



Leicester
City Council

MEETING OF THE AUDIT AND RISK COMMITTEE

DATE: THURSDAY, 24 OCTOBER 2013
TIME: 5:30 pm
PLACE: THE OAK ROOM, GROUND FLOOR, TOWN HALL, TOWN HALL SQUARE, LEICESTER.

Members of the Committee

Councillor Westley (Chair)

Councillors Alfonso, Dr. Chowdhury, Desai, Grant, Meghani, Dr. Moore, and Naylor

1 Non-Grouped Member Vacancy

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

for Monitoring Officer

Officer contact: Angie Smith
Democratic Support, Democratic Services
Leicester City Council
Town Hall, Town Hall Square, Leicester LE1 9BG
(Tel. 0116 229 8897 Fax. 0116 229 8819)
Email. Angie.Smith@Leicester.gov.uk

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There are certain occasions when the Council's meetings may need to discuss issues in private session. The reasons for dealing with matters in private session are set down in law.

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If there are any particular reports that you would like translating or providing on audio tape, the Democratic Services Officer can organise this for you (production times will depend upon equipment/facility availability).

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General Enquiries - if you have any queries about any of the above or the business to be discussed, please contact Angie Smith, Democratic Support on 0116 229 8897 or email Angie.Smith@leicester.gov.uk or call in at the Town Hall.

Press Enquiries - please phone the Communications Unit on 0116 252 6081

PUBLIC SESSION

AGENDA

**1. TRAINING SESSION PRIOR TO MAIN MEETING - LCC
RISK MANAGEMENT STRATEGY AND RISK
REGISTER REPORTING PROCESS (PLUS
INSURANCE POLICIES AND CLAIMS HANDLING)**

Training will be delivered by the Head of Internal Audit & Risk Management at 5.00pm, prior to the main meeting which will commence at 5.30pm.

2. APOLOGIES FOR ABSENCE

3. DECLARATIONS OF INTEREST

Members are asked to declare any interests they may have in the business on the agenda, and/or indicate that Section 106 of the Local Government Finance Act 1992 applies to them.

4. MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting of the Audit and Risk Committee held on 24th September 2013 have been circulated, and Members are asked to confirm them as a correct record.

5. PROJECT ASSURANCE PROCESS

Appendix A

The Director of Delivery, Communications and Political Governance submits a report to bring to the attention of the Audit and Risk Committee, the Council's newly revised Project Assurance process. The Committee is asked to note the report, and its relevance in the context of their role in corporate governance and assurance.

**6. REGULATION OF INVESTIGATORY POWERS ACT
2000 - ANNUAL PERFORMANCE REPORT**

Appendix B

The Director of Information and Customer Access submits a report on the performance of the Council in authorising Regulatory Investigation Powers Act (RIPA) applications, from 1st January 2012 to 31st December 2012.

The Committee is recommended to receive the report and note its contents, agreed to receive the data half-yearly, aligned with other regulatory papers every July/November in the future, and make any recommendations or comments it sees fit to either the Executive or Director of Information and Customer Access.

7. RISK MANAGEMENT AND INSURANCE SERVICES UPDATE REPORT **Appendix C**

The Director of Finance submits a report that provides Committee with the regular update on the work of the Council's Risk Management and Insurance Services team's activities.

The Committee is recommended to receive the report and note its contents, and make any recommendations or comments it sees fit either to the Executive or Director of Finance.

8. TENDER FOR COUNCIL'S INSURANCE ARRANGEMENTS **Appendix D**

The Director of Finance submits a report to advise the Board of the outcome of this year's insurance tender exercise.

The Committee is recommended to note how the Insurance Contract has been awarded and to whom, and the cost savings arising from the above, whilst the Council's cover and excesses remain the same.

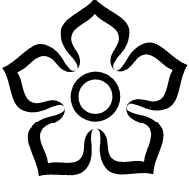
9. INTERNAL AUDIT - 3RD QUARTER OPERATIONAL PLAN 2013-14 **Appendix E**

The Director of Finance presents to Committee the detailed operations audit plans for the third quarter for the financial year 2013-14.

The Committee is asked to note the Internal Audit operational plans for the third quarter of 2013-14.

10. ANY OTHER URGENT BUSINESS

Appendix A



Leicester
City Council

WARDS AFFECTED
All

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:
Audit & Risk Committee

24th October 2013

Leicester City Council Project Assurance Process

Report of the Director of Delivery, Communications & Political Governance

1. Purpose of Report

- 1.1. To make the Audit and Risk Committee aware of the Council's newly revised Project Assurance process.

2. Recommendations

- 2.1. The Committee is asked to note this report, and its relevance in the context of their role in corporate governance and assurance.

3. Summary

- 3.1. Project assurance is the process used by the Council to assess how effectively its medium and major projects are being managed in line with industry standard project management best practice. The process was reviewed earlier this year, and the revised approach is described in this report.

4. Report

- 4.1 Project assurance forms part of the wider framework of mechanisms for ensuring the effective corporate governance of the Council. It assesses how effectively the Council's medium and major projects are being managed in line with industry standard project management best practice. A project assurance process has been in place at the Council since 2009, but since then a more comprehensive approach to project management has been embedded within the organisation. To ensure that it remains rigorous enough to reflect this change, the assurance process was reviewed earlier this year. The process described in this report sets out the revised approach that has been in place since July 2013. All project assurance reviews and related administration is undertaken by the Council's Corporate Portfolio Management Office (CPMO).

4.2 Purpose of project assurance:

- To give reassurance to senior management that the Council's medium and major projects are being managed effectively and in line with established best practice.
- To ensure that any issues with projects are escalated as appropriate and action plans put in place.
- To develop project management capability across the Council by identifying general areas for improvement, and targeting training modules to develop project manager's skills in those areas. In the past the CPMO have identified the need for, and delivered training in areas such as project governance, planning and scheduling, and stakeholder management.

4.3 There are two types of project assurance; in depth reviews and light touch health checks. Both are undertaken by the CPMO. Reviews are undertaken on a rolling six monthly programme made up of three in depth reviews and six light touch health checks. Projects are selected for review or health check from the Council's Corporate Project Register.

4.4 The criteria taken into account for selection for a review or health check are the financial value of the project, its level of risk to the Council, its level of profile or sensitivity, and any ongoing issues that the CPMO is aware of. Directors can request a review or health check if they want reassurance that a particular project is being managed effectively. The selection process is carried out in conjunction with Internal Audit and Risk Management.

4.5 The two types of project assurance review:

'In Depth' Project Assurance Review

- Assesses projects against a variety of best practice criteria, in disciplines such as risk management, financial management, and project governance.
- Obtains the views and perspectives of several members of the project team on project management effectiveness. In addition to the Project Manager, interviews are conducted with the Project Director and other project team members.
- The results of each review are summarised in a report and shared with the Project Manager and Project Director. This includes an action plan to correct any significant gaps in compliance.
- The CPMO review action plan progress after three months. If there is insufficient or no action then it is escalated to the Project Director.

'Light Touch' Project Assurance Health Check

- Assess projects against a best practice check list, but is less challenging and probing than a full in depth review.
- Based on an assessment of project documentation and a one-to-one interview with the Project Manager.

- Results and recommended actions are shared with the Project Manager and Project Director. Any significant actions are chased up after three months.

4.6 The results of all in depth reviews are reported upwards in the following ways:

- Annual CPMO Report to Strategic Management Board (SMB):
A performance measure is included for the results of in depth reviews. This shows a summary of annual results, areas for improvement at a corporate level, and the actions being taken to address them.
- Departmental Quarterly Reports:
The outcome of in depth reviews is included in quarterly CPMO reports to Divisional Management Teams as and when they are completed. These reports highlight headline findings, issues, and actions required for each review undertaken.

5. **FINANCIAL, LEGAL AND OTHER IMPLICATIONS**

5.1. **Financial Implications:**

A robust project assurance process is an essential component of effective corporate governance, which is intended to help ensure that the Council operates efficiently, cost effectively and with integrity. Such arrangements will support the processes of internal control that will help the Council as it faces the financially challenging times ahead.

5.2. **Legal Implications:**

No direct legal implications.

5.3. **Climate Change Implications:**

This report does not contain any significant climate change implications and therefore should not have a detrimental effect on the Council's climate change targets.

6. **Other Implications**

OTHER IMPLICATIONS	YES/NO	Paragraph/References Within the Report
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	
Risk Management	Yes	The whole report concerns project assurance, which is a significant part of the governance

		process. A main purpose of this process is to give assurance to Directors and this Committee that project-related risks are being properly identified and managed by the business.
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7. Background Papers – Local Government Act 1972

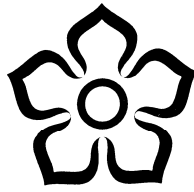
- 7.1. Files held in the CPMO office

8. Consultations

- 8.1. Tony Edeson - Head of Internal Audit & Risk Management
Steve Jones - Audit Manager
Kamal Adatia - City Barrister & Head of Standards

9. Report Author

- 9.1. Jez Braithwaite - Standards & Assurance Lead, Corporate Portfolio Management Office



Leicester
City Council

WARDS AFFECTED: ALL

Appendix B

Audit and Risk Committee

24th October 2013

Regulation of Investigatory Powers Act 2000 Annual Performance Report

Report of the Director of Information and Customer Access

1. Purpose of the Report

The report advises on the performance of The Council in authorising Regulatory Investigation Powers Act (RIPA) applications, from 1st Jan 2012 to 31st Dec 2012.

2. Summary

The Council applied for 5 Directed Surveillance authorisations and 39 communications data authorisations in 2012.

The inspection by the Office of the Surveillance Commissioner (OSC) found 100% of the Regulatory Investigation Powers Act (RIPA) authorisations had been issued in compliance with the law.

3. Recommendations

The Committee is recommended to:

- 3.1 Receive the Report and note its contents.
- 3.2 Agree to receive this data half-yearly, aligned with other regulatory papers every July / November in future.
- 3.3 Make any recommendations or comments it sees fit either to the Executive or Director of Information and Customer Access.

4. Report

- 4.1 The Council applied for 5 Directed Surveillance authorisations and 39 communications data authorisations in 2012.
- 4.2 All communications data authorisations were carried out via the National Anti-Fraud Network (NAFN) system on our behalf. The Interceptions of Communications Commissioner's Office IOCCO has recently carried out their regular inspection of NAFN.
- 4.3 The Council did not undergo an inspection from the Interceptions of Communications Commissioner's Office (IOCCO) itself in 2012. It did however undergo an inspection by the Office of the Surveillance Commissioner (OSC)

which was very positive. The inspector found 100% of the RIPA authorisations had been issued in compliance with the law, and only suggested a few recommendations for improvements to the Council's processes.

- 4.4 New RIPA legislation was implemented in November 2012 under the Protection of Freedoms Act 2012, requiring all RIPA applications by Local Authorities to be authorised by a magistrate. The Council has adopted this new process successfully.
- 4.5 All recommendations of the previous OSC inspection have been implemented. The Council now has 5 trained Authorising officers in place and 30 staff have been trained in the updated RIPA / surveillance legislation.
- 4.6 A summary of RIPA authorisations (Appendix A and Appendix B) is published annually on the Council's website by the central Information Governance Team.
- 4.7 A new surveillance policy is currently out for consultation. This will incorporate the new magistrate approval process required, and will document clearly how the Council must manage surveillance to comply with the law when no RIPA authorisation is available to it.

5. Financial, Legal Implications

5.1 Financial Implications

There are no financial implications arising directly from this report, although the Council could incur legal costs and fines should procedures not be correctly followed – Colin Sharpe, Head of Finance, ext. 29 7390.

5.2 Legal Implications

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

6. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting Information
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Climate Change	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	
Risk Management	No	

7. Report Author / Officer to contact:

Lynn Wyeth, Information Governance Manager, Information and Customer Access
 - Ext 37 1291

16th August 2013

Appendix A

Communications Data Authorisations 2012

Line number	Group name	Application Date	Service Name	Conduct	CSP
1	N76/Environmental Health	20/01/2012	Subscriber check Online - account information which will identify the owner/user of the mobile number	Authorisation entered via web portal	Vodafone UK
1	N76/Environmental Health	20/04/2012	Subscriber	Assurance via FAX	TTNC Ltd-The Telephone Number Company
2	N76/Environmental Health	20/04/2012	Subscriber check - online	Authorisation entered via web portal	Orange
3	N76/Environmental Health	20/04/2012	Subscriber check - online	Authorisation entered via web portal	Orange
4	N76/Environmental Health	20/04/2012	Subscriber check - online	Authorisation entered via web portal	Orange
5	N76/Environmental Health	20/04/2012	Subscriber - online Historic	Authorisation entered via web portal	T-Mobile (UK) Limited
6	N76/Environmental Health	20/04/2012	Subscriber check - online	Authorisation entered via web portal	Orange
7	N76/Environmental Health	20/04/2012	Subscriber check Online - account information which will identify the owner/user of the mobile number	Authorisation entered via web portal	Vodafone UK
1	N76/Environmental Services	21/11/2012	Subscriber check - online	Authorisation entered via web portal	Orange
1	N76/Trading Standards	19/01/2012	Email Address Subscriber - Please provide subscriber registration information (name, address, post code) for the above e-mail address	Notice via e-mail	Yahoo UK Ltd
2	N76/Trading Standards	19/01/2012	Name and Address details historic - Automatic Authorisation DMS	Authorisation entered via web portal	BT
3	N76/Trading Standards	19/01/2012	Subscriber check Online- please provide full subscriber identity for the phone .	Authorisation entered via web portal	O2 (UK) Limited (c only)
4	N76/Trading Standards	19/01/2012	Subscriber - online Historic	Authorisation entered via web portal	T-Mobile (UK) Limited
5	N76/Trading Standards	19/01/2012	Subscriber Name & address - Date connected and any Date disconnected - If	Assurance via e-mail	Lyca Mobile

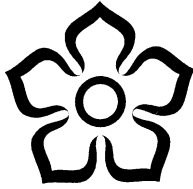
			ported name & Date number transferred to another communications company. Email Address Subscriber - Please provide subscriber registration information (name, address, post code) for the above e-mail address		
6	N76/Trading Standards	19/01/2012		Notice via e-mail	Yahoo UK Ltd
7	N76/Trading Standards	19/01/2012	Top up details from mobile phone number	Assurance via e-mail	Lyca Mobile
1	N76/Trading Standards	05/04/2012	Subscriber Name & address - Date connected and any Date disconnected - If ported name & Date number transferred to another communications company.	Assurance via e-mail	Lyca Mobile
2	N76/Trading Standards	05/04/2012	Subscriber Name & address - Date connected and any Date disconnected - If ported name & Date number transferred to another communications company.	Assurance via e-mail	Lyca Mobile
3	N76/Trading Standards	05/04/2012	Subscriber - SIM search - to show mobile number, subscriber identity and address to specific SIM number	Authorisation entered via web portal	T-Mobile (UK) Limited
4	N76/Trading Standards	05/04/2012	Subscriber Name & address - Date connected and any Date disconnected - If ported name & Date number transferred to another communications company.	Assurance via e-mail	Lyca Mobile
5	N76/Trading Standards	05/04/2012	Email Address Subscriber - Please provide subscriber registration information (name, address, post code) for the above e-mail address	Notice via e-mail	Yahoo UK Ltd
6	N76/Trading Standards	05/04/2012	Email Address Subscriber - Please provide subscriber registration information (name, address, post code) for the above e-mail address [Do not send any 'A' data]	Notice via e-mail	Microsoft Corporation One Microsoft Way, Redmond, WA 98052 United States of America
7	N76/Trading Standards	05/04/2012	Top up details from mobile phone number	Assurance via e-mail	Lyca Mobile
1	N76/Trading Standards	05/04/2012	Subscriber check - online	Authorisation entered via web portal	Orange
2	N76/Trading Standards	05/04/2012	Subscriber check - online	Authorisation entered via web portal	Orange
3	N76/Trading Standards	05/04/2012	Subscriber check - online	Authorisation entered via web portal	Orange
4	N76/Trading Standards	05/04/2012	Subscriber check Online- please provide full subscriber identity for the phone .	Authorisation entered via web portal	O2 (UK) Limited (c only)
5	N76/Trading Standards	05/04/2012	Subscriber check - online	Authorisation entered via web portal	Orange

6	N76/Trading Standards	05/04/2012	Email Address Subscriber - Please provide subscriber registration information (name, address, post code) for the above e-mail address	Notice via e-mail	Yahoo UK Ltd
7	N76/Trading Standards	05/04/2012	Subscriber - Email [Name and Full address]	Assurance via e-mail	Orange
8	N76/Trading Standards	05/04/2012	Subscriber - IP address [Name and full address]	Assurance via e-mail	BSkyB
1	N76/Trading Standards	19/06/2012	Subscriber check - online	Authorisation entered via web portal	Orange
2	N76/Trading Standards	19/06/2012	Subscriber check Online - account information which will identify the owner/user of the mobile number	Authorisation entered via web portal	Vodafone UK
1	N76/Trading Standards	25/07/2012	Details of the Name and Address of the subscriber, any call forwarding details and any other connected numbers to the account.	Assurance via FAX	Premier Voicemail
2	N76/Trading Standards	25/07/2012	Subscriber check Online - account information which will identify the owner/user of the mobile number	Authorisation entered via web portal	Vodafone UK
1	N76/Trading Standards	29/10/2012	Top Up - from mobile number	Authorisation entered via web portal	Orange
2	N76/Trading Standards	29/10/2012	Top Up - from mobile number	Authorisation entered via web portal	Orange
3	N76/Trading Standards	29/10/2012	Top Up - from mobile number	Authorisation entered via web portal	Orange
4	N76/Trading Standards	29/10/2012	Top Up - from mobile number	Authorisation entered via web portal	Orange

Appendix B

Direct Surveillance Authorisations 2012

No	Date	Auth Off	URN	Service Area & Description	Reason	Post Code
1	09.02.12	APR	259156	Trading Standards	Rogue Traders	LE2
2	16.07.12	APR	286351	Anti Social Behaviour	Anti-Social Behavior	LE3
3	17.09.12	APR	296060	Environmental Crime	Fly Tipping	LE5
4	29.10.12	APR	302067	Environmental Crime	Fly Tipping	LE4
5	22.11.12	APR	306638	Environmental Crime	Graffiti	LE2



Leicester
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WARDS AFFECTED: ALL

Audit and Risk Committee

24 October 2013

Risk Management and Insurance Services Update Report

Report of the Director of Finance

1. Purpose of Report

To provide the Committee with the regular update on the work of the Council's Risk Management and Insurance Services team's activities.

2. Summary

The Committee has agreed a reporting schedule to keep it informed of:-

- Risk management activity within the Council;
- Information about the work of the Council's Risk Management and Insurance Services (RMIS) team; and,
- Information about other on-going initiatives in the Council to control risks it faces in the delivery of its services.

