



Leicester
City Council

MEETING OF THE AUDIT AND RISK COMMITTEE

DATE: TUESDAY, 27 SEPTEMBER 2016

TIME: 5:30 pm

PLACE: Meeting Room G.02, Ground Floor, City Hall, 115 Charles Street, Leicester, LE1 1FZ

Members of the Committee

Councillor Patel (Chair)

Councillor Westley (Vice-Chair)

Councillors Alfonso, Dr Barton, Cank, Dr Chowdhury and Hunter

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
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- ✓ to respect the right of others to view and hear debates without interruption;
- ✓ to ensure that the sound on any device is fully muted and intrusive lighting avoided;
- ✓ where filming, to only focus on those people actively participating in the meeting;
- ✓ where filming, to (via the Chair of the meeting) ensure that those present are aware that they may be filmed and respect any requests to not be filmed.

Further information

If you have any queries about any of the above or the business to be discussed, please contact Angie Smith, **Democratic Support on (0116) 454 6354** or email Angie.Smith@leicester.gov.uk or call in at City Hall, 115 Charles Street.

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PUBLIC SESSION

AGENDA

FIRE / EMERGENCY EVACUATION

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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 3rd August 2016 are attached, and Members will be asked to confirm them as a correct record.

4. COUNTER FRAUD ANNUAL REPORT 2015 - 16

Appendix B

The Director of Finance and the Director of Environmental and Enforcement Services submit a joint report, which provides the Audit and Risk Committee on counter-fraud activities during 2015-16. The Audit and Risk Committee is recommended to receive the report, and make any recommendations it sees fit to the Executive or the Director of Finance.

5. ANNUAL GOVERNANCE REPORT - ISO 260 REPORT TO THOSE CHARGED WITH GOVERNANCE

Appendix C

The External Auditor submits the ISA 260 Report to Those Charged with Governance a report which summarises the 2015/16 audit of Leicester City Council, and the requirement for Members to authorise the Director of Finance to sign the letter of representation to KPMG from the Council.

The Audit and Risk Committee are asked to note the report and approve the letter of representation.

Details of the Annual Governance Report will be circulated to Members of the Committee as soon as they are available.

6. ANNUAL GOVERNANCE STATEMENT 2015-16 [Appendix D](#)

The Director of Finance submits a report to the Audit and Risk Committee for approval of the Council's Annual Governance Statement for the financial year 2015-16. The Committee is recommended to approve the report.

7. STATUTORY STATEMENT OF ACCOUNTS FOR THE FINANCIAL YEAR 2015-16 [Appendix E](#)

The Director of Finance submits a report which gives details of the requirement of the Committee to approve the audited final Statutory Statement of Accounts for the financial year 2015-16. The Committee is recommended to approve the accounts, and approve a letter of management representation.

Details of the Statement of Accounts will be circulated to Members of the Committee as soon as they are available.

8. ANNUAL REPORT OF THE AUDIT AND RISK COMMITTEE TO COUNCIL FOR THE MUNICIPAL YEAR 2015-16 [Appendix F](#)

The Director of Finance submits the Annual Report of the Audit and Risk Committee. The report sets out what the Committee has achieved over the municipal year 2015-16.

There is no specific requirement for such a report. However, best practice is for the Audit and Risk Committee to be able to demonstrate its effectiveness in overseeing the City Council's control environment and this is reflected in the Committee's terms of reference. The Audit and Risk Committee is recommended to approve the report for submission to Council.

9. INTERNAL AUDIT REPORT AND OPINION FOR THE FINANCIAL YEAR 2015-16 [Appendix G](#)

The Director of Finance submits the Internal Audit Annual Report and Opinion for the financial year 2015-16 to the Audit and Risk Committee. The Committee is recommended to receive and approve the contents of report, note that an audit opinion of 'substantial assurance' has been given in relation to the framework of governance, risk management and control for the year ended 31 March 2016, note that the opinions expressed together with significant matters arising from internal audit work (reported to the Committee 3 August 2016) have been given due consideration when developing and reviewing the authority's Annual Governance Statement for 2015/16 (also presented to the Committee for approval), note the conclusions of the review of the Effectiveness of Internal Audit, and make any recommendations it sees fit to the Director of Finance or the Executive.

10. RISK MANAGEMENT AND INSURANCE SERVICES **Appendix H**
UPDATE REPORT

The Director of Finance submits a report to provide the 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.

