business address.
- Screenshot of Companies House website detailing the nature and business of the customer and confirming the identities of directors.
- A written instruction on the organisation in question's headed paper.

D. Disadvantaged Customers:

e.g. Confirmation of identity from Social Worker or Bail Officer, Police, School, Courts etc.

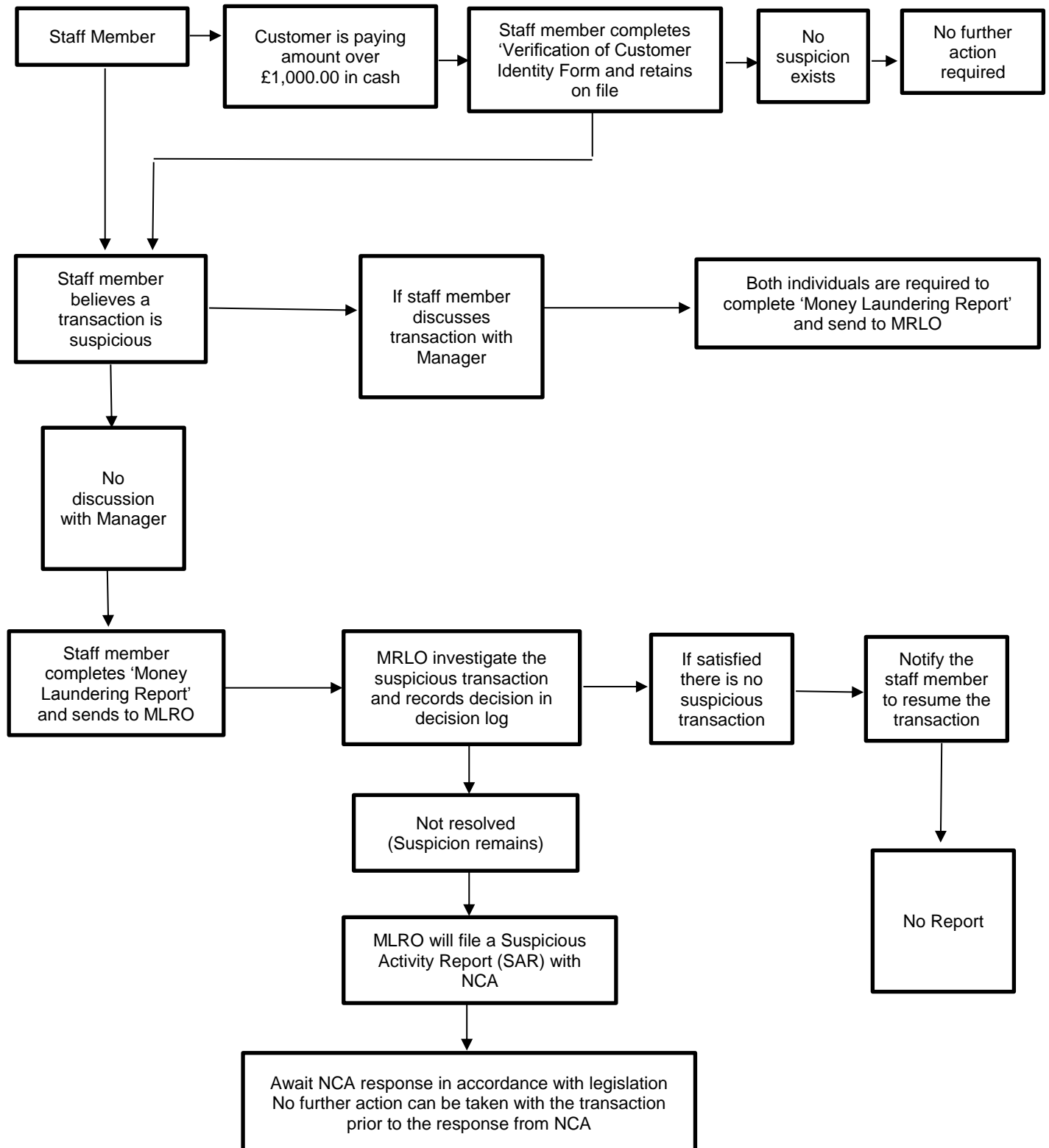
E. If evidence not obtained for the reasons in A, do you have any suspicions regarding identity? _____

I confirm that I have seen the originals of the documents indicated above and have identified the above Customer(s)

Signed _____ **Date** _____

NB Wherever possible TAKE PHOTOCOPIES of the identification evidence TO PLACE ON **FILE**. Copies should be notarised to indicate a copy and signed to evidence sight of the original.