3. Recommendations

The Committee is recommended to:

- 3.1 Receive the Report and note its contents.
- 3.2 Make any recommendations or comments it sees fit either to the Executive or Director of Finance.

4. Report

4.1 The Risk Management and Insurance Services team have responsibility for three critical functions:

- Risk Management Support and Advice;
- Insurance; and
- Business Continuity Support and Advice.

- 4.2 This report provides an update, in the previously agreed format, on work carried out by the RMIS team since the last meeting, reporting to you progress made against their objectives. It assures you, where possible, that risks within the business continue to be managed effectively.

4.2.1 Risk Management Support and Advice

The Council's 2013 Risk Management Strategy, containing the Risk Management Policy and RMIS Action Plan, was approved at the February meeting of this Committee. An update on progress is attached at Appendix 1.

The Council maintains a Strategic Risk Register and an Operational Risk Register. These registers contain the most significant unmitigated risks which the Council is managing and they are owned by Strategic and Divisional Directors respectively. Whilst there are other key risks, in the view of Directors, these are sufficiently mitigated for them not to appear in these registers.

To allow the Committee to better understand these registers, attached as Appendix 2 is the current risk assessment scoring guide and matrix. The Risk Registers as at the 31 July are attached - Appendix 3 (Operational Risk Register) and Appendix 4 (Strategic Risk Register).

The 2013 RMIS training programme, the aim of which is helping staff to understand and manage their risks more effectively, was launched to the business in early December 2012. The training sessions continue to be well supported by the business areas. The 2014 training programme will be launched to the business in October 2013.

The Committee may recall that LCC has taken part in the CIPFA/ALARM Risk Management Benchmarking exercise every year since it began in 2010. As in past years a 'short form' report for 2013 is attached as Appendix 5. If members wish to see the full report, this can be made available on request. The report shows that in the seven assessed areas the Council has been rated higher than last year in three areas. Even though the rating in the remaining four areas remained the same as last year, the Committee will note that the actual points scored were higher in all four.

4.2.2 Insurance and Claims

A summary report of claims against the Council received in the period 1 April 2012 to 31 August 2013 is attached - Appendix 6.

This appendix shows both successful and repudiated claims, breaking these down into business areas and type of claim i.e. slips and trips, potholes etc. Members should remember that one claim may be reported in more than one policy category – for example a Motor claim may also have a Personal Injury or Public Liability claim too, and that for new claims a value may not have been applied whilst initial investigations conclude.

The figures in brackets represent claims in those areas in the same period last year. The year on year figures continue to show the benefits of handling these claims in-house as fewer are being paid and those that are paid are being settled, on the whole, at lower levels and much quicker – hence avoiding inflated Legal fees.

Since the last report to the Committee, the Council has had no cases go to Court. However, one claim was discontinued the week before trial allowing the reserve of £45,000 to be released and the Council's costs to be recovered.

Loss Reduction Fund – So far this Financial Year (1 April 2013 to 31 August 2013) RMIS received 25 bids for assistance from the fund for a total of £185,616. Of these bids, 18 applications were approved and the fund provided an amount of £131,997 to business areas. Five bids remain 'open' as we seek further information or clarification.

4.2.3 Business Continuity/Emergency Planning updates

The Council's 2013 Business Continuity Management Strategy, containing the Business Continuity Management Policy and RMIS Action Plan, was approved at the February meeting of this Committee. An update on progress is attached at Appendix 7.

There have been no events since the last meeting affecting the Council that required the intervention or use of a business continuity plan. However, on Friday 12 July at around 10pm a fire at the Wolsey building, Abbey Park Street, Leicester was reported to the Council's Emergency Management team. 30 Elderly people had been evacuated from the premises and the Police were seeking shelter for them. A short while later, the Council were advised this number had risen to 60 and some were in wheelchairs with a few having significant mental health issues. The Salvation Army were mobilised and opened their hall on Kildare Street with volunteers being mobilised to assist. The City Council Transport section was also mobilised to transport the evacuees to the centre. Shortly before the transport arrived on site, the fire was extinguished and the evacuees were allowed to return to their homes a little before midnight.

Although this was a comparatively small incident it could have been very significant because of the profile of the evacuees and the time of night it occurred. It is reassuring to note that everything was in place quickly to cope with this event, on what would have been one of the worst days for responders as it was the first day of the school holidays.

4.2.4 Key Risk Issues arising within the Business

The key significant risk issues arising within the business have not altered since the last meeting of this Committee. They remain those surrounding the trade unions' potential for, and actual, industrial action across the whole of the public sector.

The two main teaching unions (NUT and NASUWT), who had been encouraging their members to 'work to rule' since the 26 September 2012, finally escalated their members response to a one day stoppage on 1 October 2013. The Council's response to this disruption (and future such stoppages) was managed by the Director of Young Peoples Services, supported by the Head of Internal Audit and Risk management (who remained the LRF contact point). The action did not cause any significant disruption to the Council, although school closures create an issue for our other services and resilience partners.

Unison have also balloted their members at LCC to gauge their member's appetite for industrial action in the summer over the proposed 1% pay rise. There has been no update on this ballot since reported here in June.

The Fire Brigades Union held a four hour strike on 25 September. This is likely to be the first of a series of discontinuous actions and an update may be had after the union's Executive Council meet on 26 September. The Head of Internal Audit and Risk Management is the City Council's lead officer on this and is providing Directors and Heads of Service with updates from the Fire Service as they are received.

Unite have balloted its members at the Petrolneos Grangemouth oil refinery in Scotland. The ballot closed on 27 September and the union were asking members to support strike action and action short of a strike.

The Communications Workers Union (CWU) representing Royal Mail postal workers commenced balloting its members on 27 September. The ballot will close on 16 October, meaning that strike action will be possible from 23 October – however, talks are on-going to seek a resolution.

The Head of Internal Audit and Risk Management continues to Chair meetings of the Local Resilience Forum (LRF) Business Continuity Practitioners Group where the risks for LRF members arising from any strike action, and the LRF member's response to deal with these incidents, are reviewed. If any further strike action is confirmed he shall, again, co-ordinate the Council's response with the support of the Chief Operating Officer.

Critical areas considered most at risk of disruption remain – schools – because of the impact on LRF partners if they fail to open; highways – emergency repairs and response to adverse weather conditions; and, housing – emergency repairs and maintenance.

There was also a potentially serious incident on the 13 June at the Beaumont Leys Children's Centre. Workmen, contracted by LCC, were removing a damaged wall on a shop adjacent to the centre. Unfortunately, the wall collapsed into the Children's Centre's play area. Fortunately, this area was not occupied at the time and there were no injuries. The Council's Health and Safety team responded rapidly and produced a helpful and detailed report. The Head of Internal Audit and Risk Management requested the manager responsible for managing this risk (and their Director) to review their risk management process for this incident and inform him of the outcome from their 'lessons ;earned' incident de-brief (although this was on the 18 June, at the time of writing, a response is still awaited).

To better manage these risks the Committee is aware that the Council's Risk Management and Business Continuity Strategies and Policies are subject to annual review. The agreed first stage in this review process is for the draft papers to be brought to this Committee for comment. These are attached as Appendices 8 and 9 respectively. The draft policies will then be presented to the Strategic Management Board for approval; to the Operations Board for noting; to the Executive for acceptance; and finally be brought back here in final, approved format for this Committee to note.

4.2.5 Horizon Scanning – events in other Public Sector agencies and the Private sector that may impact upon the Council.

In August, Islington Council were fined £70,000 for publishing, in response to a freedom of information request, sensitive personal details of over 2,000 residents that had a history of mental illness or had been a victim of domestic abuse. The Council had published three spread sheets on-line but failed to spot the documents contained personal details of council tenants.

Also in August, Aberdeen City Council were fined £100,000 after information about social services involvement with vulnerable children was published on line. This included details of alleged criminal offences. The information was released after a Council employee accessed documents from her home computer.

Eleven local authorities were awarded grants from the Clean Bus Technology Fund at the Department of Transport, again during August. This award is to be used to reduce pollution from local buses. A joint bid from the City and Leicestershire County Councils was successful, with an award of £583,520 – sufficient for 32 buses.

The Head of Internal Audit and Risk Management will continue to send to and/or discuss with relevant managers and directors any issues and the potential impacts they may have on the Council.

5. Financial, Legal Implications

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

6. Other Implications

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

7. Report Author/Officer to contact:

Tony Edeson, Head of Internal Audit and Risk Management, Financial Services - Ext 37 1621

1 October 2013

APPENDIX 1 - Risk Management Strategy 2013 – RMIS Action Plan Update as at 31 August 2013

Action	Responsible Officer	Target Date(s)	Update
1. Develop a risk based review process for Internal Audit to test the maturity and integration of the Risk Strategy. This will be an agreed part of the scoping of all (appropriate) Internal Audit reviews that will provide assurance on the embeddedness and effectiveness of risk processes.	Head of Internal Audit and Risk Management	December 2013	Internal Audit include this in their audit scopes for each audit. As they do not cover all areas, to support this work, Risk Consultants from Zurich Municipal (the Council's insurers) have reviewed a sample (6) of the Council's Operational Risk Registers and met with the Directors responsible for those areas. A positive report was issued in June on completion, with progress against the actions being reported to SMB in January 2014.
2. Each Division's key operational risks to be reviewed and new significant risks or opportunities are fed into the Operational Risk register quarterly. This will include a review of the appropriateness and effectiveness of the mitigating actions/controls. These key risks to be informed by Divisions, Service areas and projects. Any significant operational risks identified by the Operational Board should be referred to the Strategic Management Board.	Operational Board (for completion) Head of Internal Audit and Risk Management (to facilitate)	Every 31 January; 30 April; 31 July; 31 October	The process of review and submissions continues to work well. There have been 100% returns from the Divisional Directors now in each of the last 21 months. The work referred to above by Zurich Municipal will help to re-enforce this.
3. The Strategic Management Board will continue to manage and monitor a strategic risk register for the risks which affect achievement of the strategic programme.	Strategic Directors	Every 31 January; 30 April; 31 July; 31 October	The Strategic Risk Register continues to be reviewed each quarter by Strategic Management Board (SMB) members individually and discussed quarterly at the SMB designated for the Risk Registers report.
4. Updates of Strategic and Operational Risk Registers should be reported to the Audit and Risk Committee (A&RC).	Head of Internal Audit and Risk Management - (produce) Operational Board - (agree) Strategic Management Board - (approve) Audit & Risk Committee - (note)	Corporate Registers Updated Quarterly in February; May; August; November. Reports to A&RC at next appropriate meeting.	The Operational and Strategic Risk Registers are brought for the Audit & Risk Committee's review at the first Committee meeting following the submission of the Divisional Risk Registers to Risk Management in February, May, August and November.

Action	Responsible Officer	Target Date(s)	Update
<p>5. Continue with the targeted training delivery based upon recent experience of operational involvement in risk activity; the outcomes of specific risk audits; recent insurance events; and, key financial risks being identified by the Operational/Strategic Risk Register process.</p>	<p>Head of Internal Audit and Risk Management</p>	<p>1. 2013 Programme to be delivered by 31 December 2013 2. 2014 Plan to be published by 31 December 2013</p>	<p>1. 2013 Plan was published on our Intranet site and sent to all Divisional Directors and their Heads of Service in December 2013. 2014 plan is prepared and training rooms being arranged (due to move to City Hall). Anticipated to be issued in October 2013. 2. There are 13 formal sessions in the 2013 plan. 8 have now been delivered to near 100% attendees (maximum 15 per session) with two sessions having to be relocated to different training rooms to accommodate 25 attendees. In addition, Zurich Municipal have delivered five 'Contract Risk management' sessions to different Divisional staff, allowing us to take advantage of their wider and specialist subject knowledge.</p>
<p>7. Continue to develop project risk assessments, as appropriate and in line with the principles of Prince2, where these do not exist. Continue to support the quality based risk assurance process for projects.</p>	<p>Project Portfolio Manager, Corporate Portfolio Management Office (CPMO) Head of Internal Audit and Risk Management</p>	<p>Quarterly Reviews in February May August November</p>	<p>Review meeting between the CPMO; the Head of Internal Audit and Risk Management; and the Internal Audit Manager took place in February. The CPMO Manager is bringing a paper to the Committee in October to explain more about this assurance process.</p>

Appendix 2 – Risk Assessment Scoring Guide and Matrix 2013

	IMPACT	SCORE	BENCHMARK EFFECTS
CRITERIA	CRITICAL/ CATASTROPHIC	5	<ul style="list-style-type: none"> • Multiple deaths of employees or those in the Council's care • Inability to function effectively, Council-wide • Will lead to resignation of Chief Executive and/or Leader of the Council • Corporate Manslaughter charges • Service delivery has to be taken over by Central Government • Front page news story in National Press (e.g. Baby P) • Financial loss over £10m
	MAJOR	4	<ul style="list-style-type: none"> • Suspicious death in Council's care • Major disruption to Council's critical services for more than 48hrs (e.g. major ICT failure) • Noticeable impact in achieving strategic objectives • Will lead to resignation of Strategic Director and/ or Cabinet Member • Adverse coverage in National Press/Front page news locally • Financial loss £5m - £10m
	MODERATE	3	<ul style="list-style-type: none"> • Serious Injury to employees or those in the Council's care • Disruption to one critical Council Service for more than 48hrs • Will lead to resignation of Divisional Director/ Project Director • Adverse coverage in local press • Financial loss £1m - £5m
	MINOR	2	<ul style="list-style-type: none"> • Minor Injury to employees or those in the Council's care • Manageable disruption to internal services • Disciplinary action against employee • Financial loss £100k to £1m
	INSIGNIFICANT/ NEGLIGIBLE	1	<ul style="list-style-type: none"> • Day-to-day operational problems • Financial loss less than £100k

LIKELIHOOD	SCORE	EXPECTED FREQUENCY
ALMOST CERTAIN	5	Reasonable to expect that the event WILL undoubtedly happen/recur, possibly frequently.
PROBABLE/LIKELY	4	Event is MORE THAN LIKELY to occur. Will probably happen/recur, but it is not a persisting issue.
POSSIBLE	3	LITTLE LIKELIHOOD of event occurring. It might happen or recur occasionally.
UNLIKELY	2	Event NOT EXPECTED . Do not expect it to happen/recur, but it is possible it may do so.
VERY UNLIKELY/RARE	1	EXCEPTIONAL event. This will probably never happen/recur.

Appendix 2 – Risk Assessment Scoring Guide and Matrix 2013

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

LIKELIHOOD (A)	Almost Certain 5	5	10	15	20	25
	Probable/Likely 4	4	8	12	16	20
	Possible 3	3	6	9	12	15
	Unlikely 2	2	4	6	8	10
	Very unlikely/ Rare 1	1	2	3	4	5
		<i>Insignificant/ Negligible</i> 1	<i>Minor</i> 2	<i>Moderate</i> 3	<i>Major</i> 4	<i>Critical/ Catastrophic</i> 5
IMPACT (B)						

Appendix 3 - LCC Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 31 July 2013

Risk What is the issue: <i>whats is the root cause/ problem – what could go wrong</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	Risk Score with existing measures (See Scoring Table Below)			Further management actions/controls required	Target Score with further management actions/controls required (See Scoring Tables Below)			Cost	Risk Owner	Target Date
			Impact	Probability	Risk		Impact	Probability	Risk			
1. Adult Social Care & Safeguarding - Wider Partners/NHS Change: risk to development of integrated working	Failure against national commitments on integration. Services are not aligned; Financial risk; Conflict between priorities of organisations; Transformation programme targets are not met.	High visibility at partnership forums; Support to frontline staff to maintain operational relationship management; Communication strategy for transformation in context of integration includes partners.	4	4	16	Establish clear partnership arrangement to agree and deliver Integrated Care in Leicester; maximise Pioneer opportunity	3	3	9		Ruth Lake	Pioneer status to be agreed (or not) end of June; governance arrangements to follow
2. Adult Social Care & Safeguarding - Failure to maintain essential health and safety in intermediate care	Ill health or death to residents and/or staff or visitors from water borne infections e.g.	Water hygiene monitoring practice in place	5	3	15	Ensure all registered managers go on required training and fully understand the requirements for	5	2	10		Ruth Lake	31 March 2014 and ongoing

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3. Adult Social Care & Safeguarding - Ineffective partnership working with Leicester City NHS results in failure to impement new IC unit.	Failure to deliver intermediate care priorities and make efficiency targets; capital risk	Strategy and redesign work to establish cross-economy commitment to intermediate care models	4	4	16	Engage with H&WB as it establishes; establish programme board with CCG input	3	3	9		Ruth Lake	Oct 2013 for Board to be in place and effective

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4. Information & Customer Access - Failure to complete move of corporate data centre in a timely manner and Project costs exceeding budget	Risk is: Delivery of new Data Centre is not sequenced to complete prior to moves of staff from NWC leading to major service disruption/potential failure of corporate service delivery. Time delays within overall contracting processes delay start/complete. Sequencing of DC move affects ability to complete other NWC related moves leading to knock on delays in programmes. Insufficient funding to complete project to original specification	<ul style="list-style-type: none"> • Mayoral directive to deliver without awaiting NWC decisions • Corporate Accomodation Stratgey Implementation (ASI) Programme Board Agenda item. • Site selection process complete, statutory planning requirements in hand, Project Tender process advanced. Soft Market Testing Internal Project Management Board appointed and Project Manager appointed. Project out to tender Moves sequencing factors raised to ASI Board 	5	4	20	Budget allocation finalised. Selection/appointment of specialist design and delivery partner(s) in tender process. Comprehensive migration planning	5	2	10		Jill Craig	Dec-13

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5. Information & Customer Access - Managing delivery of continuing levels of service with vacancies resulting from increasing retention & recruitment difficulties and staff churn.	<ul style="list-style-type: none"> • Staff departure Single Points of (Human) Failure Unable to recruit to posts/loss of key staff • General and/or major degradation of council ability to function Failure to deliver of key service improvement projects. Inability to meet resourcing needs for major site moves including NWC and DC as well as deliver Lync etc. 	1. Internal promotions and developmental opportunities 2. Explore Graduate recruitment 3. Extend recruitment search 4. Agencies	4	4	16	Work closely with HR to achieve more effective recruitment e.g. targetted advertising	4	2	8		Jill Craig	Dec-13

Appendix 3 - LCC Operational Risk Register

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6. Information & Customer Access - Failure of MS Lync. implementation (Voice services migration) in part or totally exacerbated by narrowing time envelope	Risk is: • Council ceases to function totally or in part through loss of voice services • Alternative voice solution not in place ahead of NWC move causing delays within moves • major cost over-runs are experienced in delivering an alternative solution • Cost benefits of MS migration are lost • Ability to exploit new ways of working is seriously compromised	Director and Project Steering Group actively monitor/manage delivery Thorough pilot of Lync. Proof of Concept solution within Information & Customer Access followed by initial pilot with small remote office BCP planning for implementation being tested Lync experienced Project Manager in place and coordinating activity with other MS projects in hand corporately	5	4	20	• Project Communication • Detail lessons learnt process to incrementally improve processes • Prioritisation of resource to Project	4	2	8		Jill Craig	Oct-13

