



Leicester  
City Council

## **MEETING OF THE AUDIT AND RISK COMMITTEE**

**DATE: WEDNESDAY, 23 MARCH 2016**

**TIME: 5:30 pm**

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

### **Members of the Committee**

Councillor Patel (Chair)

Councillor Malik (Vice-Chair)

Councillors Alfonso, Hunter, Singh-Johal and Westley

One Labour Group vacancy

Two unallocated Non-Group Places

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,*  
*City Hall, 115 Charles Street, Leicester, LE1 1FZ*  
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- ✓ where filming, to only focus on those people actively participating in the meeting;
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If you have any queries about any of the above or the business to be discussed, please contact Angie Smith, **Democratic Support** on (0116) 454 6354 or email [Angie.Smith@leicester.gov.uk](mailto:Angie.Smith@leicester.gov.uk) or call in at City Hall, 115 Charles Street.

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# **PUBLIC SESSION**

## **AGENDA**

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#### **1. APOLOGIES FOR ABSENCE**

#### **2. DECLARATIONS OF INTEREST**

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

#### **3. MINUTES OF THE PREVIOUS MEETING**

**Appendix A**

The Minutes of the previous meeting of the Audit and Risk Committee held on 10 February 2016 are attached, and Members will be asked to confirm them as a correct record.

#### **4. EXTERNAL AUDIT PLAN 2015-16**

**Appendix B**

The External Auditor submits a report to the Audit & Risk Committee that sets out how they will deliver their financial statements audit work for Leicester City Council, and the approach to value for money (VFM) work for 2015/16. The report also shows how the External Auditor's fee has been arrived at. The Committee are asked to note the report.

#### **5. EXTERNAL AUDIT PROGRESS REPORT AND TECHNICAL UPDATE**

**Appendix C**

The External Auditor submits a report to provide the Audit and Risk Committee with an overview on progress in delivering their responsibilities as external auditors, and highlights the main technical issues which are currently having an impact in local government. The Committee is asked to note the report.

#### **6. KPMG LOCAL GOVERNMENT BUDGET SURVEY**

**Appendix D**

The External Auditor submits a document to the Audit & Risk Committee to help Members during budget considerations over the next financial year. Members are asked to receive the document.

**7. REGULATION OF INVESTIGATORY POWERS ACT 2000 - BI-ANNUAL PERFORMANCE REPORT JUNE 2015 TO DECEMBER 2015** [Appendix E](#)

The City Barrister and Head of Standards submits a report to the Audit & risk Committee on the performance of the Council in authorising Regulation of Investigatory Powers Act (RIPA) applications, from 1<sup>st</sup> June 2015 to 31<sup>st</sup> December 2015. 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 City Barrister and Head of Standards.

**8. PROCUREMENT PLAN 2016-17** [Appendix F](#)

The Director of Finance submits to the Audit & Risk Committee the Council's Procurement Plan 2016-17, as required by the Contract Procedure Rules. The Committee is asked to note the report.

**9. ANNUAL REVIEW OF THE COUNCIL'S ASSURANCE FRAMEWORK, LOCAL CODE OF CORPORATE GOVERNANCE AND THE AUDIT & RISK COMMITTEE'S TERMS OF REFERENCE** [Appendix G](#)

The Director of Finance and the City Barrister & Head of Standards submit a joint report to seek the Committee's approval of updates to the assurance and corporate governance processes at the City Council and the Committee's own terms of reference.

The Committee is recommended to confirm:

1. that no material changes to the Assurance Framework are needed and agree that it shall form the basis on which the Council will compile its Annual Governance Statement for the financial year 2015-16.
2. that no material changes to the Local Code of Corporate Governance are needed.
3. approve the unchanged Committee's terms of reference.

**10. INTERNAL AUDIT - 1ST QUARTER PLAN 2016-17** [Appendix H](#)

The Director of Finance submits a report that sets out the Internal Audit operational plan for the first quarter of 2016-17. The Audit and Risk Committee is asked to note the report.

**11. PROPOSED SCHEDULE OF MEETINGS FOR THE FINANCIAL YEAR 2016-17** [Appendix I](#)

The Director of Finance presents to the Audit and Risk Committee a proposed schedule of meetings and suggested agencies for the Financial Year 2016-17. The Committee is recommended to note and accept the proposed plan content, and raise any issues or questions with the report author or the Director of Finance.

**12. RISK MANAGEMENT AND INSURANCE SERVICES**      **Appendix J**  
**UPDATE REPORT**

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.

**13. ANY OTHER URGENT BUSINESS**





Leicester  
City Council

# Appendix A

Minutes of the Meeting of the  
AUDIT AND RISK COMMITTEE

Held: WEDNESDAY, 10 FEBRUARY 2016 at 5:30 pm

P R E S E N T:

Councillor Patel (Chair)  
Councillor Malik (Vice Chair)

Councillor Alfonso

Councillor Singh Johal

\* \* \* \* \*

**57. APOLOGIES FOR ABSENCE**

Apologies were received from Councillors Hunter and Westley.

**58. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**59. MINUTES OF THE PREVIOUS MEETING**

RESOLVED:

That the minutes of the meeting of the Audit and Risk Committee held on 2 December 2015 be confirmed as a correct record.

**60. APPOINTING YOUR EXTERNAL AUDITOR**

The External Auditor submitted a report which reminded the Committee that the current contract for the provision of External Audit services, which was due to expire at the end of audit year 2016/17, had been extended by one year and would now expire at the end of audit year 2018/19. The briefing advised the Committee of the options and how the process should work for the Council.

The External Auditor asked the Committee to note that:

- It would be the first time the council would appoint the external auditor;
- It was advised that a panel be in place early 2017, and considerations would have to be given to the panel's constitution;
- Regulations specified the panel must include a majority of independent members and an independent chair.

- Procurement options were outlined, including combined procurement with neighbouring authorities;
- Key factors including quality and experience of auditors should be considered;

The Director of Finance stated Leicestershire County Council and districts would be contacted to find out if an External Auditor for the area was favoured. The Council had had a good working relationship with the Audit Commission and KPMG, and would look at the best value for money option. Members requested that they be kept informed on progress during the course of the year.

Members noted that the procurement exercise would have costs, and the panel would want some remuneration. The Council would follow the compliance framework, and if Audit & Risk Committee was in agreement, would pursue the same auditors with the County authorities.

RESOLVED:

That:

1. The report be noted;
2. The Director of Finance keep the committee updated with progress on the appointment of an external auditor.

#### **61. ANNUAL REPORT - CERTIFICATION OF CLAIMS AND RETURNS (GRANTS) - KPMG**

The External Auditor, KPMG presented a report that summarised the work of the auditor and findings from the Certification of Grant Claims and Returns 2014/15.

The External Auditor asked the Committee to note that:

- One claim (2014/15 Housing Benefit Subsidy) with a total value of £135.7million, and three returns were certified.
- One (Teachers' Pension Authority Return) was issued an unqualified assurance report, with no amendment.
- The Homes and Communities Agency (HCA) Compliance Report was a new return for the year.
- The biggest piece of work had been on Housing Benefit Subsidy. Results were similar to what was said in 2015, that it was not unusual to find errors due to the thousands of cases and technical nature of the benefits area. It was acknowledged that the Quality Assurance Team were proactive in correcting errors discovered, and the recommendation to take action in Appendix 1 had been made in previous years, and was an ongoing process. The External Auditor stated he would be happy to withdraw the recommendation for future years if the Audit & Risk Committee were happy with the information provided.

The Director of Finance informed Members that Department for Work and Pensions (DWP) had been approached by the External Auditors and Council to allow the Quality Assurance Team a respite from the testing of applications. An



administration grant from the DWP had been reduced by £1million, but the work had not reduced, and would likely increase with the introduction of Universal Credit. Also, Housing Benefit (HB) regulations would change on 1<sup>st</sup> April 2016, when new claimants would be treated differently to old claimants.

Members were told there was currently a £10million overpayment in HB in the balance sheet, the majority of which was claimant error, for example, non-declaration of savings. The Council sought to recover overpayments as quickly as possible. If the claimant was still in receipt of HB, payment could be reduced, or if in work could be attached to earnings. Members were told that the Management Team has an improvement plan for the benefit service, and figures for the service were monitored every three weeks. Members were informed Disability Living Allowance / Personal Independence Payments were disregarded from household income in the calculation of HB claims.

The Chair thanked the External Auditor and Director of Finance for the Report.

RESOLVED:

That the report be noted.

## **62. DRAFT INTERNAL AUDIT PLAN - 2016/17**

The Director of Finance submitted a report to provide the Audit & Risk Committee with an opportunity to review the draft Internal Audit Plan for the financial year 2016-17, and if the Committee had no significant changes, to approve the plan.

The Head of Internal Audit and Risk Management asked the Committee to note:

- That, for the first time, the plan for 2016/17 was divided into Leicester City Council (who remained the major client) and the external parties the Council's Internal Audit team were contracted to work with.
- Information on recruitment to Senior Auditor roles was given at 4.7 in the report. Partners had raised during discussion the need for more IT Auditor's time.
- The external clients included the Public Health team who had a ring-fenced budget and the ability to pay an audit fee.
- Four staff members were funded through external clients.

The Chair thanked the Head of Internal Audit and Risk Management for the report.

RESOLVED:

That the draft Internal Audit Plan for the financial year 2016-17 be approved.

### **63. RISK MANAGEMENT AND INSURANCE SERVICES (RMIS) UPDATE REPORT**

The Director of Finance submitted a report giving the regular update on the work of the Council's Risk Management and Insurance Services team's activities.

The Head of Internal Audit and Risk Management drew Members' attention Appendix 3 of the report, Children's Social Care and Early Help Team's Divisional Operational Risk Register which had been requested by the Committee at the previous Audit & Risk meeting. Appendix 4 to the report also showed progress made in the 2016 training programme.

The Committee noted the claims data at Appendix 5 to the report, and were advised of a recent court case that was lost.

Members were informed that the high levels of public liability claims were motor claims in Housing which had the biggest fleet, and Planning, Transport and Economic Development, through highways, slips and trips claims. In comparison to Nottingham and Derby, the figures were not significantly high.

Members were asked to note that the Risk Management strategy and Policy Statement (Appendix 6) and Leicester City Council's Business Continuity Management Strategy and Policy Statement 2016 (Appendix 7) had been taken to the Executive and no changes made.

In response to Member questions, the Director of Finance informed the Committee that dependent on the decision, everything the Council did attracted an element of risk, but the Executive had not been in such a position that taking such decisions would score highly on the risk register. Members were also asked to note the departure of two senior managers (Director Culture & Neighbourhood Development and Director of Housing) had long lead in periods so the departures could be managed, and each new manager would inherit established risk registers for the departments.

Members noted there were areas in the risk register of 15 and above in the critical areas of Children's and Adults Services. Members were informed there controls and safeguards in place to manage the risks.

The Chair thanked the Head of Internal Audit & Risk Management for the report.

RESOLVED:

That the report be noted.

### **64. CLOSE OF MEETING**

The meeting closed at 6.44pm.



# External Audit Plan 2015/16

Leicester City Council

March 2016

Appendix B

## Financial Statement Audit



There are no significant changes to the Code of Practice on Local Authority Accounting in 2015/16, which provides stability in terms of the accounting standards the Authority need to comply with.

### Materiality

Materiality for planning purposes has been based on prior year gross expenditure and set at **£15 million**.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance and this has been set at **£750,000**.

### Significant risks

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error have been identified as:

- **Change of banking arrangements from Co-op to Barclays**

### Other areas of audit focus

Those risks with less likelihood of giving rise to a material error but which are nevertheless worthy of audit understanding have been identified as:

- **Asset valuations of schools and leisure centres; and**
- **Change in MRP policy.**

**See pages 3 to 6 for more details.**

## Value for Money Arrangements work



The National Audit Office has issued new guidance for the VFM audit which applies from the 2015/16 audit year. The approach is broadly similar in concept to the previous VFM audit regime, but there are some notable changes:

- There is a new overall criterion on which the auditor's VFM conclusion is based; and
- This overall criterion is supported by three new sub-criteria.

Our risk assessment regarding your arrangements to secure value for money has identified the following VFM significant risks:

- **Implementation of OFSTED's recommendations following their review of childrens' services; and**
- **Financial resilience.**

**See pages 7 to 11 for more details.**

## Logistics



Our team is unchanged from last year:

- John Cornett – Director
- Adrian Benselin – Manager
- Vikash Patel – Assistant Manager

More details are on **page 14**.

Our work will be completed in four phases from December to September 2016 and our key deliverables are this Audit Plan and a Report to those charged with Governance as outlined on **page 13**.

Our planned fee for the audit is £146,603 (2014/15 £195,470), see **page 12**.

## Background and Statutory responsibilities

This document supplements our Audit Fee Letter 2015/16 presented to you in July 2015, which also sets out details of our appointment by Public Sector Audit Appointments Ltd (PSAA).

Our statutory responsibilities and powers are set out in the Local Audit and Accountability Act 2014 and the National Audit Office's Code of Audit Practice.

Our audit has two key objectives, requiring us to audit/review and report on your:

- *Financial statements (including the Annual Governance Statement):* Providing an opinion on your accounts; and
- *Use of resources:* Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the value for money conclusion).

The audit planning process and risk assessment is an on-going process and the assessment and fees in this plan will be kept under review and updated if necessary.

## Acknowledgements

We would like to take this opportunity to thank officers and Members for their continuing help and co-operation throughout our audit work.

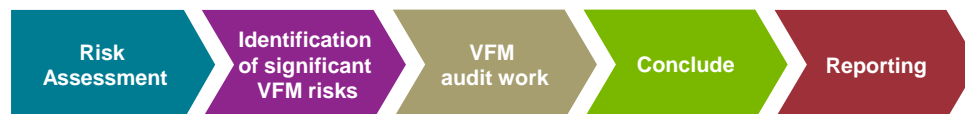
## Financial Statements Audit

Our financial statements audit work follows a four stage audit process which is identified below. Appendix 1 provides more detail on the activities that this includes. This report concentrates on the Financial Statements Audit Planning stage of the Financial Statements Audit.



## Value for Money Arrangements Work

Our Value for Money (VFM) Arrangements Work follows a five stage process which is identified below. Page 7 provides more detail on the activities that this includes. This report concentrates on explaining the VFM approach for the 2015/16 and the findings of our VFM risk assessment.



## Financial Statements Audit Planning

Our planning work takes place during December to February 2016. This involves the following key aspects:

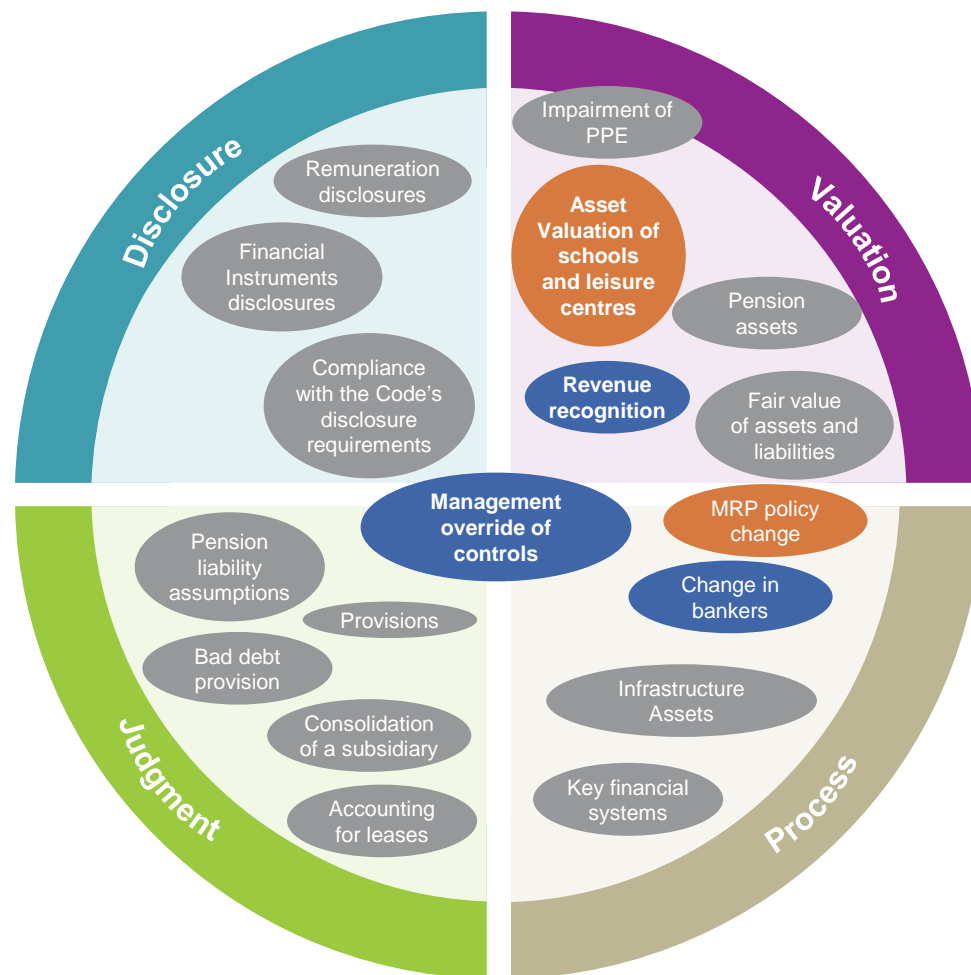
- Risk assessment;
- Determining our materiality level; and
- Issuing this audit plan to communicate our audit strategy.

### Risk assessment

Professional standards require us to consider two standard risks for all organisations. We are not elaborating on these standard risks in this plan but consider them as a matter of course in our audit and will include any findings arising from our work in our ISA 260 Report.

- Management override of controls – Management is typically in a powerful position to perpetrate fraud owing to its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Our audit methodology incorporates the risk of management override as a default significant risk. In line with our methodology, we carry out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.
- Fraudulent revenue recognition – We do not consider this to be a significant risk for local authorities as there are limited incentives and opportunities to manipulate the way income is recognised. We therefore rebut this risk and do not incorporate specific work into our audit plan in this area over and above our standard fraud procedures.

The diagram opposite identifies, significant risks and other areas of audit focus, which we expand on overleaf. The diagram also identifies a range of other areas considered by our audit approach.



Keys: ● Significant risk ● Other area of audit focus ● Example other areas considered by our approach



### Significant Audit Risks

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error.

#### Change in banking arrangements

The Authority began transferring banking services from Co-op to Barclays in February 2015. During our 2014/15 audit we reviewed the Authority's arrangements for ensuring the accurate transfer of bank balances, amending the general ledger and ensuring completeness of income to reflect the change in bank provider. We did not identify any issues from our work.

The transfer of banking services had not been fully completed by the time our 2014/15 audit ended.

We will undertake the following procedures over this significant risk:

- Review progress to date and assess the impact to our 2015/16 opinion of any issues that have arisen.



### Other areas of audit focus

Those risks with less likelihood of giving rise to a material error but which are nevertheless worthy of audit understanding.

#### Asset valuations of schools and leisure centres

In our 2014/15 audit report to members (ISA 260) we reported that the Authority increased the values of its schools and leisure centres by £76.5 million to reflect their current value.

The fixed asset register was updated with totals for each asset category rather than at an individual asset level. The detailed updating of the register has taken place in 2015/16.

We will undertake the following procedures over this risk:

- Confirm the accuracy of the disaggregated information held in the fixed asset register.

#### Change in MRP policy

In November 2015 members agreed to amend the Minimum Revenue Provision (MRP) policy.

Until 2006/07, MRP was calculated as 4% of all outstanding borrowing. The Authority now has the flexibility to set its own policy, provided this is prudent.

The new policy seeks to write down all borrowing, with reference to asset lives.

We will undertake the following procedures over this risk:

- Review the Authority's approach to amending the policy; and
- Consider the impact on the 2015/16 accounts.





## Materiality

We are required to plan our audit to determine with reasonable confidence whether or not the financial statements are free from material misstatement. An omission or misstatement is regarded as material if it would reasonably influence the user of financial statements. This therefore involves an assessment of the qualitative and quantitative nature of omissions and misstatements.

Generally, we would not consider differences in opinion in respect of areas of judgement to represent 'misstatements' unless the application of that judgement results in a financial amount falling outside of a range which we consider to be acceptable.

Materiality for planning purposes has been set at £15 million for the Authority's accounts, which equates to 1.4% percent of gross expenditure.

We design our procedures to detect errors in specific accounts at a lower level of precision.

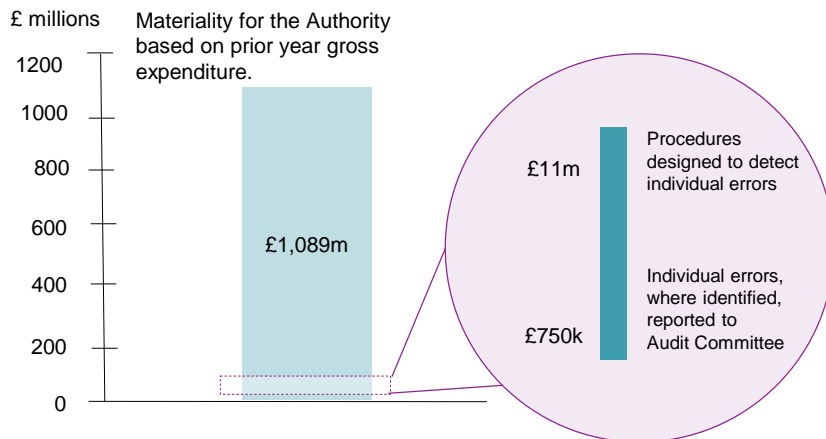
## Reporting to the Audit and Risk Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Risk Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.

Under ISA 260(UK&I) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK&I) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £750k.

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.

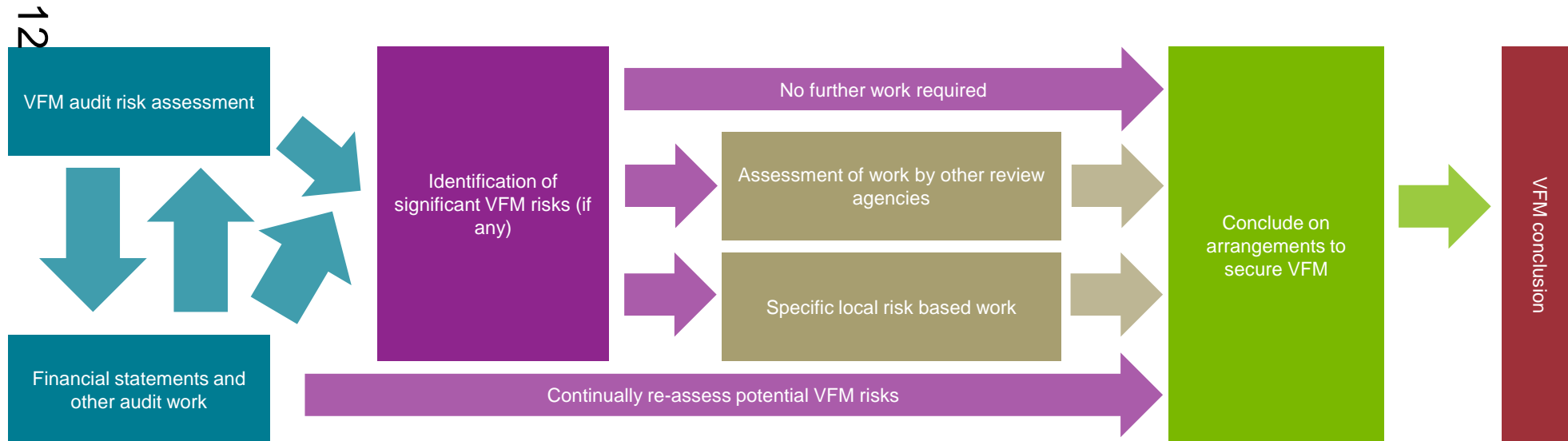
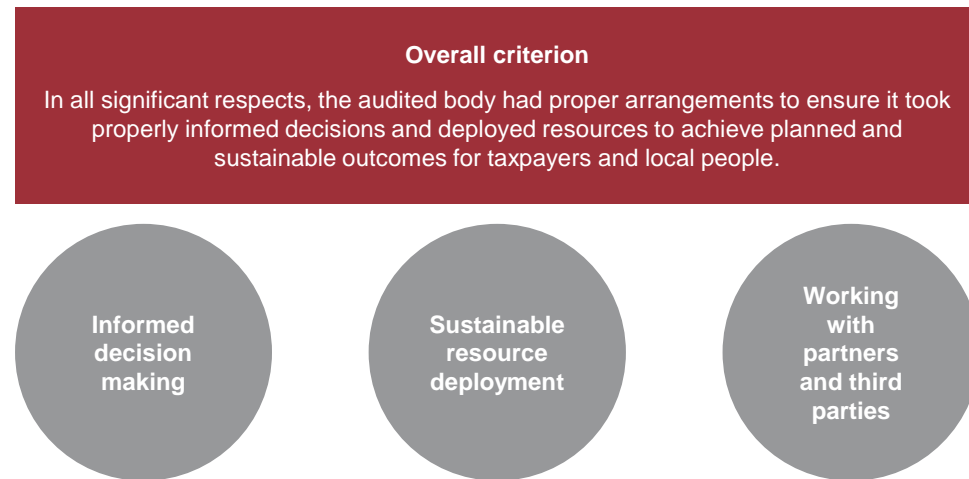


## Background to approach to VFM work

The Local Audit and Accountability Act 2014 requires auditors of local government bodies to be satisfied that the authority 'has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'.

This is supported by the Code of Audit Practice, published by the NAO in April 2015, which requires auditors to 'take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor's judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body's arrangements.'

The VFM approach is fundamentally unchanged from that adopted in 2014/2015 and the process is shown in the diagram below. However, the previous two specified reporting criteria (financial resilience and economy, efficiency and effectiveness) have been replaced with a single criteria supported by three sub-criteria. These sub-criteria provide a focus to our VFM work at the Authority. The diagram to the right shows the details of this criteria.





VFM audit stage	Audit approach
VFM audit risk assessment	<p>We consider the relevance and significance of the potential business risks faced by all local authorities, and other risks that apply specifically to the Authority. These are the significant operational and financial risks in achieving statutory functions and objectives, which are relevant to auditors' responsibilities under the <i>Code of Audit Practice</i>.</p> <p>In doing so we consider:</p> <ul style="list-style-type: none"> <li>■ The Authority's own assessment of the risks it faces, and its arrangements to manage and address its risks;</li> <li>■ Information from the Public Sector Auditor Appointments Limited VFM profile tool;</li> <li>■ Evidence gained from previous audit work, including the response to that work; and</li> <li>■ The work of other inspectorates and review agencies.</li> </ul>
<p>Linkages with financial statements and other audit work</p>	<p>There is a degree of overlap between the work we do as part of the VFM audit and our financial statements audit. For example, our financial statements audit includes an assessment and testing of the Authority's organisational control environment, including the Authority's financial management and governance arrangements, many aspects of which are relevant to our VFM audit responsibilities.</p> <p>We have always sought to avoid duplication of audit effort by integrating our financial statements and VFM work, and this will continue. We will therefore draw upon relevant aspects of our financial statements audit work to inform the VFM audit.</p>
Identification of significant risks	<p>The Code identifies a matter as significant 'if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public. Significance has both qualitative and quantitative aspects.'</p> <p>If we identify significant VFM risks, then we will highlight the risk to the Authority and consider the most appropriate audit response in each case, including:</p> <ul style="list-style-type: none"> <li>■ Considering the results of work by the Authority, inspectorates and other review agencies; and</li> <li>■ Carrying out local risk-based work to form a view on the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.</li> </ul>



VFM audit stage	Audit approach
<p>Assessment of work by other review agencies</p> <p>and</p> <p>Delivery of local risk based work</p>	<p>Depending on the nature of the significant VFM risk identified, we may be able to draw on the work of other inspectorates, review agencies and other relevant bodies to provide us with the necessary evidence to reach our conclusion on the risk.</p> <p>If such evidence is not available, we will instead need to consider what additional work we will be required to undertake to satisfy ourselves that we have reasonable evidence to support the conclusion that we will draw. Such work may include:</p> <ul style="list-style-type: none"> <li>■ Meeting with senior managers across the Authority;</li> <li>■ Review of minutes and internal reports;</li> <li>■ Examination of financial models for reasonableness, using our own experience and benchmarking data from within and without the sector.</li> </ul>
<p>Concluding on VFM arrangements</p> <p>14</p>	<p>At the conclusion of the VFM audit we will consider the results of the work undertaken and assess the assurance obtained against each of the VFM themes regarding the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources.</p> <p>If any issues are identified that may be significant to this assessment, and in particular if there are issues that indicate we may need to consider qualifying our VFM conclusion, we will discuss these with management as soon as possible. Such issues will also be considered more widely as part of KPMG's quality control processes, to help ensure the consistency of auditors' decisions.</p>
<p>Reporting</p>	<p>On the following pages, we report the results of our initial risk assessment. There are two significant risks that we will follow up as part of our work:</p> <ul style="list-style-type: none"> <li>■ The Authority's response to the OFSTED inspection of childrens' services; and</li> <li>■ Financial resilience.</li> </ul> <p>We will also update our assessment throughout the year should any issues present themselves and report against these in our ISA260.</p> <p>We will report on the results of the VFM audit through our ISA 260 Report. This will summarise any specific matters arising, and the basis for our overall conclusion.</p> <p>The key output from the work will be the VFM conclusion (i.e. our opinion on the Authority's arrangements for securing VFM), which forms part of our audit report.</p>



### Significant VFM Risks

Those risks requiring specific audit attention and procedures to address the likelihood that proper arrangements are not in place to deliver value for money.

#### OFSTED Findings – Childrens' Services

In March 2015 OFSTED published a report that concluded "The overall judgement is that childrens' services are inadequate." The report included 24 recommendations for improvement. Last year we issued a qualified VFM conclusion because although the Authority had an improvement plan in place to address OFSTED's findings, these procedures had yet to be fully embedded.

There is a risk that the VFM conclusion will again be qualified this year if the Authority cannot demonstrate that sufficient progress has been made in relation to the improvement plan.

We have reviewed the latest available information on progress against the action plan (as reported to the Childrens and Young People Services Scrutiny Commission on 10 November 2015). The report noted that "many aspects of inadequate practice go back years rather than months and turning this round will take time and requires an improvement in both the knowledge base and stability of the workforce. Although there are signs of improvement in both performance and practice in some areas it is too early for much of the activity undertaken to yet to have had an impact on the quality of the service."

We will not make any judgements regarding the quality of service, however we note the comments in the report that:

- slow progress is being made on a number of indicators
- the timeliness of assessments is improving but the quality of many assessments remains inadequate or requiring improvement with too many cases failing to fully address the needs of the child
- in the majority of cases the quality and timelines of management oversight needs to be improved
- Plans are not always SMART enough and not updated when required with evidence of drift and delays
- the quality and effectiveness of partnership work with other agencies in meeting the needs of children is variable

We will undertake the following procedure over this significant risk:

- Review actions taken by the Authority in relation to the improvement plan.



### Significant VFM Risks

Those risks requiring specific audit attention and procedures to address the likelihood that proper arrangements are not in place to deliver value for money.

#### Financial resilience

On 24 February 2016 the financial position up to 2019/20 was presented to full Council. By that date:

- Expenditure is expected to exceed income by £55 million. The current spending review programme only expects to cover just over half of the shortfall.
- Forecast reserves (excluding ring-fenced and earmarked reserves) at March 2016 are £54 million, of which £39 million will be used to finance spending by 2018, leaving just the minimum general fund balance of £15 million going forward

We will undertake the following procedures over this significant risk:

- Review actions taken by the Authority in setting the budget for 2016/17 and updating the medium term financial plan in the light of the Comprehensive Spending Review;
- Review the processes in place to identify and drive forward further savings.

### Whole of government accounts (WGA)

We are required to review your WGA consolidation and undertake the work specified under the approach that is agreed with HM Treasury and the National Audit Office. Deadlines for production of the pack and the specified approach for 2015/16 have not yet been confirmed.

### Electors challenge

The Local Audit and Accountability Act 2014 gives electors certain rights. These are:

- The right to inspect the accounts;
- The right to ask the auditor questions about the accounts; and
- The right to object to the accounts.

As a result of these rights, in particular the right to object to the accounts, we may need to undertake additional work to form our decision on the elector's objection. The additional work could range from a small piece of work where we interview an officer and review evidence to form our decision, to a more detailed piece of work, where we have to interview a range of officers, review significant amounts of evidence and seek legal representations on the issues raised.

The costs incurred in responding to specific questions or objections raised by electors is not part of the fee. This work will be charged in accordance with the PSAA's fee scales.

### Our audit team

Our audit team will be led by John Cornett. Appendix 2 provides more details on specific roles and contact details of the team.

### Reporting and communication

Reporting is a key part of the audit process, not only in communicating the audit findings for the year, but also in ensuring the audit team are accountable to you in addressing the issues identified as part of the audit strategy. Throughout the year we will communicate with you through meetings with the finance team and the Audit and Risk Committee. Our communication outputs are included in Appendix 1.