SUSPICIOUS TRANSACTION REPORTING PROCEDURE FLOWCHART



14 Appendix F

OFFICIAL - SENSITIVE

MONEY LAUNDERING REPORT

To: Money Laundering Reporting Officer

From:

{insert name of officer}

Directorate: **Ext/Tel No:**

{insert post title and Service Area}

DETAILS OF SUSPECTED OFFENCE

Name(s) and address(es) of person(s) involved:

{if a company/public body please include details of nature of business}

Nature, value and timing of activity involved:

{Please include full details e.g. what, when, where, how. Continue on a separate sheet if necessary}

Nature of suspicions regarding such activity:

{Please continue on a separate sheet if necessary}

Has any investigation been undertaken (as far as you are aware)?

YES / NO

If yes, please include details below:

--

Have you discussed your suspicions with anyone else? YES / NO

If yes, please specify below, explaining why such discussion was necessary:

--

Do you feel you have a reasonable excuse for not disclosing the matter to the **NCA**? (e.g. are you a lawyer and wish to claim legal professional privilege?) **YES / NO**

If yes, please set out full details below:

Are you involved in a transaction which might be a prohibited act under sections 327- 329 of the Proceeds of Crime Act 2002 or Regulations 86 - 88 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and which requires appropriate consent from the NCA? (See Appendix A, Offences Table): **YES / NO**

If yes, please enclose details in the box below:

Please set out below any other information you feel is relevant:

Signed: Dated:

Please do not discuss the content of this report with anyone else and in particular anyone you believe to be involved in the suspected money laundering activity described. To do so may constitute a tipping off offence, which carries a maximum penalty of 5 years' imprisonment.

THE FOLLOWING PART OF THIS FORM IS FOR COMPLETION BY THE MLRO

Date report received:

Date receipt of report acknowledged:

CONSIDERATION OF DISCLOSURE:

Action Plan:

OUTCOME OF CONSIDERATION OF DISCLOSURE:

Are there reasonable grounds for suspecting money laundering activity?

If there are reasonable grounds for suspicion, will a report be made to the NCA? **YES / NO**

If yes, please confirm date of report to the NCA and complete the box below:

Details of liaison with the NCA regarding the report:

Notice Period: to

Moratorium Period: to

Is consent required from the NCA to any ongoing or imminent transactions which would otherwise be prohibited acts? **YES / NO**

If yes, please enclose details in the box below:

Date consent received from the **NCA**:

Date consent given by you to employee:

If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to the **NCA**, please set out below the reason(s) for non-disclosure:

[Please set out any reasonable excuse for non-disclosure]

Date consent given by MLRO to employee for any prohibited act transactions to proceed:

Date:

Other relevant information:

Signed: Dated:

THIS REPORT TO BE RETAINED SECURELY FOR AT LEAST FIVE YEARS

Earliest disposal date:



Leicester City Council Audit & Risk Committee
22nd November 2022

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

Progress against Internal Audit Plans 2021-22 & 2022-23

Purpose of Report

1. The purpose of this report is to provide:
 - a. Summary of progress against the 2021-22 & 2022-23 Internal Audit Plans including:
 - i. summary information on progress with implementing high importance recommendations.
 - ii. summary of progress against the Internal Audit Plans
 - iii. commentary on the progress and resources used

Recommendation

2. That the contents of the routine update report be noted.

Background

3. The Council's internal audit function was delegated to Leicestershire County Council in 2017.
4. Within its Terms of Reference the Audit & Risk Committee (the Committee) has a duty 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.
5. Most planned audits undertaken are 'assurance' type, which requires undertaking an objective examination of evidence to reach an independent opinion on whether risk is being mitigated. For these audits an assurance level is given as to whether material risks are being managed. There are four levels: full; substantial; partial; and little.
6. 'Partial' ratings are normally given when the auditor has reported to management at least one high importance (HI) recommendation. A HI recommendation denotes that there is either an absence of control or evidence that a designated

control is not being operated and as such the system is open to material risk exposure. It is particularly important therefore that management quickly addresses those recommendations denoted as HI and implements an agreed action plan without delay. HI's are reported to this Committee and a follow up audit occurs to confirm action has been implemented. 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.