Appendix 3 - LCC Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 31 July 2013

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7. Human Resources & Workforce Development - HR efficiencies not realised leading to greater service cuts in the HR service.	Risk to wider organisation of its ability to implement significant organisational change, linked to budget setting proposals.	Budget proposals accepted. Income targets set	4	4	16	Year one savings achieved through alternative management action, such as release of vacant posts. Income project halted whilst review is on-going and will be restarted with a view to achieving year 2 targets. Financing of HR staffing in review (i.e. base budgets) will further release income, which will contribute to future savings targets.	3	3	9		Steph Holloway	01/03/14
8. Property - Inability to fill vacant posts due to budget or other constraints	Short comings in management of compliance and potential for reduction in ability to deliver service and budget targets across the Division	Relying on existing staff to cover where possible. RAF signed to fill maternity cover post and tech support post through redeployment. Additional support provided in some areas.	3	5	15	Opportunity for greater emphasis on compliance in ongoing review. Review of Property Services gives opportunity to address imbalances.	3	4	12		John Stevens	

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9. Property - Economic conditions affecting budget	Budget targets not met, impact on overall division budget	Monthly report on voids and financial implications thereof to DMT and Mayors Property Briefing.	4	4	16	Regular review of rental levels to ensure portfolio remains competitively priced. Review of poorly performing assets, long term voids. External assessment of portfolio by ECH.	3	4	12	Staff time	John Stevens	31 March 2014 and ongoing
10. Property - Asbestos Management	Closure of buildings	1. Findings of asbestos action plan being implemented. 2. Asbestos monitoring returns to be reported to DivMT and Heads of Property monthly. To OB and SMB if cause for concern. 3. Action plan works now completed, signed off by H&S and now being monitored.	5	3	15	1. Ensure 100% compliance with asbestos returns with accurate data by holding BROs to account. 2. More rigorous audit of BRO monitoring to be undertaken.	3	2	6	Staff time	John Stevens	31 March 2014 and ongoing

Appendix 3 - LCC Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 31 July 2013

Risk What is the issue: <i>whats is the root cause/ problem – what could go wrong</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	Risk Score with existing measures (See Scoring Table Below)			Further management actions/controls required	Target Score with further management actions/controls required (See Scoring Tables Below)			Cost	Risk Owner	Target Date
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11. Property - Management of Water Hygiene	Closure of buildings	1. Implementation of control regime comprising ongoing regular monitoring, reports, risk assessment reviews and maintenance with allocated budgets. 2. Water hygiene monitoring returns to be reported to DivMT and Heads of Property monthly. To OB and SMB if cause for concern. 3. Spend of allocated capital budget for water hygiene and production of ongoing prioritised schedule of works ongoing. 4. Water hygiene responsibilities in non-op estate have been confirmed and necessary	5	3	15	1. Seek 100% compliance with water hygiene returns with accurate data. 2. More rigorous audit of BRO monitoring to be undertaken.	3	2	6	Staff time	John Stevens	31 March 2014 and ongoing

Appendix 3 - LCC Operational Risk Register

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Risks as at: 31 July 2013

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12. Property - Water Hygiene Management in BSF Schemes	Delays in construction Closure of buildings Death or injury Prosecution Loss of reputation	BSF team to ask Asset Strategy team for information in advance of undertaking works, including design proposals	5	3	15	Asset Strategy team to provide when asked by BSF team relevant information in reasonable timescales prior to undertaking works, including early consultation on design proposals	4	2	8	Staff time	John Stevens	31 March 2014 and ongoing
13. Property - FM and Lifecycle costs are not affordable/ VfM and create affordability issues for LCC and Schools.	Lifecycle costs are too high.	Phase 1 and 2 schools in contract therefore being managed. D&B schools in phases 3 - 6 to be reviewed subject to the option appraisal and outcomes of the property review.	5	4	20	Option appraisal for the delivery of FM Services to be concluded.	4	2	8	Long term affordability and maintenance	John Stevens	30-Apr-13

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13. Property - The alternative fuel variation is not implemented within a timescale that meets the construction contract leading to delays and additional costs	Costs associated with the use of Bio Fuel are too high.	Report produced for Executive to consider both the economic and environmental implications of fuel choice. Key decisions needed to ensure achievement of strategic outcomes as well as cost effective solution. Preference to use gas being pursued	5	4	20	Appraisal of the use of gas heating and alternative technology to be concluded.	4	2	8		John Stevens	30-Apr-13
14. Care Services & Commissioning (ASC) - Financial Risk – A methodology has been developed to base the fees uplift for the independent residential providers to prevent possible JR.	External professional support has been sought to assist with the process	Specialist professional support and legal advice has supported the process. The Executive is fully informed	4	4	16	External professional and legal advice is being sought as a means of limiting a possible JR challenge	3	1	3	A JR legal challenge could cost the authority several millions if the methodology used by the Council is not robust	Tracie Rees	1.9.2013 - legal are currently dealing with the issues arising from the consultation
15. Care Services & Commissioning (ASC) - Quality of care provision falls below required standards	Detriment (harm) to individuals, groups or the Council (financial or reputational)	Management audits of practice and development of plans to promote improvements	5	3	15	Audit processes in places via ASC contracts and assurance tea. This is in addition to CQC inspections.	5	2	10		Tracie Rees	31 March 2014 and ongoing

Appendix 3 - LCC Operational Risk Register

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16. Care Services & Commissioning (ASC) - Failure to maintain quality, safe services	Reduced quality, safeguarding, staff sickness	Addeco opening up the market, developing induction days and tools, benchmarking training and using the Swedish Derogation rule for consistency	4	4	16	Monitor and engage with Addeco to ensure development measures are undertaken. Monitor quality of agency staff	2	3	6		Tracie Rees	31 March 2014 and ongoing
17. Care Services & Commissioning (ASC) - Failure to carry out effective statutory consultation will result in financial and reputational damage to the council.	Council could face legal challenge through judicial review	Consultations being run as a dedicated project overseen by a senior manager with some temporary additional resource	5	4	20	A lean sign off process needs to be developed and agreed to avoid creating last minute changes and pressures	5	1	5	A JR legal challenge could cost the authority several millions if the methodology used by the Council is not robust	Tracie Rees	31 March 2014 and ongoing

Appendix 3 - LCC Operational Risk Register

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18. Care Services & Commissioning (ASC) - High risk politically, however failure to implement carries high financial risks in terms of deteriorating buildings and reducing occupancy levels	Public protest of proposals, raised risk of non CQC compliance due to deteriorating buildings and high agency usage. Raised risk of council disrepute and negligence	Effective resident and staff consultation	5	4	20	To provide factual information and support to staff that may be impacted on by any proposed changes via Trade Unison, HR, and Amica. Care management teams to support and inform residents and carers.	4	3	12	There are budget savings of £3.5m associated with the future of the homes	Tracie Rees	31 March 2014 and ongoing
19. Delivery, Communications and Political Governance - Fail to have a fit for purpose constitution and underpinning processes to support effective governance and decision-making	Lack of transparency and clarity in decision-making. Burdensome appropriate. Decisions not taken in a timely manner. Potential for unlawful processes.	Decision making processes reviewed and embedded in place. Ongoing process of briefing senior mgrs and others as required. Work being completed on the constitution to reflect specific changes and to further improve. Further work on other aspects of the New Regulations issued in respect of Executive Decisions and have been addressed including work on officer executive decisions	5	4	20	Continue to communicate and embed processes across the Council. Complete the work on the Constitution including report proposing revisions to the Political Conventions - due to go to Council in Sept	3	2	6		Miranda Cannon	Sep-13

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20. Delivery, Communications and Political Governance Divisional resources not aligned to the structures and needs of the Council	Impacts on ability to deliver the Divisional work-plan and core business. Division fails to meet expectations of services	Reviews completed in PPP / OI and Dem Services and post-review transition and customer engagement managed. Agreed additional resources and refocusing in relation to the Communications Team.	4	4	16	Plan and implement reviews of other key areas specifically Corporate Admin, Scrutiny support team and Marketing working with the relevant Heads of Service.	3	3	9		Miranda Cannon	Sep-13
22. Delivery, Communications and Political Governance Council fails to engage / commission appropriately from the VCS. LCC is at risk of judicial challenge if we fail to manage the contractual relationships effectively and in line with statute	Reputational damage from the perspective of the sector. The Council does not get maximum benefit from a thriving VCS in the city. The resilience and viability of the VCS is damaged. Risk of formal challenge e.g. judicial review from not engaging and consulting effectively with the	The Compact Steering Group has transformed into a strategic public/VCS group. Cllr Sood and Miranda Cannon working with the Group to refocus how it operates and maximise its impact. Recruitment underway for a new post to provide a corporate lead role in relation to co-ordinating work with the VCS across the Council	4	4	16	Continue to further develop relationships. Recruit and embed new post	4	2	8		Miranda Cannon	31 March 2014 and ongoing

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21. Delivery, Communications and Political Governance Failure to provide a managed and coherent response to the process. Failure to effectively support the process	Review is delayed causing reputational damage. Negative perceptions by elected members and MPs and the media which impacts on reputation and causes significant distraction for the organisation. Electoral processes are impacted unnecessarily	Regular engagement with the Boundary Commission to understand the process. Work underway to gather information to inform possible warding patterns	4	4	16	Finalise work on warding patterns to provide to members. Continue engagement with the Commission	4	3	12		Miranda Cannon	Nov-14

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22. Delivery, Communications and Political Governance Failure to accurately capture key data and information needed to accurately monitor operational performance and to complete relevant statutory returns	Government intervention. Gaps in data lead to incorrect service interventions and potential service failure.	Work underway with Departments on reviewing longer-term data capture requirements. Within social care the move from Carefirst to Liquid Logic will include a focus on data capture and data quality	4	4	16	Establish a programme of data quality activity to review and address weaknesses in approach	4	3	12		Miranda Cannon	Apr-14

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Risk Register Owner: Andy Keeling, COO

Risks as at: 31 July 2013

Risk What is the issue: <i>whats is the root cause/ problem – what could go wrong</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	Risk Score with existing measures (See Scoring Table Below)			Further management actions/controls required	Target Score with further management actions/controls required (See Scoring Tables Below)			Cost	Risk Owner	Target Date
			Impact	Probability	Risk		Impact	Probability	Risk			
23. Finance - Financial challenges - the Council fails to respond adequately to the cuts in public sector funding over the coming 2 - 3 years.	Council is placed in severe financial crisis. Reputational damage to the Council. Significant job losses leading to potential to destabilise the Council and difficult industrial relations. Mismatch between service demand and budget availability may lead to an increase in financial instability in some instances. Pressure may be created between 'demand led services' (social care) and other priorities	Budget for 2012/13 agreed as part of three year budget for 2012/15. Robust monitoring by SMB. Work commenced on budget for 2013/14-2014/15 and for longer term beyond 2015. Budget proposals are scrutinised by finance teams for accuracy and achievability.	5	4	20	Development of savings proposals for future years beyond the three year strategy, reflecting the Council's strategic service priorities and on-going modelling of the Council's potential future income and cost streams, recognising the significant reviews of Local Government funding and service delivery responsibilities at national level. Uncertainties remain to be resolved over the effects of Council Tax Discount and Business Rates localisation from April 2013. Ongoing checks via budget monitoring and monitoring of growth and savings	5	2	10		Alison Greenhill	31.03.2014 and Ongoing

Appendix 3 - LCC Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 31 July 2013

Risk What is the issue: <i>whats is the root cause/ problem – what could go wrong</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	Risk Score with existing measures (See Scoring Table Below)			Further management actions/controls required	Target Score with further management actions/controls required (See Scoring Tables Below)			Cost	Risk Owner	Target Date
			Impact	Probability	Risk		Impact	Probability	Risk			
24. Finance - Corporate Procurement - Failure to comply with proper procurement practice in contracts.		1. More trained staff in place centrally to draw up documentation, manage and advise on tenders 2. new CPRs approved	3	5	15	1. Eliminate approved procuring officer model 2. Fully centralise procurement 3. HoP approval on framework use	3	2	6		Alison Greenhill	Mar-14
25. Finance - Revenues and Benefits - Data loss - MAPPA detail. Legislation changes to LHA exemption	Breach of security on MAPPA data	Data is 'hidden from general view' with only authorised access to management level	5	3	15	Data management qualities are tested and monitored regularly. IA tests the resilience of the 'hidden' data from attack.	5	2	10		Alison Greenhill	31/03/2014 and ongoing
26. Finance - Revenues and Benefits - Data breach - DWP data or safeguarding claim.	Breach of security on DV /sensitive cases or DWP CustoeMr Information System	Claims are handled by a specialist team.Forced preview of letter to be sent to allow checking prior to print. Refreshers course ran regularly on DPA issues	5	3	15	Range of suggestions from Info Governance.Plan in place to adopt new model of working	5	2	10	£3K	Alison Greenhill	31.03.2014 and Ongoing

Appendix 3 - LCC Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 31 July 2013

Risk What is the issue: <i>whats is the root cause/ problem – what could go wrong</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	Risk Score with existing measures (See Scoring Table Below)			Further management actions/controls required	Target Score with further management actions/controls required (See Scoring Tables Below)			Cost	Risk Owner	Target Date
			Impact	Probability	Risk		Impact	Probability	Risk			
27. Housing - Loss of rental income will adversely affect the HRA	Impact of Welfare Reform on HRA rental income collection. Universal Credit (UC) is to be fully implemented in 2017 . Under UC, claimants will receive all their benefits, including housing costs element the, directly themselves, monthly in arrears. They will have to pay their FULL rent out of this. The biggest challenge to the HRA will be to collect the full rent from those working age claimants whose housing costs are no longer paid directly to the Landlord (LCC) as they are now.	Promote setting up of Credit Union Bank Accounts with tenants., Focus STAR team support on those affected. maximise the number of tenants claiming DHP for bedroom tax affected cases. Identified tenants who are over-occupying in order to help with down-sizing. Promotion/awareness to tenants of Discretionary Housing Payments (DHP).	4	4	16	develop IT system to support paperless direct debits. Amend tenancy agreement for all tenants to make it a requirement that they pay rent either by direct debit or CUBA account.	4	3	12		Ann Branson	31.03.2014 and Ongoing

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Appendix 4 - LCC Strategic Risk Register

Risk Owner: Andy Keeling, COO

Date completed: 31 July 2013

Risk What is the issue: <i>whats is the root cause/ problem – what could go wrong</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	Risk Score with (See Scoring			Further management actions/controls required	Target Score controls required (See Scoring Tables Below)			Cost	Risk Owner	Target Date
			Impact	Probability	Risk		Impact	Probability	Risk			
1. Health reforms - City fails to respond effectively to the requirements of new Government proposals/ legislation which places new health responsibilities on local authorities	<p>Impacts on ability to deliver improvements in health outcomes in Leicester .</p> <p>Failure to meet statutory responsibilities.</p> <p>Reputational damage to the Council and NHS.</p> <p>Financial implications in that the Council fails to secure the right resources (money and staff) to deliver the new duties.</p>	Ongoing dialogue with key stakeholders including GP members of the City CCG and CCG staff. Shadow Health and Well Being Board established. Successful physical relocation of PCT Public Health staff into LCC New Walk Centre completed.	4	3	12	Development of a clear programme of work to continue delivering changes. Confirm resources needed to deliver the programme and governance arrangements. Briefing of City Mayor and members. Effective running of the shadow Health & Well-being Board.	3	3	9		Deb Watson	Mar-14

Appendix 4 - LCC Strategic Risk Register

Risk Owner: Andy Keeling, COO

Date completed: 31 July 2013

Risk What is the issue: <i>whats is the root cause/ problem – what could go wrong</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	Risk Score with (See Scoring			Further management actions/controls required	Target Score controls required (See Scoring Tables Below)			Cost	Risk Owner	Target Date
			Impact	Probability	Risk		Impact	Probability	Risk			
<p>2. Financial challenges - the Council fails to respond adequately to the cuts in public sector funding over the coming 2 - 3 years and fails to deliver the required budget savings for 2013/14.</p>	<p>Council is placed in severe financial crisis. Reputational damage to the Council. Significant job losses leading to potential to destabilise the Council and difficult industrial relations. Mismatch between service demand and budget availability may lead to an increase in financial instability in some instances. Pressure may be created between 'demand led services' (social care) and other priorities.</p>	<p>Budget for 2012/13 agreed as part of three year budget for 2012/15. Robust monitoring by SMB. budget for 2013/14-2014/15 is out for consultation. Regular reporting to the City Mayor and elected members.</p>	5	4	20	Development of savings proposals for future years beyond the three year strategy, reflecting the Council's strategic service priorities and on-going modelling of the Council's potential future income and cost streams, recognising the significant reviews of Local Government funding and service delivery responsibilities at national level.	5	2	10		Andy Keeling Alison Greenhill	31.03.2014 and Ongoing

Appendix 4 - LCC Strategic Risk Register

Risk Owner: Andy Keeling, COO

Date completed: 31 July 2013

Risk What is the issue: <i>whats is the root cause/ problem – what could go wrong</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	Risk Score with (See Scoring			Further management actions/controls required	Target Score controls required (See Scoring Tables Below)			Cost	Risk Owner	Target Date
			Impact	Probability	Risk		Impact	Probability	Risk			
3. Organisational flux - the level of changes needed to deliver the budget savings in particular the reductions in staffing destabilises the Council	As a result of organisational change there is a requirement for completely new skill sets that underpin a transformed business model, such as supplier management. Staff morale severely impacted and results in a drop in productivity. Not able to deliver priority outcomes and targets. Reputational damage to the Council	Whole Council approach to managing staffing reductions in place. Programme in place to seek volunteers for redundancy on an annual basis.	4	4	16	Implement regular monitoring of progress and impact by SMB. Ensure clear cascade communications to staff in place. HR develop appropriate measures to support staff	4	3	12		Andy Keeling	Mar-14
4. Partner relationships - LCC fails to further develop and improve the way it works in Partnership(s). Tensions and strained relationships with key partners and stakeholders including the voluntary and community sector due to financial and other pressures	Failure of local agreements and partnership arrangements to deliver agreed levels of performance, the impacts of which may reflect negatively on the Council adversely affecting its reputation. Potential litigation where it impacts on formal contractual relationships.	Mechanisms in place for regular dialogue including formal partnerships via the City Partnership Board and Strategic Theme Groups. Co-ordinated work underway to review commissioning from the VCS.	4	4	16	Close involvement of Elected Mayor and Members in key partnerships. Regular review and evaluation of the current position by SMB	4	3	12		Miranda Cannon All Strategic Directors	March 2014 or when themed discussion at SMB around partnerships (with the VCS in particular) has taken place.