### Independence and Objectivity

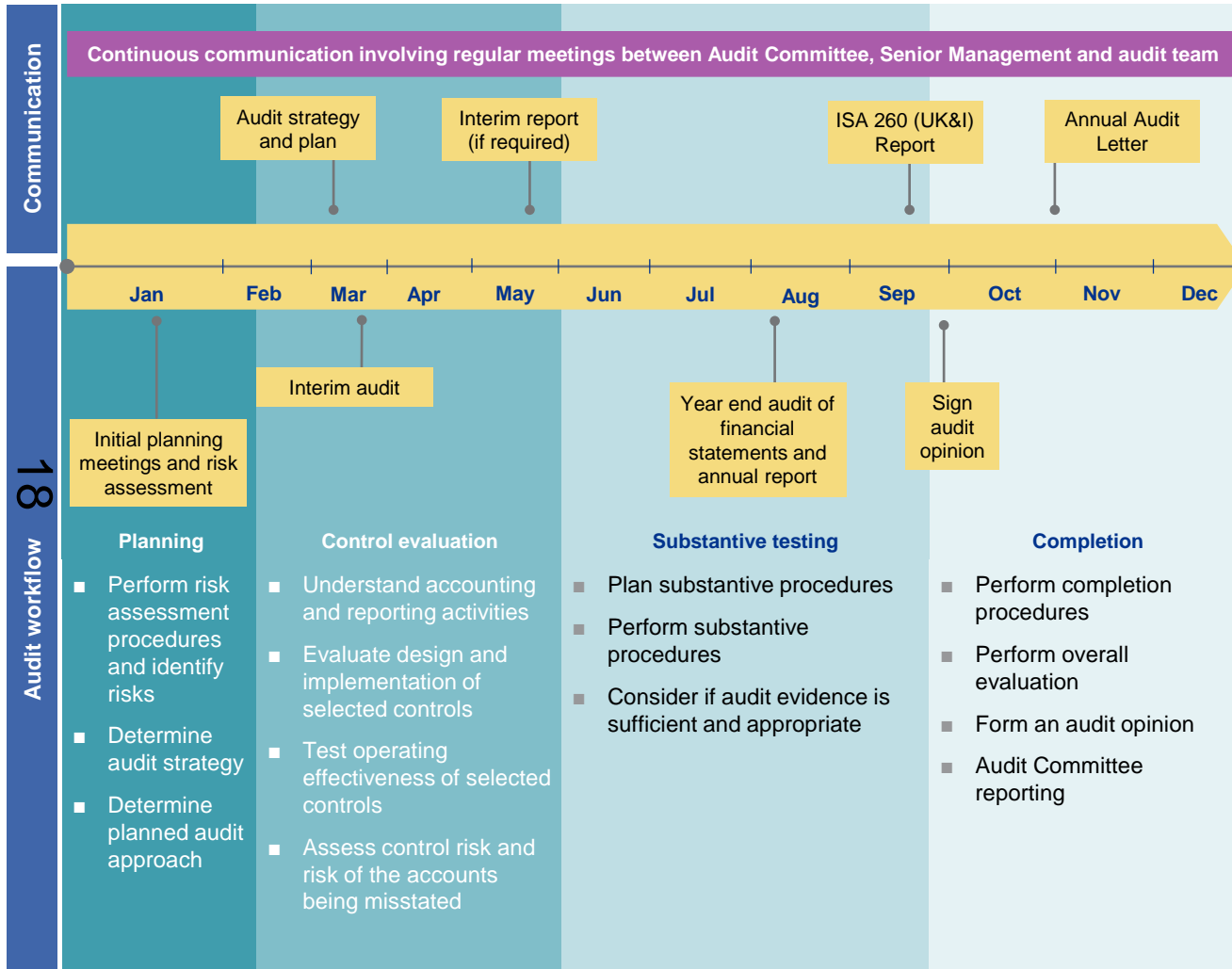
Auditors are also required to be independent and objective. Appendix 3 provides more details of our confirmation of independence and objectivity.

### Audit fee

*Our Audit Fee Letter 2015/16* presented to you in July 2015 first set out our fees for the 2015/16 audit. This letter also sets out our assumptions. We have not considered it necessary to make any changes to the agreed fees at this stage.

The planned audit fee for 2015/16 is £146,603. This is a reduction in audit fee, compared to the planned 2014/15 fee, of £48,867 (25%). However, we expect to carry out additional audit work in relation to the ongoing VFM risks arising from authority's response to the OFSTED report, and financial resilience. At this stage we anticipate an additional fee in the order of £6,000 which is subject to PSAA approval.

Our audit fee includes our work on the VFM conclusion and our audit of the Authority's financial statements.



## Driving more value from the audit through data and analytics

Technology is embedded throughout our audit approach to deliver a high quality audit opinion. Use of Data and Analytics (D&A) to analyse large populations of transactions in order to identify key areas for our audit focus is just one element. We strive to deliver new quality insight into your operations that enhances our and your preparedness and improves your collective 'business intelligence.' Data and Analytics allows us to:

- Obtain greater understanding of your processes, to automatically extract control configurations and to obtain higher levels assurance.
- Focus manual procedures on key areas of risk and on transactional exceptions.
- Identify data patterns and the root cause of issues to increase forward-looking insight.

We anticipate using data and analytics in our work around key areas such as accounts payable and journals. We also expect to provide insights from our analysis of these tranches of data in our reporting to add further value from our audit.





Your audit team has been drawn from our specialist public sector assurance department.



<b>Name</b>	John Cornett
<b>Position</b>	Director
	<p>“My role is to lead our team and ensure the delivery of a high quality, valued added external audit opinion. I will be the main point of contact for the Audit and Risk Committee.”</p>

**John Cornett**

Director

Tel: 0116 256 6064

Email: John.Cornett@kpmg.co.uk



<b>Name</b>	Adrian Benselin
<b>Position</b>	Manager
	<p>“I am responsible for the management, review and delivery of the audit. I will liaise with the Director of Finance and Head of Internal Audit and Risk Management.”</p>

**Adrian Benselin**

Manager

Tel: 0116 256 6089

Email: Adrian.Benselin@kpmg.co.uk



<b>Name</b>	Vikash Patel
<b>Position</b>	Assistant Manager
	<p>‘I will be responsible for the on-site delivery of our work and will supervise the work of our audit assistants.’</p>

**Vikash Patel**

Assistant Manager

Tel: 0116 256 6069

Email: Vikash.Patel@kpmg.co.uk

### Independence and objectivity

Professional standards require auditors to communicate to those charged with governance, at least annually, all relationships that may bear on the firm's independence and the objectivity of the audit engagement partner and audit staff. The standards also place requirements on auditors in relation to integrity, objectivity and independence.

The standards define 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case this is the Audit and Risk Committee.

KPMG LLP is committed to being and being seen to be independent. APB Ethical Standard 1 Integrity, Objectivity and Independence requires us to communicate to you in writing all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place, in our professional judgement, may reasonably be thought to bear on KPMG LLP's independence and the objectivity of the Engagement Lead and the audit team.

Further to this auditors are required by the National Audit Office's Code of Audit Practice to:

- Carry out their work with integrity, independence and objectivity;
  - Be transparent and report publicly as required;
  - Be professional and proportional in conducting work;
  - Be mindful of the activities of inspectorates to prevent duplication;
  - Take a constructive and positive approach to their work;
  - Comply with data statutory and other relevant requirements relating to the security, transfer, holding, disclosure and disposal of information.

PSAA's Terms of Appointment includes several references to arrangements designed to support and reinforce the requirements relating to independence, which auditors must comply with. These are as follows:

- Auditors and senior members of their staff who are directly involved in the management, supervision or delivery of PSAA audit work should not take part in political activity.

- No member or employee of the firm should accept or hold an appointment as a member of an audited body whose auditor is, or is proposed to be, from the same firm. In addition, no member or employee of the firm should accept or hold such appointments at related bodies, such as those linked to the audited body through a strategic partnership.
- Audit staff are expected not to accept appointments as Governors at certain types of schools within the local authority.
- Auditors and their staff should not be employed in any capacity (whether paid or unpaid) by an audited body or other organisation providing services to an audited body whilst being employed by the firm.
- Auditors appointed by the PSAA should not accept engagements which involve commenting on the performance of other PSAA auditors on PSAA work without first consulting PSAA.
- Auditors are expected to comply with the Terms of Appointment policy for the Engagement Lead to be changed on a periodic basis.
- Audit suppliers are required to obtain the PSAA's written approval prior to changing any Engagement Lead in respect of each audited body.
- Certain other staff changes or appointments require positive action to be taken by Firms as set out in the Terms of Appointment.

### Confirmation statement

We confirm that as of March 2016 in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Engagement Lead and audit team is not impaired.



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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website ([www.psaa.co.uk](http://www.psaa.co.uk)).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Andrew Bostock, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers, by email to [Andrew.Sayers@kpmg.co.uk](mailto:Andrew.Sayers@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk) by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.





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# External audit progress report and technical update

Leicester City Council  
March 2016

Appendix C

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

The report also highlights the main technical issues which are currently having an impact in local government.

If you require any additional information regarding the issues included within this report, please contact a member of the audit team.

We have flagged the articles that we believe will have an impact at the Authority and given our perspective on the issue:

- High impact
- Medium impact
- Low impact
- For info

PROGRESS REPORT					
External audit progress report					3
KPMG RESOURCES					
Local Government Technical Update– February 2016					5
Local government Early Close Workshop - March 2016					6
TECHNICAL UPDATE					
New local audit framework	<span style="color: yellow;">●</span>	8	Consultation on 2016/17 audit work programme and scales of fees	<span style="color: green;">●</span>	11
Accounts and Audit Regulations 2015 – Narrative statements	<span style="color: green;">●</span>	9	Greater Manchester Combined Authority	<span style="color: grey;">●</span>	12
Accounts and Audit Regulations 2015 – Exercise of public rights	<span style="color: green;">●</span>	10	Public Sector Audit Appointments Ltd (PSAA) – VFM profiles update	<span style="color: grey;">●</span>	13
APPENDIX					
Appendix 1 – 2015/16 audit deliverables					15



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# Progress report

This document provides the Audit and Risk Committee with a high level overview on progress in delivering our responsibilities as your external auditors.

At the end of each stage of the audit we issue certain deliverables, including reports and opinions. A summary of progress against these deliverable is provided in Appendix 1 of this report.

Area of responsibility	Commentary
<b>Financial statements</b>	<p>The planning process for the 2015/16 audit is under way. We will present our detailed Audit Plan to the March 2016 meeting of this Committee.</p> <p><b>Work to be undertaken</b></p> <p>We plan to undertake our interim audit visit in March 2016. As part of this work we:</p> <ul style="list-style-type: none"> <li>▪ assess the effectiveness of your financial controls and undertake ‘walk-throughs’ of the key financial controls and perform sample testing;</li> <li>▪ review and consider internal audit work completed to date; and</li> <li>▪ review the appropriateness of your arrangements for the prevention and detection of fraud and corruption in accordance with ISA240 (the responsibility to consider fraud), including discussing this with the Local Counter Fraud Specialist and internal audit.</li> </ul> <p>We plan to commence our audit of the accounts in August 2016 (dates yet to be confirmed with your officers). We plan to issue our ISA 260 report ahead of the Audit and Risk Committee in September 2016, and our opinion by the deadline of 30 September 2016.</p> <p>There are no matters that we need to bring to the attention of members at this time.</p>
<b>Value for Money</b>	<p>We have completed our initial risk assessment as part of the planning process. There are two areas where we will carry out further work in order to reach our VFM conclusion:</p> <ul style="list-style-type: none"> <li>▪ We will continue to monitor progress made by you in implementing the childrens' services Improvement Plan which sets out detailed actions in response to the March 2015 OFSTED report on childrens' services.;</li> <li>▪ We will review actions taken by the Authority in setting the budget for 2016/17 and updating the medium term financial plan in the light of the Comprehensive Spending Review; and</li> <li>▪ We will review the processes in place to identify and drive forward further savings.</li> </ul> <p>We will conclude on the results of the VFM audit through our ISA 260 Report.</p> <p>There are no matters that we need to bring to the attention of members at this time.</p>





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# KPMG resources

Area	Comments
<p data-bbox="64 318 252 472">Local Government Technical Update – February 2016</p> <p data-bbox="64 722 111 782">28</p>	<p data-bbox="292 318 1991 408">We are pleased to confirm that we have once again run a series of local government accounts workshops for key members of your finance team. The workshops are focussed at Chief Accountants and similar staff who will be involved in and responsible for the 2015/16 close down and statement of accounts.</p> <p data-bbox="292 429 1991 458">The workshops were led by our regional local government audit teams supported by our national local government technical lead Greg McIntosh.</p> <p data-bbox="292 479 526 508">The agenda covers:</p> <ul data-bbox="292 529 830 694" style="list-style-type: none"> <li data-bbox="292 529 555 558">■ Review of 2014/15;</li> <li data-bbox="292 572 830 601">■ Key Issues and developments for 2015/16;</li> <li data-bbox="292 622 706 651">■ Longer term developments; and</li> <li data-bbox="292 672 675 701">■ Tax and Pensions specialists.</li> </ul> <p data-bbox="292 722 685 751">The events took place as follows:</p> <ul data-bbox="292 772 845 1029" style="list-style-type: none"> <li data-bbox="292 772 623 801">■ Leeds – 4 February 2016</li> <li data-bbox="292 815 665 843">■ Leicester – 5 February 2016</li> <li data-bbox="292 865 644 893">■ Preston – 8 February 2016</li> <li data-bbox="292 915 706 943">■ Birmingham – 12 February 2016</li> <li data-bbox="292 958 845 986">■ London (Canary Wharf) – 22 February 2016</li> <li data-bbox="292 1008 644 1036">■ Bristol – 24 February 2016</li> </ul> <p data-bbox="292 1058 1234 1086">Staff from your finance team attended the event in Leicester on 5 February 2016.</p> <p data-bbox="292 1108 1369 1136">For more information, please contact John Cornett <a href="mailto:john.cornett@kpmg.co.uk">john.cornett@kpmg.co.uk</a> 0116 256 6064</p>

Area	Comments
<p data-bbox="64 315 223 472"><b>Local government Early Close Workshop - March 2016</b></p> <p data-bbox="64 719 111 782">29</p>	<p data-bbox="292 315 1970 408">Following the success of our Local Government Technical Updates we are pleased to confirm that we are running a Local Government Early Close workshop for key members of your finance team. The workshop is focussed at Chief Accountants and similar staff who will be involved in and responsible for the 2015/16 close down and statement of accounts.</p> <p data-bbox="292 444 1125 472">The workshop will be led by our regional local government audit teams.</p> <p data-bbox="292 508 561 536">The agenda will cover:</p> <ul data-bbox="292 558 721 822" style="list-style-type: none"> <li data-bbox="292 558 607 586">■ Statutory requirements;</li> <li data-bbox="292 608 576 636">■ A practitioner's view;</li> <li data-bbox="292 658 671 686">■ What does success look like;</li> <li data-bbox="292 708 721 736">■ Identifying barriers to early close;</li> <li data-bbox="292 758 679 786">■ Developing the solutions; and</li> <li data-bbox="292 808 638 836">■ Working with your auditor.</li> </ul> <p data-bbox="292 858 940 886">The event is taking place on 7 March 2016 in Leicester.</p> <p data-bbox="292 922 1065 951">Staff from your finance team have booked to attend the workshop.</p> <p data-bbox="292 986 1373 1015">For more information, please contact John Cornett <a href="mailto:john.cornett@kpmg.co.uk">john.cornett@kpmg.co.uk</a> 0116 256 6064</p>



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# Technical update

Area	Level of impact	Comments	KPMG perspective
<p><b>New local audit framework</b></p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">31</p>	<p>●</p> <p><b>Medium</b></p>	<p>The Local Audit and Accountability Act 2014 included transitional arrangements covering the audit contracts originally let by the Audit Commission in 2012 and 2014. These contracts covered the audit of accounts up to 2016/17, and gave the Department for Communities and Local Government (DCLG) the power to extend these contracts to 2019/20.</p> <p>DCLG have now announced that the audit contracts for large local government bodies (including district, unitary and county councils, police and fire bodies, transport bodies, combined authorities and national parks) will be extended to include the audit of the 2017/18 financial statements. From 2018/19, local government bodies will need to appoint their own auditors; it is not yet clear whether there will be a sector-led body that is able to undertake this role on behalf of bodies.</p> <p>CIPFA have now issued guidance that was commissioned by DCLG on the creation of Auditor Panels. The guidance is available at <a href="http://www.cipfa.org/policy-and-guidance/publications/g/guide-to-auditor-panels-pdf">www.cipfa.org/policy-and-guidance/publications/g/guide-to-auditor-panels-pdf</a> The guidance provides options on establishing an Auditor Panel, and the roles and responsibilities the panels will have once established.</p> <p>NHS and smaller local government bodies (town and parish councils, and internal drainage boards), will not have their contracts extended, and will have to appoint their own auditors for 2017/18, one year earlier than for larger local government bodies.</p>	<p><i>Members may wish to review the CIPFA guidance and begin initial discussions with colleagues about the approach the Authority may wish to adopt.</i></p> <p><i>We have prepared a briefing note for clients and we are discussing with the Director of Finance how best to present this to members.</i></p>

Area	Level of Impact	Comments	KPMG perspective
<p><b>Accounts and Audit Regulations 2015 – Narrative statements</b></p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">32</p>	<p style="text-align: center;">● Low</p>	<p>Authorities will need to be aware that the <i>Accounts and Audit Regulations 2015</i> require local authorities to produce and publish a narrative statement. Section 8 of the Regulations, which apply first from the 2015/16 financial year, states:</p> <p><i>Narrative statements</i></p> <ol style="list-style-type: none"> <li>1) <i>A Category 1 authority must prepare a narrative statement in accordance with paragraph (2) in respect of each financial year.</i></li> <li>2) <i>A narrative statement prepared under paragraph (1) must include comment by the authority on its financial performance and economy, efficiency and effectiveness in its use of resources over the financial year.</i></li> </ol> <p>Authorities will need to publish the narrative statement along with the financial statements. The narrative statement does not form part of the financial statements and is therefore not subject to audit. As part of their audit work however, auditors will need to review the statement for consistency with their knowledge.</p> <p>The narrative statement replaces the explanatory foreword and will need to be prepared in accordance with CIPFA/LASAAC's <i>Code of Practice on Local Authority Accounting</i> (the accounting code). The 2016/17 accounting code will contain high level principles for authorities to follow when preparing their narrative statements. The principles set out in the accounting code will also be relevant to 2015/16 and we understand that CIPFA/LASAAC is likely to publish an update to the 2015/16 accounting code to clarify this.</p>	<p><i>The Committee may wish to seek assurances that their authorities have arrangements in place to meet the new requirements</i></p>

Area	Level of Impact	Comments	KPMG perspective
<b>Accounts and Audit Regulations 2015 – Exercise of public rights</b>	<p style="text-align: center;">● Low</p>	<p>Authorities will be aware that the Accounts and Audit Regulations 2015 (the Regulations) set out new arrangements for the exercise of public rights from 2015/16 onwards.</p> <p>Paragraph 9(1) of the Regulations requires the responsible financial officer to commence the period for the exercise of public rights and to notify the local auditor of the date on which that period was commenced.</p> <p>Paragraph 9(2) is clear that the final approval of the statement of accounts by the authority prior to publication cannot take place <i>until after the conclusion of the period for the exercise of public rights</i>.</p> <p>As the thirty working day period for the exercise of public rights must include the first ten working days of July, this means that authorities will not be able to approve their audited accounts or publish them before 15 July 2016.</p>	<p><i>The Committee may wish to seek assurances that the necessary arrangements are in place for their Authority.</i></p>

Area	Level of Impact	Comments	KPMG perspective
<p data-bbox="64 348 271 501"><b>Consultation on 2016/17 audit work programme and scales of fees</b></p> <p data-bbox="64 719 111 782">34</p>	<p data-bbox="348 348 401 422">● Low</p>	<p data-bbox="472 348 1721 408">Public Sector Audit Appointments Ltd (PSAA) has published its consultation on the 2016/17 proposed work programme and scales of fees.</p> <p data-bbox="472 429 1757 551">The consultation sets out the work that auditors will undertake at principal audited bodies for 2016/17, with the associated scales of fees. The consultation documents, and list of individual proposed scale fees, are available on the PSAA website at <a href="http://www.psa.co.uk/audit-and-certification-fees/consultation-on-201617-proposed-fee-scales/">www.psa.co.uk/audit-and-certification-fees/consultation-on-201617-proposed-fee-scales/</a></p> <p data-bbox="472 572 1752 694">There are no planned changes to the overall work programme for 2016/17. It is proposed that scale fees are set at the same level as the scale fees applicable for 2015/16, set by the Audit Commission before it closed in March 2015. The Commission reduced scale fees from 2015/16 by 25 per cent, in addition to the reduction of up to 40 per cent made from 2012/13.</p> <p data-bbox="472 715 1746 775">Following completion of the Audit Commission's 2014/15 accounts, PSAA has received a payment in respect of the Audit Commission's retained earnings.</p> <p data-bbox="472 796 1701 855">PSAA will redistribute this and any other surpluses from audit fees to audited bodies, on a timetable to be established shortly.</p> <p data-bbox="472 876 1763 962">The work that auditors will carry out on the 2016/17 accounts will be completed based on the requirements set out in the Local Audit and Accountability Act 2014 and under the Code of Audit Practice published by the National Audit Office.</p> <p data-bbox="472 983 1763 1043">The consultation closed on Friday 15 January 2016. PSAA will publish the final work programme and scales of fees for 2016/17 in March 2016.</p>	<p data-bbox="1783 348 2005 565"><i>The Committee may wish to seek assurances on how their Authority have responded to the consultation.</i></p>



Area	Level of Impact	Comments
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">35</p> <p>Greater Manchester Combined Authority</p>	<p style="text-align: center;">● For Information</p>	<p>Greater Manchester Combined Authority (GM) has pioneered the concept of local devolution within England. “Devo Manc” encompasses a broad range of proposals to address the challenges and opportunities GM is facing:</p> <p><b>Health and Social Care</b></p> <p>Greater Manchester is facing an estimated financial deficit of c. £2 billion by 2020/21. A Memorandum of Understanding was signed in February 2015 between all partners in GM, committing the region to produce a comprehensive Strategic and sustainable Plan for health and social care.</p> <p>As part of the Plan, GM is seeking to use its share of the £8 billion promised to the NHS in the CSR to support new recurrent costs and protect social care budgets, closing over a quarter of the funding gap. A further investment by the partners of £500 million, phased over three years, will release future recurrent savings with a likely payback of £3 for every £1 invested.</p> <p><b>GM proposals</b></p> <p>In addition, GM has made a number of proposals to reform the way public services work together and deliver services within the region:</p> <ul style="list-style-type: none"> <li>■ Investment in transport infrastructure</li> <li>■ New funding mechanisms to support site remediation and infrastructure provision</li> <li>■ Making better use of Social Housing Assets to support growth</li> <li>■ Locally led low carbon</li> <li>■ A scaled-up GM Reform Investment Fund</li> <li>■ Devolution of decision making for apprenticeships and training, and reform to careers advice and guidance</li> <li>■ Fundamental review of the way services to children are delivered</li> <li>■ Research and innovation funding</li> <li>■ Investment in integrated business support to drive growth and productivity</li> <li>■ Reform of the New Homes Bonus</li> <li>■ Further employment and skills reform</li> <li>■ GM approach to data sharing across public agencies</li> <li>■ Fiscal devolution, including reform to Business Rates, Council Tax, Stamp Duty Land Tax and a Hotel Bed Tax</li> </ul> <p>All of these proposals involve joint working, not just with other GM agencies, but also central government departments. This allows the existing financial resources provided to the region to be redeployed more efficiently to maximise the benefits to GM.</p>

Area	Level of Impact	Comments
<p>Public Sector Audit Appointments Ltd (PSAA) – VFM profiles update</p> <p>36</p>	<p>● For Information</p>	<p>Public Sector Audit Appointments Ltd (PSAA) maintain the Value for Money profiles tool (VFM profiles) initially developed by the Audit Commission. The profiles were updated on 1 October 2015.</p> <p>The VFM profiles planned budget section now contains the 2015/16 data sourced from the Department for Communities and Local Government – General Fund Revenue Account Budget (RA). The values are adjusted with gross domestic product (GDP) deflators from the HM Treasury's publication in June 2015. The profiles can be accessed through the PSAA's homepage at <a href="http://www.psa.co.uk/">http://www.psa.co.uk/</a></p> <p>Other sections of the VFM profiles have also been updated with the latest data values for the following data sources:</p> <ul style="list-style-type: none"> <li>■ Inequality gap (2012/13)</li> <li>■ Fuel poverty (2013)</li> <li>■ Climate change (2013)</li> <li>■ Alcohol related admissions (2013/14)</li> <li>■ Mid-year population estimates (2014)</li> <li>■ Chlamydia testing (2014)</li> <li>■ Participation in education or work-based learning (2014)</li> <li>■ Housing benefit speed of processing (2014/15)</li> <li>■ CT and NNDR collection rates (2014/15)</li> <li>■ NHS health checks (2014/15)</li> <li>■ Planning applications (Quarter 4 2014/15)</li> <li>■ Delayed transfers of care (Quarter 1 2015)</li> <li>■ Under 5 provision (2015)</li> </ul>



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# Appendix

## Appendix 1 – 2015/16 Audit deliverables

Deliverable	Purpose	Timing	Status
<b>Planning</b>			
Fee letter	Communicate indicative fee for the audit year	April 2015	Delivered
External audit plan	Outline our audit strategy and planned approach Identify areas of audit focus and planned procedures	March 2016	TBC
<b>Interim</b>			
Interim report	Details and resolution of control and process issues. Identify improvements required prior to the issue of the draft financial statements and the year-end audit. Initial VFM assessment on the Council's arrangements for securing value for money in the use of its resources.	April 2016	If required
<b>Substantive procedures</b>			
Report to those charged with governance (ISA+260 report)	Details the resolution of key audit issues. Communication of adjusted and unadjusted audit differences. Performance improvement recommendations identified during our audit. Commentary on the Council's value for money arrangements.	September 2016	TBC
<b>Completion</b>			
Auditor's report	Providing an opinion on your accounts (including the Annual Governance Statement). Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the VFM conclusion).	September 2016	TBC
WGA	Concluding on the Whole of Government Accounts consolidation pack in accordance with guidance issued by the National Audit Office.	September/October 2016	TBC
Annual audit letter	Summarise the outcomes and the key issues arising from our audit work for the year.	October 2016	TBC
<b>Certification of claims and returns</b>			
Certification of claims and returns report	Summarise the outcomes of certification work on your claims and returns for Government departments.	February 2017	TBC



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# Local Government Budget Survey

February 2016

[www.kpmg.com/uk](http://www.kpmg.com/uk)

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# Introduction

## Introduction

The local government sector faces well-documented, significant financial challenges for the foreseeable future. There are also opportunities linked to economic growth, notably with the new homes bonus and the prospect of local business rates retention, and the potential devolution of power to local areas. There is also an increased exposure to financial risk and volatility if growth is not as high or as sustained as hoped, or if demands for services outstrip expectations and lead to additional pressures. There is also the challenge of responding to the impact of central policies such as the 1% reduction in social housing rents from 2016-17, and the increased emphasis on home ownership rather than social renting. In this changing environment, high quality budget setting and monitoring are more important than ever for local government.

KPMG's 2011 publication 'The Brilliant Local Authority of the future' summarised the challenge facing local authorities.

*"As the public sector recession bites and the localism agenda gathers pace, local government will have to address both the threats and opportunities that these forces are creating."*

*The paper explained that;*

*"In an age of austerity an iron-like grip on the organisation's financial position will be imperative..... This will entail a focus on management accounting and understanding the financial and operational performance of all parts of the business".*

[https://portal.ema.kworld.kpmg.com/audit/countries/europe/AuditPeople/DeptSites/IGHAudit/Technical%20guidance%20Library/RRD254220%20Brilliant%20Local%20Authority\\_v11.pdf](https://portal.ema.kworld.kpmg.com/audit/countries/europe/AuditPeople/DeptSites/IGHAudit/Technical%20guidance%20Library/RRD254220%20Brilliant%20Local%20Authority_v11.pdf)

KPMG is proud to be the external auditor of a significant number of local government clients, and our audit teams consider key aspects of budget setting and budget monitoring alongside their external audit work. This paper sets out the results of a survey they completed in 2015, and analyses the assumptions and techniques used by our clients to generate budgets and to monitor them.

Our audit teams were very aware that when our clients were setting the 2015-16 budgets they were waiting for clarity about their funding for future years. Some clients had chosen not to publish a medium term financial plan until there was more certainty. Where this was the case, we took into account the work that officers were doing in preparation of the Comprehensive Spending Assessment.

## Purpose of this paper

Our aim is that our clients find this paper useful when thinking about the budget information required to help address the financial challenges that they face. We hope that it will help our clients to take a fresh look at their approach to budget setting and monitoring. As financial risks and rewards continue to be localised, budgets will need to become more and more flexible and responsive to changes within financial years. We recognise that there is no single solution or blueprint for successful budgetary control, and that it is up to each client to find their own balance of summarised information and detailed data.

We plan to carry out a similar review next year. We would welcome feedback on this first version, and if there are any areas that you think that it would be useful to cover please let us know. Please let your local audit team know if you have any feedback or if there is anything you want us to take into account.

# Introduction (cont.)

## Our clients

We have analysed the 97 survey responses from our audit teams.

Client Type	Responses
Districts	41
London Boroughs	11
Unitary Authorities	11
Metropolitan Boroughs	10
Police & Crime Commissioners	8
Fire & Civil Defence Authorities	7
Counties	6
Transport Executives	2
Combined Authority	1
<b>Total</b>	<b>97</b>

## Report Format

The paper provides the results of the responses, along with a brief analysis of the highlights (including extra information that audit teams provided where appropriate). We have also provided some possible questions that Members may wish to consider in the context of their own organisations. These questions are collated at the end of the report for ease of reference.

# Key messages

We know that our local government clients have already taken significant steps to deal with the changes in their funding structure over the last few years. This paper highlights that as the financial challenges increase over the next few years there are measures that our clients can consider using in order to strengthen elements of their budget preparation, analysis, monitoring and reporting.

The move to more localised risks and rewards mean that techniques such as sensitivity analyses (to identify pressure points) and financial ratios will be key as the potential for financial volatility in the sector increases. This volatility in income and expenditure could happen at any time as well as on the annual budget-setting process, and so it is also increasingly important that our clients are alert and responsive to changes within the year, and to indications that their budgetary assumptions are no longer valid.

Tracking the achievement of savings is not straightforward. Sometimes plans need to be shelved for positive reasons – for example when there is unexpected demand for a service that generates income. It is important to identify the reasons for successful plans as well as those that fail in order to learn for the future.

The likely link between local growth and our clients' financial well-being means that selecting the right 'invest-to-save' schemes is vital, and the survey suggests that more use could be made of key processes for assessing the potential projects.

As financial pressures increase, savings measures may need to be re-considered or revisited, alongside ways to generate income.

As savings become harder to achieve, the distinction between recurrent and non-recurrent savings becomes ever more important, and also an important element of reporting to members. The General Fund Reserve is a critical safety net, and setting the minimum level is a key task that should take into account the level and nature of usable reserves, and in particular if there is a lack of flexibility within those other reserves.

The results of our survey highlight differences in the way that our clients are budgeting for key financial factors such as inflation, borrowing and lending rates and employee related cost pressures. Similarly, there is variation in the factors used to generate the budget, with some such as demographics and population change less used than others. Whilst there is no single correct approach, all of our clients need to be alert to the impact of variations on expectations.

The amount of Local Government reserves is being increasingly challenged, and there needs to be a clear understanding of the reason for the current and planned levels, and what flexibility there is within them if there becomes a need for them to reduce.

Our survey also suggests that there is some scope for further analysis of our clients' assets to identify options for change. Asset management plans that are aligned to service and staffing changes are important for ensuring that those options are co-ordinated and realistic.

We know that many of our clients are still working hard to address gaps in their savings targets for future years, and all of them will need to re-assess their assumptions when the results of the financial settlement are made clear, along with the detail behind recent announcements are made available. It is vital that their budgetary frameworks are fit-for-purpose to respond to the challenges.

The remainder of this report sets out the results of our survey and the questions we have suggested for Members to consider. We look forward to your feedback.

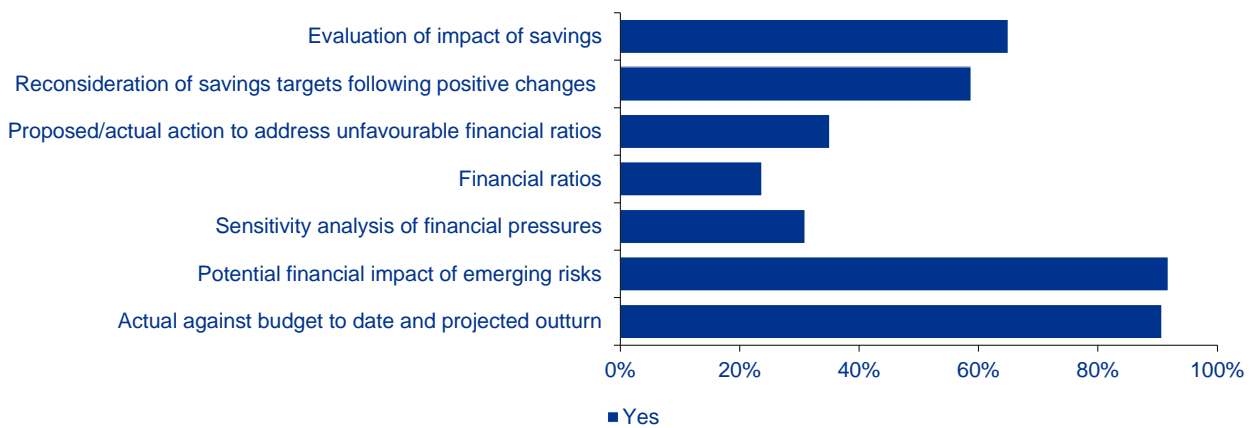
# Comparatives

1

## What's in your Budget Monitoring Reports?

We looked at our clients' main budget monitoring reports to see if they contained a series of potentially important elements.