7. Other planned audits are 'consulting' type, which are primarily advisory and guidance to management. These add value, for example, by commenting on the effectiveness of controls designed before implementing a new system.
8. Grants and other returns are audited, but because these are specific or focused reviews of certain aspects of a process in these cases it is not appropriate to give an assurance level. When they are completed, 'certified' is recorded.
9. Follow up audits relating to testing whether recommendations have been implemented from previous years' audits are undertaken. With this type, assurance levels aren't given because not all of the system is being tested. However, the Head of Internal Audit Service (HoIAS) forms a view on whether the situation has improved since the original audit and that is listed.

Progress with implementing high importance recommendations

10. The Committee is tasked with monitoring the implementation of high importance (HI) recommendations which primarily lead to low assurance levels. **Appendix 1** provides a short summary of the issues and the associated recommendations. The relevant manager's agreement (or otherwise) to implementing the recommendation(s) and the implementation timescale is also shown. Recommendations that have not been reported to the Committee before or where some update has occurred to a previously reported recommendation are shown in **bold font**. Entries remain on the list until the HoIAS has confirmed (by gaining sufficient evidence or even specific re-testing by an auditor) that action has been implemented.

11. At the end of the year, as part of the process of determining his annual opinion, the HoIAS takes account of how management has responded to implementing high importance recommendations. Responses are generally positive and there is recognition that some recommendations do require more time to fully implement.

To summarise movements within Appendix 1 as at 4th November 2022.

- a. New
 - i. Direct Payments (November 2022)
 - ii. Rolleston Primary School (November 2022)
- b. Ongoing/extended (date initially reported & number of extensions granted)
 - i. GDPR #2 (June 2020 – 6)
 - ii. Key ICT Controls 2020-21 (December 2022)
- c. Closed
 - i. Financial Management & School Governance - LA Scheme for the Financing of Schools (June 2020 – 7)
 - ii. Smoking Cessation (July 2022 – 3)

Summary of progress at 30th September 2022

12. **Appendix 2** reports on the position at 30th September 2022. Updates (i.e. closures, movements in status, new starts and postponements) are shown in **bold font**. The summary position (with comparison to the previous position at 31st July 2022) is:

	2021-22 @31/07/22	2021-22 @30/09/22	2022/23 @31/07/22	2022/23 @30/09/22
Outcomes				
High(er) Assurance levels	16	18	0	1
Low(er) Assurance levels	5	6	0	1
Advisory	2	2	0	0
Grants/other certifications	22	22	13	18
HI follow ups – completed	4	6	0	0
Audits finalised	49	54	13	20
HI follow ups – in progress	5	3	0	1
In progress	8	5	41	46
Not yet started	0	0	30¹	21
Postponed/Rescheduled/ Cancelled	0	0	1	1

¹ A number of audits included in this figure has a block allocation, which means multiple audits are included in that block e.g. Contract Audit, Major Financial Systems Audit

Summary of resources used in 2022-23 (as at 30th September 2022)

13. To close off 2021-22 audits, progress 2022-23 audits (reported in Appendix 2), and provide additional work relating to requirements such as planning, reporting to Committees etc, at 30th September 2022; six months into the financial year Leicester City Council had received 444 days of internal audit input and so progress is on target to achieve the 800 days agreed in the delegation agreement (see below table).

	@30/09/2022	@ 30/09/2022
By type	Days	%
Relating to prior years audits (*)	83	19
Relating to audits started 2022-23	318	71
Sub-total audits	401	90
Client management	43	10
Total	444	100
By position		
HolAS	14	3
Audit Manager	50	11
Audit Senior (incl. ICT)	133	30
Auditor	247	56
Total	444	100

(*) These days were utilised either concluding previous years audits or following up on the progress made with implementing audit recommendations where low assurance levels had been reported.