Appendix 4 - LCC Strategic Risk Register

Risk Owner: Andy Keeling, COO

Date completed: 31 July 2013

Risk What is the issue: <i>whats is the root cause/ problem – what could go wrong</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	Risk Score with (See Scoring			Further management actions/controls required	Target Score controls required (See Scoring Tables Below)			Cost	Risk Owner	Target Date
			Impact	Probability	Risk		Impact	Probability	Risk			
	<p>Partnership working will be an expensive bureaucracy and fail to add value to improving outcomes for the citizens of Leicester. Reputational damage to the Council from the perspective of partners. Partnership working fails to take into account the needs of all communities. There is no common vision or consensus across key partners in the city and therefore the work of individual organisations pulls in different and potentially conflicting directions.</p>	<p>Partnership working arrangements in the city were further reviewed following the election of the City Mayor and adoption of new governance arrangements. The City Partnership Board has been established and is meeting quarterly focusing on major themes for the city. Partnership sub-structure has been reviewed and found generally to be fit for purpose. Cllr Sood now has partnership working within her portfolio. Work underway to redevelop mechanisms for engaging at strategic level with the VCS</p>				<p>Keep arrangements under review. Continue to develop and embed the approach to working strategically with the VCS</p>						
<p>5. Crisis recovery - Inadequate emergency or business continuity response to a major event adversely affecting the Council, its employees, the people in its care or the citizens of Leicester.</p>	<p>Insufficiently prepared management leads to disorder in the rapid restoration of business critical activities and the control of the emergency plan. The emerging risk environment increasingly makes 'resilience' a significant focus for all organisations. Budget cuts and rationalisation may also challenge the ability of Category 1 responders (which LCC are) to fulfil their statutory duty.</p>	<p>All members of the Senior Management Team have roles in either a Corporate BCM Team or act as Emergency Controllers.</p>	5	3	15	<p>Further embedding of business continuity management approach.</p>	5	2	10		Andy Keeling	31.03.2014 and Ongoing

Appendix 4 - LCC Strategic Risk Register

Risk Owner: Andy Keeling, COO

Date completed: 31 July 2013

Risk What is the issue: <i>whats is the root cause/ problem – what could go wrong</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	Risk Score with (See Scoring			Further management actions/controls required	Target Score controls required (See Scoring Tables Below)			Cost	Risk Owner	Target Date
			Impact	Probability	Risk		Impact	Probability	Risk			
6. Operational Risks - Significant Operational risks may seriously impair delivery of priority outcomes and targets and impact on the financial position of the Council	Less than optimal services provided to the citizens of Leicester. Operational issues may require resource 'earmarked' for strategic projects or programmes, leading to these being delayed or cancelled.	Operational Board identify, monitor and manage significant Operational risks.	4	3	12	Operational Board to identify, monitor and manage significant Operational risks. Chief Operating Officer and Strategic Directors to discuss significant Divisional Risks with individual Divisional Directors (at least quarterly) in their regular 121 meetings.	3	2	6		Andy Keeling / Elaine McHale / Frank Jordan / Deb Watson	31.03.2014 and Ongoing
7. ASCT Programme - The Council fails to transform and modernise social care in line with statutory requirements and the future cost of social care cannot be contained within the Council's budget.	Impacts on quality of care and choice provided to service users and carers. Impacts on outcomes relating to vulnerable adults and older people including the safety of these service users. Failure to meet Government defined targets. Planned efficiencies are not secured which impacts on Council budgets. Unable to manage the additional demands made on the service.	Following the recent quality assurance review of the programme the governance arrangements have been changed to create an internal board to ensure individual projects are progressed. An external steering group has also been created to enable users, carers and other stakeholders to have an input into the programme.	4	4	16	Monitor closely the progress of the programme.	4	3	12		Deb Watson	31.03.2014 and Ongoing

Appendix 4 - LCC Strategic Risk Register

Risk Owner: Andy Keeling, COO

Date completed: 31 July 2013

Risk What is the issue: <i>whats is the root cause/ problem – what could go wrong</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	Risk Score with (See Scoring			Further management actions/controls required	Target Score controls required (See Scoring Tables Below)			Cost	Risk Owner	Target Date
			Impact	Probability	Risk		Impact	Probability	Risk			
8. Accommodation - Council fails to respond adequately to the structural issues relating to New Walk Centre	Significant risk to health and safety of employees and others. Major disruption to services if vacation of NWC is required. Major reputational damage. Significant financial implications	Accommodation programme in place to take forward the required work. Plans being progressed for relocation and future options.	5	3	15	Close monitoring of the programme. Engagement of staff teams in detailed planning work.	5	2	10		Frank Jordan	Dec-13
9. Community tensions - Council fails to identify tensions arising in the city (particularly as the financial challenges impact on communities) leading to unrest in specific communities / areas of the city.	Impacts on reputation of the city and Council. Places a strain on resources and services to manage.	Tension monitoring and governance arrangements in place with the Police.	5	2	10	Continued close monitoring. Targeted interventions where needed. Lessons learned from managing the Thurnby Lodge 'issue' to be incorporated into future plans.	5	1	5		Frank Jordan	31.03.2014 and Ongoing
10. Information Security - the Council fails to adequately secure confidential and sensitive data that it holds	Major loss of public confidence in the organisation. Potential litigation and financial loss to the Council. Reputational damage to the Council. With data held in a vast array of places and being transferred between supply chain partners, data becomes susceptible to loss; protection and privacy risks.	Clear policies and protocols in place.	5	4	20	Clear and ongoing communications to staff to reinforce policies and protocols. Regular review and monitoring of arrangements across services by Service Managers supported by Information Security / Governance Teams	5	2	10		Andy Keeling	31.03.2014 and Ongoing

Appendix 4 - LCC Strategic Risk Register

Risk Owner: Andy Keeling, COO

Date completed: 31 July 2013

Risk What is the issue: <i>whats is the root cause/ problem – what could go wrong</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	Risk Score with (See Scoring			Further management actions/controls required	Target Score controls required (See Scoring Tables Below)			Cost	Risk Owner	Target Date
			Impact	Probability	Risk		Impact	Probability	Risk			
11. Breaches in standards / corporate policies and procedures - Local management use discretion to apply inconsistent processes and misinterpret Corporate policies & procedures, perpetuating varying standards across business units.	Places the organisation at risk eg fraud, data loss etc. Potential financial losses / inefficient use of resources.	Regular reporting from Internal Audit to SMB and Operational Board.	4	3	12	Continue to reinforce key standards and policies via regular communication. Ensure Managers are appropriately trained and requirements are clearly set out in JDs and reinforced via appraisals. Ensure Internal Audit findings are acted on in a timely manner.	4	2	8		Kamal Adatia	31.03.2014 and Ongoing
12. Project / programme delivery - project and programme controls fail to deliver	Major infrastructure transformation initiatives, process re-engineering and organisational change programme projects may be challenged by cost over-runs and failure to meet expectations by not completing on time or with significant budget overspend. Failure to co-ordinate projects and project resource leads to scope creep. Impacts on ability to drive improved outcomes and targets for the citizens of Leicester.	CPMO in place with monthly reporting on the portfolio. Support for Project and Programme Managers in place eg training, Project Managers Network. Formal programme of assurance reviews in place	4	3	12	Continued embedding of arrangements to ensure robust management and delivery of the overall portfolio of programmes and projects.	4	2	8		Andy Keeling All Strategic Directors	31.03.2014 and Ongoing

Appendix 4 - LCC Strategic Risk Register

Risk Owner: Andy Keeling, COO

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			Impact	Probability	Risk		Impact	Probability	Risk			
13. Safeguarding - the Council fails to adequately safeguard vulnerable groups eg children and young people, elderly, those with physical and learning disabilities	Death or serious injury. Serious case reviews initiated. Reputational damage to the Council. Citizens lose confidence in the Council. Negatively impacts on relationships with stakeholders. Impacts severely on staff morale.	Safeguarding Adults and Children's Boards in place. Regular reviews of procedures and close supervision of staff. Range of quality assurance processes exist within the Divisions. Range of developments exist within the Divisions to manage, support recruit and retain staff.	5	3	15	1. Board performance and framework development. 2. Chair of Board has direct accountability through Chief Operating Officer 3. Regular bi-monthly meetings with Mayor and Adults and Childrens Lead	5	2	10		Deb Watson/ Elaine McHale	31.03.2014 and Ongoing

Appendix 4 - LCC Strategic Risk Register

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			Impact	Probability	Risk		Impact	Probability	Risk			
<p>14. Breach of Health and Safety Regulations - City Council fails to respond effectively to the requirements of HSE/Government proposals and/or legislation which places health and safety responsibilities on local authorities.</p>	<p>Possibility of serious injury or death of member of staff or service user/members of the public. Failure to meet statutory responsibilities. Reputational damage to the Council.</p>	<p>Day to day management of Health and Safety responsibility rests with the Operational Directors and their Heads of Service. Corporate Health and Safety team available to assist. Risk is reported and controlled through the Divisional Directors Operational Risk Registers (presented to Operations and Strategic Management Boards each quarter) and these are underpinned by registers at Heads of Service level that are reviewed and discussed at Divisional Management Teams each quarter. Regular inspections and reports by the Corporate Health and Safety team with all actions being followed up within a reasonable time. Failure to implement actions satisfactorily is reported to SMB.</p>	5	3	15	Responsibility for Health and Safety (Section A of H&S Safety Manual) to be reviewed annually by Corporate H&S Manager. Reminder to be issued to all Directors annually by COO outlining H&S responsibilities as part of the Governance reporting process. Strategic Directors to re-inforce the Risk Management Strategy with their Directors and reinforce across their areas of responsibility. Annual risk based H&S audit programme to be agreed by SMB; proposed, delivered and reported by H&S service. Consideration to be given to establishing relevant KPI's for each Director's area of responsibility. - Corporate H&S manager to discuss	5	2	10		All SMB Members.	Mar-14

Appendix 4 - LCC Strategic Risk Register

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			Impact	Probability	Risk		Impact	Probability	Risk			
<p>15. Impact of Climate Change - City Council fails to respond effectively to the requirements of Government proposals and/or legislation which places climate change responsibilities on local authorities.</p>	<p>An increase in inclement weather patterns (flood, heat, waves, drought, windstorm, increased snow fall etc) building the right infrastructure and new statutory flood and water risk management duties. Having sufficient financial resources and flexibility to address these challenges becomes increasingly difficult.</p>	<p>Day to day management of climate change responsibility rests with the Operational Directors and their Heads of Service. Corporate climate change/environmental team available to assist. Risk is reported and controlled through the Divisional Directors Operational Risk Registers (presented to Operations and Strategic Management Boards each quarter) and these are underpinned by registers at Heads of Service level that are reviewed and discussed at Divisional Management Teams each quarter. Regular inspections and reports by the Corporate Climate Change team with all actions being followed up within a reasonable time. Failure to implement actions satisfactorily is reported to SMB via respective Priority Boards</p>	5	3	15	Strategic Directors to re-inforce the Risk Strategy and climate change responsibilities with their Operational Directors.	5	2	10		All SMB Members.	Mar-14

Appendix 4 - LCC Strategic Risk Register

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16. Employee Development and Management - Lack of future workforce planning and appropriate development of managers and employees leaving the Council exposed to service failure in the future. The Council loses knowledge, experience and skills through staff leaving the Council as posts are made redundant and deleted.	The Council does not have the right skills, behaviours and competencies in terms of the workforce to deliver the city's vision and priorities. The Council fails to maximise the potential of its key resource. Staff become demotivated which impacts on productivity and delivery across the Council. Disruption to service delivery. Impacts on continuity of services. Creates risks in delivery because information on processes / procedures etc is lost	Learning and Development Strategy in place. Time allowed for redeployment in the case of compulsory redundancies provides opportunity for handover.	4	4	16		4	2	8		Stephanie Holloway (Interim)	Jun-13

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<p>17. Voluntary and Community Sector (VCS) - Council fails to engage / commission appropriately from the VCS. LCC is at risk of judicial challenge if we fail to manage the contractual relationships effectively and in line with statute</p>	<p>Reputational damage from the perspective of the sector. The Council does not get maximum benefit from a thriving VCS in the city. The resilience and viability of the VCS is damaged. Risk of formal challenge e.g. judicial review from not engaging and consulting effectively with the sector.</p>	<p>Regular monthly progress reporting is now in place for all reviews. The Compact Steering Group has transformed into a strategic public sector/VCS group. Cllr Sood and Miranda Cannon working with the Group to refocus how it operates and maximise its impact</p>	4	3	12	<p>Continue to further develop relationships</p>	4	2	8		Miranda Cannon	31/03/2014 and Ongoing

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Alarm CIPFA Risk Management Benchmarking Club 2013

All Members Report

Leicester City Council

compared with

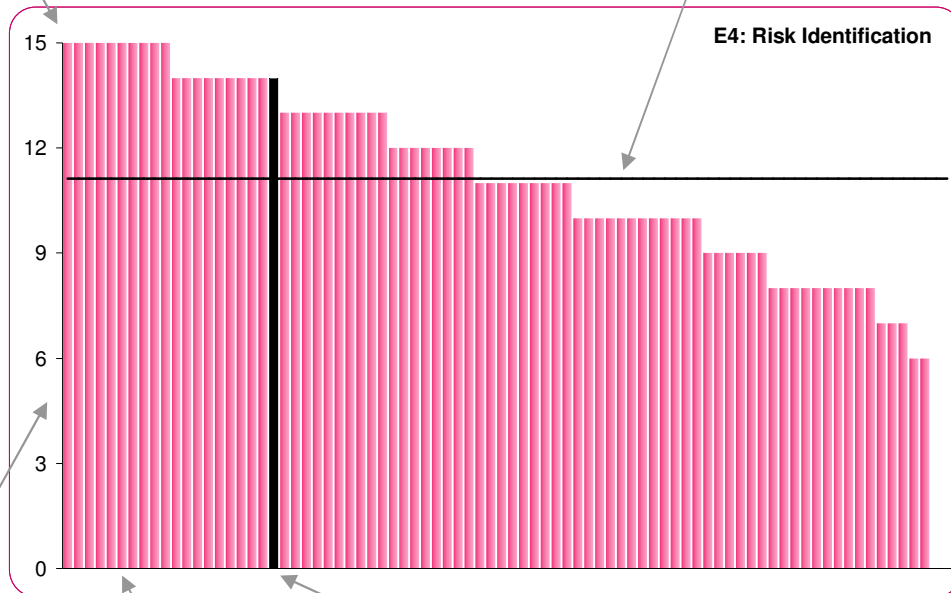
34 Other Club Members



Understanding Our Charts

The scale is set so the top of the scale is the **maximum possible score**.

The horizontal line shows the average score for the organisations compared.



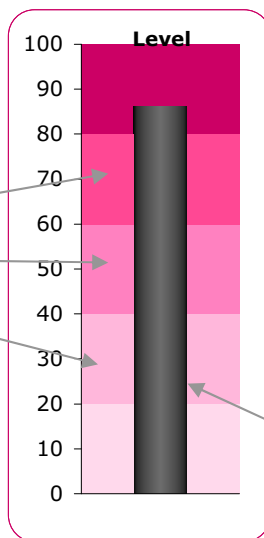
The y-axis shows the score.

Each bar represents an organisation's score.

The black bar represents your organisation's score.

Summary bars are provided for the section totals

The shaded areas represent the different maturity bands (Awareness, Happening, Working, Embedded & Integrated, Driving)



The black bar represents your organisation's score.

Introduction

Welcome to your 2013 Risk Management benchmarking report. This is the fourth year of this Benchmarking Club and we hope members have found it useful and felt that the changes made have made the exercise simpler and better.

The exercise has been designed as a performance improvement tool. It's about helping you raise the standards of risk management within your organisation. It is based on Alarm's National Performance Model for Risk Management in Public Services published in 2009. This is available to download from www.alarm-uk.org.

This Benchmarking Club was initially conceived by an Alarm Special Interest Group, comprising of professional, practising risk managers, and developed into its final version in collaboration with leading risk management consultants, Det Norske Veritas (DNV).

The National Performance Model is based on the highly respected tool developed by HM Treasury in 2002, "Risk Management Assessment Framework", itself having its genesis in an EFQM approach. It breaks down risk management activity into seven strands:

- Leadership and management
- Policy and strategy
- People
- Partnerships, shared services and resources
- Processes
- Risk handling and assurance
- Outcomes and delivery

Under each strand, a series of questions have been developed which members have answered. These answers are weighted to reflect their relative impact on performance and collated into a final "score" for each section. This identifies the level of maturity the organisation has reached. This report provides the initial findings of yours and comparator organisations.

We expect that you will be using the results contained within this report as the basis of the evidence that you will use to provide your organisation with assurance of the standard of risk management that it has reached, along with comparison with others within the public sector.

Thanks

Alarm and CIPFA would like to thank this year's steering group for their work in reviewing and revising the question set and tightening up the guidance:

Stephen Andreassen - Norfolk County Council
John Allsop - London Borough of Ealing
Peter Andrews - Hampshire County Council
Robert Ford - Dorset Fire & Rescue
Susan Gibson - London Borough of Lambeth

Summary

Here is an overview of your results in each area. Please see later sections for breakdowns of these results.

Enablers	Leadership & Management	Awareness	Happening	Working	Embedded & Integrated	Driving
	Policy & Strategy	Awareness	Happening	Working	Embedded & Integrated	Driving
	People	Awareness	Happening	Working	Embedded & Integrated	Driving
	Partnerships & Resources	Awareness	Happening	Working	Embedded & Integrated	Driving
	Processes	Awareness	Happening	Working	Embedded & Integrated	Driving
Results	Risk Handling & Assurance	Awareness	Happening	Working	Embedded & Integrated	Driving
	Outcomes & Delivery	Awareness	Happening	Working	Embedded & Integrated	Driving

Level Guide:

Awareness	<20%
Happening	20 - 45%
Working	45 - 70%
Embedded & Integrated	70 - 85%
Driving	85%+

Section A: Leadership & Management

Do Senior Management and the Executive Board support and promote risk management?