### Do budget monitoring reports include the following:



As expected, most budget monitoring reports identify the actual position against budget to date and a projected outturn, and the financial impact of emerging risks. The use of sensitivity analysis and financial ratios is less developed. It may be that Members will view these as more important as local financial volatility increases with the move away from block central funding.

Our audit teams highlighted some local practices that influence what goes in to the budget monitoring reports. These included that portfolio holders receive monthly summarised reports for their budget areas that supplement the quarterly reporting, or that particular committees receive detailed reports in addition to the high level reports for all members. Financial ratios are sometimes limited to particular areas, such as in the context of the Treasury Management Strategy.

There is no universal 'right level' of detail in budget monitoring reports – the key is that the reports provide decision-makers with sufficient information in the context of the other information that they receive to allow them to understand the financial position and projections.



### Questions to Consider

- Do your budget monitoring reports provide an appropriate level of detail?
- Given the likelihood of increased financial pressures and volatility, do your budget monitoring reports need to evolve?
- Do members have the necessary training, skills & experience to interpret the budgetary reports and information provided?

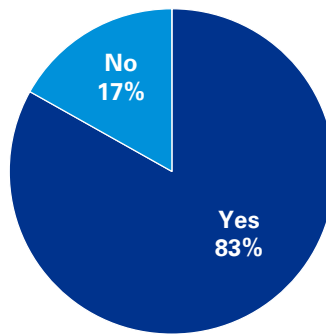
# Comparatives (cont.)

2

## Did you achieve last year's savings plans?

We looked at the achievement of the overall savings targets alongside the monitoring of the individual savings plans.

## Did 2014-15 actual savings meet the budgeted target?



With the uncertainty about the future level and nature of funding, we know that many clients were looking to build up their levels of resilience in 2014-15, and many had savings plans that were designed to help increase useable reserves. The majority of clients met their 2014-15 budgeted savings target.

Some of our audit teams commented that better than expected income had had a significant impact on the net financial outcome – for example from the levels of new homes bonus and planning fees. We recognise that sometimes planned savings such as staff reductions are put on hold in order to meet unexpected demand for services. Tracking the achievement of savings in these circumstances can become complicated, and there is also a risk that unexpected income could result in a reduced focus on making savings elsewhere in the budget.

Our audit teams also noted examples of clients ensuring that the use of reserves is allowed only to provide new or enhanced services, and not to deal with deficits or overspends (which could mask failure to meet the savings targets). They also referred to cases where savings are built into budgets, and so are not separately identified – this links into the question on the following page.



### Questions to Consider

- Do you know if your savings to-date in 2015-16 are on target to meet the budgeted amount?
- If you have received unexpected income in 2015-16, are you clear how it has impacted on your savings targets?
- If any of your 2015-16 individual savings schemes or the overall savings targets are not being achieved, do you know why?

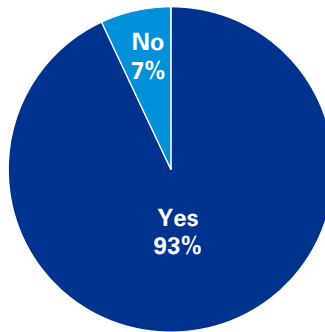
# Comparatives (cont.)

3

## Are individual savings plans monitored centrally?

We asked whether the individual schemes that make-up the overall savings plans are monitored centrally on an on-going basis.

## Were individual savings projects/plans monitored during the year to check that expected savings remained deliverable in 2014-15?



As may be expected, the majority of our clients monitor individual schemes centrally. Audit teams that answered 'no' reported that the client approach is to expect budget holders to deliver their overall net financial target which incorporates the savings plans, and so the central monitoring is based on this net position rather than separating out savings plans.

As the pressure on budgets continues, savings will be increasingly hard to find. Whatever system is used to monitor the achievement of savings plans, it is vital that schemes that are failing to achieve the expected results are highlighted early, and that alternative measures are in place to address the financial shortfall. It is also important to learn the lessons as to why schemes fail in order to help avoid problems recurring. Similarly, successful ones can be analysed to understand the success factors, and to see if they can be replicated.



### Questions to Consider

- Are you confident that you identify savings schemes that are failing at an early stage?
- Do you have alternative measures to substitute for failing savings schemes?
- Are successful schemes evaluated to identify why they worked, and to see if they can be applied in other parts of your organisation?

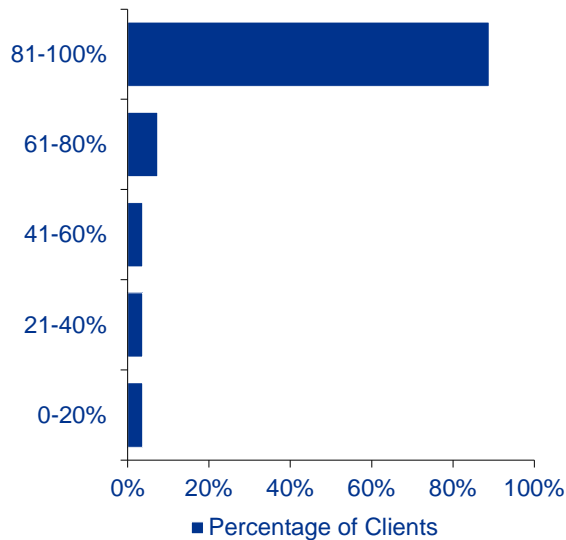
# Comparatives (cont.)

4

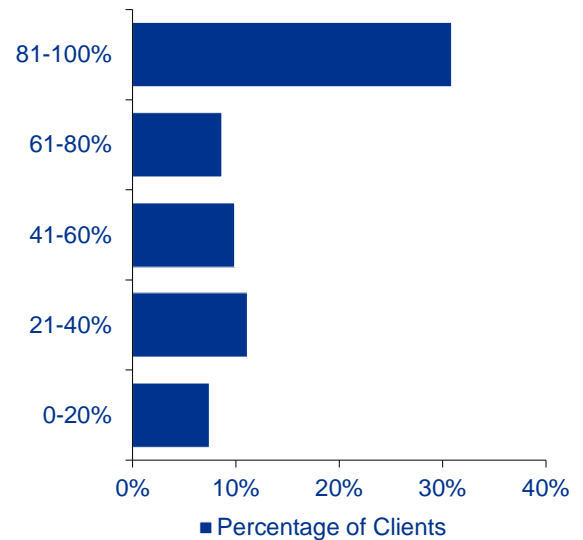
## Do you have detailed plans for your savings?

We looked at what proportion of the savings targets for 2015-16 and 2016-17 had detailed plans at the start of the 2015-16 financial year to achieve them. We know that as the level of funding was uncertain beyond 2015-16, officers were estimating what level of savings will be needed.

### What percentage of 2015-16 budget savings were backed by detailed plans as at 31 March 2015?



### What percentage of 2016-17 budget savings were backed by detailed plans as at 31 March 2015?



At the start of the 2015-16 year, over 80% of clients had detailed plans that covered the level of savings needed. This dropped to below 40% for the 2016-17 year. As the financial position is clarified for 2016-17 and beyond, there will be a need to revisit the expected level of savings to ensure that the assumptions made remain valid and that the plans to achieve them are complete and robust on an ongoing basis.



### Questions to Consider

- Are all of your savings targets backed with detailed plans?
- Are you confident that the detailed savings plans are robust and realistic?
- Are detailed savings plans updated to ensure that they reflect changes in circumstances?

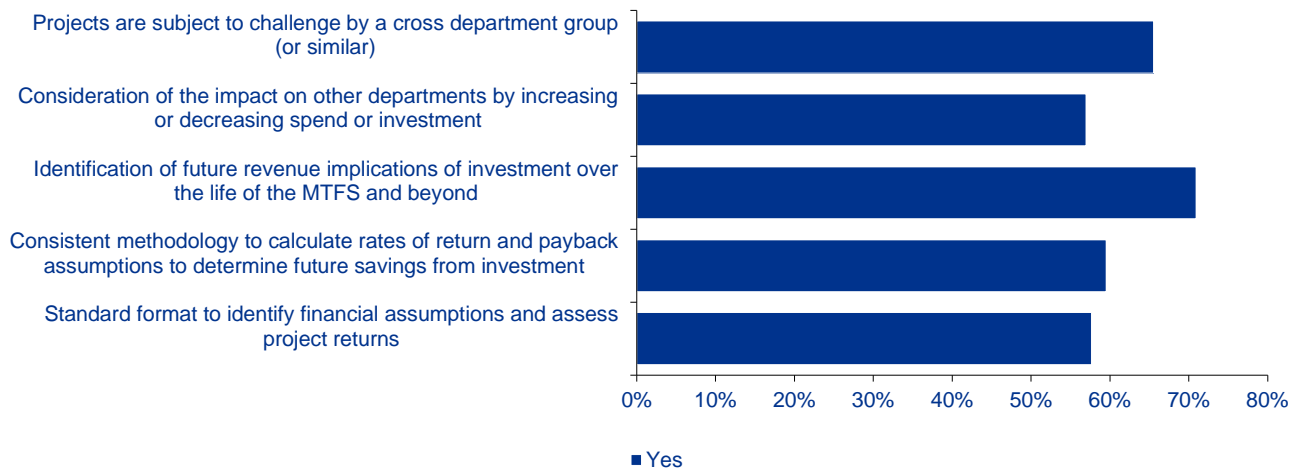
# Comparatives (cont.)

5


## When you consider possible invest-to-save projects, what factors do you take into account?

Even in financially pressured times we know that our clients will have opportunities to invest in new projects, and that those projects will not necessarily have an immediate or short-term impact, and may go beyond the life of the Medium Term Financial Strategy (MTFS). As available resources become more scarce, and the link increases between local economy growth and councils' financial well-being because of the localisation of economic risk and reward, it is more important than ever to have a strong framework in place to select the most appropriate invest-to-save projects. We looked at all clients for each of the elements below on a yes/no basis.

## Are individual invest-to-save projects appraised using the following factors in a consistent way?



Our audit teams identified that not all of the possible tools and techniques available to our clients are being used routinely. We recognise that this may be because for some there is limited opportunity to invest-to-save, and we also recognise that the framework used to select the projects is dependent on local factors, such as the risk appetite, the range of opportunities, potential partners and other factors. However, with the confirmation of the intention to move to local business rate retention and the removal of Revenue Support Grant by 2020, selecting the right invest-to-save projects and monitoring their outcomes against their objectives will become increasingly important. It is also important to check how approved projects perform against the projected outcomes, and to assess why any significant variations have come about.



### Questions to Consider

- Is your process for assessing invest-to-save projects robust and consistent?
- Are there tools and techniques you could use to help strengthen your current invest-to-save process?
- How robustly do you review the outcomes of invest-to-save projects?



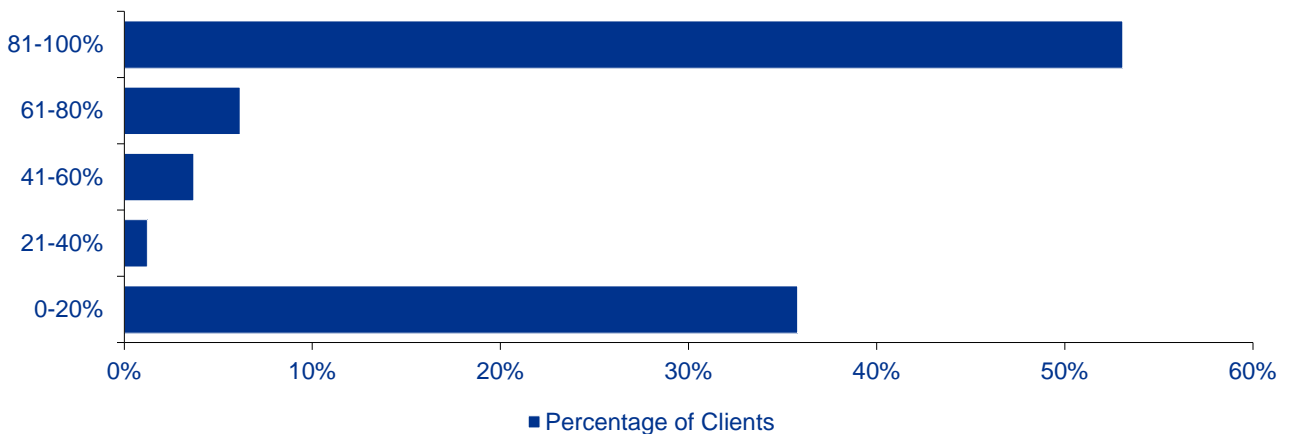
# Comparatives (cont.)

6

## Are your savings recurrent?

We considered the level of recurrent savings within the overall delivery of the plans. Recurrent savings are those that impact on more than one year. For example, removing a post is a permanent reduction in the budget – a vacancy freeze that delays recruitment to a post is a temporary, non-recurrent measure.


### What percentage of 2014-15 actual budget savings were recurrent savings?



The majority or all of many clients’ savings were recurrent, which linked to permanent reductions in staffing levels and service reductions. Recurrent savings are particularly important in times where savings are required year-on-year, as any non-recurrent savings from previous years have to be re-achieved alongside the current year’s targets.

Unexpected income is welcome, but there can be a risk that it can help to mask either the underachievement of savings. This is a particular problem if the income is non-recurrent, as those savings will need to be made to avoid the financial impact simply transferring to the next year.

In some cases, the proportion of recurrent/non-recurrent savings was not available, and these are included in the 0-20% group above.



### Questions to Consider

- Do you know the recurrent and non-recurrent levels in your savings plans for 2015-16 and beyond?
- Has the impact of any non-recurrent savings from previous years been factored into current and future savings plans?
- Do you assess unexpected income to check that it is recurrent/non-recurrent and that it has been factored in appropriately to financial monitoring and plans?

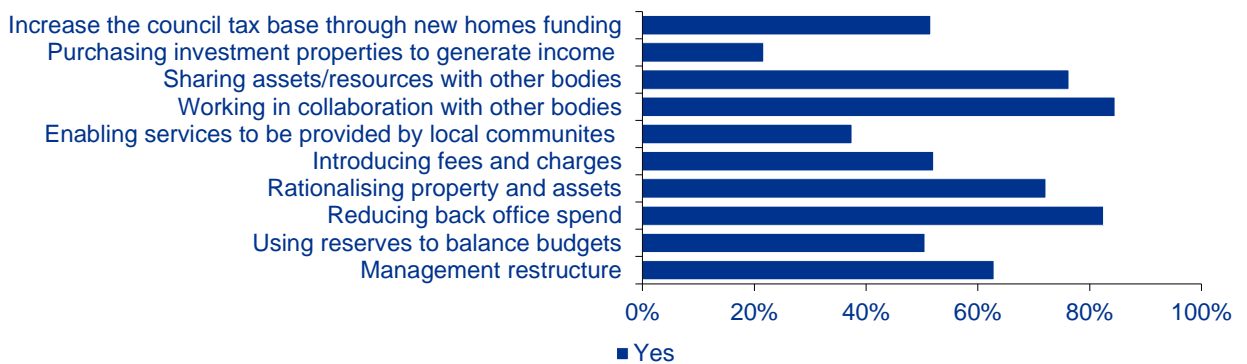
# Comparatives (cont.)

7

## What savings measures are you relying on for 2015-16 and beyond?

We looked at the savings measures that our clients are using in their budgets to make their medium term financial plans balance.

### Which of the following measures are being used to deliver the 2015-16 budget and/or in the following years?




It is inevitable that not all clients will use all the measures, as the levels of financial pressure vary, as does the capacity to implement a variety of measures. We also recognise that some of the ‘no’ answers in the survey are because our clients have already used particular measures in previous years, such as management restructuring, where a period of stability may be appropriate to enable the changes to take effect.

It may be though that previous decisions – for example not to introduce/increase further fees and charges, or to continue to provide the current range of non-statutory services – will need to be revisited as financial pressures increase, and it is inevitable that some clients will need to make very difficult decisions in order to deliver their statutory financial responsibilities.

We asked our audit teams to highlight any other savings measures that were being used by our clients. They highlighted the following examples;

- Vacancy Management;
- Business Rates income growth;
- Withdrawal of services not deemed a priority or affordable;
- Early repayment of debt;
- Establishing a Housing Growth Company;
- Increased joint working and joint venturing;
- Procurement and contracting renegotiations; and
- Assets review and restructuring.



### Questions to Consider

- Are you confident that your plans will enable you to continue to meet your statutory financial responsibilities?
- Have you considered all possible savings measures available to you?
- Are there any aspects of your budget that need to be revisited?

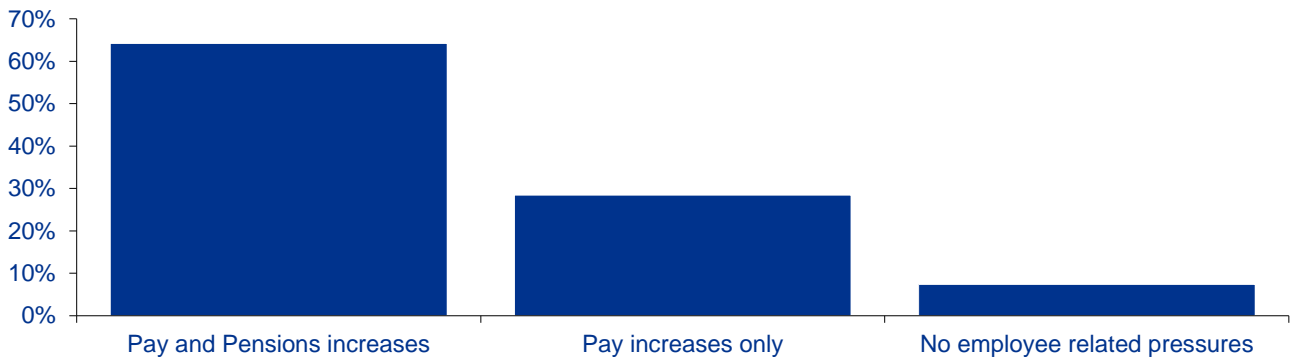
# Comparatives (cont.)

8

## Do you allow for pay and pension increases in your budget?

We asked all clients about their approach to factoring in employee related cost pressures, namely do you allow for pay and pension increases, just pay, or do you not allocate specific amounts for either?

### What employee-related cost pressures does the 2015-16 budget include?



Nearly two-thirds of our clients factored in the impact of pay and pensions increases into the amount given to budget holders to manage. More than a quarter of our clients allowed for pay increases only in 2015-16, and in a year when there is no routine change in the actuary’s recommended level of pension contribution (which results from the triennial review), the variation in pension costs is unlikely to be significant overall. However, at an individual budget holder level, pension costs could vary up or down because of factors such as changes in the profile of staff in relation to their age, and decisions by employees to join or leave the scheme. Finally, our survey identified that a small number of clients expect their budget holders to absorb any additional employee-related costs into the overall budget that they are given to manage.

We are aware that our clients will also need to take account of the introduction of the national living wage from April 2016. There may be some internal (including subsidiary company) staff costs, but for many clients the bigger impact will be the additional costs incurred by their suppliers and the need to establish the way forward with them for service provision and continuity.



### Questions to Consider

- If you don’t allow for pay and/or pension cost increases, can you identify any areas of the budget that are vulnerable to significant cost variations?
- Do you have mechanisms to identify and deal with changes to staff costs within year?
- Have you evaluated the cost of the national living wage across your cost base, including your supply chain?

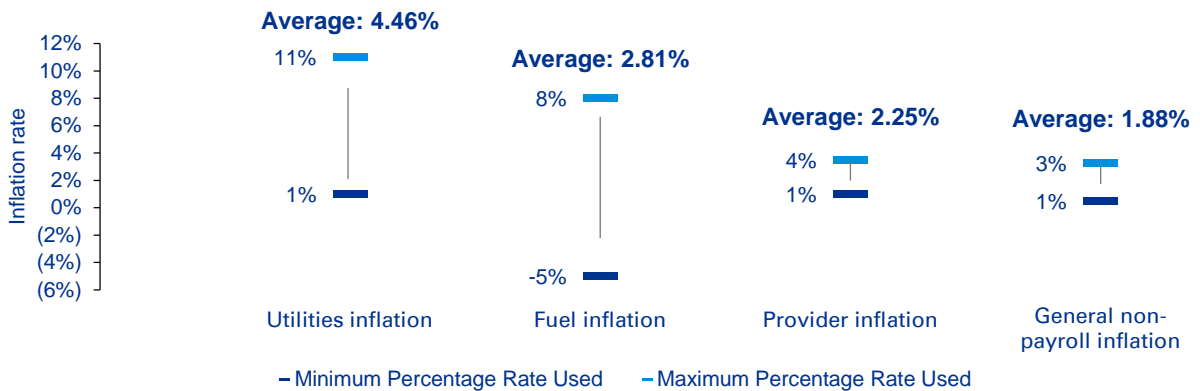
# Comparatives (cont.)

9

## What inflation rates do you use for particular cost pressures?

We looked at all of our clients' use of non-standard rates of inflation when preparing the budgets, focusing on four common variants. Whilst we were aware that some used a single inflation rate, we knew that others have decided to use differing rates for areas that could have a significant impact on their financial position.

### If the 2015-16 budget includes separate inflation rates for the following, which rate is used?



We found that there were some large differences in the inflation assumptions made for fuel and utilities in particular (and we accept that all may be valid due to local circumstances, such as fixed increase, variable or new contract rates). Assumptions by nature are subjective, but they can be updated if it becomes clear that they are not correct. Although overall inflation is at a relatively low level, the current financial pressure means that the impact of variations in aspects of it could make a difference to achieving targets.

Our audit teams also identified that clients used inflation variations for the areas below:

- Hardware and Software price increases;
- Insurance and postage cost increases;
- Indexation increases in partnership arrangements;
- Landfill tax and building repairs; and
- Fee income rates raised to match the overall inflation assumption.



### Questions to Consider

- Do you understand how your budget takes inflation into account (e.g. which supplies & services are on fixed/variable rates)?
- Do you know which inflation rate changes would have the biggest impact on your budget?
- How do you deal with inflation variations that happen within the year?

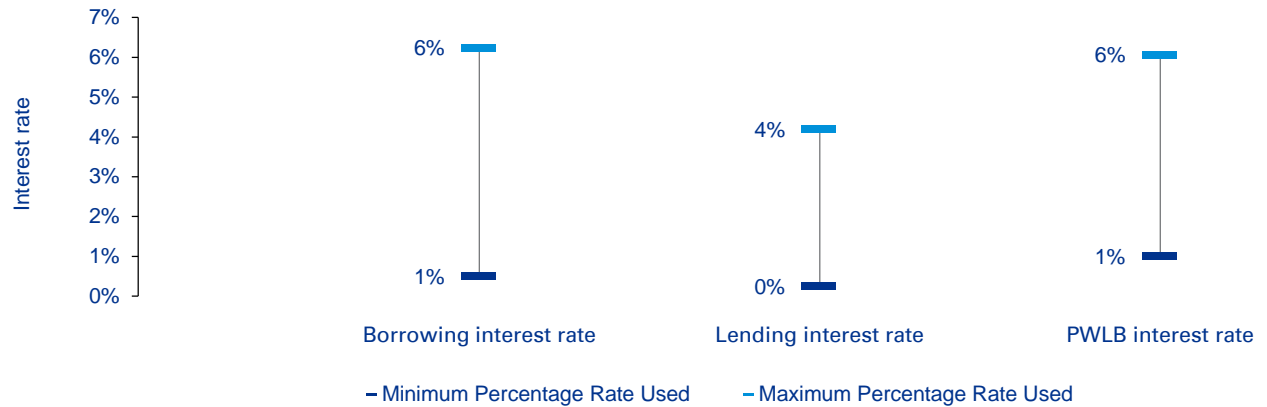
# Comparatives (cont.)

**10**

**What rates have you used in your budget for borrowing and lending, and what other specific rates do you factor in to your budget?**

We looked at the assumptions about borrowing and lending rates that our clients have used for generating 2015-16 budgets and beyond. We also considered if our clients had identified any further areas of non-pay expenditure for particular rates.

## What rates are being used to budget for borrowing and lending?



The chart shows that there were variations in the assumptions used. Lending and borrowing rates are comparatively low historically, but the variations suggest that local circumstances still make a difference to the budget assumptions. This is likely to be related to existing arrangements that date back to when rates were higher.

Audit teams also identified specific assumptions for the following non-pay areas, including the following examples:

- Rent increases;
- Change in the Council Tax base;
- Pension Lump sum increases; and
- Reduction in direct central government support.

**Questions to Consider**

- Do you know what borrowing and lending assumptions are used when generating the budget?
- Have you identified the areas of your budget where rate assumptions need to be specified?
- Are you alert to changes in rates within year?

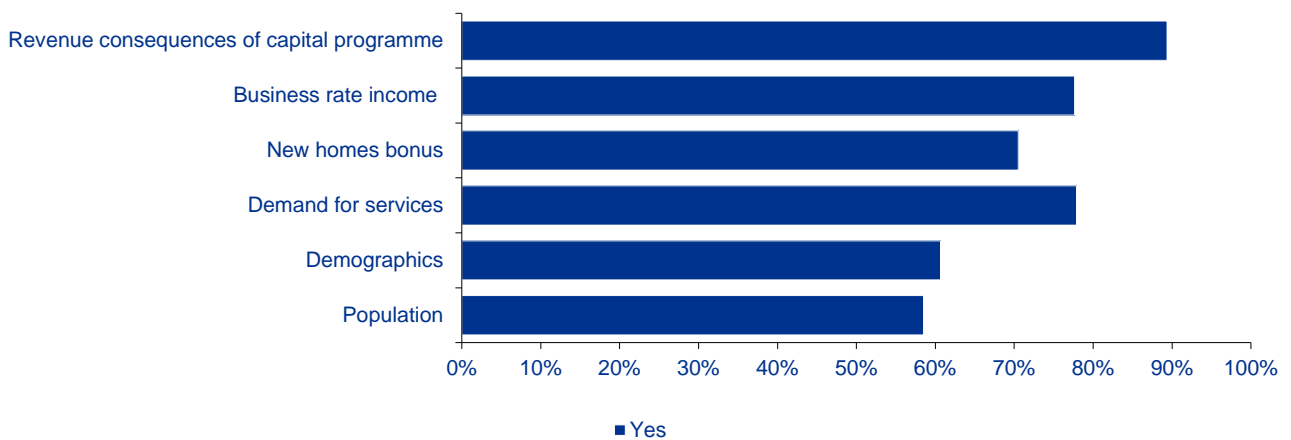
# Comparatives (cont.)

11

## What factors do you use when developing your budget?

We looked at a particular range of factors that are commonly used when generating budgets, and considered whether our clients used them.

### Does the 2015-16 budget include evaluation of the potential financial impact of changes in the following factors?



Although all of these factors were used by the majority of our clients, the proportion using demographics (e.g. deprivation levels, average age) and population (e.g. size and location) factors was smaller than the others. It is generally accepted that the overall population is growing, and that the number of older people with complex needs is likely to increase. However, the impact will vary in different areas.

Income sources such as new homes bonus and business rates, and the demand for services from the public, are subject to variables such as economic conditions and changes in government policy. Scenario planning for the impact of changes is vital to help prepare for different outcomes. It is also important to ensure that the impact of the capital programme is affordable and to update that assessment as budgets are revised.

### Questions to Consider

- Do you make use of all available data to help generate your budget?
- Do you understand how your budget is impacted by changes in the factors that drive it?
- Do you revisit the capital programme to ensure its revenue impact remains affordable?

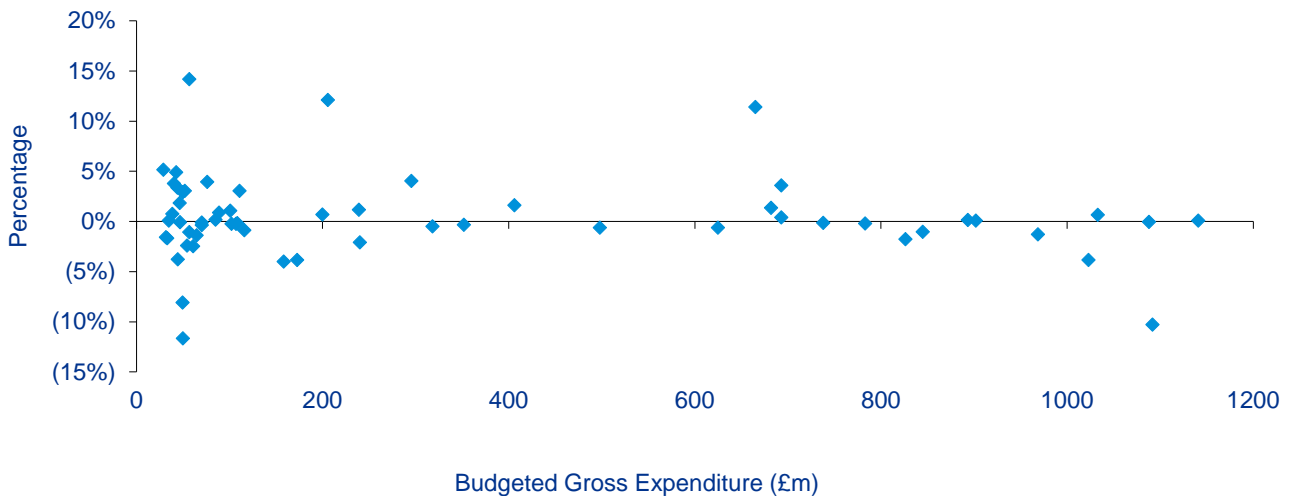
# Comparatives (cont.)

12


## What is the planned change in usable reserves in 2015-16?

The level of local government reserves is a much-debated topic. We looked at the planned change in the overall level of usable reserves in 2015-16 from the opening to the closing position, and compared it to the level of gross expenditure across all clients. Usable reserves includes amounts earmarked for particular reasons. Earmarked funds can be flexible – changes in policies, intended projects and plans can mean that they can become either insufficient or not needed.

## What is the budget change of useable reserves as a percentage of budgeted gross expenditure compared to budgeted gross expenditure?



Many clients are planning to keep usable reserves relatively stable at the end of the year, with most variations within plus or minus 5% of the starting point. A small number have larger variations. The increases reflect that some are aiming to boost financial resilience reserves in preparation for the expected challenges to come. The reductions could be due to the appropriate application of earmarked reserves for planned expenditure. However if reserves are being used to help achieve a balanced budget for 2015-16, this may be a concern given that the financial pressure is expected to increase in the following years.



### Questions to Consider

- Do you think the level of your usable reserves is about right?
- Do you understand the reason for any planned changes in the level of usable reserves?
- Do you know how much flexibility you have in your usable reserves?

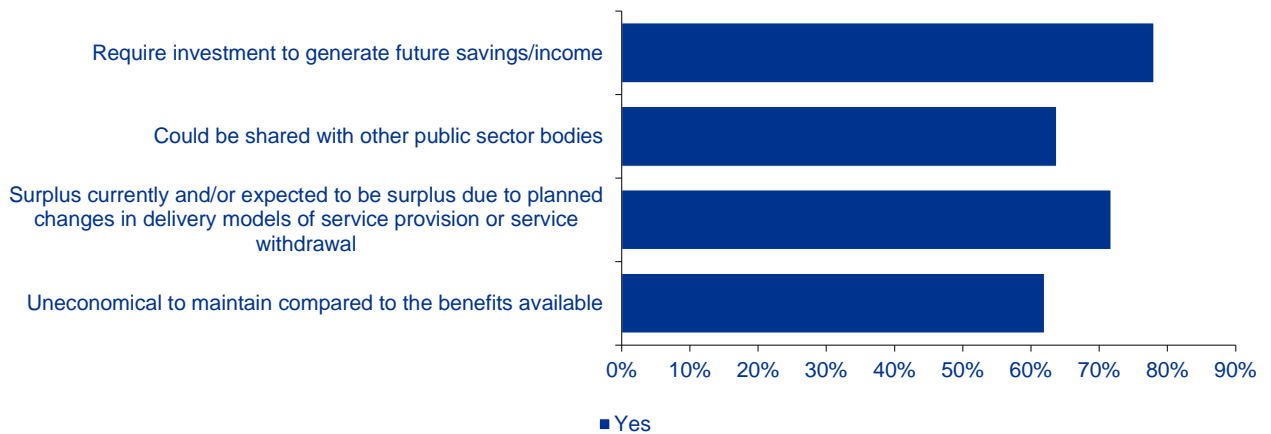
# Comparatives (cont.)

13

## Have you analysed your asset base?

We are aware that many of our clients are reviewing their assets to see if they can make more use of them. We considered whether our clients had analysed assets that met four categories.