11. ANY URGENT BUSINESS



Leicester
City Council

Appendix A

Minutes of the Meeting of the
AUDIT AND RISK COMMITTEE

Held: WEDNESDAY, 3 AUGUST 2016 at 5:30 pm

P R E S E N T:

Councillor Patel (Chair)
Councillor Westley (Vice Chair)

Councillor Alfonso
Councillor Dr Barton

Councillor Cank
Councillor Dr Chowdhury

Councillor Hunter

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17. APOLOGIES FOR ABSENCE

There were no apologies for absence made.

18. DECLARATIONS OF INTEREST

There were no declarations of interest made.

19. MINUTES OF THE PREVIOUS MEETING

RESOLVED:

that the minutes of the meeting of the Audit & Risk Committee held on 16 June 2016 be confirmed as a correct record.

**20. EXTERNAL AUDITOR: PROGRESS REPORT AND TECHNICAL UPDATE
JULY 2016**

The External Auditor (KPMG) submitted a report for noting which provided Members of the Audit & Risk Committee with an overview of progress in delivering their responsibilities as external auditors. The report also highlighted the main technical issues which were currently having an impact in local government.

Adrian Benselin, Audit Manager at KPMG, presented the report. Members were asked to note KPMG had received the draft financial statements on 30th June. An audit visit to consider financial statements was scheduled for 8th August, and to date there were no matters that needed to be brought to the attention of

Members.

Members were informed that external auditors had met with the Strategic Director, Education and Children's Services on 27 June to discuss recent follow-up actions in response to the OFSTED inspection of Children's Services. Further evidence to support progress being made was requested, which would be considered when the external auditors reached their conclusion on value for money (VFM).

Adrian highlighted the technical developments in the report and brought to the Committee's attention areas they may wish to make further enquiries about.

The Committee raised concern over the EU Referendum and its effect on government grants to local authorities, and the fear that poverty would increase for the public. They were also concerned that a reduction in business rates would have an adverse impact on local authority budgets. The Director of Finance stated it was too early to speculate on the impact of Britain's exit from the EU. She explained that European funding had in the past been granted with a vast range of criteria to meet, had been paid retrospectively and had been difficult to administer. She added it was anticipated that the government would produce a similar funding scheme for regeneration.

Members noted the publication of the Public Sector Audit Appointments Ltd (PSAA) work programme and scale of fees for the audits of the 2016/17 accounts of principle audited bodies. KPMG were asked to provide the Audit & Risk Committee Members with information on the responses of the City Council and other local authorities, in reference to the Government's wish for pension assets to be pooled to reduce the number of pension schemes. Members were advised that staff pensions were at no lesser or greater risk, as the role of the pension manager was to protect the assets, but fund managers needed to be risk aware.

Members noted new HMRC rules effective from 6 April 2016, whereby a new exemption had been introduced for councillors' travel expenses, which up to certain limits would be free of tax and National Insurance Contributions (NIC). Members asked the Director of Finance to confirm if the new rules would affect Councillors' travel expenses.

RESOLVED:

That:

1. the report be noted;
2. the external auditors provide the Audit & Risk Committee Members with information on the responses of the City Council and other local authorities, in reference to the Government's wish for pension assets to be pooled to reduce the number of pensions; and,
3. the Director of Finance confirm if the new HMRC rules would affect Councillors' travel expenses.

21. REGULATION OF INVESTIGATORY POWERS ACT 2000 - BI-ANNUAL PERFORMANCE REPORT, JANUARY 2016- JUNE 2016

The City Barrister and Head of Standards submitted a report for noting on the performance of the Council in authorising Regulation of Investigatory Powers Act (RIPA) applications, from 1st January 2016 to 30th June 2016.

Tony Edeson, Head of Internal Audit & Risk Management presented the report, and asked the Committee to note:

- The Council had applied for no Directed Surveillance Authorisations and no Communications Data Authorisations for the period covered by the report.
- The Council was considering 2 Directed Surveillance Authorisations, which would be included in the next report to Committee.

RESOLVED:

1. That the report be noted.

22. HOUSING BENEFIT SUBSIDY AND IMPROVEMENT REGIME

The Director of Finance submitted a report for noting as requested by the Committee at its meeting on 10 February 2016 on the Housing Benefit Subsidy arrangements for the authority. The report explained the Subsidy Audit process and its findings and included the Benefits Team Improvement Action Plan to improve the accuracy and to subsequently reduce the clawback of monies against the general fund.