This section is concerned with:

- Risk judgements
- Clear direction
- Risk appetite
- Understanding key risks
- Accountability and responsibility
- Driving improvement
- Challenge to levels of risk acceptance
- Stakeholder engagement

The questions deal with:

- Information and decision making
- Escalation and reporting systems

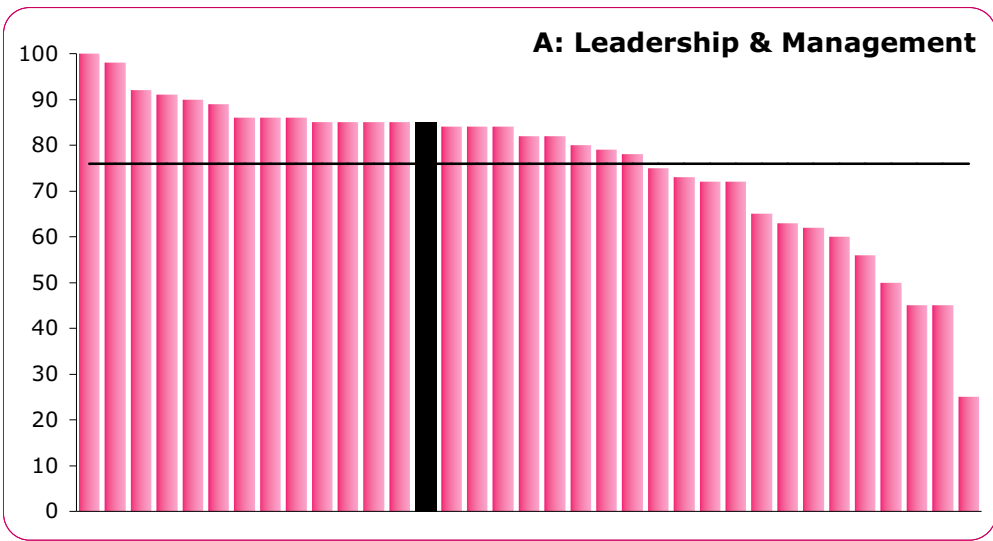
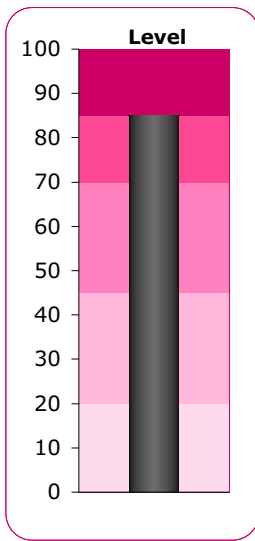
- Accountability and management responsibility
- Leading risk management implementation
- Stakeholders' engagement

There should be evidence to demonstrate the extent to which the leadership of the organisation:

- Uses risk management to develop effective policies at the policy making stage.
- Uses risk management to achieve better outcomes
- Provides clear direction on the management of risk

- Enables unanimity on the key strategic risks
- Sets the criteria/arrangements for the organisation's appetite for taking risks
- Encourages innovation through well-managed risk taking
- Supports staff when things go wrong (i.e. avoids a blame culture)
- Ensures clear accountability for managing risk
- Drives implementation of improvements in risk management
- Uses the principles of good governance to manage risks

Assessed Level: Driving



Score provided: 85 Average score: 76

Summary of Behavioural Progress toward Leadership & Management Maturity

Level 1 Awareness	Level 2 Happening	Level 3 Working	Level 4 Embedded & Integrated	Level 5 Driving
Senior management are aware of the need to manage uncertainty and risk and have made resources available to improve.	Board/Councillors and senior managers take the lead to ensure that approaches for addressing risk are being developed and implemented.	Senior managers take the lead to apply risk management thoroughly across the organisation. ----- They own and manage a register of key strategic risks and set the risk appetite.	Risk management is championed by the CEO. ----- The Board and senior managers challenge the risks to the organisation and understand their risk appetite. ----- Management leads risk management by example.	Senior management uses consideration of risk to drive excellence through the business, with strong support and rewards for well-managed risk-taking.

Section B: Policy & Strategy

Are there clear strategies and policies for risk?

This section is concerned with:

- A strategic approach to the management of risk and increasing its effectiveness
- Policies

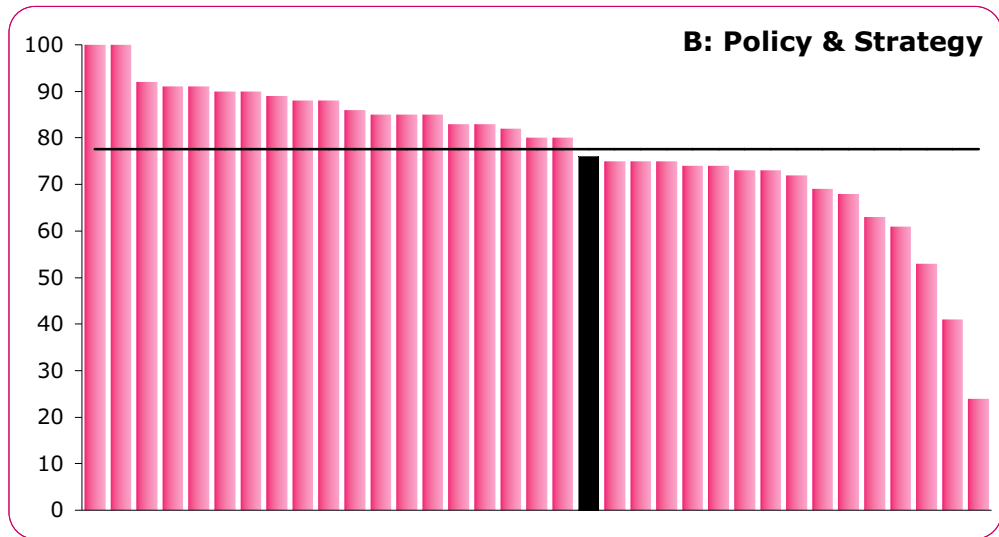
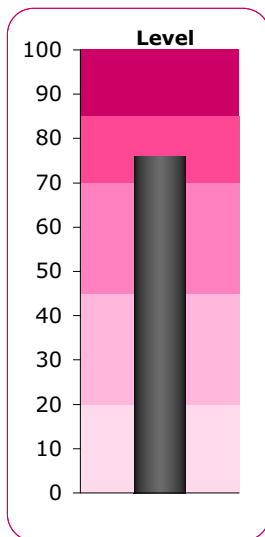
The questions deal with:

- Strategy development
- Risk management policy (including risk appetite)
- Risk management framework and strategy implementation

For this section, you should have evidence to demonstrate the extent to which the organisation has:

- Set a clear direction for the scope and priorities of its risk management
- Set the organisation's requirements of risk management as part of its overall approach to governance
- Designed and implemented a risk management framework

Assessed Level: Embedded & Integrated



Score provided: 76 Average score: 77.5

Summary of Behavioural Progress toward Strategy & Policy Maturity

Level 1 Awareness	Level 2 Happening	Level 3 Working	Level 4 Embedded & Integrated	Level 5 Driving
<p>The need for a risk strategy and risk-related policies has been identified and accepted.</p> <p>-----</p> <p>The risk management system may be undocumented with few formal processes present.</p>	<p>Risk management strategy and policies drawn up, communicated and being acted upon.</p> <p>-----</p> <p>Roles and responsibilities established, key stakeholders engaged.</p>	<p>Risk management principles are reflected in the organisation's strategies and policies.</p> <p>-----</p> <p>Risk framework is reviewed, developed, refined and communicated.</p>	<p>Risk handling is an inherent feature of policy and strategy making processes.</p> <p>-----</p> <p>Risk management system is benchmarked and best practices identified and shared across the organisation.</p>	<p>Risk management capability in policy and strategy making helps to drive organisational excellent.</p>

Section C: People

Are people equipped and supported to manage risk well?

This section is concerned with:

- Culture
- Roles and responsibilities
- Skills, training and guidance
- Communications

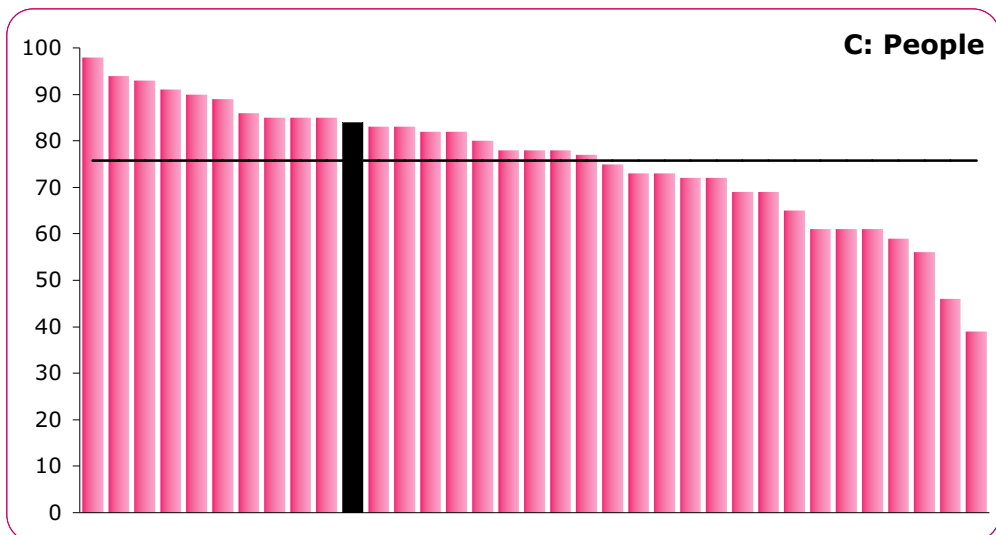
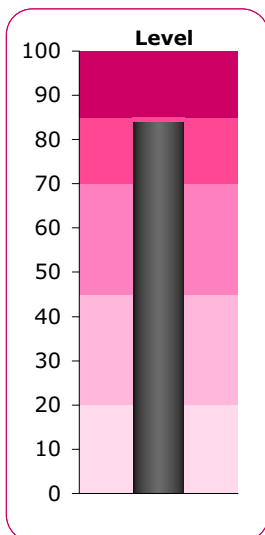
The questions deal with:

- Risk management culture
- Responsibility
- Skills and guidance - capability
- Communications

For this section, you should have evidence to demonstrate the extent to which there is:

- A risk-aware culture as opposed to a risk-averse culture at all levels within the organisation
- Responsibilities for risks are allocated to individuals to manage
- There are arrangements to ensure appropriate risk management awareness, knowledge, experience and skills among:
 - Governors/Executive Members
 - Senior Management
 - Staff

Assessed Level: Embedded & Integrated



Score provided: 84 Average score: 75.8

Summary of Behavioural Progress toward People Maturity

Level 1 Awareness	Level 2 Happening	Level 3 Working	Level 4 Embedded & Integrated	Level 5 Driving
Key people are aware of the need to understand risk principles and increase capacity and competency in risk management techniques through appropriate training.	Suitable guidance is available and a training programme has been implemented to develop risk capability.	A core group of people have the skills and knowledge to manage risk effectively and implement the risk management framework. ----- Staff are aware of key risks and responsibilities.	People are encouraged and supported to take managed risks through innovation. ----- Regular training and clear communication of risk is in place.	All staff are empowered to be responsible for risk management. ----- The organisation has a good record of innovation and well-managed risk taking. ----- Absence of a blame culture.

Section D: Partnership & Resources

Are there effective arrangements for managing risks with partners?

This section is concerned with:

- Managing risk to and within partnerships
- Area specific risks
- Shared risks
- Risk faced by the community
- Local resilience
- Partnership guidance
- Joint risk registers
- Resources available to manage risk effectively

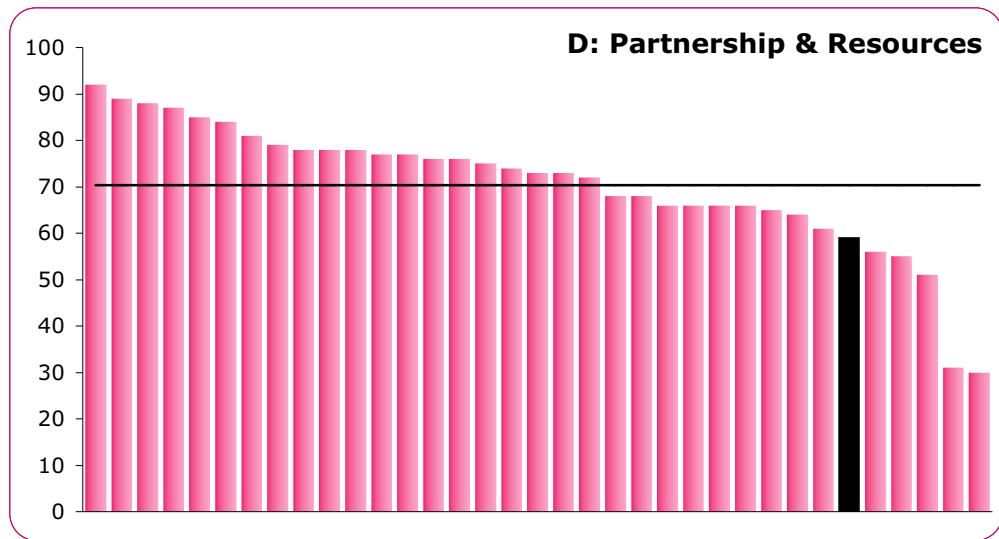
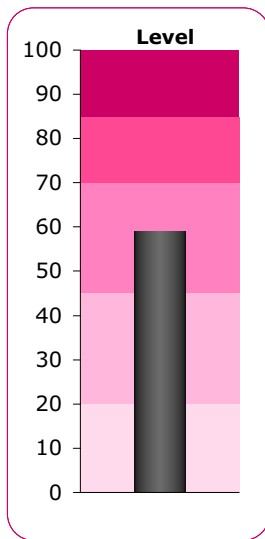
The questions deal with:

- Partnerships and shared risks
- Risk finance
- Information and knowledge
- Tools

For this section, you should have evidence to demonstrate the extent to which:

- There are agreed mechanisms for identifying, assessing and managing risks in each key partnership
- There is a common risk language which creates shared understanding of the key partnerships' risk appetite
- There are appropriate mechanisms for provision and testing of contingency arrangements
- There are appropriate mechanisms for identifying and addressing the implications of sharing risk amongst those best placed to manage them

Assessed Level: Working



Score provided: 59 Average score: 70.4

Summary of Behavioural Progress toward Partnerships & Resources Maturity

Level 1 Awareness	Level 2 Happening	Level 3 Working	Level 4 Embedded & Integrated	Level 5 Driving
Key people are aware of areas of potential risk in partnerships and the need to allocate resources to manage risk.	Approaches for addressing risk with partners are being developed and implemented. Appropriate tools are developed and resources for risk identified.	Risk with partners and suppliers is well managed across organisational boundaries. Appropriate resources are in place to manage risk.	Sound governance arrangements are established. Partners support one another's risk management capacity and capability.	Clear evidence of improved partnership delivery through risk management and that key risks to the community are being effectively managed.

Section E: Processes

Does the organisation have effective risk management processes to support the business?

This section is concerned with:

- Embedding risk management in organisational management processes
- Identification and evaluation criteria
- Risk controls
- Action planning and reporting
- Use of risk management in strategic and financial planning, policy making and review, performance, and project and contract management
- Use of risk management in decision making
- Risk management integration into key business processes

The questions in this section deal with:

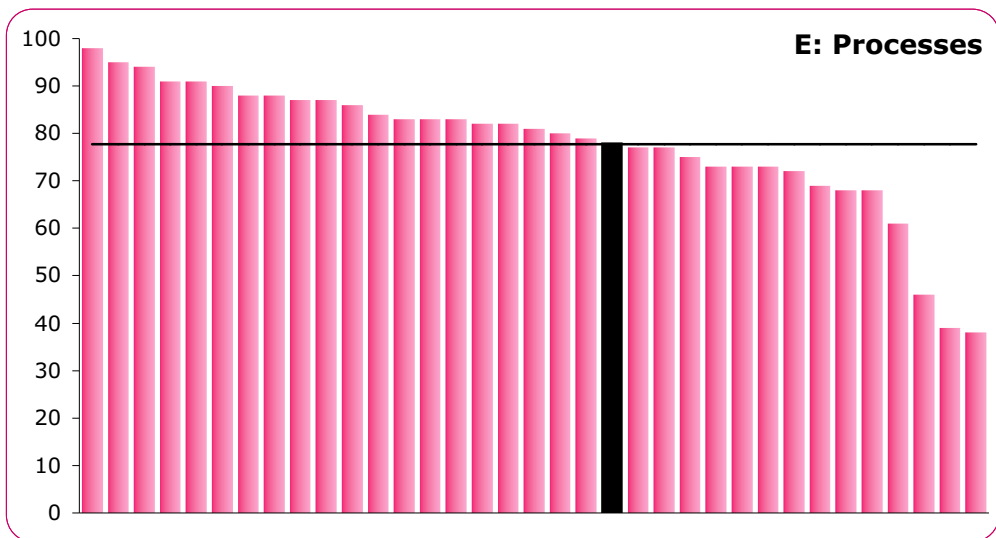
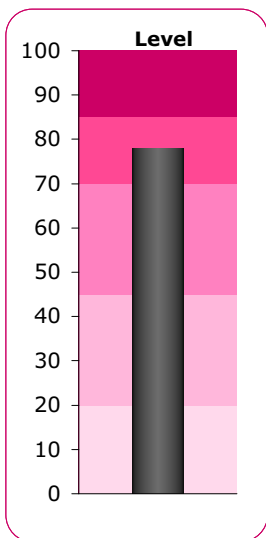
- Risk management process overview
- Links to business/service processes
- Risk context
- Risk identification
- Risk assessment
- Risk response
- Risk reporting and review
- Investigation and root cause analysis
- Service continuity management

For this section, you should have evidence to demonstrate the extent to which risk management contributes to the success of the following business processes in your organisation:

- Policy making
 - Performance management
 - Governance arrangements
 - Financial management;
- and the extent to which:

- Risk processes support a lessons learnt culture
- There is an effective business continuity framework in place to support service delivery

Assessed Level: Embedded & Integrated



Score provided: 78 Average score: 77.7

Summary of Behavioural Progress toward Processes Maturity

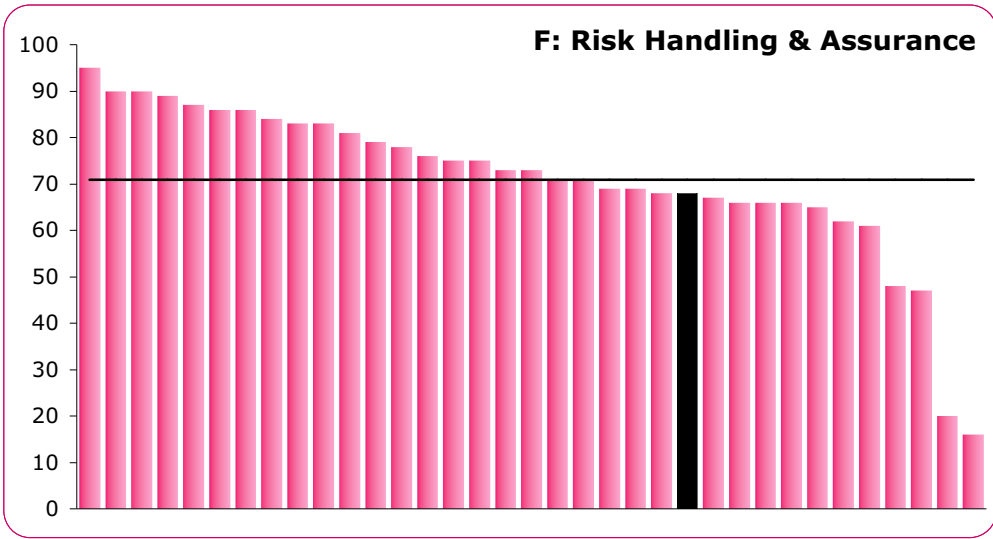
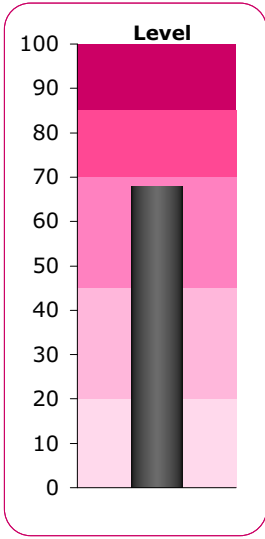
Level 1 Awareness	Level 2 Happening	Level 3 Working	Level 4 Embedded & Integrated	Level 5 Driving
Some stand-alone risk processes have been identified and are being developed. ----- The need for service continuity arrangements has been identified.	Risk management processes are being implemented and reported upon in key areas. ----- Service continuity arrangements are being developed in key areas.	Risk management processes used to support key business processes. ----- Early warning indicators and lessons learned are reported. ----- Critical services supported through continuity plans.	A framework of risk management processes in place and used to support service delivery. ----- Robust business continuity management system in place.	Management of risk and uncertainty is well-integrated with all key business processes and shown to be a key driver in business success.