Commentary on progress and resources used

14. Progress against the plan continues, with most of the prior year audits being finalised. Audits completed over the last two months includes a number of grants, all of which were completed by the set deadlines. Occasionally some grant certifications requirements are identified late (which were not on the original IA plan), in these situations Internal Audit have ensured resources are dedicated to these audits to ensure that these grant certifications are completed by the due deadline.
15. Use of Data Analytics (DA) is a key focus and Auditors are encouraged to seek out opportunities to use DA in planned audits, particularly where large data sets are involved. DA was applied in the Test & Trace Support Grant audit where 100% of the transactions were analysed; this identified a number of potential duplicates which were subsequently followed up and were found to be satisfactory. Data Analytics is currently being used in the Council Tax Energy Rebate audit; this will be used to identify potential duplicates, payments made to ineligible households etc. DA will also be used in the Payroll audit that is due to start shortly.

These types of exercises do initially take extra time in completing the audits due to initially obtaining the data specifications required. Also there are delays in obtaining information from clients as specific types of system reports are required

to perform worthwhile tests. There is also an initial requirement to fully analyse the mitigating controls in place (predominantly data validation and error/exception reporting) in order to only test the right areas. This is a continuously maturing field of expertise and its acknowledged that it will take some time to become fully embedded as staff perfect their DA skills; nevertheless Internal Audit are looking to make more use of DA in future audits. Whilst the lead time is an initial outlay, it does enable a cost effective continuous auditing approach to be subsequently deployed.

It should also be noted that, where relevant, individual case studies are being developed detailing use and resultant benefit obtained from specific audits at other client sites; this will be shared with relevant staff with a view to further roll out of good practice use and maximise synergies from audits.

LCCIAS already works to a DA strategy but this is being revised and will be shared with the Director of Finance in order to provide authority and support to applying DA.

16. In some areas it's been difficult to progress audits, due to other work pressure and competing priorities; Client Officers have been kept informed of this.

Financial Implications:

17. None

Legal Implications:

18. None.

Equal Opportunities Implications

19. There are no discernible equal opportunities implications resulting from the audits listed.

Climate Emergency Implications:

20. None

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)?

21. No.

Is this a "key decision"? If so, why?

22. No.

Background Papers

The Constitution of Leicester City Council
Accounts and Audit Regulations (Amendment) 2015
The Public Sector Internal Audit Standards (revised from April 2017)
The Internal Audit Plans 2021-22 and 2022-23

Officer to Contact

Neil Jones, Head of Internal Audit & Assurance Service
Leicestershire County Council
Tel: 0116 305 7629
Email: neil.jones@leics.gov.uk

Appendices

Appendix 1	High Importance Recommendations as at 4 th November 2022.
Appendix 2	Summary of Internal Audit Service work undertaken between 1 st April 2022 – 30 th September 2022.

High Importance Recommendations – Position at 4th November 2022

<u>Audit Title (Owner)</u>	<u>Summary of Finding(s) and Recommendation(s)</u>	<u>Management Response</u>	<u>Action Date (by end of)</u>	<u>Confirmed Implemented</u>
<u>Reported Nov 2022</u>				
Direct Payments (Head of Locality East and SRCT)	<p>The audit highlighted weakness in the annual review process. One high importance recommendation was made:</p> <p>Annual reviews of the support plans should be undertaken to establish whether the needs of the person on Direct Payments had changed and the Direct Payments remained appropriate.</p>	<p>Accepted in principle. ASC is experiencing significant pressures, due to the combined effect of covid backlogs, additional demand, rising complexity and difficulties securing and recruiting adequate staff. Therefore all reviews, wider than DP cases, are at risk of not being completed annually. This reflects the national position for ASC and there is no identified ‘quick’ solution to reduce this risk.</p> <p>Management have reported that they are in the process of appointing extra staff (to what was originally planned) to deal with the overdue reviews.</p>	Jan 2023	
Rolleston Primary School (Headteacher)	<p>A number of weaknesses were identified in the school financial audit, which included high importance recommendations relating to the governance arrangements:</p> <ol style="list-style-type: none"> Resources committee minutes and supporting documents should be circulated to governors prior to the meeting 	<ol style="list-style-type: none"> Resources minutes and supporting documents will be circulated a week before the FGB. & 3. New clerk to the finance committee appointed to ensure accuracy of minutes and reflection of discussion undertaken. The format of the minutes is being changed to 	Jan 2023	