James Hudson Quality and Performance Manager, Revenues & Customer Support, presented the report.

The Committee noted that:

- Every year all local authorities submitted a Housing Benefit Subsidy claim to the Department for Work & Pensions (DWP).
- The difference between the subsidy claimed and the amount received back was met by the authority's general fund.
- Two main reasons the authority did not receive the full subsidy were:
 - Overpayments, 90% of which were the fault of the claimant, for example, claimants' delay in notifying the authority of a change in circumstances;
 - Qualification of the subsidy claim, which was not confined to Leicester but was improving.
- There were a number of ways the authority could try to mitigate the shortfall in subsidy, though there were barriers due to the complexity of the scheme and changes to regulations. There had also been a 10-13% reduction in the Housing Benefit Administration Grant for the scheme year on year. Ways to mitigate loss included:
 - Reduce the number of overpayments created by authority error;
 - Keep the audit qualification loss to a minimum;
 - Ensure all entitlement to a subsidy was claimed;

- Maximise the recovery of outstanding overpayments.
- Performance management actions were in place to address the issue of human error in Housing Benefit assessments, including regular quality checks on officer's work. A full refresher training programme was also in place.
- An awareness campaign was planned to encourage people and make it easier for them to contact the authority about a change in circumstances. An online form to report changes was introduced in April 2016.
- The authority had successfully bid for funds from the DWP through the Fraud & Error Reduction Incentive Scheme (FERIS) for pay for two staff to proactively target claims with known undeclared changes in circumstances.
- The Subsidy Audit required significant resources with eight staff members working 9-11 months a year on errors. If the awareness campaign continued to have an impact, it would reduce overpayments.
- Staff morale had been under challenging circumstances since 2012 when the roll out of Universal Credit was announced.
- The Real Time Initiative (RTI) was a DWP programme that data-matching of Housing Benefit claims and HMRC data could identify overpayments due to income changes.

Members raised questions and received the following responses:

- A proportion of claims were checked for accuracy to reduce errors. Due to capacity it was not possible to check all claims.
- Housing Benefit overpayment was one of the hardest to recover as it was usually paid to the least well-off households. A deduction from ongoing benefit was carefully calculated to prevent hardship to the claimant, and tended to be low levels of repayment over a period of time.
- It was noted that in other countries, if there was a change in circumstances it would show on a system and information was automatically shared between agencies. It was suggested that a shared information system should also be introduced in England. The Head of Revenues & Customer Support agreed to explore with the Communications team updating the service communication plan and refresh posters and correspondence advising claimants of the need to inform agencies separately of a change in circumstances.
- Members enquired as to what the legal period was for the recovery of an overpayment. The Director of Finance said a paper on the pursuance of debt would be brought to a future meeting, but following legal advice, the council would pursue as long as was necessary if persons had received payments they were not entitled to.
- There was a specialist team that worked with claimants who were in part-time work or zero hours contracts.

RESOLVED:

That:

1. the report be noted;
2. the Head of Revenues & Customer Support update the service communication plan and consider refreshing

- posters advising claimants of the need to inform agencies separately of a change in circumstances;
3. the Director of Finance bring a paper on the pursuance of debt through overpayment of Housing Benefit be brought to a future meeting.

23. STATUTORY (PRE-AUDIT) STATEMENT OF ACCOUNTS 2015/16

The Director of Finance submitted the Draft Statement of Accounts for the financial year ended 31st March 2016, prior to formal approval of the final Statement of Accounts at the Audit & Risk Committee on 27th September 2016, in accordance with the Accounts and Audit (England) Regulation 2015. The report was presented by the Director of Finance. The draft accounts were appended to the report and were submitted for information only.

Members of the Committee were advised of dates and times when the Principal Accountant would be available to meet with Members to discuss the accounts, and were asked to pass on questions to officers ahead of the Audit & Risk Committee meeting in September prior to the accounts being signed off.

Members did raise concern with an item in the draft accounts, on the pension deficit. The Director of Finance said there had been a number of changes in the pension scheme, and it was a national issue that that public sector pensions were no longer affordable.

RESOLVED:

That:

1. the draft accounts for the year ended 31st March 2016, as submitted for audit, be noted;
2. Members of the Committee to contact the Principal Accountant to arrange one-to-one discussions regarding the accounts if required.