Section F: Risk Handling & Assurance

Are risks handled well and does the organisation have assurance that risk management is delivering successful outcomes and supporting creative risk taking?

<p>This section is concerned with:</p> <ul style="list-style-type: none"> • Successfully seizing opportunities • Considered risk-taking • Supporting innovation • Challenges to preconceptions of risk • Assurance of the organisation's level of compliance against the risk management strategy 	<p>The questions deal with:</p> <ul style="list-style-type: none"> • Risk handling • Assurance and performance <p>For this section, you should have evidence to demonstrate the extent to which risk management-related activity has contributed to:</p> <ul style="list-style-type: none"> • Delivering innovation • Effective anticipation and management of strategic risks • Effective decision making 	<ul style="list-style-type: none"> • Effective policy making • Effective handling of cross-cutting issues • Effective review of business planning and target setting • Effective management of risks to the public • Effective risk allocation • Better management of risks to delivery • Greater efficiency/reduced costs • Information integrity and asset security
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Assessed Level: Working



Score provided: 68 Average score: 70.9

Summary of Behavioural Progress toward Risk Handling & Assurance Maturity

Level 1 Awareness	Level 2 Happening	Level 3 Working	Level 4 Embedded & Integrated	Level 5 Driving
No clear evidence that risk management is being effective.	Some evidence that risk management is being effective. ----- Performance monitoring and assurance reporting being developed.	Clear evidence that risk management is being effective in all key areas. ----- Capability assessed within a formal assurance framework and against best practice standards.	Evidence that risk management is being effective and useful for the organisation and producing clear benefits. ----- Evidence of innovative risk taking.	Clear evidence that risks are being effectively managed throughout the organisation. ----- Considered risk taking is part of the organisational culture.

Section G: Outcomes & Delivery

Does risk management contribute to achieving outcomes?

This section is concerned with:

- Risk management efforts making a contribution to successful outcomes
- Learning from best practice and continuous improvement

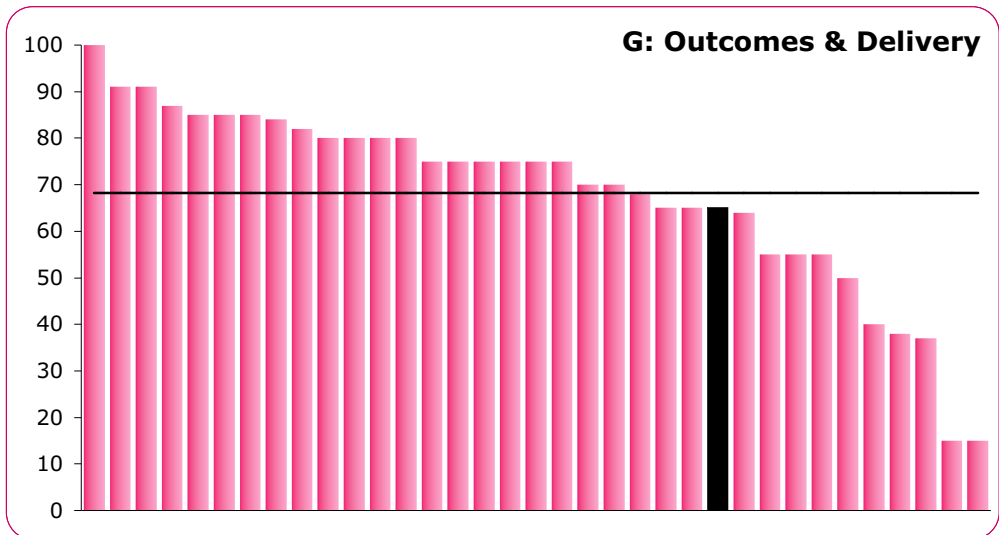
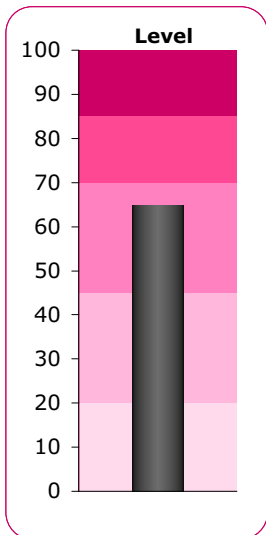
The questions deal with:

- Risk management contribution to overall performance
- Risk management contribution to specific outcomes

In this section you should have evidence to demonstrate the extent to which risk management action contributes to:

- Successful delivery of improved outcomes for local people/the community
- Meeting planned financial outcomes
- Increased public confidence that risks are well-managed
- The high reputation of the organisation
- Successful innovation

Assessed Level: Working



Score provided: 65 Average score: 68.2

Summary of Behavioural Progress toward Outcomes & Delivery Maturity

Level 1 Awareness	Level 2 Happening	Level 3 Working	Level 4 Embedded & Integrated	Level 5 Driving
No clear evidence of improved outcomes.	Limited evidence that risk management is being effective in, at least, the most relevant areas.	Clear evidence that risk management is supporting the delivery of key outcomes in all relevant areas.	Clear evidence of significantly improved delivery of relevant outcomes and evidence of positive and sustained improvement.	Risk management arrangements clearly acting as a driver for change and linked to plans and planning cycles.

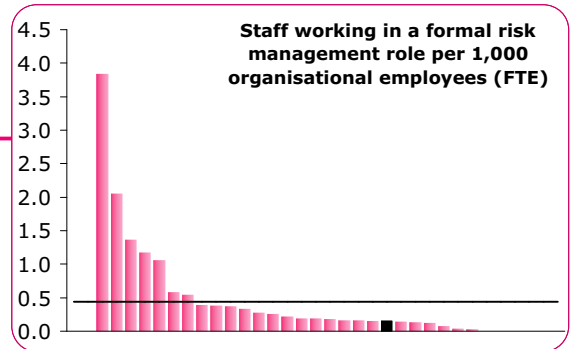
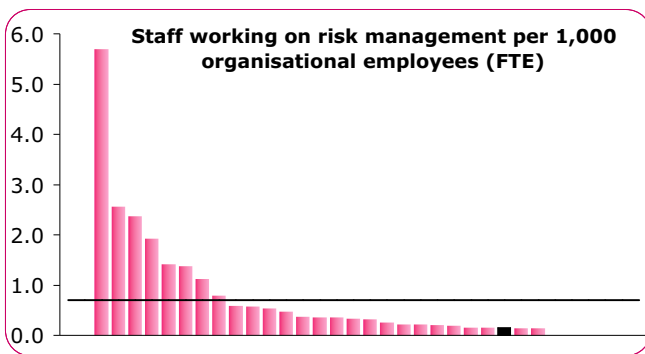
Section H: Resources

In the questionnaire we collected data relating to levels of staffing. As there is no common framework or definition of risk management work, and the quantity of work is relatively small it is not easy to produce like-for-like comparisons. Many authorities entered into the spirit and provided best estimates and we hope they find the analysis useful.

Please note, the figures will be available in the club database and members can review these figures along with the context supplied with the associated text questions.

We hope this analysis supplied here is of interest, however please treat this with common sense, it is not a VFM judgement and it is not good or bad to be at either end of the graphs.

Level of resourcing: Measured as FTE staff working on Risk Management per 1,000 Organisational Employees (FTE)



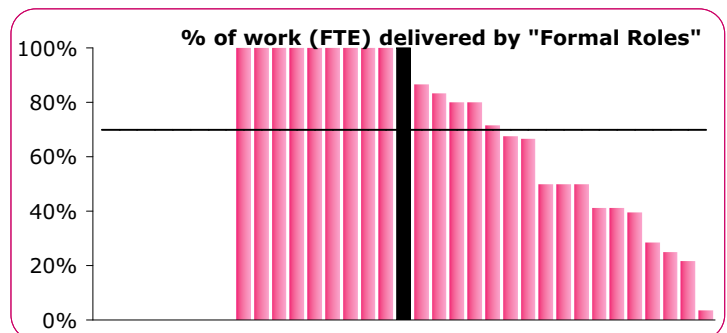
Employees Structure (FTE)	Number	Per 1,000 FTE	Average
Formal risk management role	1.80	0.15	0.44
Support risk management role	0.00	0.00	0.25
Staff involved in risk management	1.80	0.15	0.70

Formal Roles vs Support Roles

Formal Roles relate to staff working specifically for a Risk Management team / function.

Support roles relate to Risk Champions, Risk Committee Members and other people with specific risk roles.

Formal vs Support Roles (FTE)	Number
Formal risk management role	1.80
Staff involved in risk management	1.80
% of work delivered by "Formal Roles"	100%
Average	70%



Section I: Comparison to Previous Year

This page provides a quick comparison to the scores provided by your Organisation last year. The "Direction of Travel" is shown in the last column.

	Question Number	Maximum Score	Leicester		Direction of travel
			2012 Scores	2013 Scores	
Leadership & Management	1	10	7	10	↑
	2	12	8	8	=
	3	10	5	6	↑
	4	12	10	12	↑
	5	10	8	9	↑
	6	10	7	8	↑
	7	12	10	11	↑
	8	12	8	9	↑
	9	12	12	12	=
	Total	100	75	85	↑
Policy & Strategy	10	40	28	32	↑
	11	20	10	12	↑
	12	40	30	32	↑
	Total	100	68	76	↑
People	13	25	15	20	↑
	14	15	14	14	=
	15	5	3	4	↑
	16	30	21	25	↑
	17	5	5	5	=
	18	10	6	8	↑
	19	10	6	8	↑
Total	100	70	84	↑	
Partnerships & Resources	20	20	8	12	↑
	21	30	15	15	=
	22	20	10	12	↑
	23	10	10	10	=
	24	20	7	10	↑
Total	100	50	59	↑	
Processes	25	35	15	20	↑
	26	30	18	24	↑
	27	2	2	2	=
	28	13	11	13	↑
	29	5	4	4	=
	30	5	5	5	=
31	10	8	10	↑	
Total	100	63	78	↑	
Enablers Total		500	326	382	↑
Risk & Handling	32	10	8	10	↑
	33	30	10	20	↑
	34	20	5	8	↑
	35	20	8	12	↑
	36	10	5	8	↑
	37	10	10	10	=
	Total	100	46	68	↑
Outcomes & Delivery	38	60	35	45	↑
	39	40	14	20	↑
	Total	100	49	65	↑
Results Total		200	95	133	↑

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Appendix 6 - Insurance Claims Data

LEICESTER CITY COUNCIL - Insurance Claims Received 1 April 2013 - 31 August 2013

Claims received and being dealt with

Total Claims	Repudiated	In Progress	Paid	Amount Paid
378 (251)	97 (26)	229 (210)	52 (15)	73654 (£16,342)

Breakdown by Area and Type of Claim												
Division		Responsible Director			Claim Type					Total Number	£ Value	
					Employers Liability	Public Liability	Professional Indemnity	Personal Injury	Motor			
Env & Enforcement Services		Adrian Russell			3	19		10	41		73 (39)	25573 (4039)
Plan, Trsport & Economic Dev.		Andrew L Smith			1	112		42	51		206 (112)	12619 (3276)
Child Soc Care & Safeguarding		Andy Smith									0 (1)	26652 (387)
Housing		Ann Branson			5	77		23	64		169 (61)	18984 (8290)
Human Resources & W/Fce Dev		Miranda Cannon/Alison Greenhill									0 (9)	0 (350)
Adult Soc Care & Safeguarding		Ruth Lake			1			1			2 (2)	
Del, Comms & Pol Governance		Miranda Cannon									0 (1)	
Information & Cust Access		Jill Craig							1		1 (0)	
Property		John Stevens			1	1		2			4 (2)	50 (0)
Learning Services (incl Schools)		Margaret Libreri			2	13		12	9		36 (5)	7463 (0)
Finance		Alison Greenhill									0 (0)	
Legal Services		Kamal Addatia				1		1			2 (0)	
Culture & Neighbourhood Svcs		Liz Blythe			1	5		3	1		10 (2)	1298 (0)
City Public Health & Health Imp		Rod Moore									0 (0)	
Care Svcs & Commissioning		Tracie Rees				1		1			2 (2)	
Young People's Services		Trevor Pringle									0 (2)	
Total					14 (6)	229 (124)	0 (0)	95 (46)	167 (61)		505 (237)	92639 (16342)

Last 12 months rolling repudiation rate - 76%

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Appendix 7 – Business Continuity Management Strategy – Action Plan 2013 – UPDATE as at 31 August 2013

Action	Responsible Officer	Target Date(s)	Update
Ensure that a Business Continuity Plan is in place for all those activities identified within the Corporate BCP as being 'critical' to the Council.	Divisional Directors and Strategic Directors - Own Head of Internal Audit and Risk Management - Facilitate	July 2013	Following paper to OB and SMB all Directors confirmed this, as at the end of June, by the end of July.
Review the membership and roles and responsibilities of the Corporate BCM Team. Ensure that Divisions with Critical Activities are represented on the team. Review and refresh the 'Gold' team and its membership.	Head of Internal Audit and Risk Management	April 2013 August 2013 December 2013	There are three meetings of the CBCMT (as required by Council's Strategy) at which this is complied with. First meetings 8 April and 23 July, with final meeting on 19 November.
By means of regular meetings, exercises and updates ensure that an effective, workable incident response structure for Leicester City Council remains in place.	Head of Internal Audit and Risk Management Emergency Planning Manager	April 2013 August 2013 December 2013	BCM team meetings held 8 April and 23 July. Multi team Control Room Exercise held 20 February and 15 October.
Annually confirm updates for the Council's Business Continuity Plans– both the Corporate plan and individual area plans.	Head of Internal Audit and Risk Management	June 2013	Individual plans confirmed as at end of June. Corporate Plan is being updated as part of Strategy review to allow for new Lync numbers to be included.

Action	Responsible Officer	Target Date(s)	Update
Continue to deliver formal programme of training and awareness sessions on Business Continuity Management.	Head of Internal Audit and Risk Management	Throughout 2013 as demand dictates.	Planned training sessions held 18 March and 15 August. There was an extra session added to plan to meet demand on 9 October..
Continue to promote Business Continuity Management in the community, with Leicester City Council key suppliers and partners, advising and assisting local organisations with their Business Continuity Management arrangements.	Head of Internal Audit and Risk Management	Throughout 2013 as demand dictates.	Speaking to ASC Independent Living third party providers.
Continue to lead and participate in local Business Continuity Management Practitioner Groups, sharing best practice ideas and working together with other practitioners to enable Leicester City Council's Business Continuity Management responses to be more effective and offer better 'Value For Money'.	Head of Internal Audit and Risk Management	Throughout 2013.	EM BCM Group has folded due to loss of finance and leader. Chair of LRF BCM Group. Leading role in Blaby DC exercise on 25 April.

Appendix 8 – Draft Risk Management Strategy and Policy Statement 2014

INTRODUCTION

1. This Risk Management Strategy is a high level document that seeks to promote identification, assessment and response to key risks that may adversely impact the achievement of the Council's aims and objectives. This strategy builds on, and replaces, the 2013 Risk Management Strategy. Through the continued development of these strategies, the maturity of the Council's risk management will be reflected in a more enabled and proactive culture of embracing innovative opportunities and managing risks.

AIMS & OBJECTIVES

2. The aims and objectives of Leicester City Council's Risk Management Strategy are:-
 - To provide Members and officers with risk management reports that give a comprehensive picture of the Council's risk profile;
 - To assist the Council and its partners to adopt a "fit for purpose" methodology towards identification, evaluation and control of risks and to help ensure those risks are reduced to an acceptable level – the 'risk appetite';
 - To ensure that transparent and robust systems are in place to track and report upon existing and emerging risks which potentially could cause damage to the Council;
 - To help further integrate risk management into the culture and day to day working of the Council and ensure a cross divisional/operational approach is applied;
 - To provide reliable information on which to base the annual strategic and operational risk and governance assurance statements.

ROLES & RESPONSIBILITIES

3. Given the diversity of services and the wide range of potential risks, it is essential that responsibility for identifying and taking action to address potential risks is clear. No one person or group should perform risk management. Commitment and involvement of staff at every level is needed to effectively carry out risk management, although different staff/managers will have specific duties to assist in this process and it is important that they all know their role.

RISK APPETITE

4. When discussing risk management it is easy to give the impression that all risks must be reduced or eliminated. However, risk is a part of every day life and may also be a source of success, if managed properly. Risk appetite is the amount of risk an organisation is prepared to accept, tolerate or be exposed to at any point in time. Risk appetite needs to be considered at all levels of the organisation – from strategic decision makers to operational deliverers.
5. The Authority's risk appetite is the amount of risk that it is prepared to take in order to achieve its objectives. Defining the Authority's risk appetite provides the strategic guidance necessary for decision-making. The Authority's risk appetite is determined by individual circumstances. In general terms, the Authority's approach to providing services is to be innovative and to seek continuous improvement within a framework of robust corporate governance. This framework includes risk management that identifies and assesses risks appertaining to decisions being considered or proposed.
6. Decisions on whether to proceed with such proposals are part of the challenge process and are only taken after the careful assessment of the identified risks and an analysis of the risks

compared to the benefits. As such, risk appetite should be considered for every proposal and risk rather than an over-arching concept for the entire Authority. There will be areas where a higher level of risk will be taken in supporting innovation in service delivery. These will be offset by areas where it maintains a lower than cautious appetite for example, in matters of compliance with law and public confidence in the Authority. Risk appetite can therefore be varied for specific risks, provided this is approved by appropriate officers and / or Members.