**Does the body have an up to date analysis of its assets to identify those that meet the following descriptions:**



The results suggest that the analysis of the costs and benefits of assets, and the analysis of current and likely surplus assets is up-to-date at a significant number of clients, but not so at a minority. Similarly, the majority of our clients have an up-to-date analysis of assets that could be made available for shared use, and that more have worked out which assets require investment. However, it is likely that some could do more to fully understand what their options are.

The importance of these assessments will vary depending on the nature of the asset base. We also recognise that some clients are taking steps such as changing ways of working that will release assets in the future, and so their analysis will be on-going. Nevertheless, asset review and management are likely to be important budgetary measures given the financial challenges. An asset utilisation plan can be used to summarise the intended use of assets, and it is vital that it is co-ordinated with any intended changes in the way that services are delivered, or changes to internal operations in order to ensure it is up-to-date.

### Questions to Consider

- Do you have a comprehensive and current asset utilisation plan?
- Do your asset plans align with any intended changes to service delivery or internal ways of working?
- Are all options for asset use being considered?





# Summary of Questions to Consider

# Questions to Consider

1

## What's in your Budget Monitoring Reports?

### Questions to Consider

- Do your budget monitoring reports provide an appropriate level of detail?
- Given the likelihood of increased financial pressures and volatility, do your budget monitoring reports need to evolve?
- Do members have the necessary training, skills & experience to interpret the budgetary reports and information provided?

2

## Did you achieve last year's savings plans?

### Questions to Consider

- Do you know if your savings to-date in 2015-16 are on target to meet the budgeted amount?
- If you have received unexpected income in 2015-16, are you clear how it has impacted on your savings targets?
- If any of your 2015-16 individual savings schemes or the overall savings targets are not being achieved, do you know why?

3

## Are individual savings plans monitored centrally?

### Questions to Consider

- Are you confident that you identify savings schemes that are failing at an early stage?
- Do you have alternative measures to substitute for failing savings schemes?
- Are successful schemes evaluated to identify why they worked, and to see if they can be applied in other parts of your organisation?

4

## Do you have detailed plans for your savings?

### Questions to Consider

- Are all of your savings targets backed with detailed plans?
- Are you confident that the detailed savings plans are robust and realistic?
- Are detailed savings plans updated to ensure that they reflect changes in circumstances?

5

## When you consider possible invest-to-save projects, what factors do you take into account?

### Questions to Consider

- Is your process for assessing invest-to-save projects robust and consistent?
- Are there tools and techniques you could use to help strengthen your current invest-to-save process?
- How robustly do you review the outcomes of invest-to-save projects?

# Questions to Consider

6

## Are your savings recurrent?

### Questions to Consider

- Do you know the recurrent and non-recurrent levels in your savings plans for 2015-16 and beyond?
- Has the impact of any non-recurrent savings from previous years been factored into current and future savings plans?
- Do you assess unexpected income to check that it is recurrent/non-recurrent and that it has been factored in appropriately to financial monitoring and plans?

7

## What savings measures are you relying on for 2015-16 and beyond?

### Questions to Consider

- Are you confident that your plans will enable you to continue to meet your statutory financial responsibilities?
- Have you considered all possible savings measures available to you?
- Are there any aspects of your budget that need to be revisited?

8

## Do you allow for pay and pension increases in your budget?

### Questions to Consider

- If you don't allow for pay and/or pension cost increases, can you identify any areas of the budget that are vulnerable to significant cost variations?
- Do you have mechanisms to identify and deal with changes to staff costs within year?
- Have you evaluated the cost of the national living wage across your cost base, including your supply chain?

9

## What inflation rates do you use for particular cost pressures?

### Questions to Consider

- Do you understand how your budget takes inflation into account (e.g. which supplies & services are on fixed/variable rates)?
- Do you know which inflation rate changes would have the biggest impact on your budget?
- How do you deal with inflation variations that happen within the year?

10

## What rates have you used in your budget for borrowing and lending, and what other specific rates do you factor in to your budget?

### Questions to Consider

- Do you know what borrowing and lending assumptions are used when generating the budget?
- Have you identified the areas of your budget where rate assumptions need to be specified?
- Are you alert to changes in rates within year?

# Questions to Consider

11

## What factors do you use when developing your budget?

### Questions to Consider

- Do you make use of all available data to help generate your budget?
- Do you understand how your budget is impacted by changes in the factors that drive it?
- Do you revisit the capital programme to ensure its revenue impact remains affordable?

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## What is the planned change in usable reserves in 2015-16?

### Questions to Consider

- Do you think the level of your usable reserves is about right?
- Do you understand the reason for any planned changes in the level of usable reserves?
- Do you know how much flexibility you have in your usable reserves?

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## Have you analysed your asset base?

### Questions to Consider

- Do you have a comprehensive and current asset utilisation plan?
- Do your asset plans align with any intended changes to service delivery or internal ways of working?
- Are all options for asset use being considered?



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CRT052276





Leicester  
City Council

WARDS AFFECTED: ALL

Audit and Risk Committee

23 March 2016

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**Regulation of Investigatory Powers Act 2000  
Bi-Annual Performance Report June 2015 – December 2015**

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## **Report of the City Barrister and Head of Standards**

### **1. Purpose of the Report**

The report advises on the performance of The Council in authorising Regulatory Investigation Powers Act (RIPA) applications, from 1<sup>st</sup> June 2015 to 31<sup>st</sup> December 2015.

### **2. Summary**

2.1 The Council applied for 2 Directed Surveillance Authorisations and 0 Communications Data Authorisations in the period above.

2.2 The Council was inspected by the Office of the Surveillance Commissioner (OSC) in December 2015

### **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 to the City Barrister and Head of Standards.

### **4 Report**

4.1 The Council applied for 2 Directed Surveillance Authorisations and 0 Communications Data Authorisations in the second half of 2015.

4.2 The following Directed surveillance authorisations were granted by a magistrate:

Date	Reference Number	Council Division / Team	Reason for authorisation	Outcome
28.07.15	498400	Corporate Investigations	Fraud	Successful observations. Evidence gathered. Prosecution pending.
02.09.15	499780	Environmental Crime	Fly tipping (household and commercial)	Intelligence gathered and illegal fly tipping has reduced

4.3 Any future Communications Data Authorisations will be carried out via the National Anti-Fraud Network (NAFN) system on the Council's behalf.

4.4 The Council underwent an inspection by the Office of the Surveillance Commissioner (OSC) in December 2015. There was no inspection by the Interception of Communications Commissioner Office (IOCCO) in this period

4.5 The outcome of the OSC inspection was excellent. The Surveillance Commissioner wrote that he was pleased that the report reflected great credit on the City Council generally and on Lynn Wyeth in particular.

4.6 The four recommendations from the previous report had been positively addressed and were discharged. No formal recommendations were made after this year's inspection.

4.7 The Council currently has 3 trained Authorising Officers in place: Kamal Adatia (City Barrister and Head of Standards), Alison Greenhill (Director of Finance) and John Leach (Director of Local Services and Enforcement). The Director of Local Services and Enforcement undertook Authorising Officer training in November 2015.

4.8 Ongoing staff awareness and training will be undertaken throughout the year using briefings and the online e-learning module for both new and existing staff.

## 5. Financial, Legal Implications

### 5.1 Financial Implications

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

### 5.2 Legal Implications

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



**6. Other Implications**

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

**7. Report Author / Officer to contact:**

Lynn Wyeth, Information Governance Manager, Legal Services  
- Ext 37 1291

23<sup>rd</sup> March 2016



## Executive Decision Report

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### **PROCUREMENT PLAN 2016/17**

Decision to be taken by: **Cllr Sue Waddington**

Decision to be taken on: **24 March 2015**

Lead director: **Alison Greenhill**

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**City Mayor**

## Useful information

- Ward(s) affected: **All**
- Report author: **Neil Bayliss**
- Author contact details: **Tel: 37 4021 Email: [neil.bayliss@leicester.gov.uk](mailto:neil.bayliss@leicester.gov.uk)**
- Report version number: **001**
- Date of report: **3 March 2016**

### 1. Summary

- 1.1 The Council's Contract Procedure Rules require Executive approval of a Procurement Plan – a list of forthcoming procurement activity above EU thresholds anticipated to be advertised in the coming year. This requirement aligns with the government's requirements of local authorities under the Transparency agenda.
- 1.2 Inclusion of a contract in the Plan does not necessarily mean that the procurement will go ahead. As with all expenditure, anticipated contracts will be subject to ongoing challenge as to whether they are required, and whether/how they should be procured. This review process may impact on the anticipated value and/or duration of contract.
- 1.3 The purpose of this report is to obtain approval to the 2016/17 Procurement Plan and to inform the Executive of the potential up and coming major procurement activity across the Council, which includes renewal of existing contracts for ongoing requirements (e.g. maintenance and service provision contracts) and one-off major capital projects.

### 2. Recommendations

- 2.1 The Executive is recommended to:
  - i) Approve the attached Procurement Plan and delegate the letting of contracts to Divisional Directors in consultation with the Head of Procurement and City Barrister;
  - ii) Note the summary of waiver and extension activity in the current financial year to date as required by Rule 19.2 of the Contract Procedure Rules.

### 3. Supporting information

- 3.1 The Procurement Plan serves two principal purposes:
  - a) To inform potential suppliers of major future market activity, including meeting the statutory requirement to publish planned procurement over the EU thresholds; and

- b) To provide the Executive and other readers with an overview of significant procurement activity and to enable links and efficiencies to be achieved.
- 3.2 The Plan is based on information from Directors/Heads of Service and from reviewing the database of existing contracts approaching expiry. Entry on the Plan does not guarantee that procurement will happen and the actual costs may vary from the estimates.
- 3.3 Timely processing and approval of the Plan ensures better procurement planning and allows the market to consider upcoming opportunities, in line with the transparency agenda.
- 3.4 The scope of the Plan can be affected by major reviews across the Council, leading to the extension of existing contracts and uncertainty for including future procurements, with less procurement activity than might usually be expected. It will also be noted that the procurement approach and timing, contract term and values are still to be determined for some procurements, whilst review work takes place.
- 3.5 As required by the Contract Procedure Rules, the Plan (attached at Appendix A) includes details of expected procurement processes for contracts valued at over the relevant EU threshold. These thresholds were updated in December 2015 for the next two years:
- Social & Other Specific Services £589,148
  - All Other Goods & Services £164,176
  - Works £4,104,394
- 3.6 Entries on 2015/16 Procurement Plan (as updated) have not been included again on the 2016/17 Plan if they have already been advertised in 2015/16.
- 3.7 The Procurement Plan will be updated and reported to the Executive and Audit and Risk Committee approximately half way through the financial year. The Plan will subsequently be updated on the Council's website.
- 3.8 The Contract Procedure Rules also require a "Procurement Pipeline" to be produced which includes details of expected procurement processes for Intermediate and Large Contracts (Goods/Services contracts over £10,000 and Works contracts over £25,000 but below the relevant EU threshold). However, this information is subject to change, with new requirements often identified at short notice. This will be published on the Council's website for potential suppliers to gain advance notice of the Council's intentions and to comply with transparency requirements.
- 3.9 The Contract Procedure Rules provide delegated authority to Divisional Directors in consultation with the Head of Procurement and City Barrister to award contracts over the EU threshold, so long as those contracts are included in the Procurement Plan – Appendix A (or the updated version reported to the Executive).
- 3.10 New Contract Procedure Rules were approved at Full Council on 18<sup>th</sup> June 2015. The new Contract Procedure Rules require the Head of Procurement to report a

summary of waivers and some contract extensions of the Rules to Executive. The tables below show an analysis of the waivers approved during the last financial year and the first part of the current financial year up to the introduction of the New Rules. This is shown by both department and a broad categorisation of the reason for the waiver.

Reason for Waiver	2014/2015 (Full Year)		2015/16 (until 18/06/15)	
	Qty	Value	Qty	Value
Contract extension - Continuity	16	£2,737,919	3	£185,000
Contract extension - Review of future practice / Procurement exercise active	2	£337,550		
Procurement process issues	3	£77,474		
Urgency / Emergency	3	£203,458		
Use of non-contracted supplier / Sole supplier	10	£990,106		
	<b>34</b>	<b>£4,346,506</b>	<b>3</b>	<b>£185,000</b>

Department	2014/2015 (Full Year)		2015/16 (until 18/06/15)	
	Qty	Value	Qty	Value
Adult Social Care	8	£1,496,942	1	£70,000
Education & Children's Services	3	£342,978		
City Development & Neighbourhoods	20	£2,004,986		
Corporate Resources & Support	3	£501,600	2	£115,000
Public Health				
	<b>34</b>	<b>£4,346,506</b>	<b>3</b>	<b>£185,000</b>

3.13 Under the new Contract Procedure Rules, i.e. since the 19<sup>th</sup> June (until the 18<sup>th</sup> February 2016), the following waivers have been approved:

Department	Qty	Value
Adult Social Care	1	£42,390
Education & Children's Services	2	£46,982
City Development & Neighbourhoods	18	£1,402,424
Corporate Resources & Support	10	£410,269
Public Health	2	£15,154,994
	<b>33</b>	<b>£17,057,059</b>

3.14 The new Contract Procedure Rules also require bi-annual reporting of contract extensions of Large and EU Contracts made where there wasn't provision for this in the original contract. The table below sets out the only three such extensions approved between the 19<sup>th</sup> June and the 18<sup>th</sup> February 2015. (Note: Contract values given below include the full contract value from the original start date to the end of the extension period.)

Department	Large		EU	
	Qty	Value	Qty	Value
Adult Social Care				
Education & Children's Services				
City Development & Neighbourhoods	1	£692,000		
Corporate Resources & Support	1	£504,616		
Public Health			1	£822,275
	<b>2</b>	<b>£1,196,616</b>	<b>1</b>	<b>£822,275</b>

#### 4. Details of Scrutiny

4.1 As required by the Contract Procedure Rules, the Procurement Plan will be reported to the Audit & Risk Committee on 23 March 2016. Scrutiny Committees are invited to use the Procurement Plan to identify any entries they wish to review at Scrutiny.

#### 5. Financial, legal and other implications

##### 5.1 Financial implications

5.1.1 Inclusion of contracting activity on the attached Plan is a statement of intent and is subject to the necessary funding being available. The Plan provides a basis for challenge and a more strategic approach to achieving value for money through major procurement activity.

Colin Sharpe  
Head of Finance  
Ext 37 4081

##### 5.2 Legal implications

5.2.1 Each procurement will need to follow due process in accordance with internal and legislative requirements, with advice from Procurement Services and Legal Services.

Emma Horton  
Head of Law  
Ext 37 1426

##### 5.3 Climate Change and Carbon Reduction implications

5.3.1 There are no significant climate change implications arising directly from this report.

#### 5.4 Equality Impact Assessment

5.4.1 These will be considered a part of each procurement process, as appropriate.

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

5.5.1 Procurement is used to drive wider social value, i.e. to bring about improvements in economic, social and environmental well-being.

### **6. Background information and other papers:**

6.1 Procurement Plan 2015/16 Update Report.

### **7. Summary of appendices:**

7.1 Appendix 1– Corporate Procurement Plan 2016/17.

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

8.1 No.

### **9. Is this a “key decision”?**

9.1 No.



# Procurement Plan 2016-17

Department	Division	Service Area	Name of Contract	Anticipated Contract Start Date	Duration of New Contract	Full Contract Value	Progress Status
Adult Social Care & Health	Care Services & Commissioning	Strategic Commissioning	Independent Living Support - Supported Housing	01/10/2017	3+2 Years	£1,900,000	Exercise not started
Adult Social Care & Health	Care Services & Commissioning	Strategic Commissioning	Specialist Dementia Care Unit	01/10/2016	40 Years	£62,000,000	Exercise not started
Adult Social Care & Health	Care Services & Commissioning	Strategic Commissioning	Domiciliary Support Services	01/10/2017	4 Years	£87,000,000	Exercise not started
Adult Social Care & Health	Care Services & Commissioning	Strategic Commissioning	Independent Living Support - Floating Support	01/10/2017	4 Years	£3,600,000	Exercise not started
Adult Social Care & Health	Care Services & Commissioning	Strategic Commissioning	Extra Care Developments	TBC	TBC	£3,000,000	Exercise not started
Adult Social Care & Health	Care Services & Commissioning	Strategic Commissioning	Deprivation of Liberty Safeguards (DoLS) - Best Interest Assessors	01/08/2016	4 Years	£840,000	Exercise not started
City Development & Neighbourhoods	Estates & Building Services	Building Services	Servicing of Fire Extinguishers	01/07/2016	3+2 Years	£260,000	Exercise not started
City Development & Neighbourhoods	Estates & Building Services	Building Services	Automatic Door Servicing	01/07/2016	3+2 Years	£600,000	Exercise not started
City Development & Neighbourhoods	Estates & Building Services	Building Services	Gutter Cleaning	01/07/2016	2+1 Years	£180,000	Exercise not started
City Development & Neighbourhoods	Estates & Building Services	Building Services	Removals	01/08/2016	4 Years	£400,000	Exercise not started
City Development & Neighbourhoods	Estates & Building Services	Energy Services	Biofuel Contract for Schools	TBC	TBC		Exercise not started

Department	Division	Service Area	Name of Contract	Anticipated Contract Start Date	Duration of New Contract	Full Contract Value	Progress Status
City Development & Neighbourhoods	Estates & Building Services	Energy Services	LED Lighting	01/07/2016	TBC	£500,000	Exercise not started
City Development & Neighbourhoods	Estates & Building Services	Energy Services	Solid Wall Insulation	01/09/2016	3 Years	£1,240,000	Exercise not started
City Development & Neighbourhoods	Estates & Building Services	Energy Services	Solar PV	01/09/2016	TBC	£300,000	Exercise not started
City Development & Neighbourhoods	Estates & Building Services	Energy Services	Home Energy Insulation (Private Sector Homes)	01/07/2016	3 Years	£300,000	Exercise not started
City Development & Neighbourhoods	Estates & Building Services	Energy Services	Home Energy Heating (Private Sector Homes)	01/07/2016	3 Years	£900,000	Exercise not started
City Development & Neighbourhoods	Estates & Building Services	Energy Services	Electricity Supply Contract	01/10/2016	3 Years	£4,800,000	Exercise not started
City Development & Neighbourhoods	Estates & Building Services	Energy Services	Energy Performance Contract	01/09/2016	15 Years	£20,000,000	Exercise not started
City Development & Neighbourhoods	Estates & Building Services	Housing & Property	Construction Works Framework	01/10/2016	4 Years		Exercise not started
City Development & Neighbourhoods	Estates & Building Services	Property	Boiler Replacement Programme	01/10/2016	4 Years	£1,000,000	Exercise not started
City Development & Neighbourhoods	Estates & Building Services	Property	Lifts - Maintenance, Refurbishment and New Installations	01/07/2016	TBC		Exercise not started
City Development & Neighbourhoods	Estates & Building Services	Property	Property Maintenance	01/10/2016	4 Years		Exercise not started
City Development & Neighbourhoods	Housing	Capital Investment	District Heating Heat Metering (Details to be confirmed)	TBC	TBC		Exercise not started

Department	Division	Service Area	Name of Contract	Anticipated Contract Start Date	Duration of New Contract	Full Contract Value	Progress Status
City Development & Neighbourhoods	Housing	Capital Investment	District Heating Repairs - Maintenance & Upgrades	01/11/2016	2+2 Years	£4,000,000	Exercise not started
City Development & Neighbourhoods	Housing	Capital Investment	Water Management, Air Conditioning & Ventilation Systems	01/08/2016	2+3 Years	£5,000,000	Exercise not started
City Development & Neighbourhoods	Housing	Capital Investment	Home Insulation - Energy Saving Initiatives	01/09/2016	2+2 Years	£10,000,000	Exercise not started
City Development & Neighbourhoods	Housing	Capital Investment	Kitchen & Bathroom (Materials Supply Only)	01/02/2017	3+2 Years	£10,000,000	Exercise not started
City Development & Neighbourhoods	Housing	Capital Investment	Fire Risk Works	01/09/2016	2+4 Years	£2,000,000	Exercise not started
City Development & Neighbourhoods	Housing	Capital Investment	Asbestos Analyst (Domestic)	01/06/2016	3+1 Years	£1,500,000	Exercise not started
City Development & Neighbourhoods	Housing	Capital Investment	Cold Water Mains Repairs, Replacement/Upgrades and Associated Works	01/07/2016	2+2 Years	£350,000	Exercise not started
City Development & Neighbourhoods	Housing	Capital Investment	Minor Building Works / Disabled Adaptations / Structural Repairs	01/08/2016	2+4 Years	£8,000,000	Exercise not started
City Development & Neighbourhoods	Housing	Estate Management & Tenancy Support	Secure Cycle Units	01/06/2016	3 Years	£200,000	Exercise not started
City Development & Neighbourhoods	Housing	Estate Management & Tenancy Support	Tenants Contents Insurance Scheme for City Council Tenants	01/09/2016	3+2 Years	£2,800,000	Exercise not started
City Development & Neighbourhoods	Neighbourhood & Environmental Services	Parks & Open Spaces	Grounds Maintenance Machinery	01/09/2016	3+1 Years	£800,000	Exercise not started
City Development & Neighbourhoods	Neighbourhood & Environmental Services	Parks & Open Spaces	Parks & Greenspace Fencing	01/07/2016	3+2 Years	£400,000	Exercise not started

Department	Division	Service Area	Name of Contract	Anticipated Contract Start Date	Duration of New Contract	Full Contract Value	Progress Status
City Development & Neighbourhoods	Neighbourhood & Environmental Services	Parks & Open Spaces	Security for Parks & Public Conveniences	01/01/2017	3+2 Years	£250,000	Exercise not started
City Development & Neighbourhoods	Neighbourhood & Environmental Services	Parks & Open Spaces	Street Washing	01/07/2016	3+1 Years	£188,800	Exercise not started
City Development & Neighbourhoods	Neighbourhood & Environmental Services	Parks & Open Spaces	Street Furniture	01/07/2016	3+1 Years	£160,000	Exercise not started
City Development & Neighbourhoods	Neighbourhood & Environmental Services	Parks & Open Spaces	Parks Signage	01/01/2017	3+2 Years	£150,000	Exercise not started
City Development & Neighbourhoods	Neighbourhood & Environmental Services	Standards & Development	Supply and Installation of Ballcourts / Multi Use Games Area (MUGA)	01/07/2016	2+1 Years	£450,000	Exercise not started
City Development & Neighbourhoods	Neighbourhood & Environmental Services	Standards & Development	Supply & Installation of Wheel Facilities (e.g. Skateparks/BMX Facilities)	01/07/2016	2+1 Years	£250,000	Exercise not started
City Development & Neighbourhoods	Neighbourhood & Environmental Services	Standards & Development	Supply of Fixed Play Equipment & Spares. Provision of Wheel Facilities	01/07/2016	2+1 Years	£750,000	Exercise not started
City Development & Neighbourhoods	Neighbourhood & Environmental Services	Waste Management	Garden Waste Service	01/07/2016	3 Years	£500,000	Exercise not started
City Development & Neighbourhoods	Passenger & Fleet Services	Passenger & Fleet Services	Central Vehicle Pool Replacements (Various start dates)		3 Years	£2,300,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Ashton Green	Ashton Green Professional Services	01/07/2016	3 Years	£1,400,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Development Projects	Site Remediation, Installation of Infrastructure & Services for Former John Ellis Site	01/03/2017	2 Years	£4,000,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Development Projects	Design of Infrastructure & Services for Former John Ellis Site	01/09/2016	1.5 Years	£200,000	Exercise not started

Department	Division	Service Area	Name of Contract	Anticipated Contract Start Date	Duration of New Contract	Full Contract Value	Progress Status
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Economic Development	DOCK 2 Construction Contractor	01/10/2016	18 Months	£4,000,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Economic Development	Leicester Fashion and Textiles Hub Consultants	01/10/2016	2 Years	£400,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Economic Regeneration	Vaughan College - Design Team Services	01/09/2016	2 Years	£400,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Highways	Supply of Concrete	01/12/2016	1+4 Years	£400,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Highways	Traffic Management	01/06/2016	1+4 Years	£500,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Highways	Supply of Highways Materials	01/10/2016	1+4 Years	£550,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Highways	Hire of Plant (Without Operator)	01/06/2016	1+4 Years	£2,500,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Highways	Precast Concrete Products	01/10/2016	1+4 Years	£500,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Highways	Parking Services IT System	01/06/2016	5 Years	£200,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Highways	Maintenance of Highway Structures	03/02/2017	4 Years	£7,000,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Highways	Anti-Skid & Coloured Surfacing (LCC Framework)	01/07/2016	3+1 Years	£800,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Highways	Term Contract for Highway Works, Civil Engineering Top-Up Framework (Dates to be confirmed)	01/10/2016	3+1 Years	£4,000,000	Exercise not started

Department	Division	Service Area	Name of Contract	Anticipated Contract Start Date	Duration of New Contract	Full Contract Value	Progress Status
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Highways	Disposal of Construction Waste	01/07/2016	2+3 Years	£1,000,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Highways	Hire of Plant (With Operator)	01/12/2016	2+3 Years	£2,000,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Highways	Supply of Asphalt & Aggregate	01/06/2016	2+3 Years	£4,500,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy	Security Services for Surface Level Car Parks and Multistorey Car Parks	01/04/2017	3 Years	£210,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy	Electric Car Club	01/10/2016	5 Years	£300,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy	ULEV Fleet EV Charger Installation	01/12/2016	2 Years	£190,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy	Ultra Low Emission Vehicle Taxis	01/10/2016	4 Years	£400,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy	Belgrave Gate Cycle Lane Improvements Scheme	01/01/2017	9 Months	£1,500,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy	Sustainable Transport Support & Advice Services / Consultancy	01/04/2017	2+2 Years	£5,000,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy	London Road Cycle Lane Improvements Scheme	01/01/2017	9 Months	£1,500,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy	Project Management & Design for ESIF ULEV Refuelling Station Proposal	01/11/2016	3 Years	£150,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy	Public EV Charger Installation	01/10/2016	5 Years	£250,000	Exercise not started

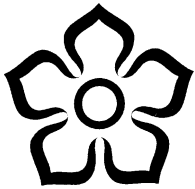
Department	Division	Service Area	Name of Contract	Anticipated Contract Start Date	Duration of New Contract	Full Contract Value	Progress Status
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy	Bus Shelters	01/04/2018	15 Years	£7,500,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy	Maintenance and/or Replacement of Ticketing and Access/Exit Barriers for Surface Level Car Parks and Multistorey Car Parks	01/07/2016	4+2 Years		Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy	Legible Leicester	01/08/2016	3 Years	£1,500,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy	Real-Time Bus Information System	01/04/2017	10 Years	£2,000,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy	Smart Ticketing	01/03/2018	5 Years (TBC)	£450,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy	New College Cycle Track	01/07/2016	One-off project	£550,000	Exercise not started
City Development & Neighbourhoods	Planning, Transportation & Economic Development	Transport Strategy	Leicester North West Access Corridor Works	01/04/2017	7 Years	£12,500,000	Exercise not started
Corporate Resources & Support	Delivery, Communications & Political Governance	Graphics Team	Graphic Design	01/11/2016	2+2 Years	£175,000	Exercise not started
Corporate Resources & Support	Delivery, Communications & Political Governance	HR	E-Learning Solution	01/02/2017	3 Years	£150,000	Exercise not started
Corporate Resources & Support	Finance	Benefits & Customer Advice	Local Welfare Provision	01/04/2017	1+2 Years	£900,000	Exercise not started
Corporate Resources & Support	Finance	Benefits & Customer Advice	Social Welfare Advice	01/04/2017	3+2 Years	£2,500,000	Exercise not started
Corporate Resources & Support	Finance	Benefits & Customer Advice	ACD System (Active Call Directory)	01/03/2017	3+7 Years	£300,000	Exercise not started

Department	Division	Service Area	Name of Contract	Anticipated Contract Start Date	Duration of New Contract	Full Contract Value	Progress Status
Corporate Resources & Support	Finance	Benefits & Customer Advice	Enforcement Services - NNDR Collection	01/11/2017	TBC		Exercise not started
Corporate Resources & Support	Finance	Benefits & Customer Advice	Council Tax - Single Person's Discount Review	01/09/2016	TBC		Exercise not started
Corporate Resources & Support	Finance	Business Service Centre	Property Valuation for Right to Buy Applications	TBA	3+2 Years	£300,000	Exercise not started
Corporate Resources & Support	Finance	Business Service Centre	Train, Flights & Hotels	01/07/2016	2+1 Years	£225,000	Exercise not started
Corporate Resources & Support	Finance	Finance	Major Contract Review - Consultancy Support	01/07/2016	2+1 Years		Exercise not started
Corporate Resources & Support	Finance	Information Services	EDRMS Replacement	01/06/2016	10 years	£510,000	Exercise not started
Corporate Resources & Support	Finance	Information Services	Cisco Support	01/08/2016	3 Years	£300,000	Exercise not started
Corporate Resources & Support	Finance	Information Services	PC & Laptops, Screen & Associated Items (Peripherals)	01/09/2016	1 Year	£300,000	Exercise not started
Corporate Resources & Support	Finance	Information Services	Server Replacement	01/10/2016	4 Years	£200,000	Exercise not started
Corporate Resources & Support	Finance	Information Services	Network Equipment Replacement	01/09/2016	4 Years	£170,000	Exercise not started
Corporate Resources & Support	Finance	Information Services	CCTV Relocation	01/09/2016	Capital	£300,000	Exercise not started
Corporate Resources & Support	Finance	Information Services	Lync Infrastrucure	01/06/2016	4 Years	£250,000	Exercise not started



Department	Division	Service Area	Name of Contract	Anticipated Contract Start Date	Duration of New Contract	Full Contract Value	Progress Status
Corporate Resources & Support	Finance	Internal Audit & Risk Management	Insurance	01/09/2017	3+2 Years	£600,000	Exercise not started
Corporate Resources & Support	Finance	Procurement Services	Paper Supplies	01/11/2016	3+2 Years	£315,000	Exercise not started
Education & Children's Services	Children, Young People & Families	Early Help Specialist Services	Support for Young Carers	TBC	1+2 Years	£180,000	Exercise not started
Education & Children's Services	Children, Young People & Families	Early Help Targeted Services	Children, Young People and Families Information Management System (CCIMS)	01/11/2016	5+5 Years	£200,000	Exercise not started
Education & Children's Services	Learning	SEND Services	Patients Know Best IT System	01/07/2015	1+2 Years	£150,000	Exercise not started
Education & Children's Services	Learning, Quality & Performance	Adult Skills & Learning	Additional Learning Support	01/08/2016	3+2 Years	£500,000	Exercise not started
Public Health	Public Health	Public Health	Healthy Lifestyles Services	01/04/2017	2+3 Years	£3,650,000	Exercise not started
Public Health	Public Health	Public Health	0-19 Healthy Child Programme	01/07/2017	3+2 Years	£51,500,000	Exercise not started
Public Health	Public Health	Public Health	Wet Day Centre	01/07/2017	3+2 Years	£780,000	Exercise not started





Leicester  
City Council

WARDS AFFECTED  
All

## FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Audit & Risk Committee

23 March 2016

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### Annual review of the Council's Assurance Framework, Local Code of Corporate Governance and the Audit & Risk Committee's Terms of Reference

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#### Report of the Director of Finance and the City Barrister & Head of Standards

#### 1. Purpose of Report

- 1.1. To present to the Audit & Risk Committee for approval updates to the assurance and corporate governance processes at the City Council and the Committee's own terms of reference.

#### 2. Recommendations

- 2.1. The Committee is recommended to:
  - a) Confirm that no material changes to the **Assurance Framework** are needed and agree that it shall form the basis on which the Council will compile its Annual Governance Statement for the financial year 2015-16 (Appendix 1)
  - b) Confirm that no material changes to the **Local Code of Corporate Governance** are needed (Appendix 2)
  - c) Approve the, unchanged, Committee's **terms of reference** (Appendix 3).

#### 3. Summary

- 3.1. In the interests of good governance and compliance with law and regulation, the Council has in place an Assurance Framework, a Local Code of Corporate Governance and a formally constituted Audit & Risk Committee. This Committee has prescribed terms of reference that form part of the Council's constitution and are designed to enable the Committee to discharge its functions both as 'those charged with governance' generally and as 'the Board' under the Public Sector Internal Audit Standards.
- 3.2. There are clear linkages between these components in making up the Council's overall system of corporate governance. In order that they remain relevant and fit for purpose,

each of these documents is subject to annual review. A detailed review and significant update was undertaken in 2013 with the aim of codifying the Council's corporate governance machinery. This established how the Council frames its governance arrangements (i.e. the standards and thresholds set, and the mechanisms we utilise for ensuring they are sound). The annual reviews in 2014 and 2015 identified little need to amend the process and this report follows a further refresh for 2016-17 – all changes are identified in each document by being underlined.

- 3.3. Reporting on actual compliance (i.e. what we have achieved as an organisation in this regard) will be reported in due course through the Annual Governance Statement.
- 3.4. This report seeks the Committee's confirmation that the assurance framework and its components require no change except for minor updates in terminology.