	<ol style="list-style-type: none"> 2. Approval of key policy documents and prior minutes should be clearly documented. 3. Governors should be encouraged to raise matters at meetings to demonstrate their ‘critical role’ and minutes should be sufficiently detailed to reflect this challenge. 4. Governors’ meeting minutes should clearly document the approval of the deficit budget plan and the deficit position should be monitored against the budget plan to ensure this remains on track. 	<p>clearly show approvals and challenges.</p> <p>4. New clerk will ensure key decisions are clearly documented and the new finance report will help to monitor the school spend against the budget.</p>		
Reported Sept 2022				
Key ICT Controls (2020-21) (Head of IT Operations)	<p>The audit identified a number of weaknesses, three high importance recommendations were made in the report :</p> <ol style="list-style-type: none"> 1. Adequate Disaster Recovery (DR) governance arrangements should be established. 2. A High-level Disaster Recovery Test Strategy should be developed with lower-level assessments being undertaken for individual DR tests as they are planned. 3. Resiliency testing of the network and key applications should be planned and undertaken as soon as possible 	<p>Agreed - In 2020 the Council invoked its Business Continuity Plans due to the pandemic. In 2021 the Council was in recovery and currently in 2022, IT are in the process of creating a new network and therefore DR and Governance will be reviewed as a result of these changes</p> <p>Currently being drafted alongside the implementation of the new network. Once the Governance is in place a Test Strategy will be drafted and DR tests planned.</p> <p>Above is the last reported update, implementation of the new network is still scheduled for before Christmas. Agreed</p>	Dec 2022	

Reported July 2022				
Smoking Cessation (Public Health Consultant)	One high importance recommendation relating to performance reporting for smoking cessation was made. The audit identified weaknesses in the quarterly reporting of smoking cessation, missing data of actual performance was identified, consequently it was difficult to assess the progress against expected targets. Management reported issues with data extraction, from the bespoke IT system, has been a major factor in some of the missing data identified in quarterly reporting. Recommendation was made to ensure training is promptly facilitated by the IT Providers to help with the extraction of data to ensure reports provide a complete and accurate position for smoking cessation in the quarterly reports.	Management confirmed that by the end of October, sufficient training had been received from the IT Provider (Cyber Media Solutions Ltd) to support complete and accurate quarterly reporting going forwards.	June 2022 July 2022 Sept 2022	Yes
Reported June 2020				
Schools' Governance – LA Scheme for Financing Schools (Head of Finance, Education and Children's Services)	<p>The Audit highlighted one High Importance recommendation:</p> <p>Finding: The Scheme for Financing has not been amended to reflect the mandatory revisions as notified in the DfE directed revisions dated 19/08/2015 or 22/03/2018.</p> <p>Recommendation: The Scheme for Financing Schools should be updated to reflect any directed revisions as notified by the DfE.</p>	The LA Scheme for Financing (SfFS) is currently being updated and Internal Audit have confirmed that the directed revisions previously identified as not having been amended in the then published SfFS have been amended in the 2022/23 version.	June 20 Dec 20 June 21 Aug 21 Oct 21 Dec 21 Feb 22 Sept 22	Yes

<p>GDPR (Data Protection Officer - DPO)</p>	<p>Within the earlier audit (Nov 18) it was confirmed that although Information Asset Registers (IAR) had been completed by relevant sections, gaps had yet to be identified – this could potentially lead to Data/Information breaches as gaps in compliance are not identified.</p> <p>Two High Importance recommendations were made, one of which was cleared at the last Committee update. The remaining HI is as follows:</p> <p>Meetings with Information Asset Owners should be undertaken as a matter of urgency to identify possible gaps in meeting Data Protection Act requirements. These gaps should then form sectional action plans which the relevant section should be monitored against.</p>	<p>Progressing the remaining recommendation has been difficult due to resourcing issues; however, some recent developments have emerged and under the new British GDPR there may be no mandatory requirement for Records of Processing Activities (ROPA) in which case the recommendation would become superseded.</p>	<p>Jan 21 June 21 Sept 21 Dec 21 Jan 22 Apr 22 Nov 22</p>	<p>1. Yes 2. No</p>
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Audit/A&RC/221122/Appendix 1 HI Progress Report

Last Revised 4th November 2022

Appendix 2 : Summary of Internal Audit work as at 30th September 2022

Appendix 2: Leicester City Council 2022-23 Audit Plan (includes prior year audits b/fwd) - Finalised as at 30.09.2022