7. However, in all circumstances:

- The Authority would wish to manage its financial affairs such that no action will be taken which would jeopardise its ability to continue as a going concern and
- The Authority would wish to secure the legal integrity of its actions at all times.

Despite this, at times the Authority may be forced to take risks beyond its choosing to comply with central government directives or to satisfy public expectations of improved services.

8. Local Authorities are, historically, risk averse. The aim of most local authorities is that key strategic and operational risks are well controlled, minimising the likelihood of an occurrence. However, it is recognised that there are costs involved in being too risk averse and avoiding risk, both in terms of bureaucracy and opportunity costs.

9. Leicester City Council's approach is to be risk aware rather than risk averse, and to manage risk rather than seek to eliminate risk altogether. As set out in its Risk Management Policy Statement, it is acknowledged that risk is a feature of all business activity and is a particular attribute of the more creative of its strategic developments. Directors and Members are not opposed to risk, however they are committed to taking risk with full awareness of the potential implications of those risks and in the knowledge that a robust plan is to be implemented to manage them. The Council's risk management process allows this 'positive risk taking' to be evidenced.

10. 'Positive risk taking' is a process of weighing up the potential benefits and impacts of exercising a choice of action over another course of action. This entails identifying the potential risks involved, and developing plans and controls that reflect the positive potentials and stated priorities of the Council. It then involves using available resources and support to achieve desired outcomes, and to minimise any potential 'harmful' impacts. It is certainly not negligent ignorance of potential risks but, usually, a carefully thought out strategy for managing a specific risk or set of circumstances.

11. Having a risk management framework does not mean that mistakes and losses will not occur. Effective risk management means that unacceptable risks are highlighted, allowing appropriate action to be taken minimising the risk of potential loss. The principle is simple, but this relies upon a number of individuals acting in unity, applying the same methodology to reach a soundly based conclusion. However, it is recognised that risk management is judgemental, and is not infallible. Incidents will still happen, but the Council will be in a better position to recover from these incidents with effective risk/business continuity management processes in place.

RISK FINANCING

12. Risk Financing is a process to determine the optimal balance between retaining and transferring risk within an organisation. It also addresses the financial management of retained risk and may best be defined as money consumed in losses, funded either from internal reserves (such as the Insurance Fund) or from the purchase of 'external' insurance (such as the catastrophe cover provided by the Council's external insurers).

13. Leicester City Council's strategy for Risk Financing is to maintain an insurance fund and only externally insure for catastrophe cover. The Council's strategy is to review the balance between external/internal cover on an annual basis in the light of market conditions and claims experience. This balance will be influenced by the effectiveness of the risk management process embedded at the Council and the process is managed by the Risk Management and Insurance Services team on behalf of the Director of Finance.

RISK MANAGEMENT PROCESS

14. There are four main steps in the risk management process. These stages are covered in greater detail in the Risk Management Toolkit – a step-by-step guide to risk management - which is available to all members, managers and staff via the Intranet:-
- Identify - Management identify risks through discussion as a group, or discussion with their staff. The Head of Internal Audit and Risk Management is available to support this process either by attending or facilitating risk 'workshops' or delivering risk identification and mitigation training to managers and their business teams in advance of their own sessions;
 - Analyse - Management assess the likelihood of such risks occurring and the impact on the Council. Once again, the Head of Internal Audit and Risk Management is available to support management and their business teams in this process;
 - Manage - Management determine the best way to manage their risks e.g. terminate, treat, transfer, tolerate or take the opportunity (see 17 below and the Risk Management Toolkit for more detail);
 - Review - Management ensure identified risks are regularly reviewed. This will normally be managed by means of a Risk Register (see sections 18 – 24 below for more detail).
15. The Strategic and Operational objectives of the Council provide the starting point for the management of risk. Managers should not think about risk in the abstract, but consider events that might affect the Council's achievement of its objectives. Strategic risks linked to Strategic objectives and Operational risks linked to Divisional service plans need (as a minimum) to be identified and monitored. This is done by the effective use of Risk Assessments/Registers.
16. Risk Management is driven both top down and bottom up, to ensure risks are appropriately considered. To do this, all managers need to encourage participation in the process, through regular discussions/review with their staff. The Risk Management process seeks to work with and support the business and **not** add a layer of bureaucracy.

MANAGE THE RISKS

17. Once risks have been identified and assessed by management, those managers should determine how their identified risks are to be dealt with – a process commonly known as the five T's:-
- **Terminate** or avoid the activity or circumstance that gives rise to the risk e.g. stop doing something or find a different way of doing it;
 - **Treat** the risk e.g. take actions to reduce the likelihood that the risk event will materialise or controlling the consequences if it does;
 - **Transfer** the risk, e.g. pass the risk to another party through insurance or by contracting it out. This reduces the impact if a risk event occurs;
 - **Tolerate** the risk. By taking an informed decision to retain risks, monitor the situation and bear losses out of normal operating costs. Typically this method will be used when the cost of treating the risk is a lot more than the cost arising should the risk occur;

- **Take** the Opportunity. This option is not an alternative to the above; rather it is an option which should be considered whenever tolerating, transferring or treating a risk. There are two considerations here:
 - Consider whether or not at the same time as mitigating a threat, an opportunity arises to exploit positive impact. For example, if a large sum of capital funding is to be put at risk in a major project, are the relevant controls good enough to justify increasing the sum at stake to gain even greater advantage?;
 - Consider also, whether or not circumstances arise which, whilst not generating threats, offer positive opportunities. For example, a drop in the cost of goods or services frees up resource which may be able to be redeployed.

REVIEWING THE RISKS

18. It is important that those risks that have been identified as needing action are subject to periodic review, to assess whether the risk of an event or occurrence still remains acceptable. If not, appropriate action(s) should be determined and noted. The frequency of reviews to be decided by management, depending on the type and value of the risks identified (see also 20 below). Currently at Leicester City Council, the significant Strategic and Operational Risks are reviewed and reported upon on a quarterly basis.

RISK EXPOSURE AND TRACKING

19. After evaluating the measures already in existence to mitigate and control risk, there may still be some remaining exposure to risk (residual risk). It is important to stress that such exposure is not necessarily wrong, what is important is that the Council knows what its key business risks are, what controls are in place and what the potential impact of any residual risk exposure is. It is also important that the Council can demonstrate that risk management actions (the mitigating controls identified by managers as being needed) in the operational and service areas are implemented, remain appropriate and are working effectively.

20. Significant operational risks should continue to be logged and monitored using the operational risk registers. It is the responsibility of each Divisional Director to ensure that operational risks are recorded and monitored via a risk register. The Risk Management and Insurance Services (RMIS) team produce a pro-forma risk register that should be used by all business areas. These registers and the risks identified are aligned to the Council's operating structure. The process for reviewing and reporting Operational Risks at Leicester City Council should be:

- At least quarterly (during January, April, July and October) Divisional Directors should review and agree risks during their 121 with each of their Heads of Service. It is up to each individual Director whether their Heads of Service should report these risks to them verbally, or by use of a risk register;
- Divisional Directors will take the most significant of those risks (if any) and add them to their Divisional Operational Risk Register (DORR). The complete DORR should then be agreed at their DMT;
- Divisional Directors should, as appropriate, review and discuss their DORRs during their 121 with their Strategic Director at least quarterly (see 22 below);
- Once agreed, the Divisional Operational Risk Registers are then submitted to the Head of Internal Audit and Risk Management on the first working day of February, May, August and November;
- The Head of Internal Audit and Risk Management will then review (for completeness and obvious errors and to identify similar risks in different Divisions) all of the Divisional Operational Risk Registers and compile the Council's Operational Risk Register with the most significant and unmitigated of those risks;

- The Head of Internal Audit and Risk Management then submits the Council's Operational Risk Register to the Operational Board for agreement; the Strategic Management Board for final approval; and the Audit and Risk Committee for noting.
21. These most significant risks identified by the Divisional Directors feed into the Council's Operational Risk Register which is managed by the Operational Board (the group of divisional directors chaired by the Chief Operating Officer). The Operational Board is accountable for ensuring that all operational risks are identified against service delivery objectives; that plans are implemented to control these exposures; and that key risks are included within individual service plans.
 22. The Strategic Management Board has created and is managing and monitoring a Strategic Risk Register for those risks which may affect achievement of the Council's strategic programme and objectives. The most significant of these risks, those that may threaten the Council's overall strategic aims, form this register which is reviewed and updated by the Strategic Management Board each quarter. Responsibility for these risks rests with named Strategic Management Board members. As part of the overall process of escalation, each Strategic Director should also have risk on their 121 agenda with their Divisional Directors at least quarterly as one of the significant Strategic Risks is a serious failing of the management of Operational Risks by their Divisional Directors.
 23. The Head of Internal Audit and Risk Management facilitates and support this process and will continue to maintain the Operational and Strategic Risk Registers, using the input from each Divisional Operational Risk Register and the Strategic Risk Register. These registers will be reported quarterly to the Strategic Management Board, the Operational Board and the Audit and Risk Committee. The Head of Internal Audit and Risk Management will also progress, chase and challenge individual divisional submissions. As part of this process, bespoke training needs may be identified and the Head of Internal Audit and Risk Management will provide training and support upon request.
 24. All risks identified, both operational and strategic, will need to be tracked and monitored by regular, quarterly reviews of the risk registers (at the quarterly 121's mentioned above). This will ensure that any changes in risks are identified for action; there is an effective audit trail; and, the necessary information for ongoing monitoring and reports exists.

PARTNERSHIP RISK

25. It is recognised that Partnership Working is a key area where associated risk needs to be identified and controlled. Best practice states that local authorities must meet two key responsibilities for each partnership they have. They must:-
 - Provide assurance that the risks associated with working in partnership with another organisation have been identified and prioritised and are appropriately managed;
 - Ensure that the partnership has effective risk management procedures in place.
26. To help mitigate the risks associated with partnership working the Head of Internal Audit and Risk Management developed a guidance tool to identify where the risks lie (i.e. with the Council or our partners). This guide recommends a generic partnership risk register for use in all Council partnerships. The guide is now owned, maintained by, and was delivered to the business by, the Head of Partnerships, Planning and Performance in July 2011. This allowed the Council to establish a register of partnership arrangements and record the key elements of those agreements. This register will identify committed Council resources in terms of Officer's time; finance; activities; and, liabilities. Governance, delivery and performance measures are also covered in some detail as they also need to be clarified and understood.

RISK MANAGEMENT TRAINING

27. Since 2010, risk management training has been delivered, and continues to be offered to all staff (and Members) to explain risk management methodology. An annual programme of training (covering risk, insurance and business continuity planning) remains available to all staff, managers and Members. However, Directors and managers should still identify those staff that need this training through the staff appraisal process (existing staff) and through the jobs specification process (new staff). Appropriate training will be provided by the Risk Management and Insurance Services team, within the resources available.

REVIEW OF RISK MANAGEMENT STRATEGY AND POLICY

28. This Risk Management Strategy and the associated Policy Statement are intended to assist in the development/integration of risk management from now until December 2014.
29. All such documents and processes will remain subject to periodic review. The next planned review to occur in Quarter 4 2014. This allows any changes in process to be aligned to the Council's financial year end.

RISK MANAGEMENT AT LEICESTER CITY COUNCIL

30. Continuing robust risk management processes need to be applied to all our activities during the next 12 months and beyond. To achieve this we need to identify our priority exposures, address these, incorporate appropriate risk management strategies and risk improvements into our service delivery in line with the Council's priorities, monitoring and reviewing emerging risk to account for changes in our operations and to enable us to make well-informed decisions. Risk must be considered as an integral part of Divisional planning, performance management, financial planning and strategic policy-making processes. The cultural perception of risk management has to continue changing from a 'have-to-do' to a 'want-to-do'.
31. The Head of Internal Audit and Risk Management will continue to maintain a central copy of both the Strategic and Operational Risk Registers, as well as facilitating the completion of each of the Divisional Operational Risk Registers. Internal Audit will continue to utilise these registers to produce a programme of 'process audits', which will test the maturity and embeddings of the risk strategy in the business areas – subject to resource being available. So, the Council's Risk Strategy and Policy will help Director's to report appropriately upon their risk and their risk registers will be used pro-actively to inform the Internal Audit work programme which, in turn, allows assurance to be given to both the Boards (officers) and the Audit and Risk Committee (members) that risk is being properly identified and managed at Leicester City Council.
32. Ideally, the management of risk should be included in job descriptions for all operational service area managers with responsibility and accountability for risks, and be included in every director/manager's objectives and performance appraisal discussion.
33. Directors and managers should also ensure that all stakeholders (employees, volunteers, contractors and partners) are made aware of their responsibilities for risk management and are aware of the lines of escalation of risk related issues. Risk management is most successful when it is explicitly linked to operational performance.

Draft 2014 Corporate Risk Management Policy Statement

Our approach to the management of risk

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 a particular 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 threats to enable the Council to achieve its objectives and integrate risk management into the culture and day to day working of the Council.
2. Manage risk in accordance with best practice and comply with statutory requirements.
3. Ensure that a systemic approach to risk management is adopted as part of Divisional 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 through:-
 - 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 identification and plans to manage risk are an integral part of all Operational and Strategic plans and proposals.
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.

Andy Keeling
Chief Operating Officer

Sir Peter Soulsby

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Appendix 9 – Draft Business Continuity Management Strategy and Policy 2014

1. Definition

Business Continuity Management (BCM) is not simply about writing a plan, or even a set of plans. It should be a comprehensive management process that systematically analyses the organisation, identifies threats, and builds capabilities to respond to them.

Although the immediate response to a disruption is a key component, business continuity is more concerned with maintenance and recovery of business functions following such a disruption.

2. Scope

Business Continuity Management (BCM) is a cross-functional, organisation-wide activity; accordingly the arrangements in this strategy apply to:

- All services within the council;
- Every staff member; and,
- All resources and business processes. It also includes suppliers, service partners and outsourced services.

3. Requirements and Standards

In addition to making sound business sense for any organisation, the Civil Contingencies Act 2004 places a statutory duty upon the Council, as a Category 1 responder, to:

- Maintain plans to ensure that it can continue to exercise its functions in the event of an emergency so far as is reasonably practicable;
- Assess both internal and external risks;
- Have a clear procedure for invoking business continuity plans;
- Exercise plans and arrange training to those who implement them;
- Review plans and keep them up to date; and
- To advise and assist local businesses and organisations with their BCM arrangements.

Business Continuity Management arrangements are effective only if specifically built for the organisation. The Council's programme is aligned with the principles of ISO22301, the International Standard, and also to PAS200, a new standard for Crisis Management. It is reinforced by reference to the Business Continuity Institute's Good Practice Guidelines.

4. Methodology

The ultimate aim is to embed Business Continuity Management within the Council's culture. Training and education is an ongoing task but awareness and capability is also a product of the structures put in place

and the way we manage our programme. Key stages in such a programme are:

- ***Understanding our organisation:*** Intelligent, in-depth information-gathering. Understanding activities, dependencies (internal & external) and the impact of disruption on each service. Often this will be captured in a formal Business Impact Analysis. Threats are risk assessed at this stage;
- ***Determining appropriate Business Continuity Strategy:*** Making decisions based on analysis of data gathered. Setting recovery time objectives for services and determining resources required;
- ***Developing and implementing a response:*** The Business Continuity Plan which pulls together the organisation's response to a disruption and enables resumption of business units according to agreed corporate priorities. Provides strategies for use by response teams; and,
- ***Exercising, maintaining and reviewing:*** Testing plans, ensuring they keep pace with organisational change and are audited against defined standards.

5. Invoking the Business Continuity Plan

The Corporate Business Continuity Plan (CBCP) is triggered by serious situations such as:

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

The CBCP may be invoked by any of its members as defined within the plan itself.

6. Business Continuity Management (BCM) in the community

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

7. Principles, Responsibilities and Minimum standards

Executive

- Approve the Business Continuity Strategy.

Audit and Risk Committee

- Ensure that the Business Continuity Strategy is produced, approved by the Executive and updated regularly; and,
- Monitor effectiveness of Business Continuity Management (BCM) arrangements via reports from the Head of Internal Audit and Risk Management.

Strategic and Operational Directors

- Ensure the BCM policy, strategy and development plan is enforced and resourced appropriately;
- Participate as required in management teams within the Corporate Business Continuity Plan (BCP);
- Ensure appropriate levels of staff sit on Recovery teams within the Corporate BCP;
- Ensure each of their Service Areas has a BCP in place which is reviewed each year;
- Annually self-certify that plans exist for all their services, that these plans remain current and 'fit for purpose'; and that any testing of those plans has been carried out (with the assistance of RMIS, if required); and,
- Embed BCM culture into the ethos of operational management

Chief Operating Officer/BCM Champion

- During an incident, lead the Council's BCM response.

Head of Internal Audit and Risk Management

- Overall responsibility for co-ordinating the BCM programme;
- During an incident, co-ordinate the Council's BCM response;
- Following an incident, facilitate the 'lessons learned' session(s);
- Produce the Corporate BCM framework and key strategies;
- Make available best practice tools (e.g. templates);
- Chair the Corporate Business Continuity Management Team;
- Identify training needs and arrange delivery;
- Support and advise services;
- Arrange testing and exercising of the Council's BCPs when requested by Directors/their teams;
- Quality control – review BCM arrangements for services; and,
- Lead on the Council's statutory duty to promote BCM in the community.

All staff

- Familiarisation with business continuity arrangements within their area;
- Engage with testing and exercising; and,
- Respond positively during a crisis situation.

All Heads of Service/Managers

- Prepare a recovery plan covering all service delivery functions (priority for critical functions), update at least annually;
- Test arrangements at least annually; and,
- Implement the agreed arrangements in the event of a disruption.

8. Specific Roles in the Corporate Business Continuity Plan (CBCP)

Once the CBCP has been triggered, the management and recovery teams have operational control of the situation and are authorised to take all decisions necessary.

The CBCP sets out the detail. The following teams are subject to change as the Business Continuity Management Programme develops, but currently are as follows:

Business Continuity Management Team

- Comprised principally of Directors and Senior Heads of Service. Manages and directs the Council's response to a serious incident.
- Within the Group will be Gold and Silver teams. The Gold team will act as a 'check and challenge' function and leads on communications (internal and external), workforce-related matters and directs non critical services. The Silver team will manage the Recovery (Bronze) teams and keep the Gold team informed of developments.