24. PRIVATE SESSION

RESOLVED:

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

Paragraph 3

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

INTERNAL AUDIT UPDATE REPORT – 2015-16

The report concerned the strength of internal controls in the City Council's financial and management processes and included references to material weaknesses and areas thereby vulnerable to fraud or other irregularity.

25. INTERNAL AUDIT UPDATE REPORT 2015-16

The Director of Finance submitted a report for noting to the Audit & Risk Committee, which provided a summary of Internal Audit work completed in the financial year 2015-16, significant issues identified by audit work, and progress made by business areas in implementing agreed recommendations.

The Head of Internal Audit & Risk Management presented the report, drawing attention to the key issues identified, and asked the Committee to note:

- The different assurance levels explained in the report.
- In all cases service management had responded constructively to the audits and recommendations made. Controls had been put in place, and progress made to reduce risks identified.
- The authority was fortunate that it had an IT auditor who could interrogate the Council's IT systems. In relation to a specific IT Audit, it was confirmed that knowledge and information of the issues found had been shared with the software provider and other authorities who used the same software.
- The Council was spending more on security to prevent the spread of malware, and regular updates of security software were made.

RESOLVED:

1. That the report be noted.

26. CLOSE OF MEETING

The meeting closed at 7.24pm.



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WARDS AFFECTED
All

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:
Audit & Risk Committee

31st August 2016

Counter-Fraud Annual Report 2015 - 16

Report of the Director of Finance.

1. Purpose of Report

- 1.1. Responsibility for the City Council's counter-fraud work for the period of this report was shared between the Corporate Investigations Team, the Revenues & Benefits Investigations Team both within Financial Services. Since 1st March 2016 the responsibility of investigating benefit fraud has transferred to the Department for Work and Pensions.
- 1.2. The report, which is attached, provides information on counter-fraud activities during 2015 -16.

2. Recommendations

The Committee is recommended to:

- 2.1. Receive the report
- 2.2. Make any recommendations it sees fit either to the Executive or the Director of Finance.

3. Summary

- 3.1. The annual report includes information on reports issued, the main influences on the level and standard of performance during 2015-16 and the key priorities for counter-fraud work in 2016-17. It does not include comments on the Council's Anti-Fraud, Bribery and Corruption Policy which was updated earlier this year.
- 3.2. The key issues identified within the report are:
- 3.3. The continued emergence of new external fraud threats to the Authority, in particular relating to cheque frauds.
- 3.4. The departure of the Revenues & Benefits Investigation Team as the DWP transferred the staff members and the responsibility to deal with benefit fraud away from the authority.

- 3.5. Future plans for the Counter-Fraud Teams.
- 3.6. To deliver effective counter-fraud activities requires significant investment both from managers and from staff generally. Professional development, which is a key component of our counter-fraud work and strategy, must be relevant and topical so requires constant refreshing. New and emerging threats by increasingly sophisticated fraudsters and the opportunities for online fraud require an equally sophisticated and vigilant response from the Authority. In addition, support from all parts of the Council is essential to ensuring the effectiveness of this work.
- 3.7. As part of its work, the Corporate Investigations Team investigates suspected financial irregularities and makes recommendations to reduce the risk of further losses and improve performance, efficiency, effectiveness and economy in the use of resources by the Council.
- 3.8. The Revenues & Benefits Investigation Team specifically investigated suspected Housing Benefit and Council Tax Fraud and when appropriate worked closely with the Department for Work and Pensions to sanction offenders through prosecution, financial penalties and cautions.

4. Report

- 4.1. See the Counter-Fraud Review of the Year 2015-16, attached.

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1. Financial Implications

Fraud can cause the Council significant loss and activity to prevent and detect fraud is a clear financial investment. Whilst it is impossible to quantify in any reliable way the full implications across the Council, sanctions were issued in relation to £481,000 of overpaid Housing Benefit and Council Tax Benefit.

Colin Sharpe, Head of Finance.

5.2. Legal Implications

Fraud is a criminal offence and therefore represents breach of the law. Other forms of financial irregularity, though not criminal, may be in breach of regulation. The conduct of counter-fraud work of all kinds is bound by law and regulation and the Council is careful to ensure that its activities in this area are properly discharged.

Kamal Adatia, City Barrister & Head of Standards

5.3. Climate Change Implications

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

Duncan Bell, Senior Environmental Consultant.