Audit Plan Yr	Plan State	Client Title	Audit Plan Area Names	Audit Title	Assurance Level
2020-21	Planned	Leicester City Council	IT & Information Assurances	IT Audits - Key ICT controls	Partial Assurance
2020-21	Planned	Leicester City Council	Contract & Procurement	Contract Audit - Housing	Substantial Assurance
2021-22	Planned	Leicester City Council	Significant Financial Systems	Major Financial Systems(MFS) Audit - Council Tax/NNDR	Substantial Assurance
2021-22	Planned	Leicester City Council	Systems & Governance	Tax Digital	Substantial Assurance
2021-22	Planned	Leicester City Council	Systems & Governance	Residential Financial Assessment	Substantial Assurance
2021-22	Q1	Added to Plan	Governance	Procurement: Publishing Obligations Under the Local Government Transparency Code 2015	Substantial Assurance
2021-22	Q1	Planned	Governance	Schools' Governance - Minibuses	Substantial Assurance
2021-22	Q1	Planned	Systems & Governance	Direct Payments	Partial Assurance
2022-23	Q1-Q4	Planned	Governance & Internal Controls	Parks Primary School	Substantial Assurance
2022-23	Q1-Q4	Planned	Governance & Internal Controls	Rolleston Primary School	Partial Assurance
2022-23	Planned	Leicester City Council	Internal Controls	LLEP - BEIS Growth Hub - Core	Certified
2022-23	Planned	Leicester City Council	Internal Controls	LLEP - BEIS Growth Hub - Peer Networking	Certified
2022-23	Planned	Leicester City Council	Internal Controls	Protect & Vaccinate Grant	Certified
2022-23	Planned	Leicester City Council	Internal Controls	Supporting Families - 1st claim (June 22)	Certified
2022-23	Planned	Leicester City Council	Internal Controls	Prevention & Promotion for Better Mental Health	Certified
2022-23	Planned	Leicester City Council	Internal Controls	Contain Outbreak Management Fund - 2020-21	Certified
2022-23	Planned	Leicester City Council	Internal Controls	Contain Outbreak Management Fund - 2021-22	Certified
2022-23	Planned	Leicester City Council	Internal Controls	Adriatic Land 7 Limited Service Charges	Certified
2022-23	Planned	Leicester City Council	Internal Controls	Green Homes Grant - Phase 1b	Certified
2022-23	Added to Plan	Leicester City Council	Internal Controls	Test & Trace Support Grant	Certified
2022-23	Added to Plan	Leicester City Council	Internal Controls	City Universal Grant	Certified
2022-23	Planned	Leicester City Council	Internal Controls	BEIS Public Sector Decarbonisation Scheme	Certified
2022-23	Planned	Leicester City Council	Internal Controls	Adult Weight Management Grant	Certified
2022-23	Planned	Leicester City Council	Internal Controls	Local Transport Capital Block Funding	Certified
2022-23	Planned	Leicester City Council	Internal Controls	National Productivity and Investment Fund	Certified
2022-23	Planned	Leicester City Council	Internal Controls	Supporting Families - 2nd claim (Sept 22)	Certified
2022-23	Planned	Leicester City Council	Internal Control	Bus Services Operators Grant (BSOG)	Certified
2022-23	Planned	Leicester City Council	Internal Control	Leaseholder Accounts	Certified

Leicester City Council : 2022-23 Audit Plan (includes prior year audits b/fwd) - Status as at 30.09.2022

Audit Plan Yr	Plan State	Client Title	Audit Plan Area Names	Audit Title	Current Milestone
2020-21	Planned	Leicester City Council	Governance & risk management	Climate change and carbon emissions	Draft awaiting to be issued
2021-22	Planned	Leicester City Council	Schools	Schools' Governance - Safeguarding	Work in Progress
2021-22	Planned	Leicester City Council	Systems	B&B Emergency Planning (Phase 2)	Draft issued
2021-22	Planned	Leicester City Council	IT & Information Assurances	Tracking database	Draft awaiting to be issued
2021-22	Planned	Leicester City Council	Schools	Schools' Governance - Headteachers' Pay	Draft issued
2022-23	Planned	Leicester City Council	Contract & Governance	PH Contract Monitoring	Draft issued
2022-23	Planned	Leicester City Council	Systems & Governance	Construction (Design & Management) Regulation	Draft issued
2022-23	Planned	Leicester City Council	Internal Control	School Audits - Taylor Road Primary	Draft issued