## **4. Report**

### **4.1. Assurance Framework**

- 4.1.1. The overall structure of the Council's system of corporate governance is summarised in the Assurance Framework. This was last reviewed by the Audit & Risk Committee at its meeting on 24 March 2015 and is set out in **Appendix 1**.
- 4.1.2. The assurance framework takes as its starting point the Council's principal strategic and organisational objectives, including the City Mayor's Delivery Plan. Key strategies and plans translate these objectives into deliverable actions. High-level risks that threaten the achievement of objectives are identified in the strategic and operational risk registers. It is management's responsibility to establish and maintain effective systems of governance and internal control to ensure that the Council's service objectives are delivered and risks to those objectives are managed to an acceptable level.
- 4.1.3. In order that the Council's business is delivered in a way that promotes public trust and confidence, there must be sufficient assurance that sound internal control arrangements are in place and operating effectively. The assurance framework therefore brings together various internal and external sources of assurance; audit is fundamental to this.
- 4.1.4. The Council is also required to carry out at least once in each year a review of the effectiveness of its system of internal control.
- 4.1.5. The outcomes of all these sources of review and assurance are brought together in summary in the statutory Annual Governance Statement which, following approval by the Audit & Risk Committee, is ultimately signed by the City Mayor and published alongside the Council's financial statements.
- 4.1.6. The intention of the assurance framework is therefore to set out a structured and coordinated process, drawing together the outcomes of the various assurance, governance and control mechanisms so as to ensure that the Annual Governance Statement is comprehensive in its coverage and reliable in its content.

4.1.7. It is good practice to review the assurance framework as part of the preparation of each year's Annual Governance Statement, hence this report. The process was significantly overhaul in 2013 and has worked well since.

## **4.2. Local Code of Corporate Governance**

4.2.1. A central component of the Council's system of governance is its Local Code of Corporate Governance. This has been in place for a number of years and reflects the main components set out in the CIPFA and SOLACE guidance *Delivering Good Governance in Local Government: Framework*. The Local Code is a public statement of the arrangements the Council has in place to ensure it conducts its business in a way that upholds the highest standards. It is intended to demonstrate the Council's adherence to the seven principles of public life, defined by the Committee on Standards in Public Life as selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

4.2.2. The Local Code of Corporate Governance is therefore an important part of the Council's public accountability. As such, it must remain fit for purpose and each year the Council conducts a review of compliance with the Code. The results of this review feed into the annual review of the effectiveness of the Council's system of internal control, mentioned above at paragraph 4.1.4, thereby also contributing to the Annual Governance Statement.

4.2.3. The Local Code of Corporate Governance was last approved by the Audit & Risk Committee at its meeting on 15<sup>th</sup> April 2014. Its content has been reviewed and no changes other than minor changes in terminology are considered necessary.

4.2.4. The annual review of compliance with the Code for 2014-15 will be reported to the Audit & Risk Committee in the next municipal year.

4.2.5. The Local Code of Corporate Governance is given at **Appendix 2**.

## **4.3. Audit & Risk Committee Terms of Reference**

4.3.1. As a formally constituted Committee of the Council, the Audit & Risk Committee is governed by formal terms of reference. These are subject to annual review; the current version was approved by the Committee at its meeting on 15<sup>th</sup> April 2014.

4.3.2. The only change is a minor update at section 1.2 External Audit, to reflect the closure of the Audit Commission on 31<sup>st</sup> March 2015 and its replacement for certain external audit functions by Public Sector Audit Appointments Ltd.

4.3.3. The updated Terms of Reference are given at **Appendix 3**.

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

### **5.1. Financial Implications**

Adequate and effective systems of corporate governance and assurance and an effective Audit & Risk Committee are all central components in the processes intended to help ensure that the Council operates efficiently, cost effectively and with integrity.

Such arrangements will support the processes of audit and internal control that will help the Council as it faces financially challenging times.

*Colin Sharpe, Head of Finance, x37 4081*

## 5.2. Legal Implications

Regulation 4 of the Accounts and Audit (England) Regulations 2011 obliges the Council to ensure that the financial management of the Council is adequate and effective and that the Council has a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk. The Council must conduct a review at least once in a year of the effectiveness of its system of internal control and following the review, must approve an annual governance statement.

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

## 6. Other Implications

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

## 7. Background Papers – Local Government Act 1972

7.1. The Council's Assurance Framework

7.2. The Council's Local Code of Corporate Governance

7.3. The terms of reference of the Audit & Risk Committee

**8. Consultations**

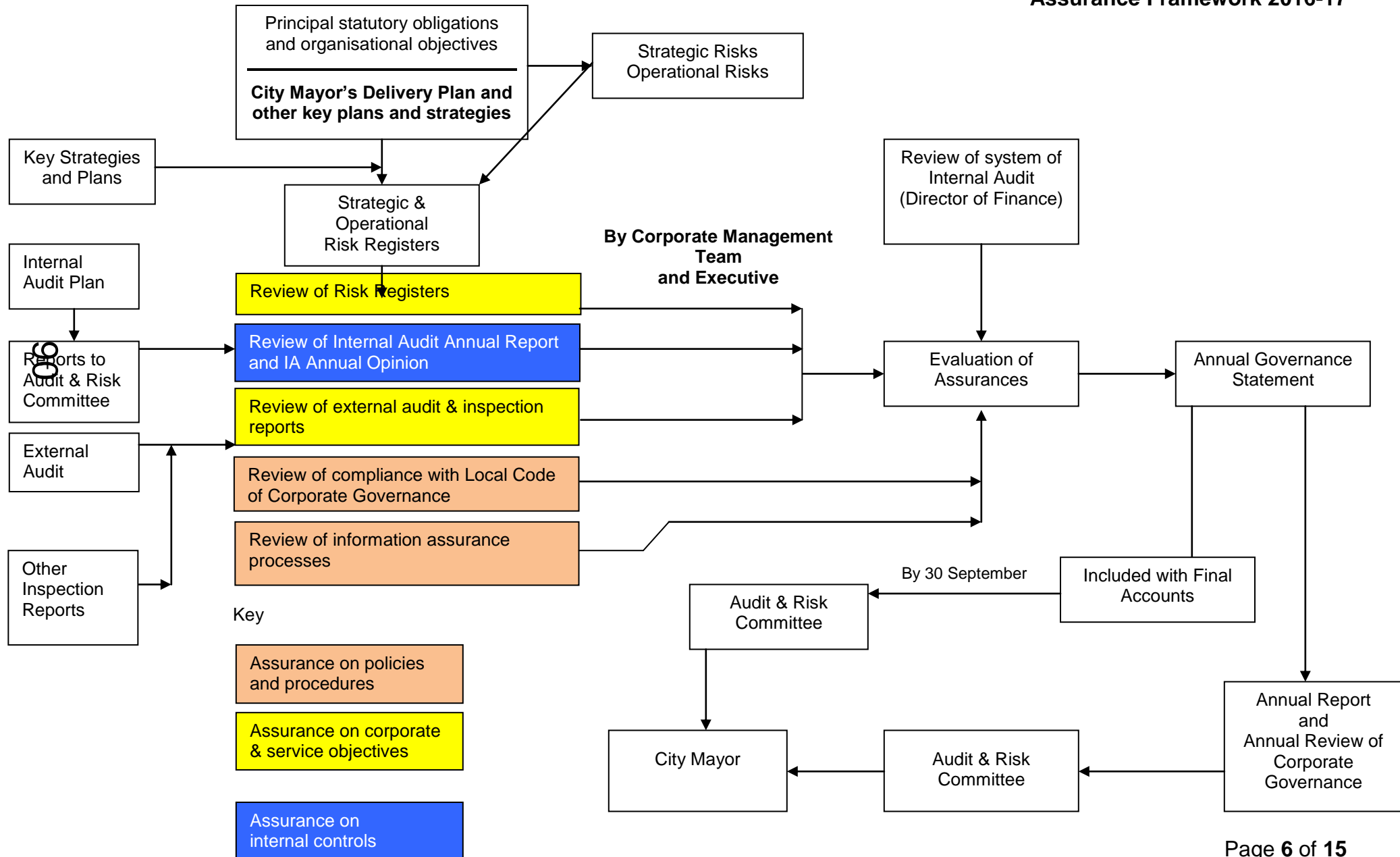
8.1. Miranda Cannon, Director – Delivery, Communications & Political Governance

**9. Report Authors**

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**APPENDIX 1  
Assurance Framework 2016-17**





### Local Code of Corporate Governance

Below is the City Council's current *Local Code of Corporate Governance* as published on the Council's website at <http://www.leicester.gov.uk/your-council-services/council-and-democracy/key-documents/corporate-governance-code/>

#### Local Code of Corporate Governance

The City Council has developed and adopted a local code of corporate governance which reflects the key components as set out in the CIPFA/SOLACE *Framework Corporate Governance in Local Government: A Keystone for Community Governance*.

#### The Code: Community Focus

In carrying out its duties and responsibilities, the Council will:

- Work for and with the local community.
- Exercise leadership, where appropriate, in the local community.
- Undertake an ambassadorial role to promote the wellbeing of the city through maintaining effective arrangements for:
  - accountability to stakeholders for its performance and the effectiveness in delivering its services and the sustainable use of resources
  - demonstrating integrity in its dealings to build effective relationships and partnerships with other public agencies and the private and voluntary sectors
  - demonstrating openness in all its dealings
  - demonstrating inclusivity through effective communication and engagement with the local community and other relevant stakeholders
  - development of a clear vision and corporate strategy in response to corporate needs and objectives.

#### Service Delivery Arrangements

The Council will monitor the implementation of its agreed policies and decisions and aim to achieve continuous improvement in the procurement and delivery of services by maintaining arrangements which:

- Demonstrate accountability for service delivery at a local level.
- Ensure effectiveness through measurement of performance.
- Demonstrate integrity in its dealings with service users and partnerships to ensure the right provision of services locally within the resources and powers available.

- Demonstrate openness and inclusivity through its consultation with key stakeholders, including service users.
- Are flexible and can be kept up to date, and adapted to accommodate change and meet legitimate user needs and aspirations.

### **Structures and Processes**

The Council will put into place effective political and managerial structures and processes to govern its decision-making and the exercise of its authority, through:

- Defining roles and responsibilities of members and officers to ensure accountability, clarity and ordering of its business.
- Ensuring there is proper scrutiny, validation and review of all aspects of performance and effectiveness.
- Demonstrating integrity by securing a fair balance of power and authority.
- Documenting its structures and procedures and ensuring they are communicated and understood to demonstrate openness and inclusivity.
- Ensuring these structures and processes are kept up to date and adapted to meet change.

### **Risk Management and Internal Control**

The Council will establish and maintain a systematic strategy, framework and processes for managing risk, which:

- Include public statements on its risk management strategy, framework and processes to demonstrate accountability.
- Demonstrate integrity by being based on robust systems for identifying, profiling, controlling and monitoring all significant strategic and operational risks.
- Establish mechanisms to monitor and review effectiveness against agreed standards and targets and the operation of controls in practice.
- Display openness and inclusivity through the involvement of those associated with the planning and delivering of services, including partners.
- Include mechanisms to ensure the risk management and control process is monitored for compliance, including processes for independent assurance, and that changes are accommodated.

## Standards of Conduct

The Council will:

- Exercise leadership by conducting itself as a role model for others to follow.
- Define standards of personal behaviour to be expected of members and staff and those involved in service delivery.
- Put in place arrangements that ensure:
  - accountability, through establishing systems for investigating breaches and disciplinary matters, and taking action where appropriate (including arrangements for redress)
  - effectiveness, through monitoring compliance
  - integrity, by ensuring that objectivity and impartiality are maintained in all relationships
  - openness and inclusivity, through the documentation of standards, and their regular review.

The Council will deliver these outcomes through:

- Annually defining a series of local procedures and practices which together create the assurance framework for good corporate governance as described in the CIPFA<sup>1</sup>/SOLACE<sup>2</sup> *Framework Corporate Governance in Local Government: A Keystone for Community Governance*.
- Nominating a lead officer for each, who will be responsible for assessing effectiveness in practice.
- Nominating a member of the Corporate Management Team as the Council's 'Corporate Governance Champion', responsible for pulling together assessments from lead officers and reporting to the Corporate Management Team on the overall picture, making recommendations for action as appropriate. (In practice, the City Barrister & Head of Standards, as the Council's designated Monitoring Officer, is the 'Corporate Governance Champion'.)
- Annual discussion, deliberation and updates at the Corporate Management Team and the Audit & Risk Committee.
- Conducting an annual review of its systems of corporate governance and internal control, assessing the extent to which this Local Code has been adhered to and the actions required where adherence has not been achieved.
- Publishing an Annual Governance Statement giving the outcomes of this review.

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<sup>1</sup> Chartered Institute of Public Finance & Accountancy

<sup>2</sup> Society of Local Authority Chief Executives

The key policies and procedures that will compose the core of this process are listed below:

- **Constitutional arrangements**
  - The Council's Constitution including the members' Code of Conduct and Political Conventions (the latter are part of the Constitution)
  - Standards procedures for investigation of potential breaches of the Code of Conduct
  - Procedural guidance for members
- **Effective arrangements for performance management and communications**
  - The City Mayor's Delivery Plan
  - Key strategic plans e.g. Economic Action Plan, Children's and Young People's Plan, Health and Wellbeing Plan
  - Procurement Strategy and guidance
  - Project Portfolio Management process
  - Project and programme management standards
  - Consultation guidance
  - Comments and complaints procedure
  - Customer service standards
  - Communications guidance
- **Effective administration of financial affairs**
  - Finance Procedure Rules and associated guidance
  - Contract Procedure Rules and associated guidance
- **Effective systems of risk management and internal control**
  - Risk Management Policy and Strategy
  - Business Continuity Management Strategy
  - Emergency plans
  - Internal Audit Charter
  - Anti-Fraud, Bribery and Corruption Policy and Strategy
  - Information Security Policy
  - Health and Safety Policy
  - EMAS (Eco-Management & Audit Scheme)
- **Effective Human Resources policies**
  - Whistle-Blowing (Disclosure policy)
  - Code of Conduct (Officers)
  - Disciplinary policy

**Audit & Risk Committee Terms of Reference**

**1. Constitution**

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

**2. Membership**

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

Provided the meeting is quorate, in the absence of the Chair the Vice-Chair will assume the position and authority of the Chair.

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

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

**3. Attendance at Meetings**

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

**4. Frequency of Meetings**

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

**5. Duties**

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

**6. Authority**

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

The Committee is authorised by the Council to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee. The Committee will advise the Chief Operating Officer as the

Head of Paid Service if it has exercised this authority to seek information (other than routine information) from any employee, setting out the information required and the circumstances underlying the request.

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

## **7. Communications**

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

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

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

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

## **Duties of the Audit & Risk Committee**

### **1. Audit Framework**

#### **1.1 Internal Audit**

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

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

#### **1.2 External Audit**

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

## **2. Risk Management Framework**

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

## **3. Internal Control and Governance Framework**

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



- To review regular reports from Internal Audit and Risk Management on risk and internal controls, considering:
  - The effectiveness of systems of internal control across the Council
  - Reports on major control issues and their impact on the Council's risk profile.
- To consider and decide on appropriate actions relating to the Council's compliance with its own and other published or regulatory policies, standards and controls, including:
  - Policies relating to information governance and assurance
  - Health & Safety at Work
  - Civil Contingencies Act
  - Policies relating to disclosures and complaints
  - Others as appropriate.

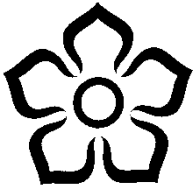
#### **4. Financial Reporting Framework**

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

#### **5. Other Matters**

- To consider, approve or make recommendations in respect of any other matters referred to it by the City Mayor, Chief Operating Officer (as the Head of Paid Service) or a Director or any Council body.
- To consider any relevant matters reserved for Member-level decision as detailed in Rules of Procedure.
- To present an annual report to the Council on the Committee's conduct, business and effectiveness.





Leicester  
City Council

## FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Audit and Risk Committee

23 March 2016

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### Internal Audit – 1<sup>st</sup> Quarter Plan 2016-17

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#### Report of the Director of Finance

##### 1. Purpose of Report

- 1.1. The Annual Internal Audit Plan for 2016-17 was prepared on the basis of broad areas of audit coverage rather than detailed lists of specific audits. It was considered by the Corporate Management Team (CMT) and was approved by the Audit and Risk Committee on 10 February 2016.
- 1.2. This report presents to CMT the detailed operational audit plan for the first quarter of the financial year 2016-17 (along with a draft for Q2).

##### 2. Recommendations

- 2.1. The Committee should note the plan for the first quarter of 2016-17, 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 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.
- 3.3. The plan for the first quarter of 2015-16 is attached at Appendix A. I have also added the audits we will deliver in Q2 subject to any last minute changes.
- 3.4. 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.

- 3.5. In identifying the audits for the first quarter plan, due regard was had to the generic areas of audit set out in the annual audit plan and the need to ensure sufficient coverage of each by the end of the financial year.
- 3.6. The move to quarterly planning aligns 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.
- 3.7. The process of using a generic annual audit plan supplemented by quarterly detailed audit plans started in 2013-14 and has worked well. Future audit plans will therefore be prepared showing the specific audits that are planned to be carried out in each quarter. These will be supplemented by progress reports half-yearly on the completion of the previous plans.

#### **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.

*Colin Sharpe, Head of Finance, x37 4081*

##### **4.2. Legal Implications**

The provision of 'an adequate and effective internal audit' is a statutory requirement under regulation 6 of the Accounts & Audit (England) 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.

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

**5. Other Implications**

Other Implications	Yes/No	Paragraph/References within the Report
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Climate Change	No	
Crime and Disorder	Yes	Whole report. 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 CMT and the Audit and Risk Committee that risks are being managed appropriately by the business.

**6. Consultations**

6.1. The audit plan has been prepared in consultation with all Strategic and Operational Directors and the Finance Management Team (which includes all Heads of Finance).

**7. Report Author**

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

**Appendix A**  
**Quarter 1 plan**

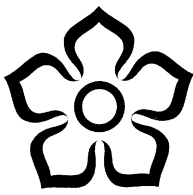
Quarter	Type	Title	Notes
Q1	Contract	Schedule of Rates Contracts	Ensuring charges are line with contract terms
Q1	Follow-up	Follow-up audits - various	To be determined
Q1	Grant cert	Assisted & Supported Year in Employment (ASYE)	Grant to help newly qualified social workers develop skills
Q1	Grant cert	Better care fund	Funding to assist with integration of health (NHS) and social services (LCC)
Q1	Grant Cert	City Deal	Loughborough University Science & Enterprise Park (LUSEP) - grant certification
Q1	Grant cert	Local Growth Fund (LGF)	Scope to be agreed
Q1	Grant cert	Regional Growth Fund (RGF4)	Some remaining work on claim verification
Q1	IT audit	Active Directory	Linked to IT general controls.
Q1	IT audit	IT General Controls	Access controls and user management for IT applications supporting significant financial systems.
Q1	School	Schools - follow-ups of previous visits x2	Two audits to follow up previous school audits
Q1	School	Schools financial audits x2	Two audits this quarter - to include SFVS and standard financial audit
Q1	SFS	Capital additions and disposals	Key controls
Q1	SFS	Cash & cash equivalents	Key controls
Q1	SFS	Council Tax & NNDR	Key controls
Q1	SFS	Financial reporting	Key controls
Q1	SFS	Housing Rents	Key controls
Q1	SFS & System	Payroll	Key controls Plus Systems review not covered for some time High risk area
Q1	System	Creditors	Overdue, not covered by SFS; including amendments to supplier bank details
Q1	System	Public Health – compliance with NICE Guidance - Oral Health	Compliance with NICE (National Institute for Health and Care Excellence) guidelines
<b>Q1</b>	<b>General</b>	<b>Audit Lincolnshire General audit</b>	Scope to be agreed with the client
<b>Q1</b>	<b>IT (ext)</b>	<b>Audit Lincolnshire IT audit</b>	Scope to be agreed with the client
<b>Q1</b>	<b>IT (ext)</b>	<b>Rotherham Met Bor Council IT audit</b>	Scope to be agreed with the client

## Quarter 2: draft plan

Quarter	Type	Title	Notes
Q2	Contract	Contracts below the thresholds £75k	Controls to prevent misuse of multiple low value contracts
Q2	Contract	Direct Payments	Focus on contract monitoring for support providers e.g. Enham, Mosaic
Q2	Follow-up	Follow-up audits - various	To be determined
Q2	Grant cert	Leaseholders reserve fund accounts	Right To Buy leaseholders - certification of reserve fund accounts (the final year of this scheme)
Q2	Grant cert	Local Growth Fund (LGF)	Scope to be agreed
Q2	Grant cert	Local Transport Plan (LTP)	Transport grant certification
Q2	Grant Cert	Troubled Families - 1st audit	Verification of results from claims with reference to Financial Framework for the programme
Q2	IT audit	Network Security	Perimeter defences against malware and intrusion. The scope of this review may include firewall rules.
Q2	IT audit	ICT Asset Management	The audit will cover controls to record and account for ICT Assets and their location.
Q2	IT audit	Shared drives and email	Impact on record-keeping from use of shared drives and email. This was identified as a risk in Information Services operational risk register.
Q2	System	Agency staff	Controls over expenditure on agency staff when establishment posts are being cut
Q2	System	Fostering Placements Payments	Payments to foster carers. Possible areas of focus: commissioning, assessments of financial assistance, payments controls
Q2	System	Housing Options	Compliance with the Housing Allocations Policy
Q2	System	Public Health – compliance with NICE Guidance - Managing Obesity	Compliance with NICE (National Institute for Health and Care Excellence) guidelines
Q2	System	Ward funding	£400K budget, £18K per ward, no previous audit; management concerns
Q2	General	<b>Audit Lincolnshire General audit</b>	Scope to be agreed with the client
Q2	IT (ext)	<b>Audit Lincolnshire IT audit</b>	Scope to be agreed with the client
Q2	IT (ext)	<b>Rotherham Met Bor Council IT audit</b>	Scope to be agreed with the client







Leicester  
City Council

WARDS AFFECTED  
All

# Appendix I

## FORWARD TIMETABLE OF CONSULTATION AND MEETING

Audit and Risk Committee

23 March 2016

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### Proposed Schedule of Meetings for the Financial Year 2016-17

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#### Report of the Director of Finance

##### 1. Purpose of Report

- 1.1. To present to the Committee a proposed schedule of meetings and suggested agendas for the Financial Year 2016-17.

##### 2. Recommendations (or OPTIONS)

- 2.1. The Committee is recommended to:-

- Note and, should the Committee feel able to, accept the proposed plan content – Appendix 1; and,
- Raise any issues or questions with the report author or the Director of Finance.

##### 3. Summary

- 3.1. The meetings of the Committee have traditionally been scheduled based on historic occurrence, with each meeting agenda following the same pattern. In March 2014, for the first time, the Committee were presented with a plan for the following year in its last meeting of the current financial year. This allowed the established members to agree on the forward format of meetings – both timing and agendas – based on their experience throughout the past year.
- 3.2. This is that report for the Committee meetings for the Financial Year 2016/17.

##### 4. Report

- 4.1. For many years the Audit and Risk Committee meetings have been scheduled to take place around the same time each year based on past occurrence. Similarly, the agenda for these meetings has followed the same pattern.

- 4.2. By changing this approach, members have the opportunity to feed in their thoughts and comments relating to both the timing (and number) of meetings as well as the agenda content. Wherever possible, all of the papers and reports that are similar in nature or content will be brought to the same meeting. It is hoped that this will make life a little easier for members to understand and digest their content.
- 4.3. This approach also makes it easier to schedule the 'training' or 'briefing' session at the start of each meeting to assist members with their understanding of the papers that they will later be reviewing and discussing. Wherever possible, the pre-meeting training session will cover a topic that will appear on that meeting's agenda.
- 4.4. The timing of this report is also important to ensure that existing Committee members, who will have 'served' at least a year on the Committee, are making these decisions rather than bringing the report to the first meeting of the new financial year when there may be a number of new members with limited knowledge of the Committee and its aims and objectives.
- 4.5. The proposed plan is attached as Appendix 1. If members are comfortable with the proposal this may be agreed at this meeting. If there are many changes and suggestions, these can be taken away and a revised, final version will be brought back to the first meeting of the new financial year.

## **5. FINANCIAL AND LEGAL IMPLICATIONS**

### **5.1. Financial Implications**

- 5.1.1 There are no financial implications of note relating to this paper.  
Colin Sharpe, Head of Finance – 37 4081.

### **5.2. Legal Implications**

- 5.2.1 There are no legal implications of note relating to this paper.  
Kamal Adatia, City Barrister and Head of Standards – 37 1401.

**6. Other Implications**

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

**7. Report Author**

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



**AUDIT & RISK COMMITTEE 2016-17 - ANNUAL TIMETABLE (OUTLINE) This version 10/3/2016**

Grey shaded = meeting passed			
	Author	Notes, frequency	Purpose
<b>June/July 2016</b>			
<b>Theme: Setting the scene for the forthcoming year</b>			
Training Session Prior to Main Meeting: What Makes an Effective Audit and Risk Committee, including Difference between an Audit and Risk and a Scrutiny Committee.	Head of Internal Audit and Risk Management City Barrister and Head of Standards		Training
Annual Audit Fees Letter setting out the proposed Audit Work and draft fee for the 2016/17 Financial Year	External Auditors	Annual	Committee to Note
Progress report/technical update	External Auditors	Periodic	Committee to Note
Invoice Payment Data - Half Yearly Update (requested at 2/12/2015 meeting )	Head of Business Service Centre	One-Off	Committee to note
Report on the 2016/17 Procurement Plan	Head of Corporate Procurement	Annual	Committee to note
Anti-Fraud, Bribery & Corruption Strategy and Policy - annual review and update.	Head of Revenues & Benefits	Annual	Approve
Benefits Quality Assurance Team (requested at meeting 10/2/2016)	Head of Revenues & Benefits	One-Off	Committee to note
Annual Report on the National Fraud Initiative	Head of Revenues & Benefits Fraud Manager	Annual	Committee to note
Annual Approval of the Policy covering non-audit Work undertaken by the External Auditors	Head of Internal Audit & Risk Mgt	Annual	Approval
Confirmation of A&RC Planned Agendas for 2016/17	Head of Internal Audit & Risk Mgt	Annual	Committee to note
Risk Management and Insurance Services - Update report including April RRs	Head of Internal Audit & Risk Mgt	Quarterly	Committee to note
Internal Audit Plan Q2 2016/17	Head of Internal Audit & Risk Mgt	Quarterly	Committee to note

Papers - . Agenda date - . Agenda papers by

Timing TBC



**AUDIT & RISK COMMITTEE 2016-17 - ANNUAL TIMETABLE (OUTLINE) This version 10/3/2016**

Grey shaded = meeting passed

<b>August 2016</b> <b>Theme: The Council's draft accounts and reporting back on the last financial year</b>			
Training Session Prior to Main Meeting: The Council's Statutory Statement of Accounts	Principal Accountant		Training
Progress report/technical update	External Auditors	Periodic	Committee to Note
Update on RIPA Stats and Performance Report covering period 1 January 2016 to 30 June 2016	Information Governance Manager	Annual	Committee to note
Counter-Fraud/Housing and Council Tax Fraud Annual Report for the Financial Year 2015-16	Principal Investigations Officer Head of Revenues & Benefits	Annual	Committee to note
Draft Statutory Statement of Accounts for the financial year 2015-16	Director of Finance	Annual	Committee to note
Review of the Effectiveness of System of Internal Audit in 2015-16	Director of Finance	Annual	Approval
Risk Management and Insurance Services - update report	Head of Internal Audit & Risk Mgt	Quarterly	Committee to note
Annual Approval of the Policy covering non-audit Work undertaken by the External Auditors	Head of Internal Audit & Risk Mgt	Annual	Approval
Internal Audit Update Report for Q4 2015-16 (Outcomes only. Plan delivery etc will be in IA annual report.)	Head of Internal Audit & Risk Mgt	Quarterly	Committee to note

Papers - . Agenda date - . Agenda papers by

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**AUDIT & RISK COMMITTEE 2016-17 - ANNUAL TIMETABLE (OUTLINE) This version 10/3/2016**

Grey shaded = meeting passed

<p style="text-align: center;"><b>As late as possible in September 2016</b>  <b>Theme: Statutory final accounts and governance reporting on the last financial year</b></p>			
Training Session Prior to Main Meeting: Counter Fraud Team's Role	Corporate Investigations Manager		Training
Complaints Process - Annual Update (requested at 2/12/2015 meeting )	Head of Business Service Centre	Annual	Committee to note
Progress report/technical update	External Auditors	Periodic	Committee to Note
Auditor's Report - including audit opinion on the Financial Statements and VFM conclusion	External Auditor	Annual	Note
Annual Governance Report - 'Report to Those Charged with Governance' (External Auditor)	External Auditor	Annual	Approval
The Council's Draft Annual Governance Statement for the financial year 2015-16	Monitoring Officer Head of Internal Audit & Risk Mgt	Annual	Approval
The Statement of Accounts, Annual Governance Report and Letter of Representation	Director of Finance Principal Accountant (Fin Strategy)	Annual	Approval
Draft of the Committee's Annual Report to Council for the financial year 2015-16	Head of Internal Audit & Risk Mgt	Annual	Approval
Internal Audit Annual Report and Opinion for the financial year 2015-16	Head of Internal Audit & Risk Mgt	Annual	Committee to note
Risk Management and Insurance Services - update report, including: - July Risk Register update 2017 RMS&P and BCMS&P for comment	Head of Internal Audit & Risk Mgt	Quarterly	Committee to note

Papers - . Agenda date - . Agenda papers by

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**AUDIT & RISK COMMITTEE 2016-17 - ANNUAL TIMETABLE (OUTLINE) This version 10/3/2016**

Grey shaded = meeting passed

December 2016 Theme: Audit, Risk and Fraud			
Training session prior to main meeting: Update on DCLG Fraud Funding work .	Head of Revenues & Benefits		Training
Invoice Payment Data - Half Yearly Update	Head of Business Service Centre	One-Off	Committee to note
Half Yearly Update Report on the Procurement Plan	Head of Corporate Procurement	Annual	Committee to note
Progress report/technical update	External Auditors	Periodic	Committee to Note
External Auditor's Annual Audit Letter 2015-16 summarising results of the audit for 2015/16	External Auditor	Annual	Committee to note
Local Government Technical Update	External Auditor	One-Off	Committee to note
Appointing Your External Auditor - Progress Update (requested at February 2016 meeting)	Director of Finance	One-Off	Committee to note
Counter-Fraud/Housing and Council Tax Fraud - half-yearly update report for the period 1 April 2016 to 30 September 2016	Head of Revenues & Benefits	Half-yearly	Committee to note - B Agenda?
Internal Audit Update Report Q1 and Q2 2016-17	Head of Internal Audit & Risk Mgt	Quarterly	Committee to note
Public Sector Internal Audit Standards - assessment of conformance and Quality Assurance and Improvement Plan	Head of Internal Audit & Risk Mgt	Annual	Committee to note
Internal Audit - Plan Q3 and Q4 2016-17	Head of Internal Audit & Risk Mgt	Quarterly	Committee to note
Risk Management and Insurance Services - update report, including: - Risk Management benchmarking results -2017 RMIS Training Plan	Head of Internal Audit & Risk Mgt	Annual	Committee to note

Papers - . Agenda date - . Agenda papers by

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**AUDIT & RISK COMMITTEE 2016-17 - ANNUAL TIMETABLE (OUTLINE) This version 10/3/2016**

Grey shaded = meeting passed

February 2017			
Theme: Fraud including Policy updates for next year and Internal Audit planning			
Training session prior to main meeting: Public Health Update .	Director of Public Health		Training
Progress report/technical update	External Auditors	Periodic	Committee to Note
Annual Report - Certification of Claims and Returns (Grants)	External Auditor	Annual	Committee to note
Local Governemnt Technical Update/Progress Report	External Auditor	Periodic	Committee to note
Update of the Council's Finance Procedure Rules	Principal Accountant	One-Off	Committee to Note
Update on RIPA Stats and Performance Report covering period 1 July 2016 to 31 December 2017	Information Governance Manager	Annual	Committee to note
Review of Whistleblowing Policy (as requested at A&RC in February 2015)	City Barrister and Head of Standards	Bi - Annual	Committee to note
Annual Report on the National Fraud Initiative	Head of Revenues & Benefits Fraud Manager	Annual	Committee to note
Annual Review of Internal Audit Charter	Head of Internal Audit & Risk Mgt	Annual	Approval
Risk Management and Insurance Services Update report including: - RM and BCM Strategy and Policy 2017; - October Risk Registers	Head of Internal Audit & Risk Mgt	Quarterly	Committee to note
Internal Audit Draft Annual Generic plan for 2017-18	Head of Internal Audit & Risk Mgt	Annual	Consultation Committee to note

Papers - . Agenda date - . Agenda papers by

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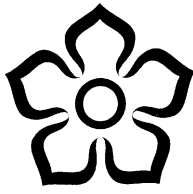
**AUDIT & RISK COMMITTEE 2016-17 - ANNUAL TIMETABLE (OUTLINE) This version 10/3/2016**

Grey shaded = meeting passed

<b>March 2017</b> <b>Theme: Wrap-up and next year's governance and assurance framework</b>			
Training Session Prior to Main Meeting: Corporate Governance Structure at the Council	Head of Internal Audit and Risk Management		Training
Progress report/technical update	External Auditors	Periodic	Committee to Note
External Audit plan for financial year 2016-17	External Auditor	Annual	Committee to note
KPMG Budget Survey Report	External Auditor	Annual	Committee to note
Procurement Plan 2017-18	Head of Corporate Procurement	Annual	Committee to note
The Assurance Framework on which we will base the Annual Governance Statement for the current financial year, including annual review of Local Code of Corporate Governance and the annual review of the Committee's Terms of Reference	Head of Internal Audit & Risk Mgt City Barrister (Monitoring Officer)	Annual	Approval
Internal Audit Generic Plan 2017-18 - final for approval - including Q1 2017-18 Specific Plan	Head of Internal Audit & Risk Mgt	Annual	Approval
2017-18 A&RC Planned Agendas and Meeting Dates - draft	Head of Internal Audit & Risk Mgt	Annual	Committee to note and comment
Risk Management and Insurance Services - update report inc January Risk Registers (if timing allows this to go to February meeting, this will not go in March)	Head of Internal Audit & Risk Mgt	Quarterly	Committee to note
<b>Future Meetings</b>			
Whistleblowing Policy Review _ Feb 2019 (if agreed in Feb 2017)	City Barrister and Head of Standards	Bi - Annual	Committee to note

Papers - . Agenda date - . Agenda papers by

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Leicester  
City Council

WARDS AFFECTED: ALL

**Audit and Risk Committee**

**23 March 2016**

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## **Risk Management and Insurance Services Update Report**

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### **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;
- Business Continuity Support and Advice; and
- Insurance.