6. Other Implications

OTHER IMPLICATIONS	YES/ NO	Paragraph/References Within the Report
Equal Opportunities Policy	No	
Sustainable and Environmental Crime and Disorder	No	
	Yes	This report is concerned with fraud and corruption, both of which are criminal offences.
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	

7. Background Papers – Local Government Act 1972

7.1. Files held by Revenues and Benefits and

Leicester City Council's Anti-Fraud and Corruption Policy and Strategy

Leicester City Council's Finance Procedure Rules

Leicester City Council's Constitution

Leicester City Council's Code of Conduct for Behaviour at Work

Leicester City Council's Information Security Policy Statement

Leicester City Council's Prosecutions Policy

Leicester City Council's Investigators Code of Conduct

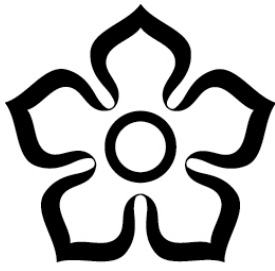
Public Bodies Corrupt Practices Act 1889

Chartered Institute of Public Finance & Accountancy (CIPFA) publication
Managing The Risk of Fraud

The Audit Commission publication *Protecting The Public Purse*

8. Report Author

8.1. Stuart Limb, Corporate Investigations Manager



Leicester
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**COUNTER-FRAUD
REVIEW OF THE YEAR
2015-16**

COUNTER-FRAUD REVIEW OF THE YEAR 2015-16

1. Introduction

- 1.1 This is a report to the Audit & Risk Committee on the work delivered by Leicester City Council's Corporate Investigations Team, Revenues & Benefits Investigations Team and Trading Standards Service during the year 2015-16.
- 1.2 The Corporate Investigations Team (CIT) is an independent appraisal function, established by the Council to investigate suspected financial irregularities involving matters other than Housing Benefit and Council Tax Benefit, conduct proactive fraud-searching exercises and improve fraud awareness amongst employees.
- 1.3 The Revenues & Benefits Investigations Team provided direct support for the investigation, detection, deterrence and prosecution of fraud related to Housing Benefit and Council Tax Benefit.
- 1.4 To facilitate their work, Corporate Investigations Officers have access to any relevant City Council information, data and records they require in order to carry out their duties. These rights of access are contained in the City Council's Finance Procedure Rules and extend to relevant information held by partner organizations and direct service providers.

2 The Year in Summary

- 2.1 The Council continues to benefit from having teams of qualified and experienced Accredited Counter-Fraud Specialists whose skill and ability continues to protect Leicester City Council and its residents from fraud and loss.

Corporate Investigations Team

- 2.2 Following the completion of the Corporate Fraud Review which was concluded in February 2015 the team has been expanded and restructured. The team now comprises of a new Corporate Investigations Manager (CIM), a Financial Investigator, a Senior Corporate Investigations Officer, five Corporate Investigations Officers and two part time clerical support officers who between them work 33 hours per week.
- 2.3 The first 12 months of the refreshed team has been extensively occupied by recruitment and training of new investigation officers, the procurement of a case management system and the DCLG intelligence hub software. A new case management system was a requirement to support the criminal investigations conducted by the new team. The market leading software has been purchased on a 5 year contract.
- 2.4 The authority was successful in securing funding from the Department for Communities and Local Government (DCLG) to lead an intelligence hub for all local authorities in Leicester, Leicestershire and Rutland. This project secured sufficient funding to support four temporary Corporate

Investigations Officers on two year fixed term contracts utilizing the funding received. There have been delays in some of the partner LA's signing the Information Sharing Agreements and others not having provided their data in a timely manner. This has caused a slippage in the full utilization of the software and the manipulation of data. The project is now 12 months old and with a view to supporting the potential effectiveness of the project, the contracts of the investigators are being extended by a further 12 months.