Leicester City Council : 2022-23 Audit Plan (includes prior year audits b/fwd) - Status as at 30.09.2022

Audit Plan Yr	Plan State	Client Title	Audit Plan Area Names	Audit Title	Current Milestone
2022-23	Planned	Leicester City Council	Internal Control	School Audits - Inglehurst Primary School	Draft issued
2022-23	Planned	Leicester City Council	Internal Control	School Audits - Folville Junior School	Draft issued
2022-23	Planned	Leicester City Council	Governance	Ward Funding	Draft issued
2022-23	Planned	Leicester City Council	Risk Management	Counter fraud	Draft issued
2022-23	Planned	Leicester City Council	Internal Control	Leicester Leys Sports Centre	Draft issued
2022-23	Planned	Leicester City Council	Systems	Emergency Repairs	Draft awaiting to be issued
2022-23	Planned	Leicester City Council	Systems & Governance	House Acquisitions	Work in Progress
2022-23	Planned	Leicester City Council	Governance	Social Care Reforms (including integration with Health)	Work in progress
2022-23	Planned	Leicester City Council	IT & Information Assurances	IT Audit: Unit 4 - Phase 2	Work in Progress
2022-23	Planned	Leicester City Council	Governance		
2022-23	Planned	Leicester City Council	Internal Control	Major Financial Systems(MFS) : Council Tax Rebates	Work in Progress
2022-23	Planned	Leicester City Council	Internal Control	Domiciliary Care	Work in Progress
2022-23	Planned	Leicester City Council	Internal Control	Disabled Facilities Capital Grant	Work in Progress
2022-23	Planned	Leicester City Council	Systems	Section 106 Agreements	Work in Progress
2022-23	Planned	Leicester City Council	Governance	Contract Audit - Supply chain management	Work in Progress
2022-23	Planned	Leicester City Council	Internal Control	Shenton Primary School	Work in Progress
2022-23	Planned	Leicester City Council	Internal Control	St John the Baptist Primary School	Work in Progress
2022-23	Planned	Leicester City Council	Internal Control	Critical Incidence	Work in Progress
2022-23	Planned	Leicester City Council	Internal Control	Non Residential Financial Assessment	Work in Progress
2022-23	Planned	Leicester City Council	Internal Control	Taxi Contract	Work in Progress
2022-23	Planned	Leicester City Council	Internal Control	Green Homes Grant - Phase 2	Work in Progress
2022-23	Planned	Leicester City Council	Governance	Contract Audits : Consultancy Contract	Work in Progress
2022-23	Planned	Leicester City Council	Internal Control	Major Financial Systems(MFS) : Supplier bank account amendments (fraud	Planning
2022-23	Planned	Leicester City Council	Internal Control	Major Financial Systems(MFS) : Bank and key control account reconciliations	Planning
2022-23	Planned	Leicester City Council	Internal Control		
2022-23	Planned	Leicester City Council	Internal Control	Major Financial Systems(MFS) : Faster Payments (general, Excludes Treasury Management/Investments)	Planning
2022-23	Planned	Leicester City Council	Systems & Governance	Childrens Placements	Planning
2022-23	Planned	Leicester City Council	Risk Management	Fire risk in owned and occupied buildings	Planning
2022-23	Planned	Leicester City Council	Internal Control	Bus Recovery Grant	Planning
2022-23	Planned	Leicester City Council	Internal Control	Transforming Cities Grant (TCF1)	Planning
2022-23	Planned	Leicester City Council	Governance	Risk of governance failings	Planning
2022-23	Planned	Leicester City Council	Governance	Contract Audits : Waivers and Exemptions	Planning
2022-23	Planned	Leicester City Council	Internal Control	Bus Lane Penalty Enforcements (BLPE)	Planning
2022-23	Planned	Leicester City Council	Internal Control	Recruitment System	Planning
2022-23	Planned	Leicester City Council	Internal Control	School Governance - SEND	Planning
2022-23	Planned	Leicester City Council	Contract & Governance	Council assets transferred	Planning
2022-23	Planned	Leicester City Council	IT & Information Assurances	IT Audit: Cyber security	Planning
2022-23	Planned	Leicester City Council	Governance		
2022-23	Planned	Leicester City Council	IT & Information Assurances	IT Audit: Digitisation projects e.g. replacement of Firmstep CRM	Planning
2022-23	Planned	Leicester City Council	Governance		
2022-23	Planned	Leicester City Council	Internal Control	Major Financial Systems(MFS) : Payroll	Planning
2022-23	Planned	Leicester City Council	Governance	Contract Audits : Evaluation Process	Planning