Recovery Teams

- Comprised principally of Heads of Service and their senior managers. Collective responsibility for resumption of critical services within their divisions. Will be directed by and report back to the Silver team.

9. Value of Business Continuity Management (BCM)

The wider value of BCM is acknowledged as being 'no longer for high impact, low probability physical events' and is 'becoming an essential enabler of organisational resilience as part of business as usual'. (BCI Good Practice Guidelines 2013).

Draft Business Continuity Management Policy Statement - 2014

This Policy sets the direction for Business Continuity Management at Leicester City Council.

Disruptive events do occur and are usually unexpected. It might be an external event such as severe weather, utility failure or pandemic flu, or an internal incident such as ICT failure, loss of a major supplier or loss of a key building.

By planning *now* rather than waiting for it to happen, we can get back to normal business in the quickest possible time. This is essential to those who rely on the Council's services and it helps our community retain its confidence in us. Planning ahead means there is less muddling through, more support for staff handling the situation and reduced potential for financial loss.

In a disruptive situation it will not be possible to run all Council services in the usual way. Whilst all services are important, priority for recovery will be given to those which have been determined to be the most essential, the business-critical activities, and this is where resources will be directed first.

This enables us to fulfil our duties under the Civil Contingencies Act 2004. The Council has had plans in place for some time and its arrangements align with the principles of the International Standard for business continuity, ISO22301 (which replaced the British Standard BS25999 on the 1 November 2012).

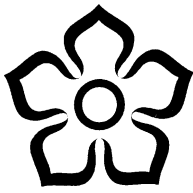
By the Council following the ISO22301 programme it will improve understanding of our critical assets and processes. Central to the work are preparations to mitigate the impact of disruptive events and recover faster from them. This can be as valuable as a plan or document.

All services and all staff have responsibilities for making sure the Council continues to operate through any crisis. The Business Continuity Strategy outlines these within the overall framework for our approach.

Andy Keeling
Chief Operating Officer

Sir Peter Soulsby
City Mayor

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Leicester
City Council

WARDS AFFECTED
All

Appendix D

Audit and Risk Committee

24 October 2013

Tender for Council's Insurance Arrangements 2013

Report of the Director of Finance

1. Purpose of Report

- 1.1. To advise the Board of the outcome of this year's insurance tender exercise.

2. Recommendations (or OPTIONS)

- 2.1. The Board is recommended to note:-

- How the Insurance Contract has been awarded and to whom;
- The cost savings arising from the above, whilst our cover and excesses remain the same.

3. Summary

- 3.1. The Insurance Contract was last tendered in 2008 when a '3+2' year contract was awarded to Zurich Municipal. This contract was due to expire on 30 September 2013 and work on the tender commenced in October 2012, concluding in August 2013 with the award as detailed below. The 'new' contract will be split between Zurich Municipal (ZM) and Risk Management Partners (RMP) as detailed below in paragraph 4.6.
- 3.2. Significant cost savings have been achieved as detailed within this report, whilst we have been able to maintain the same (adequate) levels of cover in most cases; have increased cover to include boiler/pressure plant explosion; doubled the sum insured for museum exhibits; and seen no degradation in the amount of the excess that the Council has to carry.
- 3.3. Despite having split the contract provision between two companies, ZM have still pledged to maintain their 'risk management fund' at £50K p.a. over the five years of the new contract. Had we placed all the business with them once again, this fund would have increased to £80K. However, the savings by taking the Property and Terrorism through RMP more than outweigh this.

4. Report

- 4.1. The 2008 tender had achieved overall premium savings of 36.2% over the 2007/8 premium and taking into account the reduction in annual premium of £100K for extending, what was then, a 'Long Term Agreement'. Since that time, when the market was acknowledged as being 'soft', there had been signs that the insurance market was 'hardening' in many areas and the Council had, regrettably, suffered its largest loss for many years (Catherine Street School fire). It was against this background that our tender began with concern over our ability to make any savings over current premium.
- 4.2. The services of Gallagher Heath, a broker, were procured to assist with the process. They worked closely with, and under the guidance and supervision of, Brian Brookes, Insurance and Claims Manager.
- 4.3. The Public Sector Insurance market is relatively 'small', with only three companies offering a full suite of Local Authority Insurance requirements. Other companies are able to provide certain elements of cover – such as separate Motor or Property Insurance for example. The use of a broker meant we were able to fully explore all possibilities and consider a packaged approach rather than look to place all our cover with one provider (as in the past), whilst still exploring whether or not a large discount offered by any sole provider for supplying all of our insurances would be more economically viable.
- 4.4. A number of 'briefing events' were held with the aim of allowing other potential bidders to get 'to know' Leicester City Council to allow them to bid on an 'even playing field' when compared with Zurich Municipal (ZM) who had been the Council's sole insurers (with the exception of a small personal travel policy provided by ACE Europe Insurance) for the past eleven years.
- 4.5. The Council's policy needs were divided into six different lots, along with a seventh lot for the provision of all our needs by one insurer. We also asked for tenderers to bid for a five year contract as well as a 'three plus two' arrangement. This was with the specific aim of widening the tender to smaller, potentially local, firms who may not be able to provide all of our requirements. The make-up of the lots and 'bidders' for each group are given below:
 - Lot 1 – Property
 - Lot 2 – Terrorism
 - Lot 3 – Liability
 - Lot 4 – Personal Accident
 - Lot 5 – Motor
 - Lot 6 – Engineering
 - Lot 7 – All Lots Combined

4.6. Bids were received from four different tenderers across the six lots, with two bidding for the total package. Gallagher Heath managed the response for the Council and submitted a detailed summary report for consideration, which included scoring of the bids against our pre-set criteria. Based on this the contract is being awarded on a five year term and split lots basis as below:

- Lot 1 – Property – Risk Management Partners
- Lot 2 – Terrorism – Risk Management Partners
- Lot 3 – Liability - ZM
- Lot 4 – Personal Accident - ZM
- Lot 5 – Motor - ZM
- Lot 6 – Engineering - ZM

4.7. Final figures show that the combined, total premium will decrease by around 4.6% when compared to the 2008 tender, equating to a saving of around £350K over the five year life of the contract.

5. FINANCIAL AND LEGAL IMPLICATIONS

5.1. Financial Implications

5.1.1 The Council 'self-insures' most of its risk – effectively the Director of Finance acts as insurer for the Council as a whole, and maintains a fund with which to pay claims. The size of the fund is assessed by actuaries from time to time and stood at £11.2M on 31 March 2013. This is sufficient to cover estimated outstanding liabilities.

5.1.2 The Council, nonetheless, obtains 'catastrophe' cover from external insurers in case of single, large incidents or a high level of losses. The cost of this is charged to departments together with sums required to fund the self-insurance fund. The latter is the greater part of our annual costs.

5.1.3 As a consequence of retendering, external insurance costs will fall from £1.5M to £1.425M per annum. This will be taken into account, together with self-insured claims experiences in 2013/14 to set internal charges for 2014/15.

(Mark Noble, Head of Finance (Financial Strategy))

5.2. Legal Implications

5.2.1 Advice has been provided to the project officer on the Legal and Procurement implications of this project and it proceeded following an advert for the Council's requirement being placed on the OJEU website.

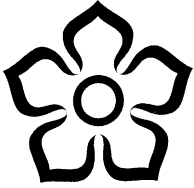
(Greg Surtees, Legal Services, 37 1421)

6. Other Implications

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

7. Report Author

7.1. Tony Edeson, Head of Internal Audit and Risk Management – 37 1621



Leicester
City Council

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Strategic Management	1 st October 2013
Operational Board	2 nd October 2013
Finance Management Team	3 rd October 2013
Audit & Risk Committee	24 th October 2013

Internal Audit – 3rd Quarter Operational Plan 2013-14

Report of the Director of Finance

1. Purpose of Report

1.1. Finance Procedure Rule 7.2.1 states that:

‘The Head of Audit shall prepare and agree with the Chief Finance Officer an Annual Audit Operational Plan which will set out the intended work of Internal Audit over the coming year. The plan shall be based on an objective assessment of need arising from an analysis of risk and shall be approved, but not directed, by the Audit Committee.’ (sic)

1.2. The Internal Audit Plan for 2013-14 has been prepared on the basis of broad areas of audit coverage rather than detailed lists of specific audits. It has been approved by the Strategic Management and Operational Boards and by the Audit & Risk Committee (9th April 2013).

1.3. In addition, the terms of reference of the Audit & Risk Committee include:

‘To consider, challenge and approve (but not direct) Internal Audit’s strategy and plan and monitor performance on an annual basis.’

1.4. This report presents to the Boards and Committee the detailed operational audit plan for the third quarter of the financial year 2013-14.

2. Recommendations

2.1. Members of the Committee are asked to note the Internal Audit operational plans for the third quarter of 2013-14, attached at Appendix A.

3. Report

- 3.1. Rather than presenting a detailed list of specific audits, the annual audit plan is grouped into areas of audit. The intention is that, given the continuing uncertainties the Council currently faces, the audit plan can be readily adjusted to reflect changes in risks and priorities while maintaining a sufficiency of audit coverage for each of the relevant areas.
- 3.2. The generic annual plan is then translated into detailed quarterly plans as the year progresses, setting out Internal Audit's intended work for each forthcoming quarter. These plans take into account emerging risks and requests for audit involvement alongside seasonal or other external factors that influence the timing of audit work. For example, school audits fall within the school terms and are chiefly planned to coincide with the new academic year, while other audits such as grant certifications are determined by the submission deadlines of the relevant funding agency.
- 3.3. The detailed operational plan for the third quarter of 2013-14 is attached at Appendix A. The following are worthy of note:
- a) **Significant financial systems.** Coverage of the Council's main financial systems continues. These audits take as their starting point the key controls previously identified by the Council's external auditors. The intention is to conduct the audits in such a way that, should they wish to, KPMG as the Council's current external auditors can place reliance on this work when they undertake their opinion audit next year on the current year's financial statements. As with most audits, however, the specific terms of reference will be agreed with relevant client management at the commencement of each audit.
 - b) **Schools** audit work is a priority in the third quarter, in line with the new academic year. It will concentrate on certain areas of the *Keeping Your Balance* financial guidance issued jointly by Ofsted and the Audit Commission. However, in order to accommodate reduced Internal Audit resources and in line with consultation with schools, the audit test programme has been refined further with a greater concentration on risk.
 - c) **Contract audit.** Work will continue on the programme of contract audits looking both at individual departments or service areas (Adults & Housing in Q3) and aspects of contracting (framework contracts in Q3).
 - d) **Value for Money (VfM) audit.** The present financial climate makes the need to secure value for money ever greater. Directors have been asked for suggestions and the third quarter plan includes areas that have been brought to the attention of Internal Audit. A regular theme in VfM audits is the extent to which expenditure is based on sound decision-making processes including compliance with Council policies and procedure rules.

- e) With the Executive decision to continue with the Council's registration under **EMAS** (the Eco-Management and Audit Scheme), the third quarter sees a reinstatement of audit work albeit in a reduced way. Further decisions remain to be made on the level and extent of Internal Audit work pending the next external assessment by the Council's external EMAS verifiers, LRQA, later in the year. The Carbon Board is also being consulted for its views on the audit process and plans. The aim is to streamline the audit process given reduced resources and to focus more on the areas of greatest risk such as legislative compliance, and potential financial savings such as energy usage. In the meantime, there is an interim programme of EMAS audits in the third quarter.
- f) **IT audit** in the third quarter is dominated by further work on the Council's compliance with data protection requirements plus review of the new performance management system alongside non-IT audit work in the same area. We have recently recruited a technical IT Auditor by means of internal secondment and a priority is to reinstate the security 'penetration testing' of new and upgraded IT systems in line with established corporate priority. However, we are not at that point yet so the audit plan does not include such work. It is worthy of note that for Internal Audit to do this tends to be considerably cheaper than the engagement of specialist external firms who also provide this essential service.
- g) **Grants certification audits.** The third quarter plan includes the regular audit certification of the Council's latest six-monthly claim for Bus Service Operators Grant (BSOG).

It should be borne in mind that the quarterly plans refer to audits due to be started. Inevitably, they are not all completed within the quarter so there will be residual work to complete audits started in previous quarters.

- 3.4. The move to quarterly planning is intended to align Internal Audit's work as closely as possible to current priorities. This allows what were previously 'commissioned' audits that fall within the remit of the statutory audit service to become fully part of the audit plan. The aim is then for Internal Audit to deliver the whole of this more flexible plan, subject to factors beyond Internal Audit's direct control. Having said that, urgent requirements may still arise that cannot wait until the next quarterly plan and have to be accommodated immediately on the basis of risk to the Council.
- 3.5. Further quarterly detailed audit plans will be provided to the Boards and the Audit & Risk Committee showing the actual audits that are planned to be carried out in the following quarter. These will be supplemented by progress reporting on the completion of the previous plans, with periodic update reports to the Committee.

4. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

4.1. Financial Implications

There are no direct financial implications arising from this report. However, as a result of the work carried out there would be an expectation that implementing

recommendations made by Internal Audit will improve the effectiveness, efficiency and economy of service delivery, with potential for consequential reductions in cost or improvements in quality.

4.2. Legal Implications

The provision of 'an adequate and effective internal audit' is a statutory requirement under regulation 6 of the Accounts & Audit Regulations 2011. The whole audit process is also intended to give assurance that all the activities audited have in place satisfactory arrangements to ensure compliance with relevant law and regulation applicable within the scope of the particular audit review.

4.3. Climate Change Implications

Other than the reference to EMAS audits (see table below), this report does not contain any significant climate change implications and therefore should not have a detrimental effect on the Council's climate change targets.

5. Other Implications

Other Implications	Yes/No	Paragraph/References within the Report
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	Yes	3.3 (e): EMAS audit.
Crime and Disorder	Yes	Whole report, and particularly 3.3(f) IT audit. Part of the purpose of Internal Audit is to give assurance on the controls in place to prevent fraud and other irregularity such as breach of data security.
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	
Risk Management	Yes	The whole report concerns the Internal Audit process, a main purpose of which is to give assurance to Directors and the Audit & Risk Committee that risks are being managed appropriately by the business.

6. Background Papers – Local Government Act 1972

6.1. Files held by Internal Audit.

7. Consultations

- 7.1. The audit plan has been prepared in consultation with the Audit & Risk Committee, Strategic and Operational Directors; Finance Divisional Management Team (which includes all Heads of Finance); the Head of Information Security.

8. Report Author

- 8.1. Steve Jones, Audit Manager, Internal Audit, Financial Services, x37 1622 (0116 454 1622). Steve.jones@leicester.gov.uk

Set out below are the individual audits expected to be started in the third quarter of 2013-14.

This is subject to:

- Client or process availability and readiness for audit
- Internal Audit resources
- Urgent commissioned work.

Audit	Lead department	Audit area	Planned days	Scope	Notes
Corporate Creditors	Financial Services	Significant Financial Systems	25	The processes for paying the Council's creditors.	Creditor payments represent a major part of Council expenditure and the system is subject to regular testing by Internal Audit. The creditor payment process is one of the main components of the Resource Management System.
Debtors	Financial Services	Significant Financial Systems	20	The processes for invoicing and collecting income from the Council's debtors.	Major income stream for the Council.
Access to Records (Children's)	Information & Customer Access Children's Services	IT audit	15	This audit follows earlier work on the Council's response to personal data requests from the affected individuals. It will follow up the previous audit and consider the wider risk of failure to respond to data requests by social workers handling open cases.	
Self-service password re-set process	Information & Customer Access	IT Audit	5	Independent review of the self-service password reset facility currently being rolled out.	Requested by Head of Information Security, with particular reference to the acceptability of the process in the light of the extensive use of webmail.

Appendix A
Internal Audit 3rd quarter operational plan 2013-14

Audit	Lead department	Audit area	Planned days	Scope	Notes
Schools financial audits (12 schools)	Children's Services	Schools	72	Routine audits of the financial management arrangements at 12 schools against the higher-priority areas of the <i>Keeping Your Balance</i> good practice guidance issued by Ofsted and the Audit Commission.	The audit process has been refined further to accommodate consultation with schools and reduced Internal Audit resources.
Performance Management	Corporate	Corporate Governance	20	Review of the new performance management process and supporting IT system with particular reference to the performance targets supporting the <i>City Mayor's Delivery Plan</i> .	This audit will be done in conjunction with already-planned IT audit work on the InPhase performance management database.
VfM audit Use of Consultants	Corporate	Value for Money	10	Sample-based review of whether correct procedures are being followed in engaging consultants and VFM is being achieved.	A review of consultancy expenditure has shown an upward trend and our work will look at whether value for money is being achieved.
VfM audit Printing Contracts	Corporate	Value for Money	10	The arrangements for bulk printing.	Concern that existing contractual arrangements may not represent optimum value for money.
VfM audit Stores	Corporate	Value for Money	10	To be determined at a meeting to be held in October.	Included at Director of Finance suggestion.
Framework Contracts	Corporate	Contract audit	30	The arrangements for the use of framework contracts, to ensure that they operate in the best interests of the Council.	Concerns have been raised by the Chief Operating Officer that framework contracts are not properly used.
Adult Social Care, Health & Housing (A&H) Department Contracts	ASC&H	Contract audit	25	A review of contract arrangements within the Adult Social Care division of the Department, with particular emphasis on contract management.	Major service area with high-value contracts, so there is a need to ensure the arrangements for entering into contracts are sound.

Appendix A
Internal Audit 3rd quarter operational plan 2013-14

Audit	Lead department	Audit area	Planned days	Scope	Notes
LCC Bus Service Operators Grant	Children's	Grant Certification	10	Grant submission in line with the certification guidelines.	IA certification required as part of grant conditions. The latest six-monthly return (April 2013 – September 2013) is due by the end of December 2013.
Museums Assets & Inventories	CD&N	Cash audits and establishments	20	Review of the completeness and accuracy of the Museums Inventory.	Recent work by the Risk Management & Insurance Team has identified significant discrepancies in valuations of the museum inventory.
EMAS (8 'Level 3' establishment audits)	CD&N	EMAS	40	<p>Eight EMAS establishment audits decided on the basis of risk. 'Level 3' audits are compliance audits undertaken at specific establishments or sites such as depots and leisure centres.</p> <p>This programme of audits covers various operational activities based at Leycroft Road, i.e. Highways, Transport, Cleansing and Housing Stores, as well as leisure centres, a parks depot and the Housing training centre.</p>	This is an interim plan to maintain EMAS audit in preparation for the external verification health-check visit by the external verifiers LRQA later on in the year. The Carbon Board is being consulted about EMAS audit priorities and the coordination of the implementation of action to address non-compliances identified.
EMAS Annual Report 2012-13	CD&N	EMAS	3	Review of 2012-13 EMAS audit findings.	This report will feed into the annual EMAS Management Review report (prepared by the Environment Team for presentation to the Carbon Board).
		TOTAL	315		