- 2.5 All of the members of the team were trained by an external company as part of the reinvigorated Corporate Investigations Team. This has ensured that both existing and new members of the team are now BTEC accredited in criminal investigations. This will help to ensure that the investigations that are carried out are done in line with current legislation with a view to maximize the prospects of preventing and detecting fraud and where appropriate securing a prosecution.
- 2.6 The Corporate Investigations Team receive allegations about and investigate a wide variety of suspected irregularities including cheque manipulation and counterfeiting, thefts, flexible working hours abuse, corruption, contract and procurement irregularities, third party fraud including care home irregularities misuse of disabled parking permits and grant aided organizations.
- 2.7 External threats continue to pose a risk to the Council, in particular counterfeit and forged cheques. As the authority is a member of the National Anti-Fraud Network (NAFN) we receive regular alerts to emerging fraud threats. These are then disseminated to key personnel in the Finance division and placed on the intranet for all staff to be aware of.
- 2.8 Whilst it is sometimes possible to quantify losses incurred by the Council as a result of financial irregularities there are many instances where it is impossible to estimate the cost. For example, where the procurement of goods or services has not been made in accordance with Council procedures and best value cannot be demonstrated or where it is not possible to determine how long an irregularity has been going on for. The Corporate Investigations Team is working towards estimating a financial value on cases for future reports. These estimates will be based on industry standard estimates of fraud based on research and on research based on frauds within LCC.
- 2.9 The team makes unannounced visits to Council premises to secure evidence including data held on digital devices. Team members undertake surveillance and interview employees, members of the public and contractors. They liaise with the UK Border Agency, the Council's bank, the police and other external agencies involved in fraud prevention.
- 2.10 The CIM considers management requests for access to employees' emails, Internet access, computers and the building access system (which gives staff access to council buildings) information before they are authorized by the Director of Finance. During 2015-16, 55 such requests for information were processed compared to 56 in the previous year. The majority of requests were for information from more than one system and some requests were for information relating to a number of users.
- 2.11 The CIM is also the City Council's Key Contact for the Cabinet Office's National Fraud Initiative (NFI) data matching exercise.

- 2.12 Matches identified through the Cabinet Office's 2014/15 National Fraud Initiative (NFI) exercise continue to be investigated by officers across the Council and notice has been received of the next exercise.
- 2.13 A new online Fraud awareness training package is being developed which will allow staff to undertake the training package from their desk. This will reduce the amount of time lost for staff attending a formal training setting. We will also be able to record the numbers of staff who have been trained and also record their performance. The team also posts fraud warnings on Interface and the schools Extranet. These are especially useful to alert employees to new and emerging threats.

Revenues & Benefits Investigations Team

- 2.14 As mentioned earlier in the report the duty to investigate benefit fraud transferred to the Department for Work and Pensions on 1st March 2016. As of that date the staff in post transferred to become civil servants under the direct employment of the DWP. Any and all allegations of benefit fraud received or made after 1st March 2016 will be passed to the DWP.
- 2.15 During 2015-16 the team issued 79 sanctions which related to £481,028.32 of fraudulently claimed Housing Benefit or Council Tax Benefit. Although this sum is large, it represents less than 1% of the Council's annual expenditure on Housing Benefit and Council Tax Benefit.
- 2.16 The Corporate Investigations Team will investigate Council Tax Reduction as this is not a benefit and therefore is not in scope of the Single Fraud Investigation Service.
- 2.17 Annual performance statistics for the Revenues and Benefits Team are attached at Appendix 1.

3. Review of Performance

Corporate Investigations Team

- 3.1 The Corporate Investigations Team considers all cases of non-Housing Benefit suspected fraud and irregularity referred to it. Referrals are scored according to the seriousness of the allegation. In some cases an investigation is undertaken, in others, managers are given advice and assistance to enable them to take appropriate action, not only to deal with the matter of concern but also to help prevent recurrences.
- 3.2 As part of the work of the team, specifically the financial investigator, the powers under the Proceeds of Crime Act have been fully utilized on appropriate cases. This has resulted in £92,481.24 - Total value of confiscation orders previously granted and paid, £26,886.60 – Income received via POCA incentivization scheme (ARIS) and £24,000.00 – Cost

orders awarded in pursuance of both the criminal and POCA matters.

- 3.3 The Financial Investigator also undertakes work on behalf of Leicestershire County Council under a trading contract which both recharges for his time and also identifies a percentage of the monies recovered through his work. This has also been conducted for Melton Borough Council and we have recently hosted a visit from Stoke City Council who are considering utilising our POCA capacity.