- 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 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.

The Risk Registers as at the 31 January 2016 are presented here – Strategic Risk Register – Appendix 1 and Operational Risk Register – Appendix 2. For the benefit of members, the risk scoring chart is attached as Appendix 3.

The submission of risk registers to RMIS was, once again, 100%, with a total of four changes within the Strategic Risk Register and 46 changes across the 13 Divisional registers that make up the Operational Risk Register. There are no changes of note from either register to bring to the Committee's attention.

The review of the Council's Operational and Strategic registers by the Risk Management team with responsible Strategic Directors has been delayed and will begin in 2016 when the recruitment of a Risk Management Officer concludes. This work will be a 'sense check' of risks being reported to ensure that descriptions allow the 'uninitiated' to know what the risk actually is and to ensure risks are not over scored. Directors whose registers are affected will be sent those registers that require clarity or amendments. It is planned that this work will conclude before the submissions due at the end of October 2016.

The 2016 RMIS training programme, the aim of which is helping staff to understand and manage their risks more effectively, was launched to the business in December 2015. The training sessions (an annual programme of events running since January 2011) continue to be supported by the business areas, with any falling attendances being brought to the attention of the Strategic and Divisional Directors by the Head of Internal Audit and Risk Management. The Directors have, and continue to, fully support the work of the team.

#### 4.2.2 Insurance and Claims

A summary report of claims against the Council received in the current financial year, 1 April to 29 February 2016 is attached as Appendix 4. This 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. These figures, whilst slightly up in numbers by 4%, have seen the amounts paid out fall significantly when compared with the same period last year. We continue to see the benefits of handling these claims in-house as, generally, 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.

Following the discussion around fleet claims at the last meeting of the Committee, it may be helpful for members to be aware of a Fleet Forum set up by the Council (which the Insurance Team attend) that has, so far:

- Established a working group to investigate accident rates and types;
- Rolled out a driver training video (with the support of a grant from the Loss reduction Fund);
- Produced a 'Drivers Handbook';
- Making manager's more aware of their responsibilities and the disciplinary options available to them;
- Investigating the use of trackers and 'dash cams'.

Since the last report to the Committee, the Council has had no cases go to Court. However, a long protracted claim file was closed following negotiated settlement at a figure some £77,000 below the reserve.

Loss Reduction Fund – For the period 1 April 2015 to 29 February 2016 RMIS received 25 bids for assistance from the fund for a total of £153,958. Of these bids, 14 applications were approved and the fund provided an amount of £72,832 to business areas. In addition, there are 8 bids for a total of £44,308 currently held awaiting further information.

#### 4.2.3 Business Continuity/Emergency Planning updates

Since the last update report for the Committee there have been some significant events affecting the Council that required formal intervention by the Corporate Business Continuity team.

The team were consulted when the Central Library had to be closed following an overnight incident involving the fall from height of a concrete block. Guidance from the Corporate Plan around building closure was provided.

Whilst the on-call duty senior manager was called about a flood at a block of flats, there was no need to mobilise any Council support as it was quickly established that the block was privately owned; contained no vulnerable groups of people; and there were no people requiring evacuation or overnight shelter.

#### **4.2.4 Key Risk Issues arising within the Business**

The key significant risk issues arising within the business remain as reported to the last meeting of this Committee. Those surrounding the trade unions' potential for, and actual, industrial action across areas of the public sector remain and the risk of adverse weather conditions causing disruption to service delivery.

The Head of Internal Audit and Risk Management continues to Chair meetings of the Leicestershire Multi-Agency Business Continuity Group (the Leicester and Leicestershire regional business continuity network group) where the risks for group members arising from any strike action, and the group member's response to deal with these incidents, are reviewed. 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 and their staff if they fail to open; highways – emergency repairs and response to adverse weather conditions; and, housing – emergency repairs and maintenance.

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

The Business Continuity Institute (BCI) released its fifth Horizon Scan report on 11 February. This is the association's annual analysis of the top threats as perceived by around 600 business continuity managers across the globe. The report shows cyber attack as the greatest concern (85% of respondents), followed by data breach (80%) and supply chain disruption (77%).

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  
9 March 2016





# Appendix 1 - LCC Strategic Risk Register

**Risk Register Owner: Andy Keeling, COO**

**Date completed: 31 January 2016**

RISK <i>What is the problem; what is the cause; what could go wrong? What is</i>	CONSEQUENCE/EFFECT. <i>What would occur as a result, how much of a problem would it be, to whom</i>	EXISTING ACTIONS/CONTROLS <i>What are you doing to manage this risk now?</i>	RISK SCORE WITH EXISTING			FURTHER MANAGEMENT ACTIONS/CONTROLS	TARGET SCORE WITH FURTHER			COST	RISK OWNER	TARGET DATE
			Impact	Probability	Risk		Impact	Probability	Risk			
<p><b>1. FINANCIAL CHALLENGES</b></p> <p>The Council fails to respond adequately to the cuts in public sector funding over the coming 2 - 3 years.</p>	<ul style="list-style-type: none"> <li>- Council is placed in severe financial crisis by not delivering the required budget savings for 2015/16 onwards.</li> <li>- Reputational damage to the Council.</li> <li>- Potential to destabilise the Council and difficult industrial relations.</li> <li>- Mismatch between service demand and budget availability may lead to an increase in financial instability in some instances.</li> <li>- Pressure may be created between 'demand led services' (social care) and other priorities.</li> <li>- Reduction in services, budgets etc may impact on the health and wellbeing of the City.</li> </ul>	<ul style="list-style-type: none"> <li>- Budget approved to 2015/16, and balanced on paper to 16/17.</li> <li>- Work commenced on spending review programme which takes into account the Government's spending intentions as at July 2015.</li> <li>- The first spending review has now concluded. Corporate Management Team and Executive monitoring closely implementation of the existing agreed savings. Capital Advisory Board to review profile and management of capital programme to minimise slippage and overspending. Further savings will be required- the full extent will not become clear until the Government publishes spending plans in October 2015. The council is extending the remit of the spending review programme.</li> </ul>	5	4	20	<ul style="list-style-type: none"> <li>- Continued 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.</li> <li>- Continuation of the spending review initiatives and delivery of the programme.</li> <li>- Consideration and forward planning for the long term savings strategy for 2018/19. Appropriate change management/ project management arrangements to be put in place for major review areas</li> </ul>	5	2	10		<p><b>Andy Keeling</b> <b>Alison Greenhill</b></p>	31/3/2016 and On-going

# Appendix 1 - LCC Strategic Risk Register

**Risk Register Owner: Andy Keeling, COO**

**Date completed: 31 January 2016**

RISK <i>What is the problem; what is the cause; what could go wrong? What is</i>	CONSEQUENCE/EFFECT. <i>What would occur as a result, how much of a problem would it be, to whom</i>	EXISTING ACTIONS/CONTROLS <i>What are you doing to manage this risk now?</i>	RISK SCORE WITH EXISTING			FURTHER MANAGEMENT ACTIONS/CONTROLS	TARGET SCORE WITH FURTHER			COST	RISK OWNER	TARGET DATE
			Impact	Probability	Risk		Impact	Probability	Risk			
<p><b>2. STAKEHOLDER ENGAGEMENT</b>  <b>The Council</b> fails to further develop and improve the way it works with its stakeholders (partners, neighbouring Councils, NHS etc.). Key partners and stakeholders fail to support the council in delivery of its strategy as a result of tensions and strained relationships due to financial and other pressures. 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.</p>	<p>- Failure of local agreements and stakeholder arrangements to deliver agreed levels of performance, the impacts of which may reflect negatively on the Council adversely affecting its reputation.                      - Potential litigation where it impacts on formal contractual relationships.                      - Financial risk if Integration Transformation Fund plans are inadequate or not agreed.                      - Partnership working will be an expensive bureaucracy and fail to add value to improving outcomes for the citizens of Leicester.                      - Reputational damage to the Council/City from the perspective of stakeholders.                      - Partnership working fails to take into account the needs of all communities.</p>	<p>- Mechanisms in place for regular dialogue including formal partnerships e.g. Health and Wellbeing Board.                      - City Mayor Faith and Community Forum in place to engage specifically with faith and non-faith communities.                      - Arrangements for engagement of, and support to, the Voluntary Community Sector (VCS) have been commissioned and contracts are in place.                      - Cllr Sood has partnership working within her portfolio.                      - Close involvement of City Mayor and Members in key partnerships.</p>	4	3	12	<p>- Regular review and evaluation of the current position by Strategic Management Board.                      - Continue to develop and embed the approach to working strategically with the VCS.                      - Develop stakeholder communications/engagement plan of all critical and large partners to ensure that these relationships are given full consideration and priority, where needed.                      - Key aspects of partnership working being reviewed in the light of OfSTED findings eg LSCB</p>	4	2	8		<p><b>Miranda Cannon / All Strategic Directors</b></p>	31/03/16 and ongoing



## Appendix 1 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 31 January 2016

RISK <i>What is the problem; what is the cause; what could go wrong? What is</i>	CONSEQUENCE/EFFECT. <i>What would occur as a result, how much of a problem would it be, to whom</i>	EXISTING ACTIONS/CONTROLS <i>What are you doing to manage this risk now?</i>	RISK SCORE WITH EXISTING			FURTHER MANAGEMENT ACTIONS/CONTROLS	TARGET SCORE WITH FURTHER			COST	RISK OWNER	TARGET DATE
			Impact	Probability	Risk		Impact	Probability	Risk			
<b>3. BUSINESS/SERVICE CONTINUITY MANAGEMENT</b> Unforeseen unpredictable events such as flood, power/utility failure etc. could impact on the council's assets, communication channels or resources etc.	- 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. - Resource restraints means that there is limited staff to perform manual operations at the volume required in an event/incident. - Council is unable to communicate to stakeholders/deliver its services.	- All the Senior Management Team have roles in either the Corporate Business Continuity Management Team (CBCT) or are Emergency Controllers. -Head of Internal Audit and Risk Management Chairs the Multi- Agency Business Continuity Group -CBCT have formal refresher meetings three times a year Training offered corporately - Directors involvement in CBCT Meetings held 3 times a year. - Risk Management and Insurance Services/Emergency Management Team provide updates and lessons learnt on incidents to CBCT/Audit & Risk Committee as appropriate - Self cert annually by Directors - Corporate Business Continuity Plan (BCP) which is reviewed annually but also updated as and when changes occur which should be reflected in the plan - Business Continuity Secure Site (web based) holds BCP and all Business Critical Activities BCPs and is securely accessed by members of the CBCT	4	3	12	- Further embedding of business continuity management approach. - Further completion of Business Continuity tests. - Completion of all Service Business Continuity Plans. - Further communication/training and awareness for staff on continuity arrangements. - Annual review of Critical Service Business Continuity Plans initiated by Risk Management and Insurance Services	4	2	8		Alison Greenhill/Miranda Cannon	31/3/2016 and On-going

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			Impact	Probability	Risk		Impact	Probability	Risk			
<b>4. INFORMATION GOVERNANCE</b> Information Governance/Security/Data Protection policies/procedures/protocols are not followed by staff and members.	<ul style="list-style-type: none"> <li>- Major loss of public confidence in the organisation.</li> <li>- Potential litigation and financial loss to the Council.</li> <li>- Reputational damage to the Council.</li> <li>- 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.</li> <li>- Reduction in the capacity/capability to retain such data. This could also be costly.</li> <li>- Excessive retention of data can still be requested through a Freedom of Information Act if retained. - Council may not share data with the appropriate individuals/bodies accurately, securely and in a timely manner.</li> <li>- Council fails to adequately secure/protect confidential and sensitive data held.</li> </ul>	<ul style="list-style-type: none"> <li>- Clear policies and protocols in place.</li> <li>- Staff have been trained and made aware of the Council's policies and procedures.</li> <li>- Secure storage solutions are now in place.</li> <li>- Paper retention has been reduced through the introduction of scanning etc.</li> <li>- Programme underway to reinforce to staff the need to manage email data and storage appropriately</li> <li>- Mandatory e-learning module for staff</li> </ul>	4	3	12	<ul style="list-style-type: none"> <li>- Clear and on-going communications to staff to reinforce policies and protocols.</li> <li>- Regular review and monitoring of arrangements across services by Service Managers supported by Information Security/Governance Teams.</li> <li>- Ensure that the policy in place around the management of electronic data and disposal of data is in the awareness of staff</li> <li>- Ongoing review and updating of appropriate information sharing agreements.</li> </ul>	4	2	8		<b>Andy Keeling</b>	31/03/2016 and On-going

## Appendix 1 - LCC Strategic Risk Register

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RISK <i>What is the problem; what is the cause; what could go wrong? What is</i>	CONSEQUENCE/EFFECT. <i>What would occur as a result, how much of a problem would it be, to whom</i>	EXISTING ACTIONS/CONTROLS <i>What are you doing to manage this risk now?</i>	RISK SCORE WITH EXISTING			FURTHER MANAGEMENT ACTIONS/CONTROLS	TARGET SCORE WITH FURTHER			COST	RISK OWNER	TARGET DATE
			Impact	Probability	Risk		Impact	Probability	Risk			
<p><b>5. BREACHES IN COMPLIANCE WITH REGULATION, POLICIES, PROCEDURES HEALTH AND SAFETY ETC</b></p> <p>Local management use discretion to apply inconsistent processes and misinterpret Corporate policies &amp; procedures, perpetuating varying standards across business units.</p> <p>The City Council fails to respond effectively to the requirements of Health and Safety Executive/Government proposals and/or legislation which places health and safety responsibilities on local authorities.</p>	<ul style="list-style-type: none"> <li>- Places the organisation at risk e.g. fraud, data loss etc. Potential financial losses / inefficient use of resources.</li> <li>- Possibility of serious injury or death of member of staff or service user/members of the public.</li> <li>- Failure to meet statutory responsibilities.</li> <li>- Reputational damage to the Council.</li> <li>- Negative stakeholder relationships</li> <li>- Potential for increase in the number of insurance claims</li> </ul>	<ul style="list-style-type: none"> <li>- Regular reporting from Internal Audit to Strategic Management Board. Approach to the annual corporate governance review revised and a more effective process established.</li> <li>- 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.</li> <li>- Risk is reported and controlled through Divisional Directors Operational Risk Registers (presented to the CMT each quarter) and these are underpinned by registers at Heads of Service level reviewed and discussed at Divisional Management Teams quarterly.</li> <li>- Regular inspections and reports by the Health and Safety team with all actions being followed up within a reasonable time. A process of more regular reporting to Corporate Management Team on health and safety matters is underway</li> <li>- Significant change to the absence management policy and procedure rolled out</li> </ul>	4	3	12	<ul style="list-style-type: none"> <li>- Continue to review and reinforce key standards and policies via regular communication.</li> <li>- Ensure Managers are appropriately trained and requirements are clearly set out in Job Descriptions and reinforced via appraisals.</li> <li>-Ensure Internal Audit findings are acted on in a timely manner.</li> <li>- Strategic monitoring and reporting in relation to Health &amp; Safety being reviewed to raise profile and ensure responsibilities are reinforced from the top.</li> <li>- Consider the creation of a policy schedule to maintain an overview of all Council policies.</li> <li>- Review new absence management procedures after 12 months</li> </ul>	4	2	8		<b>Kamal Adatia / Miranda Cannon</b>	31/3/2016 and On-going

## Appendix 1 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 31 January 2016

RISK <i>What is the problem; what is the cause; what could go wrong? What is</i>	CONSEQUENCE/EFFECT. <i>What would occur as a result, how much of a problem would it be, to whom</i>	EXISTING ACTIONS/CONTROLS <i>What are you doing to manage this risk now?</i>	RISK SCORE WITH EXISTING			FURTHER MANAGEMENT ACTIONS/CONTROLS	TARGET SCORE WITH FURTHER			COST	RISK OWNER	TARGET DATE
			Impact	Probability	Risk		Impact	Probability	Risk			
<b>6. SAFEGUARDING</b> Weak Management oversight of safeguarding processes in place leads to the Council failing to adequately safeguard vulnerable groups e.g. children and young people, elderly, those with physical and learning disabilities.	- Death or serious injury. - Serious case reviews initiated. - Reputational damage to the Council. - Citizens lose confidence in the Council. - Negatively impacts on relationships with stakeholders. - Impacts severely on staff morale - Leads to high turnover of social workers and managers.	- Safeguarding Adults and Children's Boards in place. - Regular reviews of policies/procedures and close supervision of staff. - Range of quality assurance processes exist within the Divisions. - Range of developments, including corporate training, exist within the Divisions to manage, support recruit and retain staff. - Improvement Board established following the Ofsted inspection and other arrangements eg Performance Board set up - 24/7 Duty and Advice Service in place (and identified as a strength by OFSTED).	5	3	15	- Board performance and framework development. - Chair of Board has direct accountability through Chief Operating Officer. - Regular bi-annual meetings with Mayor and Adults and Children's Lead Members. - Full implementation of all necessary improvements identified via the Ofsted inspection of Children's Services - Review of assessments and plans following OFSTED to ensure all are 'good enough quality', to include training of staff as appropriate. - Social work electronic recording system will be developed by xx/xx/2015.	5	2	10		<b>Andy Keeling</b> <b>/Frances Craven</b>	31/3/2016 and On-going

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<b>130</b>	Poor OFSTED outcome for schools Increased risk of schools going into category of special measures Poor outcome for Local Authority if inspected under the OFSTED framework for LA School Improvement effectiveness	Revised desk top analysis to identify potential underperformance in individual schools and settings Revised School Improvement Framework Regular reporting to DMT and LMB on schools causing concern and targeted work Self evaluation against OFSTED framework for inspection completed At risk schools discussed and warning notices considered Inspection file being collated to evidence effective and good practice in targeted work with schools	4	4	16	Targeted visits by Director of Learning Revised support packages Single plan implementation for RI schools Local Authority Reviews of individual schools to be negotiated Preparation for inspection to include briefing to all schools	4	2	8		<b>Frances Craven</b>	31/3/2016 and On-going



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<p><b>8. CIVIL CONTINGENCY RESPONSE/INCIDENT RESPONSE</b></p> <p>Council resources may not be adequate or sufficient to respond should an external incident/disaster occur (for example, the impact of climate change leading to floods placing responsibility to the Council to house evacuees from other counties/areas) .</p>	<p>- An increase in inclement weather (flood, heat, waves, drought, windstorm, increased snow fall etc.) building the right infrastructure and new statutory flood and water risk management duties.</p> <p>- Having sufficient financial resources and flexibility to address these challenges becomes increasingly difficult.</p> <p>- Having sufficient assets/contingency arrangements.</p> <p>-Lack of resources could lead to inadequate response .</p> <p>- Impact on the publics health and wellbeing, safety/housing needs etc. -</p> <p>Adverse impact on budget</p> <p>- Reputational impact</p> <p>- Death/injury</p> <p>- Potential for increase in the number of insurance claims</p> <p>- negative relationships with stakeholders</p>	<p>- Corporate Management of this is outlined in the carbon action plan which covers all areas of management activity across the Council and its partners to reduce carbon.</p> <p>- Implementation is monitored through a carbon management board. Day to day management of climate change responsibility rests with the Operational Directors and their Heads of Service.</p> <p>- Risk is reported and controlled through the Divisional Directors Operational Risk Registers (presented to Corporate Management Team each quarter) and these are underpinned through regular reviews as part of the revised Eco-Management Audit Scheme (EMAS) system.</p> <p>- Local Resilience Forum (LRF) county wide partnering arrangement.</p> <p>- Leicester City Council (LCC) is part of the Resilience Partnership of local authorities in LLR LLR Health Protection Committee coordinates health protection response across LA/PHE/NHS</p>	4	3	12	<p>- Public engagement and city wide flood defence programmes are being developed jointly with the Environment Agency. This provides a two -pronged approach to manage the risk of severe flooding arising from climate change.</p> <p>- LRF and Resilience Partnership arrangements continue to be reviewed. Robust schedule of plan reviews and training in place and agreed via the LRF LLR-wide Health Protection Committee arrangements under review to provide assurance around management of health protection risks/ incidents and outbreaks</p> <p>- Exercise being planned for 2016 to test SCG/TCG arrangements using City Hall as the control centre</p>	4	2	8		<p><b>Miranda Cannon / Alison Greenhill/ Ruth Tennant</b></p>	31/3/2016 and ongoing

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			Impact	Probability	Risk		Impact	Probability	Risk			
<b>8. CIVIL CONTINGENCY RESPONSE/INCIDENT RESPONSE (Continued)</b>	<ul style="list-style-type: none"> <li>- Fail to meet statutory requirements</li> <li>- City Council fails to respond effectively to the requirements of Government proposals and/or legislation</li> </ul>	<ul style="list-style-type: none"> <li>City Council major incident plan reviewed and signed off.</li> <li>-New emergency control room now fully equipped and operational at City Hall and provides a facility for both local management of emergencies and use by the LRF as a SCG venue</li> </ul>										

# Appendix 1 - LCC Strategic Risk Register

**Risk Register Owner: Andy Keeling, COO**

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RISK <i>What is the problem; what is the cause; what could go wrong? What is</i>	CONSEQUENCE/EFFECT. <i>What would occur as a result, how much of a result, how much of a problem would it be, to whom</i>	EXISTING ACTIONS/CONTROLS <i>What are you doing to manage this risk now?</i>	RISK SCORE WITH EXISTING			FURTHER MANAGEMENT ACTIONS/CONTROLS	TARGET SCORE WITH FURTHER			COST	RISK OWNER	TARGET DATE
			Impact	Probability	Risk		Impact	Probability	Risk			
<p><b>9. RESOURCE: CAPACITY, CAPABILITY, RETENTION &amp; DEVELOPMENT</b></p> <p>Lack of workforce planning and appropriate development of managers and employees leaves the Council exposed to service failure. The Council does not have the capacity/resilience in resources, should an event/incident occur, may significantly increase the demand on front line services. Changing market conditions gives rise to the council not being seen as first choice for employment as private sector may be perceived as offering better reward.</p>	<ul style="list-style-type: none"> <li>- The Council does not have the right skills, behaviours and competencies in terms of the workforce to deliver the city's vision and priorities.</li> <li>- The Council fails to maximise the potential of its key resource.</li> <li>- Staff become demotivated/are under pressure which has an impact on productivity and delivery across the Council.</li> <li>- Disruption to service delivery.</li> <li>- Impacts on continuity of services. Creates risks in delivery because information on processes/procedures etc is lost</li> <li>- Service demands may not be met.</li> <li>- Reputational damage.</li> <li>- Financial impacts.</li> <li>- Drain on resources</li> </ul>	<ul style="list-style-type: none"> <li>- Human Resources (HR) review has built in capacity for longer-term workforce planning and a more strategic approach.</li> <li>- Talent match (internal jobs market) rolled out across the Council, learning captured and acted on from initial pilot period and pilot will continue for a full 12 months</li> <li>- HR Workforce Planning Team actively involved in supporting areas where there are existing pressures eg children's services</li> <li>- Organisational vision and values finalised and work underway to continue the roll out of these</li> <li>- Active programme of work to support young people into employment and to utilise graduates, apprenticeships, work placements etc across the Council</li> </ul>	4	3	12	<ul style="list-style-type: none"> <li>- Continue to develop the Council's workforce planning approach and fundamentally review how workforce development will support this in future.</li> <li>- Consider retention mechanisms and succession planning.</li> <li>- Continue the embedding of the vision and values across the organisation</li> <li>- Embed the new HR structure and HR Mgt team. Develop a new Strategic HR work-plan.</li> <li>- Act on lessons from initial Talent Match pilot and continue to run and evaluate the pilot.</li> </ul>	3	3	9		<b>Miranda Cannon</b>	31/03/16 and ongoing



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RISK <i>What is the problem; what is the cause; what could go wrong? What is</i>	CONSEQUENCE/EFFECT. <i>What would occur as a result, how much of a problem would it be, to whom</i>	EXISTING ACTIONS/CONTROLS <i>What are you doing to manage this risk now?</i>	RISK SCORE WITH EXISTING			FURTHER MANAGEMENT ACTIONS/CONTROLS	TARGET SCORE WITH FURTHER			COST	RISK OWNER	TARGET DATE
			Impact	Probability	Risk		Impact	Probability	Risk			
<b>10. CONTRACT MANAGEMENT &amp; PROCUREMENT</b> Contract management protocols/procedures are not robust and there is lack of understanding/awareness within the Council. Service areas may exercise partnership arrangements/ collaborative agreements where formalised/legal contracts are not in place and possibly these may not be legally binding.	- Reputational damage. - Financial impacts; valuable funding is used for rectification of issues. - Increase in staff resources to defend a challenge. - Potential for litigation and fines being incurred. - Contract service level agreements may not be adhered too. - The Council does not receive value for money for the services it procures. - The Council is challenged in the reduction of contracts when re-tendered. - Discouraged providers may not tender for the contract in the future, potentially reducing the portfolio of providers and even reducing the availability of high quality providers.	-Revised and improved Contract Procedure Rules now in place along with associated guidance. -Policy that all procurement over a deminimis threshold must be carried out by one of the specialist procurement teams. -Professional procurement staff recruited and now in post -Contract Risk Management training available from RMIS -Engagement with local supplier groups	3	3	9	-Development of new procurement template documentation -Implementation of new electronic tendering system -Professional training for procurement staff (MCIPS) -Training in procurement and contract management for staff across the Council -Enhanced engagement with local business to widen portfolio of potential suppliers -Development of communications plan to ensure all staff are informed of above as appropriate to their role.	3	3	9		<b>Alison Greenhill</b>	13/03/2016



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			Impact	Probability	Risk		Impact	Probability	Risk			
<b>11. ASSET MANAGEMENT</b> Absence of an asset management strategy will affect the future conditions/status of buildings.	<ul style="list-style-type: none"> <li>- Reputational damage.</li> <li>- Increase in costs.</li> <li>- Loss of predicted revenue.</li> <li>- Deterioration of assets.</li> <li>- Potential harm to the public.</li> <li>- New business are not attracted to Leicester.</li> <li>- The council's assets may fall into disrepair losing income and increasing maintenance costs. In a worse case scenario assets may be totally lost and community engagement too.</li> </ul>	<ul style="list-style-type: none"> <li>-A single corporate asset management system is now in place.</li> <li>-Annual Planned Maintenance Programme is in place to cover the most urgent health and safety issues in the estate.</li> <li>-Central Maintenance Fund is available to address urgent repair items in the estate.</li> <li>-Phases one and two of the central accommodation strategy have been effectively implemented which has significantly reduced the backlog maintenance issues in the estate.</li> <li>-Transforming Neighbourhood Services review in place to reduce the level of backlog maintenance issues in the neighbourhood estate.</li> <li>-Building Schools for the Future (BSF) and Primary programmes are proceeding on course with a new Hard Facilities Management Offer for BSF Phase 3-6 using local contractors being concluded.</li> <li>-Condition surveys have now been completed for all neighbourhood and leisure assets</li> <li>- New Using Buildings Better (UBB) programme scoped and launched with a focus on rationalising operational assets and improving as appropriate the condition of retained assets, as well as disposal of assets for economic and/or other benefits. The programme encompasses the existing TNS project and accommodation strategy programme, plus work-streams on depots, stores and workshops, Early Help (CYP&amp;F centres primarily), channel shift and surplus assets. It has a strategic focus on assets to be retained and those to be disposed of.</li> </ul>	5	4	20	<ul style="list-style-type: none"> <li>-Establishment of a corporate asset management group.</li> <li>- Continued development of effective planned maintenance programme - performance measurement in place to provide assurance regarding compliance- concerto being established and populated to work as the single corporate asset management system</li> <li>- Continue mobilisation and delivery of the UBB programme</li> </ul>	5	3	15		<b>Frank Jordan/Miranda Canon</b>	31/03/2016

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## Appendix 1 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 31 January 2016

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			Impact	Probability	Risk		Impact	Probability	Risk			
<b>12. NATIONAL AGENDA/CHANGES IN LEGISLATION/ GOVERNMENT ETC</b> On-going changes in government, legislation etc. gives rise to new demands and responsibilities with insufficient time for implementation and insufficient budget.	- Loss of income. - Services may not be delivered. - Reputational damage. - The budget may not be sufficient to deliver the expected service demand. - Statutory services, such as public health may be reduced and or the Council is unable to protect and safeguard the public, vulnerable individuals etc. - Implementation of unpopular fees for services required by the Public of the Council. - The health and wellbeing of the City may be impacted. -Causing service failure or significant cost over runs.	Directors keep abreast of policy change and development in their portfolios. The implications of change described and discussed. Including political briefings if required. Budgeting takes account of national changes. Staff are trained in new requirements.	4	3	12	Examine options for service integration; improved leadership development; manage demand better; have honest conversations with the public about what can be expected from us; improve commissioning activity across the Council.	3	2	6		Andy Keeling	31/03/2016







## Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 31st January 2016

Risk What is the issue:  <i>what 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)			Further management actions/controls required	Target Score with further controls  (See Scoring Table)			Cost	Risk Owner	Review Date
			Impact	Likelihood	Risk		Impact	Likelihood	Risk			
<b>STRATEGIC AREA - Adult Social Care</b>												
<b>1. Adult Social Care &amp; Safeguarding</b> - Integration agenda. Risks associated with large programme of change in challenging financial context.	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 Better Care Fund (BCF) opportunity.	3	3	9		Ruth Lake	BCF plan refresh Feb 2016 Planning through 2014/15
<b>2. Adult Social Care &amp; Safeguarding</b> - Meet Health & Safety (H&S) expectations in regulated provision. Fail to maintain safe water systems in all units; Failure to maintain essential health and safety in intermediate care provision.	Ill health or death to residents and/or staff or visitors from water borne infections or poor H&S practices.	Water hygiene monitoring practice in place	5	3	15	Ensure all registered managers go on required training and fully understand the requirements for temperature checking, flushing regimes, tap cleaning etc. and can closely monitor those carrying out these tasks.	5	2	10		Ruth Lake	31.03.2016

## Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 31st January 2016

Risk What is the issue:  <i>what 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)			Further management actions/controls required	Target Score with further controls  (See Scoring Table)			Cost	Risk Owner	Review Date
			Impact	Likelihood	Risk		Impact	Likelihood	Risk			
<b>3. Adult Social Care &amp; Safeguarding</b> - Failure to meeting statutory need; keeping people safe - Difficult financial climate; complexities with funding arrangement; integration and pooled budgets - risk of inadequate resources to meet need	ASC overspends; Insufficient resources to meet need; Vulnerable people not receiving sufficient care packages resulting in legal challenge and increase in complaints.	Robust mechanisms (such as Resource Allocation System) to ensure resources matched to eligible needs to protect funding; budget monitoring; demand monitoring; use of Better Care Fund (BCF) programme to plan for new funding arrangements and requirements	3	5	15	Further work on BCF to protect social care services and promote efficiencies across the Health & Social Care system. Work to review packages of care to maximise resources for those at greatest need. Delivery plan now in place - to be progressed over 15/16	3	4	12		Ruth Lake	31.03.2016 Ongoing
<b>4. Care Services &amp; Commissioning (ASC)-</b> Embedding duties under phase 1 of the care act after 2015/16	Financial impact	Strategic Change Board is monitoring the situation awaiting announcement in government Comprehensive Spending Review (CSR) in November.	5	5	25	On-going monitoring of transactional activity and budget performance is required.				Cannot be determined at this stage	Tracie Rees	Nov/Dec 2015 CSR announcement

## Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 31st January 2016

Risk What is the issue:  <i>what 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)			Further management actions/controls required	Target Score with further controls  (See Scoring Table)			Cost	Risk Owner	Review Date
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<b>5. Care Services &amp; Commissioning (ASC)</b> - 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. Ensure time is built into each review, development of all strategies etc. to allow for consultation	5	4	20	Stakeholder engagement strategy in place and we always seek advice from legal services and corporate consultation team. Legal services sign off all consultation materials and agree the approach and methodology. Officers to seek guidance from the corporate	4	3	12	Pot Multi £M	Tracie Rees	31.05.2016 and ongoing
<b>6. Care Services &amp; Commissioning (ASC)</b> Quality of care in the Independent regulated services including; residential homes, domiciliary care and supported living providers falls below standards	Detriment (harm) to individuals, groups or the Council (financial or reputational)	High level Audit processes in places via Adult Social Care contracts and assurance team. This is in addition to Care Quality Commission inspections.	5	4	20	Quality Assurance Framework to be used to support identified failing providers.	5	3	15		Tracie Rees	31.03.2016 and ongoing
<b>7. Care Services &amp; Commissioning (ASC)</b> - Implementation of the 5 Year Leicester, Leicestershire and Rutland (LLR) Better Care Together Plan carries high financial and political risk	Financial impact/legal challenge	An LLR Programme Board has been established that includes health and social care chief officers	5	4	20	An LLR Programme Board has been established that includes health and social care chief officers	3	3	9		Tracie Rees	01.01.2019

## Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 31st January 2016

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<p><b>8. Care Services &amp; Commissioning (ASC) - Operational Capacity.</b>                      Risk of legal challenge / fines from being unable to meet the additional demands arising from Cheshire West judgement on Deprivation of Liberty Safeguards (DOLS). Risk re capacity to effectively scope the new DoLs cases; challenge from practice in care homes in applying DoLS via urgent applications in inappropriate circumstances</p>	Breach of legislation; financial liability re ICO; breach of confidence in the Council	Manager briefings to ensure legal requirements understood; scoping of high risk cases to understand new DOLS cases; prioritisation of action on cases; monitoring of incoming pressures for DOLS team and use of independent Best Interest Assessor capacity; engagement with legal services re Court Of Protection applications and pressures. Additional resources agreed for recruitment via budget setting	4	4	16	Tracking of anticipated legal guidance on application of case law in practice; consideration of additional resources to support scoping exercise as this has not been completed due to lack of resources / competing priorities. Meeting with legal services to assess position / agree actions to mitigate risk 24 March. Issue to be escalated to Leadership Team. Further work via NHS England Mental Capacity Act project and HOS to address care home practice which is	4	3	12		Tracie Rees	31.03.2016
<p><b>9. Care Services &amp; Commissioning (ASC) - Delivery of Learning Disabilities Day Services</b> using large percentage of agency staff.</p>	Reduced quality, safeguarding, staff sickness, safety	Reed 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 Reed to ensure development measures are undertaken. Monitor quality of agency staff	2	3	6		Tracie Rees	31.03.2016 and ongoing

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<b>10. Care Services &amp; Commissioning (ASC)</b> Review of Residential Care. Financial risk - largest area of spend and danger of inappropriate models of care.	Continued escalation of spend; inappropriate placements	Project Board in place; extensive research, analysis and engagement	4	4	16	Robust governance through project board, Commissioning Board and Lead Member Briefing	3	3	9	Current spend £44M gross	Tracie Rees	31.03.2016 and ongoing
<b>11. Care Services &amp; Commissioning (ASC)</b> Non compliance with our duties under the Equalities Act. Failure to adequately identify and address (where possible) equality impacts of proposed actions.	Council could face legal challenge through judicial review	Equality impact assessments (EIA) are built into service reviews, strategy developments and decision making which help to identify equality impacts and actions to be taken.	5	3	15	Ensure all staff are fully aware of when to use EIA's and build this into their routine work (when necessary). Training to be offered through Better Care Together.	5	2	10	Pot Multi £M	Tracie Rees	31.03.2016 and ongoing

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<b>12. Care Services &amp; Commissioning (ASC)-</b> Implementation of the Care Act 146	High financial risk and operational non compliance	Phase 1 of the Act successfully implemented on 01/04/15. Phase 2 - Funding Reform now in detailed project planning for 01/04/2016.The implementation will report on a regulate basis to the ASC Leadership Team and Cllr Patel (Lead for ASC)	5	3	15	A Programme Board has been established that will report to the CPMO. Project work streams designed to deliver compliance.	3	2	6	Full cost imps are still to be determined - financial assessment wip. Natn'l, regn'l & local work taking place to f/cast inc in demand.	Tracie Rees	2019
<b>STRATEGIC AREA - City Development and Neighbourhoods</b>												



## Appendix 2 - Leicester City Council Operational Risk Register

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<p><b>13. Housing</b> - Impact of Welfare Reform on Housing Rents Account (HRA) rental income collection and supported housing. Universal Credit (UC) is to be fully implemented in 2017 .</p>	<p>Under UC, claimants will receive all their benefits, including housing costs 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. Higher numbers of tenants in rent arrears leading to loss of rental income will adversely affect the HRA income. Could lead to greater number of evictions. Further welfare cuts in 2015. Summer budget will reduce tenants income. Impact of welfare reform on supported housing will mean less income to the general fund. Also affects adults</p>	<p>On-going promotion of Clockwise 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). Income Management team strengthened.</p> <p>Amended Allocations policy to assist downsizing</p>	4	4	16	<p>Development of Northgates IT system (phase 2) to support paperless direct debits.</p> <p>Mandatory direct debits or Clockwise accounts for New tenants has been implemented.</p> <p>Proposed changes to internal business processes to re- introduce pre-tenancy determinations interviews to collate financial information prior to tenancy sign up.</p> <p>Need for further new processes in Income Management Team. Looking at contingency arrangements, i.e. releasing all self contained accommodation in return for shared accommodation or, viability of setting up or working with a private organisation to meet the</p>	4	3	12		Ann Branson	31.07.2016 and ongoing

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<p><b>14. Housing</b> - Risk of Legal challenge, liability and reputational consequence if properties are not adequately maintained. Greater financial investment needed in the future.</p> <p>Rent reduction of 1% per annum for next 4 years will threaten budget for maintenance.</p>	<p>Poor living conditions, H&amp;S risks to tenants, properties falling into disrepair. Reputational risk</p>	<p>On-going capital investment (25 year strategy and planned maintenance programmes). On-going day to day responsive repairs service. Minimum standard for property re-letting. In house Quality Control team. Continue to review more effective ways of maintaining the stock</p>	5	3	15	<p>Reviewed Jan 2016. No further actions/controls required.</p> <p>Spending review phase 3 will identify how to keep spending within reduced budgets.</p>	5	3	15		Ann Branson	31.03.2016
<p><b>15. Investment</b> - Health and Safety-Limited up to date H&amp;S awareness - no corporate mandate to establish staff minimum requirements</p>	<p>Risk of injury to self or others - and reduced capability to write up site/LCC exposed to risk. orders/tasks with consideration to H&amp;S - LCC liability exposed</p>	<p>General H&amp;S awareness has been addressed - H&amp;S audit complete - Need to determine "minimum" H&amp;S standards to achieve competencies - i.e. "Passport to Work" or CICS schemes</p>	5	5	25	<p>Corporate governance on H&amp;S training - appropriate to needs</p>	5	5	25	TBC	Mark Lloyd	31.03.2016 ongoing

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<b>16. Investment</b> - Lift Condition Assessment - Asset Capture  <b>149</b>	Lack of forward planning in terms of planned maintenance and programming change of assets Continued failure of assets - run to failure - ad hoc capital required to make good - less reliable assets and more entrapments. Lift users may be compromised in terms of access/egress/mobility - as per the Beatty Ave	Formatting a proposed capital programme of works based on engineers submissions - (Zurich and LES) - ready in December 2015. Working on forming a programme of backlog maintenance however further staffing investment is suggested for the future	5	5	25	Establish Capital programme based on criticality and pre-survey collation of data. Re let Lift Maintenance contract informed by condition survey.	5	5	25	Staffing (£40k per annum) on revenue budget in M/E team	Mark Lloyd	3 year plan
<b>17. Investment-</b> Delay and compensation event claims are received leading to extensive costs.	Contingency held to address unforeseen issues may be overspent	All claims are monitored and are challenged using internal and external resources. Continued dialogue with the Finance Team to monitor the financial position.	5	4	20	Review meeting established with the contractor and information being sought to substantiate claims with the assistance of a programme analyst and specialist advisors. To date claims have been settled where they are justified and claims with inadequate information or inaccuracy rebutted. Information is still not forthcoming from GT.	4	3	12	Contingency provision is over subscribed	Mark Lloyd	30.04.2016 and ongoing

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<b>18. Investment</b> - Raising educational achievement -The discontinuation of PCP (reduction in capital investment) and the continuing need to accommodate pupil increases.	A Statutory duty is not met	Delivery of Basic Need Programme to address pupil placements required by September 2015.	4	4	16	Continued assessment & development across the Primary School estate.	4	3	12	Staff time	Mark Lloyd	30.09.2015 then review 6 monthly
<b>19. Investment</b> - Schools Capital. Raising educational achievement.	Reduction in capital investment in schools with ageing school stock and deteriorating condition Potential to not meet statutory building requirements. Reputational damage to the council.	Develop long term strategy across the Primary School estate	4	4	16	Develop long term strategy across the primary and retained secondary school estate is now underway, Condition surveys being undertaken in order to formulate a 3 year programme of works for Planned Capital Maintenance.	4	2	8	Staff time	Mark Lloyd	30.09.2015 then review 6 monthly
<b>20. Investment</b> - Maintaining Income (Capital and Revenue) on behalf of the Council	Economic downturn affecting budget	Void and arrears monitored Monthly .	4	4	16	Send rent demands, reviews and renewals on time - collect rent on time. Manage tenants in arrears.	3	4	12	Staff time	Mark Lloyd	30.04.2016 and ongoing

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<b>21. Investment -</b> Loss of use of Asset  <b>151</b>	Closure of buildings due to asbestos	1. Findings of asbestos action plan being implemented. 2. Asbestos monitoring returns to be reported to DivMT and Heads of Property monthly. To Corporate Management Team if cause for concern. 3. Action plan works now completed, signed off by Health & Safety and now being monitored.	5	3	15	1. Ensure 100% compliance with asbestos returns with accurate data by holding Building Responsible Officers to account. 2.Ensure all buildings have an asbestos register	3	2	6	Staff time	Mark Lloyd	30.04.2016 and ongoing

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152	Closure of buildings due to poor water hygiene standards	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 Corporate Management Team (CMT) 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 action taken.				1. Seek 100% compliance with water hygiene returns with accurate data. 2. Further budget for 13/14 works approved in capital programme subject to Corporate Management Team decision. 3. More rigorous audit of Building Responsible Officer monitoring to be undertaken.						

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<p><b>22. Local Services and Enforcement - LACK OF ADEQUATE RESOURCE CAPACITY</b></p> <p>Increase in the demand led services, along with the reduction in head count could mean that there are insufficient resources to deliver the required service levels.</p> <p>During times of change, staff are not always aware of the changes being made, such as the recent relocation requirements, needs and plans etc., resulting in confusion etc.</p>	<ul style="list-style-type: none"> <li>- Teams already at a minimum and extra workloads are unsustainable.</li> <li>- As demand-led services increase, workload and public expectations increase.</li> <li>- Likelihood of key person dependency as teams reduce further (fewer people in key roles).</li> <li>- Potential risk of non-compliance or breaches/lack of a substantial control environment.</li> <li>- Service delivery requirements not met.</li> <li>- Staff wellbeing may be harmed.</li> </ul>	<ul style="list-style-type: none"> <li>- Existing prioritisation arrangements are in place.</li> <li>- Policies and procedures are in place.</li> <li>- Processes are in place.</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li>- Review of succession planning is to be conducted.</li> <li>- Need to assess the service demand against the resource availability to understand impacts and generate action plans.</li> <li>- Develop further prioritisation arrangements.</li> <li>- Continually assess through performance appraisals and individuals one-to-ones.</li> </ul>	3	3	9		John Leach	31.03.2016

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<p><b>23. Local Services and Enforcement</b> REDUCTION IN INCOME GENERATION PROGRAMMES</p> <p>With reductions in public demand in building, parking, licencing, income generated by the Council may be significantly reduced and income generation/revenue targets may not be met. Also, 'one off' income programmes are set as recurring within the budgets/accounts; impacting further on future financial targets.</p>	<ul style="list-style-type: none"> <li>- Budgets are not adhered to.</li> <li>- Income streams continue to reduce (e.g. Building Regs) due to the economic climate.</li> <li>- Targets remain the same or increase, against income sources and staff reductions.</li> <li>- One off income is disclosed as recurring, increasing the savings gap.</li> </ul>	<ul style="list-style-type: none"> <li>- Budgets are in place and alternative savings option appraisals are performed and saving plans are implemented.</li> <li>- Policies and procedures are in place.</li> <li>- Adhoc business development arrangements are in place.</li> </ul>	3	5	15	<ul style="list-style-type: none"> <li>- Need to review income targets for recurring and 'one off' income with finance to resolve on-going issues.</li> <li>- Enhance the business development resources/opportunity.</li> <li>- Budget strategy review.</li> <li>- Service review/impacts.</li> <li>- Further marketing and promotional projects.</li> </ul>	3	4	12	N/A	John Leach	31.03.2016 Ongoing



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<b>24. Local Services and Enforcement</b> RESOURCE & CAPACITY - INCREASED WORKFORCE AGE PROFILE Specialist skills and knowledge within the team may be lost due to future retirement programmes. Furthermore, national surveys have identified a lack of aspiration in individuals (younger generation, female workforce and some ethnicities) wishing to join the Council within these roles.	- Teams already at a minimum number and extra workloads may be unsustainable. - Likelihood of key person dependency as teams reduce further (fewer people in key roles). - Potential non-compliance with legislation/regulation. - Potential stress-related absence/claims. - Quality of service delivery may be affected.	- "Step up" - work experience utilise. - Graduate project officers. - Training & Mentoring - Knowledge sharing	3	5	15	- Succession planning review is required. - Continue to enhance and develop the apprenticeship scheme. - Commence positive promotion of the work/career in this area. - Seek funding for apprenticeship. - Ensure knowledge sharing takes place. - Training/ Mentoring/ Structuring.	3	4	12	N/A	John Leach	31.03.2016 Ongoing
<b>STRATEGIC AREA - Corporate Resources and Support</b>												

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<b>25. Delivery, Communications and Political Governance - UNPLANNED ELECTION EVENT</b> The service may struggle to manage a number of unplanned, additional elections, as well as a number of different type of elections e.g. House of Lords, Referendums etc.	- Elections not performed appropriately/challenges received. - Reputational damage. - Adverse effect on finances. - Media coverage. - Public complaints. - Increase in resource requirements. - Could lead to increased expectations on the existing trained core team; who hold relevant and detailed knowledge. - The potential repetition of impacts and pressures that arose during 2011 elections.	Returning officer and nominated deputies are in place. - Insurance is in place. - Many elections can be planned and have set dates. - May 2015 elections enabled newer members of the core team to develop further skills and experience in specific aspects of the elections process - Electoral Commission guidance gives detailed support in the planning and management of each specific type of elections	4	4	16	'- Develop skills and expertise across the wider electoral services team. - Ensure that there is a robust planning support structure in place. Develop a potential 'business continuity plan' to build resilience and stability. - Use external or peer support where feasible e.g. from other local authorities. - Consider training/up-skilling a pool of contingency staff. - Review further as a management team. <b>(Actions required to maintain risk score)</b>	4	4	16		Miranda Cannon	31.03.2016 and ongoing

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<p><b>26. Delivery, Communications and Political Governance - LEGAL CHALLENGE</b></p> <p>Increased legal challenges may heighten the need to ensure that processes are effective, efficient, communicated in a uniform manner and that managers and staff follow explicit guidance. Equalities Impact Assessments (EIAs) are likely to become an increasingly targeted area for Legal Challenge.</p>	<ul style="list-style-type: none"> <li>- Communications are not appropriate (present the right information, performed in a uniform manner, not consistently worded, communicated or the tone are appropriate), leading to legal challenge.</li> <li>- Equalities Impact Assessments cannot address all potential areas of legal challenge on Public Sector Equality Duty grounds.</li> <li>- Lack of legal expertise/appropriate resources.</li> <li>- Potential for legal challenge/judicial review by providers, staff, service users, etc.</li> <li>- Reputational damage/media exposure.</li> <li>- Unplanned adverse effect on budget/finance</li> <li>- Resource intensive to defend legal challenges/judicial reviews.</li> </ul>	<p>Equality Impact Assessments (EIAs) are performed to help ensure the Council meets the Public Sector Equality Duty (PSED).</p> <ul style="list-style-type: none"> <li>- On-going reviews of outcomes of other PSED challenges inform our approach to demonstrating compliance with our PSED, and lessons from these shared / communicated and used to revise our approach where appropriate.</li> <li>- Processes and procedures in place.</li> <li>- Staff are aware of duties, responsibilities and relevant considerations required to demonstrate compliance with PSED.</li> <li>- Expert support e.g. HR, equalities, consultation, CPMO in place with supporting guidance.</li> </ul> <p>Equalities e-learning module developed and being rolled out.</p>	4	4	16	<ul style="list-style-type: none"> <li>- Continue to review external practice e.g. from other Local Authorities and partners, which have been deemed as best practice and implement locally as appropriate.</li> <li>- Ensure the correct resources, with the relevant skills and experience are allocated to roles.</li> <li>- Ensure HR support is available.</li> <li>- Implement agreed actions in relation to strengthening evidence based decision making including use of data and research</li> </ul>	4	3	12		Miranda Cannon	31.03.2016



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<p><b>27.Information and Customer Access Information Governance compliance</b></p> <p>Key areas of risk are: flexible working practices which expose data to new risks, inappropriate disclosure of personal data, insecure and excessive information sharing externally and internally, lack of universal participation in Information Governance training, lack of awareness of the compliance and enabling role of Information Governance and failure to comply with the Regulation of Investigatory Powers Act 2000. (Also see corresponding risks around Data Protection and Freedom of Information compliance.)</p>	<ul style="list-style-type: none"> <li>- Data may be lost or shared inappropriately.</li> <li>- Potential legal challenge.</li> <li>- Breaches in regulation/legislation, which may incur fines, reputational damage and negative media coverage.</li> <li>- Local breaches are not reported to the Information Governance Team until a compliant arises. There may be a number of unreported information governance breaches which are unreported and being managed at a local level.</li> <li>- Subject Access Requests: this area has failed in compliance in 2013, and could fail again in the future.</li> </ul>	<ul style="list-style-type: none"> <li>- Policies and procedures in place e.g. security, retention and disposal.</li> <li>- Devices are encrypted.</li> <li>- Staff are briefed on Information Governance compliance and asset management.</li> <li>- Improvement plan identifies necessary procedural updates etc.</li> <li>- Good liaison with Information Commissioner's Office and increased visibility and compliance.</li> <li>- Regular reports to Directors on the importance of Information Governance compliance.</li> <li>- Staff are required to complete Information Governance training on induction and all staff were asked to complete training in 2013.</li> </ul>	4	5	20	<ul style="list-style-type: none"> <li>- Requirement for all to complete annual Information Governance awareness training should be enforced.</li> <li>- Introduce a self-service Information Governance health check for Managers to check their team's compliance and identify their own improvement actions.</li> <li>- Information Governance issues to be addressed more consistently in contracts outside IT Procurement (where this is systematic).</li> </ul>	4	3	12		Alison Greenhill	31.03.2016

## Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 31st January 2016

Risk What is the issue:  <i>what 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)			Further management actions/controls required	Target Score with further controls  (See Scoring Table)			Cost	Risk Owner	Review Date
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<b>27.Information and Customer Access Information Governance compliance - Continued</b> <span style="font-size: 2em; vertical-align: middle;">095</span>		- Leicester City Council submissions to the NHS Information Governance (IG) Toolkit provide a health check on Information Governance policies and systems. - Self service IG Healthcheck tool for managers has been drafted. Next stage is testing. NB staff turnover and high rates of change are increasing the Council's exposure to risk here				- Need for services facing high staff turnover to prioritise Data Protection and security training to maintain capability levels.  NB: in a changing context, controls need to evolve and be constantly refreshed to maintain the risk exposure at the current level and prevent it from increasing. Therefore, no reduction in risk exposure is anticipated.						

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<p><b>28. Information and Customer Access</b>  <b>Staff:</b> Capacity, capability and recruitment  <b>Capacity:</b> There are insufficient resources to meet increase in demands, such as business application outage, application failure etc., due to an already lean structure. Teams are being worked increasingly hard including weekends and out of hours.  <b>Staff Retention:</b> With a buoyant market place for the team's skills, staff may seek career progression outside the Council. Formal career progression opportunities may not be available internally.  <b>Recruitment:</b> Department requires highly skilled people but applicants may be less likely to apply for jobs at the Council as it may not be seen as the employer of first choice.</p>	<p>Unable to attract high calibre, skilled individuals.                      - Lack of adequate succession planning in some areas, leading to increased key person dependency vulnerability.                      - Vital skills and expertise are lost e.g. Lync, data warehouse.                      - Vacancies create more workload pressures and impact on the wellbeing of the remaining staff.                      - Staff more likely to elsewhere as the market picks up, especially as Job Evaluation means people are already being asked to do more for less.                      - Unable to meet service demand and service Level Agreement and to deliver core services. Reputational damage.</p>	<p>- On-going review with HR to ascertain options. Options such as graduate recruitment being investigated and implemented where appropriate.                      - Training, motivation, internal career development to retain and develop staff.                      - Market increments for key posts (</p>	4	4	16	<p>Consider up skilling/cross skilling the Team to increase scope of roles etc.                      - Work with HR to address particular concerns.                      - succession planning, shaped by skills matrix.                      - Apprenticeships and graduate schemes for regular input of new talent/skills.                      - Capture and more proactively manage service demand.                      - Implement formal out of hours procedure.                      - review technology architecture to remove any unnecessary complexity and reduce dependency on hard to source skills</p>	3	4	12		Alison Greenhill	31.03.2016





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<p><b>29. Information and Customer Access Finance and budget - impact on ability to meet Council requirements</b></p> <p>On-going pressure to reduce costs within the council which is impacting on the service capacity.</p>	<ul style="list-style-type: none"> <li>- Continued cuts lead to not enough people to deliver the service</li> <li>- Service demand may not be met</li> <li>- Targets and deadlines may be missed, e.g. delivery of new programmes and business solutions.</li> <li>- Loss of front line productivity across the Council as services are not available when needed.</li> </ul>	<ul style="list-style-type: none"> <li>- Engaging with the review of IT services to ensure there is a clear understanding of the services provided and the potential impacts of major service cuts.</li> <li>- Raise profile and demonstrate value of the team and the need for specialised resource.</li> </ul>	4	4	16	- On-going existing actions.	4	4	16		Alison Greenhill	31.03.2016

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<p><b>30. Information and Customer Access Information Security</b>                      The information and IT security environment is changing rapidly, altering the risk profile and requiring constant adjustment of controls e.g. Challenges of cloud computing, use of mobile devices for flexible working, bring your own device). It is challenging for central IT and information services to evolve infrastructure, policy, practice and guidance to keep up, and for the wider employee base to adapt their working practices to keep the organisation's information secure.                      In addition, requirements for national Code of Connection compliance also change over time, placing new security demands on the organisation.                      Failure to stay on top of security risks presents the risk of information security breaches.</p>	<p>- Information security breaches in which personal and/or sensitive Information is compromised.                      - potential for Data Protection monetary penalties, negative press coverage, reputational impact.                      - Impact on individuals (employees, service users, citizens) of their Information being compromised, including distress or damage such as identity theft and reputational impact.                      - Reduced trust in the Council, impacting on its ability to deliver key services                      - Lost productive time due to IT downtime</p>	<p>- IT security provisions - encryption, firewalls, virus protection, Secure Socket Layer connections where needed, access control.                      - Security standards, policies and procedures, maintained, proactively communicated and published for universal access.                      - Dedicated security roles undergoing professional development.                      - Assurance routes via 1. Work to obtain and maintain Public Service Network accreditation, 2. Internal audit, 3. Information Governance Toolkit.                      - Information and IT security are integral to IT procurement exercises, to ensure that software and hardware offer good security.                      - Technical Information Security Group to raise security issues, address concerns, track</p>	4	4	16	<p>- Keep controls up to date to respond to evolving threats.                      - Increase manager awareness of the negative impact of staff change etc. on security awareness and capabilities.                      - Adjust security provisions to meet the next year's Public Service Network requirements.                       NB: in a changing context, controls need to evolve to maintain the risk exposure at the current level and prevent it from increasing. Therefore, only a limited risk exposure is anticipated.</p>	4	3	12		Alison Greenhill	31.03.2016

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<b>31. Information and Customer Access</b> <b>Capacity and Service Reporting</b> Across the estate, the utilisation of application and network related hardware may not be fully understood.	- Reputational damage - Service delivery may not be met - Effect on available resources i.e. budget and staff if unplanned upgrades required - Negative effect on productivity - Affects ability to plan	- none noted currently (Tools are available but not being used)	3	5	15	- Maximise use of available tools - Develop framework/guidelines for operating procedures	2	4	8		Alison Greenhill	31.03.2016

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<p><b>32. Information and Customer Access Demand and change management</b></p> <p>There is no clear demand pipeline especially around project related activity, which means it is difficult to plan staffing, prioritise and manage workloads etc. There is no Target Operating Model, so that service level expectations/outputs and deliverables are not always clear and not delivered upon under a uniform agreement across the business. In some instances, the least relevant priority is dealt with rather than the most significant. This is exacerbated as there is currently no consistent way to capture and manage Business Application support and demand. ICT cannot provide the additional flexibility, complexity and time/resources required by rising customer expectations.</p>	<ul style="list-style-type: none"> <li>- Improvements are not made to processes and procedures.</li> <li>- Inefficient and/or ineffective operations are in place.</li> <li>- Internal reputation impacts.</li> <li>- Demand may not be met.</li> <li>- Service delivery affected.</li> <li>- Incidents are not appropriately identified and rectified.</li> <li>- Increased reliance on IT staff rather than departmental self-sufficiency.</li> <li>- Increased demand on ICT resources.</li> <li>- Supplier response times and deadlines to rectify fixes/changes are lengthy and not always a priority.</li> </ul>	<ul style="list-style-type: none"> <li>- Tactical improvement actions and plans have been identified and are in the process of being implemented.</li> <li>- Gateway process in place</li> <li>- Organisational restructure has been suggested and is being considered.</li> <li>- Business Continuity Management arrangements under review.</li> </ul>	3	5	15	<ul style="list-style-type: none"> <li>- Implement holistic Disaster Recovery Plan.</li> <li>- Confirm roles and responsibilities.</li> <li>- Ask services to involve the customer services team in the planning/phasing/releasing of information etc.</li> <li>- Intended focus on more long term and forward planning.</li> <li>- Consider establishing a demand team (as part of the Methods review)</li> </ul>	3	5	15		Alison Greenhill	31.03.2016

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<b>32. Information and Customer Access Demand and change management - Continued</b>  167	<ul style="list-style-type: none"> <li>- Contract arrangements do not include performance targets, turnaround times SLA information etc., the Council is unable to hold them to account.</li> <li>- Data could be lost/unable to be restored</li> <li>- Delays in projects, tasks and assignments.</li> <li>- Adverse effect on budget.</li> </ul>					<ul style="list-style-type: none"> <li>- Unlikely to be able to influence this risk in the near future as fundamental organisational change is required, so management actions are to maintain status quo and prevent the risk worsening.</li> </ul>						

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<p><b>33. Information and Customer Access</b>  <b>Impact on record keeping from use of shared drives and email</b>                      Information on line of business systems including the Council's EDRMS can be more robustly managed than that on email and shared drives.                      Email has become the predominant means of business communication BUT this means that records of Council activities and decisions are stored in Outlook rather than systems where they can be sufficiently protected, findable and available as Council records.                      Shared drive management is also problematic . Many teams do not have a mature shared drive structure in place, and structures are sprawling. Some officers do not have access to shared spaces, only to individual Home drives.</p>	<p>-Excessive IT overhead from backing up and keeping available huge volumes of data, a proportion of which is redundant.                      - Business impact of not seeing the wood for the trees, where documents and files are accumulated to excess without consistent filing practices, naming conventions and disposal routines, and where defunct materials are still cluttering up drives.                      - Potential inability to access corporate records in personal storage locations without the presence of specific members of staff.                      - Potential loss of corporate records when employees leave the organisation and have used personal not corporate filing.</p>	<p>- Policies in place (e.g. Information Management Policy, Records Retention Schedule).                      - ICT induction briefly addresses email management and filing systems. Being reviewed now so there are stronger messages about managing content.                      - Information Management Team advising teams on an ad hoc basis re good records practice.                      - Guidance written on a shared drive refresh process - being tested with Children's Centres. Will enable a scaling up of assistance to services.                      - Draft guidance in place for driving down email volumes. In testing.</p>	3	5	15	<p>- Enterprise Content Management project to enable teams to review their saved content, to organise it and to cut it back to the necessary.                      - Relaunch of Information and Records Management policies.                      - Rollout of information management training for managers.                      - Improved induction training for information management.                      - Integration of IM skills into wider courses where appropriate.                      - Create a self service information and records healthcheck helping services to prioritise addressing weak areas (Jan-Mar 2015).</p>	3	4	12		Alison Greenhill	31.03.2016

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<b>33. Information and Customer Access</b> <b>Impact on record keeping from use of shared drives and email - Continued</b> Even where well designed filing structures are in place, electronic disposal of records at the end of their lifetime is usually not taking place, leading to accumulation of materials.	- The accumulation of past materials impedes effective working on current issues. - Potential for the Council to be unable to locate the evidence it may need for its decisions and actions. - Increased overhead of responding to Freedom of Information requests.				- The success of the above controls is conditional on effective communications and strong buy-in cascaded across the organisation from senior management down. - Progress is also currently impeded by limited staff resources in Information Management. Restructure underway to increase skilled capacity							

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<p><b>34. Legal</b> - Key areas of risk are: flexible working practices which expose data to new risks, inappropriate disclosure of personal data, insecure and excessive information sharing externally and internally, lack of universal participation in Information Governance training, lack of awareness of the compliance and enabling role of Information Governance and failure to comply with the Regulation of Investigatory Powers Act 2000. (Also see corresponding risks around Data Protection and Freedom of Information compliance.)</p>	<ul style="list-style-type: none"> <li>- Data may be lost or shared inappropriately.</li> <li>- Potential legal challenge.</li> <li>- Breaches in regulation/legislation, which may incur fines, reputational damage and negative media coverage.</li> <li>- Local breaches are not reported to the Information Governance Team until a compliant arises. There may be a number of unreported information governance breaches which are unreported and being managed at a local level.</li> <li>- Subject Access Requests: this area has failed in compliance in 2013, and could fail again in the future.</li> </ul>	<ul style="list-style-type: none"> <li>- Policies and procedures in place e.g. security, retention and disposal.</li> <li>- Devices are encrypted.</li> <li>- Staff briefed on Information Governance (IG) compliance and asset mgmnt.</li> <li>- Improvement plan identifies necessary procedural updates etc.</li> <li>- Good liaison with Information Commissioners Office (ICO) and increased visibility and compliance.</li> <li>- Regular reports to Directors on the importance of IG compliance.</li> <li>- Staff are required to complete IG training on induction and all staff were asked to complete training in 2013.</li> <li>- Leicester City Council submissions to the NHS Information Governance Toolkit provide a health check on IG policies and systems.</li> </ul>	4	5	20	<ul style="list-style-type: none"> <li>- Requirement for all to complete annual IG awareness training should be enforced.</li> <li>- Introduce a self-service IG health check for Managers to check their team's compliance and identify their own improvement actions.</li> <li>- IG issues to be addressed more consistently in contracts outside IT Procurement (where this is systematic).</li> <li>- Need for services facing high staff turnover to prioritise Data Protection and security training to maintain capability levels.</li> <li>NB: in a changing context, controls need to evolve and be constantly refreshed to maintain the risk exposure at the current level and prevent it from increasing.</li> </ul>	4	3	12		Kamal Adatia	31.03.2016 Ongoing



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34. Legal - Continued  171		- Self service Information Governance Healthcheck tool for managers has been drafted. Next stage is testing. NB staff turnover and high rates of change are increasing the Council's				Therefore, no reduction in risk exposure is anticipated.						
<b>STRATEGIC AREA - Education and Children's Services</b>												
35. Children's and Young People Improvement - Changing for the better LCCIB Improvement Plan - Budget Pressures on the divisional budget	Services to vulnerable children, young people and families would be reduced and affect safeguarding of children, and potentially have an adverse impact on delivering the Leicester City Council Improvement Plan	Deliver savings as part of the reviews taking place across LCC, including Education & Children's with clear explanations of the potential risks and impact. Deliver savings to meet the budget pressure within the CYPF Division	5	4	20	Identify further projects to ensure delivery of savings, assess impact and agree any further mitigating factors	4	4	16		Claire Pyper	31.03.2017

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172 Requirements to reduce public sector funding affect the Council's ability to fund key areas of improvement work	Workforce continues to be in flux and subject to high turnover, which impairs consistent service and increases risks for vulnerable children and young people. Insufficient funding in local authority and partner services to deliver improvement work and maintain level of Early Help and statutory services.	Priorities for short and long term funding of improvement work are being considered by senior managers and elected members. Proposed savings in Early Help services are currently being developed in consideration of Leicester City Council 20156/18 budget. Impact on services to Children young people and families is being assessed as part of savings proposals. Pressures on the Out of Authority placement and increase in Looked After Children (LAC) numbers beyond allocated budget. Funding of two PA's for over 16's and retention payments for social workers and team managers in front line teams already agreed. Advanced Practitioners appointed	5	4	20	Further consideration of other identified improvement areas to be discussed. Further areas of the Resource Plan under consideration Quality Assessment post to be advertised in September	4	4	16		Claire Pyper	31.03.2017