Leicester City Council : 2022-23 Audit Plan (includes prior year audits b/fwd) - Status as at 30.09.2022

Audit Plan Yr	Plan State	Client Title	Audit Plan Area Names	Audit Title	Current Milestone
2022-23	Planned	Leicester City Council	Governance	CCTV	Planning
2022-23	Planned	Leicester City Council	Governance	Constitutional changes	Planning
2022-23	Planned	Leicester City Council	Governance	Emergency Planning	Planning
2022-23	Planned	Leicester City Council	Internal Control	Asset Valuations	Planning
2022-23	Planned	Leicester City Council	Risk Management	Business Continuity	Planning
2022-23	Planned	Leicester City Council	Internal Control	Grant : School's condition funding (capital maintenance works) SCA &DFC	Not started
2022-23	Planned	Leicester City Council	Internal Control	High Needs Provision Capital Allocations Grant	Not started
2022-23	Planned	Leicester City Council	Internal Control	Basic Needs Grant	Not started
2022-23	Planned	Leicester City Council	Internal Control	Ultra Low Emissions Vehicle (ULEV) Taxi Infrastructure Grant	Not Started
2022-23	Planned	Leicester City Council	IT & Information Assurances	IT Audit: Key ICT controls	Not Started
2022-23	Planned	Leicester City Council	Governance		
2022-23	Planned	Leicester City Council	Internal Control	Major Financial Systems(MFS) : Treasury Management	Not Started
2022-23	Planned	Leicester City Council	Internal Control	Major Financial Systems(MFS) : Income streams - accounting and reconciliation	Not Started
2022-23	Planned	Leicester City Council	Governance	Contract Audits : Contract monitoring	Not started
2022-23	Planned	Leicester City Council	Governance	Housing Stores	Not started
2022-23	Planned	Leicester City Council	Governance	Spend controls	Not Started
2022-23	Planned	Leicester City Council	Governance	Climate change and carbon emissions (phase 2)	Not Started
2022-23	Planned	Leicester City Council	Governance	Health & Safety phase 2	Not Started
2022-23	Planned	Leicester City Council	Risk Management	Information Governance	Not Started
2022-23	Planned	Leicester City Council	Governance	Assurance framework	Not Started
2022-23	Planned	Leicester City Council	Governance	LLEP	Not Started
2022-23	Planned	Leicester City Council	Governance	Haymarket	Not Started
2022-23	Planned	Leicester City Council	Internal Control	Supporting Families - claims 3	Not started
2022-23	Planned	Leicester City Council	Internal Control	Supporting Families - claims 4	Not started
2022-23	Planned	Leicester City Council	Internal Control	Transforming Cities Grant (TCF2)	Not started
2022-23	Planned	Leicester City Council	Internal Control	Grant :Social Housing Decarbonisation funding	Not started
2022-23	Planned	Leicester City Council	Internal Control	Green Homes Grant - Phase 3	Not started

Leicester City Council : Audit follow ups as at 31.10.2022

Audit Plan Yr	Plan State	Client Title	Audit Plan Area Names	Title	Current Milestone
2019-20	Planned	Leicester City Council	IT & Information Assurances	GDPR	In progress
2019-20	Planned	Leicester City Council	Governance	Financial Management & School Governance - LA Scheme for the Financing of Schools	Completed
2021-22	Planned	Leicester City Council	Systems & Governance	Smoking Cessation	Completed
2021-22	Planned	Leicester City Council	IT & Information Assurances	Key ICT General Controls	In progress
2021-22	Planned	Leicester City Council	Systems & Governance	Direct Payments	In progress
2022-23	Planned	Leicester City Council	Governance & Internal Controls	Rolleston Primary	In progress

Leicester City Council 2022-23 Audit Plan - Postponed or cancelled as at 30.09.2022

Audit Plan Yr	Plan State	Client Title	Audit Plan Area Names	Title	Current Milestone
2022-23	Planned	Leicester City Council	Governance	Contract Audits : CPR	Cancelled