Table 1: Caseload statistics for the Corporate Investigations Team 2014-15

File Holdings		Investigations	Advice & Assistance	Total
1	Cases brought forward at 01/04/2015	Breakdown not available due to a crossover of Case management systems and the new way in which cases are categorized		21
2	New cases in 2015- 2016			149
3	Cases carried forward at 01/04/2016 (including Advice & Assistance)			45

Performance Indicators

4	Investigations commenced in less than 10 days (including advice & assistance)	Report not available yet due to cross over of systems
5	Cases open greater than 10 months at 31/03/2016	1
6	Total open cases at 31/03/2016 (including advice & assistance)	45
7	Total cases closed (including advice & assistance)	121
8	Cases registered and closed within 6 months of the commencement of investigation	Report not available yet due to cross over of systems

- 3.4 The number of referrals received last year and the team has increased the number of cases carried forward to the next financial year from 24 to 45.
- 3.5 The team continues to work closely with management and in many cases issues that have arisen as a result of the investigation are addressed before the investigation is concluded. This approach means that management is more actively involved and that the Corporate Investigations are able to deal with more cases.
- 3.6 As the new case management system has been purchased and is now being used a report of management information reports are being developed to provide meaningful statistics on the work of the team. At the time of this report, due to the usage of the previous IT package, statistical reporting on performance has been limited. Future reports will provide more relevant and accurate information.

Revenues & Benefits Investigations Team

3.7 The team secured a total of 79 sanctions during the financial year. The sanctions, against those found to have committed benefit fraud offences, consisted of 10 Formal Cautions (Warnings), 23 Administrative Penalties (Fines) and 46 Prosecutions. (See Table 1 below for the last four years' performance statistics).

4. The Year Ahead

4.1 Major objectives for the Corporate Investigations Team for 2016-17 are:

- To support the Council in its efforts to deal with fraud and irregularity whether internally focused or from customers or other third parties against the Council.
- To continue to investigate and prosecute, where appropriate, fraud offences and fully utilize the Proceeds of Crime Act to recover losses and ill-gotten gains.
- To support the Director of Finance by identifying high fraud risk areas and working with management to mitigate those risks.
- To utilize the DCLG intelligence hub to identify potential irregularities across different data sets and departments within the authority.
- To manage the 2016/17 National Fraud Initiative exercise, ensuring that all data sets are considered and appropriate action taken where irregularities have occurred.
- To continue to work in conjunction with Housing Services to review the Authority's housing stock of approximately 22,000 properties in an effort to identify potential tenancy fraud.

5. Acknowledgment

5.1 The Director of Finance acknowledges the efforts of all members of the Corporate Investigations Team, Revenues & Benefits Investigations Team and the help, co-operation and support of Members and officers of the City Council.

Stuart Limb,
Corporate Investigations Manager

Appendix 1

REVENUES & BENEFITS INVESTIGATIONS TEAM END OF YEAR STATS

PLEASE COMPLETE/CHECK ALL CELLS IN : GREY
 Monthly HB figures

Awaiting Registration & Scoring	
HB referrals awaiting registration	29

Registered	This month	YTD	Allocated to IO's	YTD	Screened Out	YTD	Overloaded	YTD
HB files	49	525	19	205	28	306	2	16

Time taken to Allocate & Commence investigations	This month	YTD	cases > than 10 days	YTD
Registered and allocated within 10 days	47	499	2	26
Investigations commenced within 10 days of allocation	16	166	3	42

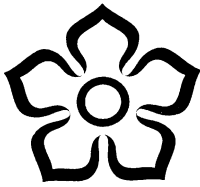
Closed - (exc. S/O & O/L)	This month	YTD
HB	57	324

Closed - (inc. S/O & O/L)	This month	YTD	Inv's closed >6 mths old
HB	87	646	42

Cases C/F	This Mth
HB	119

Investigations In Progress (exc. Sanctions) -	This Month	> 6 mths old
HB	119	70

Sanctions	Prev. Mth	This Mth	YTD - Total
Cautions Accepted	2	0	10
Administrative Penalties Accepted	0	5	23
Prosecutions - Successful (Guilty)	2	0	46
Total Sanctions	4	5	79
Referred to Solicitors for prosecution this month	7	7	N/A
Total files with Solicitors	28	35	N/A



Leicester
City Council

**WARDS AFFECTED:
ALL WARDS (CORPORATE ISSUE)**

AUDIT & RISK COMMITTEE

27th September 2016

External Auditor's Report to Those Charged With Governance

REPORT OF THE EXTERNAL AUDITOR

1. INTRODUCTION

- 1.1. This report sets out what officers from KPMG, the External Auditor, will provide to the Audit & Risk Committee at the meeting of 27th September 2016. These reports are not presently available pending completion of final audit work.
- 1.2. Officers from KPMG will present a report to summarise:
 - 1.2.1. The key findings arising from the audit of Leicester City Council's financial statements for the year ended 31st March 2016;
 - 1.2.2. The Auditor's assessment of the Council's arrangements to secure value for money (VFM) in its use of resources; and
 - 1.2.3. The requirement for Members to authorise the Director of Finance to sign the letter of representation to KPMG from the Council in connection with the audit of the Council's financial statements.
- 1.3. This report is known as the ISA 260 Report to Those Charged with Governance.