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<p>173</p> <p>Increase in number of children looked after results in overspend, compensatory savings have to be made in other services</p>	<p>Reduced Early Help Services, resulting in less early intervention and higher numbers of children and families escalating to higher levels of need, putting additional strain on Children's Social Care budget.</p>	<p>Targeted work to safely and appropriately reduce the numbers of children in care and monitor the numbers of children requiring high cost externally commissioned placements. Further work to be carried out to consider future commissioning arrangements for young people who are victims of CSE.</p>	5	4	20	<p>Examination of existing controls, including social work practice, decision making, work to address young people on the 'edge of care', placement commissioning and exits from care.</p>	4	4	16		Claire Pyper	31.03.2017
<p>Cost of agency social workers, including staffing over capacity, and interim staff working on improvements results in overspend, compensatory savings have to be made in other services</p>	<p>Increase in overspend, due to the higher costs of agency workers; and additional staff to carry out improvement work, reduce caseloads and ensure capacity to carry out key jobs is in place</p>	<p>Workforce Strategy sets out plans to attract permanent staff to Leicester and retain incoming and existing staff. Strategy includes progression and workforce development. Regular monitoring of staff appointments to agency</p>	5	4	20	<p>Continued work on recruitment, retention and induction. Focus on recruitment of permanent Team Managers.</p>	4	4	16		Claire Pyper	31.03.2017

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Permanent staff absence (sick leave, maternity leave, disciplinary action) results in higher costs because of the need to pay agency worker	Regular monitoring of staff performance, and absence.	Continuing to take a robust approach to managing staff absence and reduce the amount of time that is lost due to sickness.	4	4	16	Children in Need (CIN) Attendance management-briefings for all CIN managers at induction and dedicated HR support put in place to support management of absence management	4	4	16		Claire Pyper	31.06.2016
Staff leave, resulting in the need to fill posts with agency workers	Additional expenditure on agency staff. Loss of experience and continuity.	Workforce Strategy developed and being implemented. Use of agency staff to fill vacant positions while permanent recruitment takes place. National and regional problem of availability of experienced social workers and Team Managers is impacting on LCC.	4	4	16	Ensure progression in place for experienced workers following appointment of new Team Managers. Individual discussions with staff wanting to progress, or dissuade them from leaving.	4	4	16		Claire Pyper	31.03.2016 ongoing

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<b>36. Children's and Young People</b> - Safeguarding Publication of Serious Case Reviews for cases that occurred in 2013/14 175	Impact on staff morale, engagement with vulnerable families, partner confidence and public reputation	Serious Case Reviews not yet published, first set due for approval December 2015; second set in January/February 2015. LSCB partner agreement and media engagement about the messages to be released. Themes and actions arising from pre-publication messages already included in Improvement Plan, or being communicated separately to staff	4	5	20	Work through LSCB groups to disseminate messages from the Serious Case Reviews.	5	4	20		Claire Pyper	31.03.2016
Abuse or injury to children in a range of care placements	Children would be unsafe and have experienced significant harm while in the Council's care.	Ensure maintenance of robust safer recruitment processes and Local Authority Designated Officer arrangements.	5	4	20	No further controls identified. Compile and monitor critical Young people identified as being at risk of CSE	5	4	20		Claire Pyper	30.09.2016 ongoing

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176 Staff fail to recognise and act to safeguard and mitigate the risks of significant harm to children	No interventions where action needs to be taken, interventions that do not make enough difference to children's lives, an increased risk of significant harm, and/or an avoidable child death.	Agreed improvement plan in place, being implemented and monitored, including all Ofsted recs • Additional short term CIN Team in place to increase capacity • Early Help Offer re-launched with training for staff/ partners • Thresholds documents re-launch • Weekly CIN Performance meetings to look at key performance areas and spot checks on identified areas • Team Manager training to reinforce management oversight • Distribution of agreed Service Standards across the Children's Workforce • External audit of Ofsted cases • Workforce Development Programme with aim of attracting workers to Leicester City, retention	3	5	15	Further Implementation of the Leicester City Children's improvement plan including: • Quality Assurance work by external auditors used to drive up practice and management standards, and enable managers to carry out realistic, robust audits • Principal Social Worker to be appointed to improve practice standards • Outcomes of, and learning from, Serious Case Reviews to be communicated to staff, including recommendations on practice and management work with partner organisations to ensure application of the LLR thresholds, reduce inappropriate contacts and referrals and ensure sufficient detail is given to enable robust decision making. * Appointment of 9	3	4	12		Claire Pyper	31.09.2016 and ongoing

## Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 31st January 2016

Risk What is the issue:  <i>what 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)			Further management actions/controls required	Target Score with further controls  (See Scoring Table)			Cost	Risk Owner	Review Date
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Practitioners and managers do not work to required standards  177	Poor quality, inconsistent service to children, young people and their families, and increased risk of significant harm	Weekly performance meetings in CIN • Quality Assurance work by external auditors in conjunction with social workers and team managers, with immediate corrective action for cases identified. • Reports produced on 'Practice Analysis with results of the Quality Assurance work. • Workshops for all social workers and team managers on the outcome of the Practice Analysis in June 2015 • Workforce Development Programme in place * Briefings and rollout implementation of the Service Standards, Supervision Policy and Guidance and the Performance and Quality Assurance Framework * External auditors feedback	3	5	15	• Implementation of the improvement plan including: • Use established frontline (practitioner) Group as 'Champions' • Practice and performance quarterly workshops for all staff • Continued implementation of the Workforce Improvement Plan including recruitment, retention and induction of agency and permanent staff and action to reduce imbalance of agency Team Managers to permanent Team Managers * Equipping social workers with appropriate mobile technology * Business Analysis of the critical area (CIN teams)	3	4	12		Claire Pyper	30.09.2016

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178	Abuse or injury to children and young people in the City.	Children would be unsafe living with their parents. Where known to Children's Social Care or Early Help, services would not have protected them. Where a child suffered significant harm or death, there could be a Serious Case Review, with outcomes published nationally.	Implementation of Improvement Plans at Operational and Strategic Level. Recruitment of staff. Staff training. Supervision and management oversight.	3	5	15		3	4	12		Claire Pyper	30.09.2016



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Child Sexual Exploitation: Non-recent cases of CSE where police investigation and/or victims statements demonstrate local authority involvement or culpability in failing to protect victims. Current work on CSE where local authority/partnership working have failed to protect young people from perpetrators	For non-recent and current Reputational risk in a high profile area Allegations against staff or former staff Media coverage Claims against the Council	For non recent cases. Local authority engagement with police in non-recent investigations. For current work. CSE Strategy and Action Plan in place across Leicester, Leicestershire and Rutland Leicester Safeguarding Children Board (LSCB). Training for local authority and partner agency staff provided through the LSCB and single agency training. Communications Planning. Liquid Logic workspace in place from July 2015. Problem profile (perpetrator information) being put into place by the police. Performance Framework being established. LCC considering budget allocation to establish a CSE team in conjunction with Leicestershire.	3	5	15	CSE Team to be established. Audit work being carried out on young people who are 'missing' or subject of CSE, to be completed by October 2015 and actions considered. Plans for a multi-agency team across Leicester, Leicestershire and Rutland to work on CSE Work to ensure more robust approach	3	5	15		Claire Pyper	30.09.2016

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Increased demand for service following the publication of the Ofsted report; or due to increasing population of the City	Higher numbers of contacts and referrals diverts core role of social workers to increase time pressures to potentially affect quality of work with children at higher risks of neglect and/or	Regular checks on demands for Early Help and Children's Social Care through performance information	3	5	15	Continue to monitor, raise with partners through LSCB Examine through Children's Trust and consider multi-agency solutions Encouraging schools to buy in Family Support work	3	5	15		Claire Pyper	30.09.2016 ongoing

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<p><b>37. Children's and Young People - Workforce -</b>                      Staff fail to recognise and act to safeguard and mitigate the risks of significant harm to children -                      Insufficient high quality workforce at practitioner and manager levels including:                      • Turnover/retention of agency staff                      • Poor quality agency staff                      • Current Permanent staff leaving                      • Difficulty in recruiting permanent staff to Service Manager, Team Manager and Social Worker posts due to pressure to perform to required standards                      • Practical problems that affect day to day work                      • Leicester not able to attract staff while 'inadequate'</p>	De-stabilisation of workforce and a ripple effect from CIN Teams to other teams in social care. New agency staff struggle to pick up cases that have been through several interim social workers causes stress to new staff	Retention package has been approved • Additional CIN team in place to reduce pressure points across the 9 CIN teams • Workforce Improvement Plan in place • Implementation of recruitment and retention aspects of the Workforce Strategy and Improvement Plan • Health check by Liquid Logic Original Suppliers • Contact with Other LAs successfully using Liquid Logic *Workforce Project Officer working in collaboration with the service to recruit agency and permanent staff *Non-compliant or poor quality agency staff asked to leave *Capability/disciplinary action in relation to permanent staff *Exit interviews with	5	4	20	Continued work to implement Service Standards, address key areas of staff performance through management action, follow up findings from Performance and Quality Assurance reports	4	4	16		Claire Pyper	31.03.2017

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Insufficient high quality workforce in support services resulting in key support functions not being carried out including Business Support, Liquid Logic report writing, Liquid Logic training and floor walking	Key tasks underpinning Improvement Plan not carried out, or delayed due to lack of staff	Continued recruitment of key staff including consideration of secondments * Business Analysis of the critical area (CIN teams) *Roll out of mobile technology to staff	5	4	20	Recruitment of an additional trainer for Liquid Logic, and further work to recruit report writers. Consideration of Business Support functions in business analysis work	4	4	16		Claire Pyper	30.06.2016

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<p><b>38. Children's and Young People - Liquid Logic -</b> Liquid Logic's children's recording system does not work effectively to ensure business processes, support good practice or evidencing children are appropriately safeguarded</p>	<p>Practitioner/manager training does not enhance system use Resistance among some staff hampers the use of the system Due to increased demand for social care requirements from the BAS team (ICT for Liquid Logic), the early help reporting roll out in September is at risk. Change is not embedded and the system is unable to discover where things are going wrong &amp; progress is not being maintained * Turnover of staff prevents effective use of the system * Shortage of training not enabling effective use of system * ICT support for use of system is hampered by insufficient report writers and trainers * Inconsistent use of system leads to errors in recording</p>	<p>• Health check by Liquid Logic in August 2015 with recommendations communicated in September 2015 * Consequence of Healthcheck remedies will be delayed implementation of LL Version 11 to February 2016 * POD group meets monthly and focusses on LL issues raised by front line staff and managers * Aide memoires issued to staff to assist with use * Training and helpline in place * Priority list in place for LL reports • Contact with Other LAs successfully using Liquid Logic * New staff undergo induction programme including Liquid Logic training. * Floorwalker support ended</p>	5	4	20	<p>• Actions taken with provider: - Prioritisation and implementation identified through the Health check and for V11 High level project plan to be developed. Recruitment of Liquid Logic report builders and training of others in Performance team to undertake query and report building in Liquid Logic • Task and finish group for Care Plans • Communication Strategy and plan is being developed and used Health check and Implementation of V11 need to be linked to drive efficient use of the system. Single route for agreement of all future work. Trainers under single management. Role of champions to be reviewed.</p>	4	4	16		Claire Pyper	31.03.2016

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Early Help module system implementation is delayed with governance arrangements not in place, training not available, partners not participating.	Lack of confidence in Early Help Assessment (EHA). Partners not engaging in Liquid Logic training or using the system. Partners not signing Information Sharing Agreement therefore information cannot be shared or partners do not take on the LP role.	Project board meets fortnightly reviewing risks and progress, Risk Assessment in place, data protection guidance drafted, options being explored to include EHA as part of the ISA for LSCB partners.	5	4	20	Allocation of trainers and BAS report writers to the Early Help system through deployment of existing resources and temporary recruitment of additional staff. Discussion at the LCCIB and the Early Help Group of the Children's Trust Board about how to increase the allocation of Lead Practitioners in partner agencies due to take place October 2015.	4	4	16		Claire Pyper	31.03.2016

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<b>39. Children's and Young People - Inspections -</b> Impact of poor outcomes from Ofsted Inspections. <span style="font-size: 2em; font-weight: bold; position: absolute; left: -40px; top: 50px;">185</span>	Poor quality, inconsistent service to children, young people and families. Additional expenditure for improvement work. External scrutiny from Ofsted and DfE. Potential difficulty in attracting staff. Reputational damage to the Council.	Ofsted inspection of Children's Social Care under the Single Inspection Framework took place in January/February 2015, report published March 2015, judgement of 'inadequate'. Inspections and monitoring visits of Children's Residential Homes are carried out regularly and tracked through the 'Residential Improvement Plan'. Preparation work in place for	4	5	20	Performance and Quality Framework in place. Regular monitoring of performance and quality of service. Meet key targets set by the Improvement board	4	2	8		Claire Pyper	31.03.2016 ongoing

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<p><b>40. Children's and Young People - Early Help -</b> Failure of services and processes to identify and meet the needs of vulnerable young people. Extent and gearing of department budget cuts for 2012-15 compromises operations and generates a higher safeguarding failure.</p>	<ul style="list-style-type: none"> <li>• The number of children and young people vulnerable to poor outcomes increases resulting in reduced life chances, subsequent high reliance on specialist high cost services and potentially death.</li> <li>• Poorer outcomes overall, children's plans priorities compromised, loss of education, reliance on higher cost services, death etc. Reduced management and admin cover will reduce the capacity of existing staff to complete the data analysis required to identify and track families/children at risk of poor outcomes.</li> <li>* Partners are not engaged with Early Help or contribute to the offer</li> </ul>	<ul style="list-style-type: none"> <li>- Early Help and Prevention protocol in place underpinned by the Early Help and Prevention Strategy.</li> <li>- Launch of the Early Help Assessment, resources and website (Mar 15)</li> <li>- Training programme and comms plan in place</li> <li>- Initial stakeholder analysis completed (Jan 15), more detailed one underway (May 15)</li> <li>- Partnership Performance Framework drafted and Early Help reports for Safeguarding Effectiveness Group that evidence impact and progress</li> <li>- Childrens Centre &amp; Family Support Business Care Project group meets fortnightly to ensure the implementation of recommendations are on track</li> <li>- Health Check underway with</li> </ul>	5	4	20	Embedding the Early Help Assessment with all service providers including schools. Deployment of newly redesigned Family Support role.  Complete identified work post implementation of the review . Task and Finish group to be set up to oversee the implementation of the recommendation of the Business case	4	4	16		Claire Pyper	31.09.2017 and ongoing



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<b>41. Children's and Young People - Placements for children and young people who are looked after -</b> Inability to recruit and retain foster carers	Insufficient internal foster care placements leading to greater use of Independent Fostering Agencies and greater cost to the Council.	Targeting resources to focus on mainstream foster carers. Foster carer allowances report to be considered by DMT to review payment. Foster carer scheme for teenagers to be considered as part of an 'invest to save' bid.	4	4	16	Consideration of raising foster care allowances to national requirement. Consideration of teenage fostering scheme.	3	4	12		Claire Pyper	30.06.2016
Inability to find sufficient suitable residential placements for children and young people with complex needs	Insufficient/unsuitable residential care that does not meet children and young people's needs and leads to higher costs for the council and poor outcomes for children and young people. Council's statutory responsibilities as a Corporate Parent are not fulfilled	Management decision making. Placement Commissioning service.	4	4	16	Proposals for invest to save for young people 'on the edge of care'. Increased use of Wigston Lane for young people moving into independence.	3	4	12		Claire Pyper	30.06.2016

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<b>42. Learning Quality and Performance</b> Leicester City Council reputation / relationships with schools are hindered by the delay in resolving snags and defects items with schools.	Low school engagement in sharing and / or celebrating impact of Building Schools For Future (BSF). Complaints from schools are likely to increase. High project staff turn over impact on schools confidence in LCC resolving snags and defects.	BSF School's in phase 3 to 6 identified as high risks are indicated on internal CPMO report with mitigating actions.	5	5	25	Resource management between property and education to be agreed. Children's Capital Governance to be reviewed to ensure resolution to snags and defects is reported and managed through the system. Clarity to schools provided on escalation route for snags and defects concerns.	5	5	25	staff time	Ian Bailey	31.03.2016 and ongoing
<b>43. Learning Quality and Performance</b> - Leicester could be subject to a targeted Ofsted inspection with multiple inspections across schools followed by Local Authority (LA) inspection.	LA can provide evidence to support positive outcome but resource demands would be significant. Major issue about credibility of service which could increase the number of schools changing to academy status	School improvement reserve budget	4	4	16	Positive response to recommendations identified in peer review completion of a detailed Self Evaluation Form (SEF) leading to a revised school improvement Framework Close work between LA Officers, Department of Education & Ofsted representation to manage RI/SM schools Action plans in place for new teams in the raising achievement service linked to SEF	3	4	12		Ian Bailey	31.03.2016

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<b>44. Learning Quality and Performance (LQP) - Children's Capital Investment</b> Delayed capital projects disrupts educational improvements in schools	The schools overall time and capacity to focus on educational improvements is reduced and/or comprised building issues and disruption.	LQP services to be targeted where necessary to provide additional educational support and guidance in build delay works. Resolution to relationship and reputational management with BSF schools yet to be finalised.	4	4	16	CPMO reporting to be re-established between property and children's to provide regular update to resolve issues.	3	2	6	Staff time	Ian Bailey	31.03.2016 and ongoing
<b>45. Learning Quality and Performance</b> School closure required due to significant health and safety snags and defects works incomplete in capital projects. i.e. heating, ventilation, water and fire system failures	Statutory education days in schools for Children and Young People not met	Building Review Groups (BRG) have now ended with BSF schools - further clarity on contract management to be discussed with property.	4	4	16	Resource management plan of snags and defect resolution to be supported in BSF post handover.	4	4	16	Staff time	Ian Bailey	31.03.2016 and ongoing
<b>46. Learning Quality and Performance -</b> Loss of contractual BSF knowledge and Intelligence through high staff turnover in project teams leading to poor decisions and non contractual compliance	Resolution to issues delayed. Reactive handover with no record of change, agreement or clarity for schools. BSF staff now in redundancy process and to be brought to an end by March 16.	School have been asked to request BRG reports from BSF project team so that they can take ownership in prioritising issues / actions against education needs. Awaiting final list of issues and snags from property.	4	4	16	Resource management plan of how schools will be supported in BSF post handover to be developed between property and education.	4	5	20	staff time	Ian Bailey	31.03.2016 and ongoing

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<b>47. Learning Quality and Performance</b> - Schools in Ofsted categories or below floor standard converted to academies by order of the secretary of state.	Schools no longer Local Authorities (LA) schools; impact on overall schools budget and reputation of authority. Difficult to maintain an overview of Children /young people that the LA continue to be responsible for.	School improvement strategy and LA support plans. School2School partnership are in place. Performance dialogue meeting between School Improvement Advisor and school leadership teams for every school in the City. Support and challenge is provided in inverse proportion to need.	3	5	15	Targeted support packages in place for schools in scope for conversion. Half termly progress checks through team around the school meetings Whole school reviews for those schools that are Requires Improvement or in Special Measures - Regular reports submitted to Divisional Management Team re current position	3	4	12		Ian Bailey	31.03.2016
<b>48. Strategic Commissioning and Business Development</b> - Safeguarding/ teaching and learning workforce programmes are ineffective and Local Authority has insufficiently trained staff to deliver and manage the range.	Stress management failings, lacks capacity and competency. Potential adverse impact on inspection outcomes.	Work Life Balance policies, and supporting wellbeing website <a href="http://www.childrensworkforce/supportingwellbeing">www.childrensworkforce/supportingwellbeing</a> Learning Training & Development Plan refreshed – new Department priority and focus on qualification and safeguarding training.	4	4	16	Management to implement health and safety and wellbeing policies and seek advice and support to mitigate risk of undue stress in the workforce New corporate team to actively engage in implementing workforce strategy and limited strategy and plans.	4	3	12		Frances Craven	31.03.2016
<b>STRATEGIC AREA - Public Health</b>												

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<b>49. Public Health-</b> Potentially having to deliver a £1.7 million in year saving  <b>191</b>	Non/ reduced delivery of services Cutting contracted services mid year Potential financial, legal and reputational risk to the Council	Review of current cost pressure areas has been undertaken and areas for possible cost savings is underway Assessment of proposals to work within the potentially available budget	4	5	20	Review budgets and Public Health contracts to identify possible savings Review directorate priorities and potentially allocate funding from lower priority areas.	5	3	15		Ruth Tennant	31.03.2016

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<b>50. Public Health-Claiming Process for GP Providers-</b> The clinical systems used by GP providers to claim payment for public health commissioned services are insufficiently robust to ensure payment accuracy	Service quality could be compromised due to unreliable clinical coding Performance management could be compromised by inaccurate count data Provider loss of confidence in the payment system where there is a disparity between claims and payment Potential financial, legal and reputational risk to the Council	Alternative spread sheet based payment claim system has been introduced Working with contracts team and CCG to provide a verification system for claims External audit of clinical services delivered by GP practices underway for the NHS Health Check Programme	4	5	20	Continue with the audit of specific cases and involve NHS and city council audit and risk staff as necessary; Ensure all steps and actions are documented; Issue of letter to particular 'problem' practices and inform practices in general warning of claiming accuracy and the city councils stance on this Bring forward plan for routine programme of audits; DMT to ensure that there are adequate resources for audit longer term; Regular reports to DMT and DPH. Continue to work with LCCCG and LCC contracts team to support the implementation of robust claiming mechanisms	4	4	16		Ruth Tennant	31.03.2016

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<p><b>51. Public Health - Data Access and Sharing -</b></p> <p>1. Unresolved issues in national guidance on this matter.</p> <p>2. Pseudonymised Hospital Episode Statistics data for 10 years has not yet been released to us.</p> <p>3. No current access to birth and deaths (temporarily withdrawn) and risk will be there depending on how long Office of National Statistics takes to approve permissions.</p> <p>4. Regarding data from General Practitioners (Systemone) the requirements for a data agreement with all data owners. This process is complicated and detailed.</p>	<p>If unresolved only able to offer a limited services in terms of core offer and other analyses required</p>	<p>Audit Information Governance within Division to support move to Information Governance Toolkit Level 3</p> <p>Division of Public Health is at Information Governance Toolkit Level 2.</p> <p>Application made to Health and Social Care Information Centre for Hospital Episode Statistics data to be provided to us and stored within Arden and Greater East Midlands CSU (company within Leicester City CCG).</p> <p>IT call logged in August 2015 to resolve technical issues of N3 access to GEM/GEMIMA (software programme used via GEM)</p> <p>Data agreement has been signed to make data available via the Risk Stratification project.</p>	4	4	16	<p>More timely data being released nationally on line (aggregated - does not support analysis at lower level).</p> <p>Maintain Information Governance Toolkit Level 2 and work to Level 3.</p> <p>Awaiting national decisions either within the Department of Health, NHS England, Health and Social Care Information Commissioner and/or the Information Governance Officer (secondary care data).</p> <p>Follow up with IT Specification of data requirements to be drawn up by Public Health and developed by CCG Information agreements being drawn up for specific projects (for primary care data) Continue to chase</p>	4	3	12		Ruth Tennant	31.05.2016

## Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 31st January 2016

Risk What is the issue:  <i>what 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)			Further management actions/controls required	Target Score with further controls  (See Scoring Table)			Cost	Risk Owner	Review Date
			Impact	Likelihood	Risk		Impact	Likelihood	Risk			
<b>52. Public Health- Capability and Capacity-</b> Cost pressures from the reductions in the public health budget leading to an inability to maintain business continuity e.g.. staff	insufficient capacity to deliver on current and future plans - inability to to recruit the required specialist staff - less effective commissioning of specialist programmes which could lead to increased health inequalities - incurring additional cost pressures through a need for agency and temporary staff to provide cover for key work areas - lack of the requisite expertise/knowledge in key areas could result in sub-standard services and the unintended consequences that can result from this e.g. poorer health outcomes or an increased risk of legal challenge.	Close monitoring and review of current PH budget Job description written in a relevant way to attract target applicants Planning for the announced future reductions in the PH budget Adherence to Local Government Association/Public Health England Guidance relating to recruitment of staff. Pay scales broadly similar to NHS/ market forces Engaged with HR colleagues to understand and put in place steps to shape our recruitment offering to entice high calibre, relevant etc. candidates in future recruitment and enable successful succession planning Job evaluation complete An interim a market supplement will be applied for to ensure posts can be advertised closer to former	4	4	16	Divisional and staffing review Seek grading scheme beyond market supplements.	4	3	12		Ruth Tennant	31.05.2016



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Risk What is the issue:  <i>what 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)			Further management actions/controls required	Target Score with further controls  (See Scoring Table)			Cost	Risk Owner	Review Date
			Impact	Likelihood	Risk		Impact	Likelihood	Risk			
<b>53. Public Health - Integrated Sexual Health Service</b> There is a continuing risk that the increasing volume will exceed the budget allocation	Could cause financial pressures to PH budget Quality of service could be compromised Potential financial, legal and reputational risk to the Council	Leicester City and Leicestershire and Rutland County Councils have a joint partnership management group who are work closely with the provider. Public Health to analyse reasons for increases and work with CCG to ensure correct treatment and provision in primary care to reduce referral Chlamydia screening programme to be greatly reduced in volume , processes and procedures to be followed may cause issues in primary care	4	4	16	Continued meetings with other commissioners, legal advice sought, action plan to be developed Data awaited from provider	3	3	9		Ruth Tennant	31.03.2016

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Risk Register Owner: Andy Keeling, COO

Risks as at: 31st January 2016

Risk What is the issue:  <i>what 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)			Further management actions/controls required	Target Score with further controls  (See Scoring Table)			Cost	Risk Owner	Review Date
			Impact	Likelihood	Risk		Impact	Likelihood	Risk			
<p><b>54. Public Health- Clinical Governance</b> - There is currently a lack of clinical governance at a corporate level within the Local Authority.                      The Director of Public Health (DPH) has an assurance role, however, the depth and levels of assurance allowing them to discharge their duties is currently unclear. In addition, to perform a robust assurance programme over all of the DPHs accountabilities would require significant investment/resource.</p>	<p>Potential risks to patients and the public.                      Possible failure of external reviews/appraisals.                      Increase in costs.                      Uncertainties about existing arrangements.</p>	<p>Clinical Governance Group (Public Health, Social Care Contracts and Assurance, Audit and Assurance) continuously reviews existing Clinical Governance (CG) arrangements, emerging issues/incidents and provider quality reports , and develops robust approach to CG.                      -Internal Patient Group Direction (PGD) policy in place and used for all new/review PGDs                      Current public health contract inventory has been risk-prioritised for potential CG issues.                      There are existing arrangements with stakeholders/providers; such as CCG LPT etc. who are required to deliver clinical governance assurance.                      Public health contracts are monitored through existing contracts and quality</p>	5	3	15	<p>- On-going stakeholder engagement and development of existing and future relationships.                      - LCC paper presented to the Quality Surveillance Group (QSG) on 6/11/2016                      -Bi-monthly exception reports to the QSG on any CG risks and issues                      - first null return submitted 15/1/2016                      - Serious incident (SI) protocol will be implemented in the next quarter to ensure timely and consistent reporting on all LCC-commissioned services                      - Monitoring of other levels of significant incidents will be developed through contract management and Quality Assessment Framework (QAF)                      - QAF to be implemented in the next quarter to ensure robust and consistent clinical governance of all</p>	4	3	12		Ruth Tennant	31.03.2016

## Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 31st January 2016

Risk What is the issue:  <i>what 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)			Further management actions/controls required	Target Score with further controls  (See Scoring Table)			Cost	Risk Owner	Review Date
			Impact	Likelihood	Risk		Impact	Likelihood	Risk			
<b>55. Public Health - Healthy Child Programming Commissioning -</b> The failure to commission adequate capacity from the Healthy Child Programme may escalate safeguarding issues.	Possible reputational risk through the LA being forced to reduce service levels to meet budget cuts	Healthy Child Programme Assurance and Development Group established. Healthy Child Programme Review undertaken Healthy Child Programme Procurement Group established Extended review with Early Help commenced. Extended discussions with CCG and schools on-going Estate costs are currently being reviewed Adequate workforce numbers being calculated.	4	4	16	Appropriate budget and core-offer to be determined Safeguarding assurances from provider and CCG needs to be agreed Co-commissioning on certain aspects with CCG to be explored Joint working/integration with Early Help to be agreed	4	3	12		Ruth Tennant	31.03.2016

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Risk Register Owner: Andy Keeling, COO

Risks as at: 31st January 2016

Risk What is the issue:  <i>what 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)			Further management actions/controls required	Target Score with further controls  (See Scoring Table)			Cost	Risk Owner	Review Date
			Impact	Likelihood	Risk		Impact	Likelihood	Risk			
<b>56. Transport</b> - Provision of corporate fleet/transport services - Failure to meet safety requirements. <span style="font-size: 2em; position: absolute; left: -40px; top: 50px;">198</span>	1) Death or serious injury. 2) Unlimited fines under corporate manslaughter legislation. 3) Suspension/loss of Goods Vehicle Operator's Licence resulting in severe disruption to several service areas, reputational damage and cost of tribunal. 4) Prosecution/fines under road transport/traffic and/or H & S legislation	1) Employment of an appropriately resourced professional fleet management team. 2) Fleet maintenance procedures/schedules in place and monitored. 3) Appropriate compliance monitoring procedures in place and monitored ink regular contract meetings and FTA inspections. 4) Fleet replacement policy/programme in place 5) Fleet Forum meetings	5	3	15	1) Introduction of a drivers handbook 2) Introduction of the use of tachographs for certain categories of vehicles 3) Introduction of trackers on all fleet vehicles	5	2	12		Jan Dudgeon	31.03.2016 Ongoing

## Appendix 3 – Risk Assessment Scoring Guide and Matrix 2016

	IMPACT	SCORE	BENCHMARK EFFECTS
CRITERIA     199	CRITICAL/ CATASTROPHIC	5	<ul style="list-style-type: none"> <li>• Multiple deaths of employees or those in the Council's care</li> <li>• Inability to function effectively, Council-wide</li> <li>• Will lead to resignation of Chief Executive and/or Leader of the Council</li> <li>• Corporate Manslaughter charges</li> <li>• Service delivery has to be taken over by Central Government</li> <li>• Front page news story in National Press (e.g. Baby P)</li> <li>• Financial loss over £10m</li> </ul>
	MAJOR	4	<ul style="list-style-type: none"> <li>• Suspicious death in Council's care</li> <li>• Major disruption to Council's critical services for more than 48hrs (e.g. major ICT failure)</li> <li>• Noticeable impact in achieving strategic objectives</li> <li>• Will lead to resignation of Strategic Director and/ or Cabinet Member</li> <li>• Adverse coverage in National Press/Front page news locally</li> <li>• Financial loss £5m - £10m</li> </ul>
	MODERATE	3	<ul style="list-style-type: none"> <li>• Serious Injury to employees or those in the Council's care</li> <li>• Disruption to one critical Council Service for more than 48hrs</li> <li>• Will lead to resignation of Divisional Director/ Project Director</li> <li>• Adverse coverage in local press</li> <li>• Financial loss £1m - £5m</li> </ul>
	MINOR	2	<ul style="list-style-type: none"> <li>• Minor Injury to employees or those in the Council's care</li> <li>• Manageable disruption to internal services</li> <li>• Disciplinary action against employee</li> <li>• Financial loss £100k to £1m</li> </ul>
	INSIGNIFICANT/ NEGLIGIBLE	1	<ul style="list-style-type: none"> <li>• Day-to-day operational problems</li> <li>• Financial loss less than £100k</li> </ul>

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

Appendix 3 – Risk Assessment Scoring Guide and Matrix 2016

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	Critical/ Catastrophic 5
<b>IMPACT (B)</b>						

## Appendix 4 - Insurance Claims Data

### LEICESTER CITY COUNCIL - Insurance Claims Received 1 April 2015 - 29 February 2016

#### Claims received 2015 and being dealt with

Incidents	Total Claims	Repudiated	In Progress	Paid	Amount Paid
47	655 (629)	330 (360)	230 (178)	95 (91)	£149943 (£306644)

Breakdown by Area and Type of Claim											
Division		Responsible Director			Claim Type					Total Number	£ Value
					Employers Liability	Public Liability	Prof/Officials Indemnity	Personal Injury	Motor		
Neighbourhood and Environmental Services		John Leach			4	50		16	60	130 (112)	72600
Plan, Transport & Economic Dev.		Andrew L Smith			1	121	1	78	45	246 (283)	29190
Children, Young People and Families		Caroline Tote				3	3	3	3	12 (8)	16347
Housing		Chris Burgin			7	136		55	106	304 (251)	27190
Adult Soc Care & Safeguarding		Ruth Lake			1	1		1	1	4 (7)	
Del, Comms & Pol Governance		Miranda Cannon			1	2		2		5 (1)	838
Information & Cust Access		Alison Greenhill								0 (1)	
Estates and Building Services		Mark Lloyd			1	3		1	2	7 (14)	3378
Comm and Business Dev		Vacant									
Learning Services (incl Schools)		Ian Bailey			1	8	1	8	1	19 (27)	50
Finance		Alison Greenhill			2			2		4 (0)	
Legal Services		Kamal Adatia								0 (0)	
Tourism, Culture & Investment		Vacant				6		6	1	13 (12)	350
City Public Health & Health Imp		Ivan Browne								0 (0)	
Care Svcs & Commissioning		Tracie Rees							1	1 (0)	
		Total			18	330	5	172	220	745 (718)	149943

Last 12 months rolling repudiation rate - 72%

Last 12 months year on year numbers - up 4%

Last 12 months year on year values - down 178%