2. CONTENT OF THE ISA 260 REPORT

- 2.1. The report will include:
 - 2.1.1. Proposed audit opinion - KPMG expect to give an unqualified audit opinion on the accounts
 - 2.1.2. Audit adjustments - details of any material adjustments made to the accounts
 - 2.1.3. Key financial statements audit risks – at this stage KPMG do not have any significant matters to report to members

2.1.4. Accounts production and audit process – KPMG will give brief comments on the process

2.1.5. VFM conclusion and risk areas – KPMG will set out their findings in respect of:

- The implementation of OFSTED’s recommendations following their review of children’s services; and
- Financial resilience

2.2. Whilst acknowledging the ongoing response to the OFSTED inspection of Children’s services in March 2015, KPMG expect to conclude that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources except for arrangements regarding children's services.

2.3. Completion – KPMG will set out any areas of audit work that are not yet complete; they will give members an update when they present the report on 27 September.

3. FINANCIAL IMPLICATIONS

3.1. The report is exclusively concerned with financial issues.

4. LEGAL IMPLICATIONS

4.1. The timetable and the arrangements for the reporting of the Council’s statement of accounts are governed by statute. These statutory requirements have been complied with.

5. OTHER IMPLICATIONS

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

6. BACKGROUND PAPERS

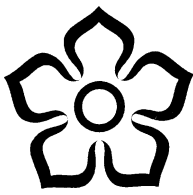
External Audit Progress Report presented to Audit & Risk Committee on 3rd August 2016

7. **CONSULTATIONS**

Not applicable

8. **AUTHOR**

**Adrian Benselin
Audit Manager
KPMG LLP**



Leicester
City Council

WARDS AFFECTED
All

Appendix D

FORWARD TIMETABLE OF CONSULTATION AND MEETING

Audit and Risk Committee

27 September 2016

Annual Governance Statement 2015 - 2016

Report of the Director of Finance

1. Purpose of Report

- 1.1. To seek the approval of the Committee for the Council's Annual Governance Statement 2015 – 2016.

2. Recommendations (or OPTIONS)

- 2.1. Members are recommended to approve the Annual Governance Statement 2015 - 2016 as detailed within this report.

3. Summary

- 3.1. The Council is required to publish, as part of its financial accounts reporting, an Annual Governance Statement. This statement should assure the people of Leicester that the Council operates in accordance with the law and has due regard to proper standards of behaviour and that it safeguards the public purse. This statement has to be agreed and approved by Directors before the end of September each year.

4. Report

- 4.1. To remind Directors of the format required – which is dictated to a large extent by the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) framework 'Delivering Good Governance in Local Government'. The Annual Governance Statement 2015-16, along with the Director's Certification (which underpins the statement) is attached at Appendix 1.
- 4.3. These documents were produced in previous years with the support of both the Strategic and Operational Directors and once again this process began in April this year to allow meaningful contributions to be made by all Directors. Changes in the process for this year and next, means that the process for the 2016-17 AGS may start a month earlier in March 2017.

4.4 The Annual Governance Statement is being presented here for ‘final’ approval. It has been discussed and agreed by Corporate Management Team at their meetings 6 April and 3 August 2016. Having been agreed by all Directors, it is now presented along with the statutory statement of accounts for agreement to this Committee.

5. FINANCIAL IMPLICATIONS

5.1. Financial Implications

5.1.1 ‘There are no financial implications arising directly from this report, although the annual governance statement helps to provide assurance about the proper use of the Council’s resources’. Colin Sharpe, Head of Finance – 37 4081.

5.2. Legal Implications

5.2.1 There are no direct Legal implications. Kamal Adatia, City Barrister and Head of Standards – 37 1401.

6. Other Implications

OTHER IMPLICATIONS	YES/ NO	Paragraph/References Within Supporting information
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. Consultations

Chief Operating Officer and All Strategic Directors
 All Divisional Directors
 All City Officers
 Finance Division Senior Management Team

8. Report Author

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

Appendix 1 - LEICESTER CITY COUNCIL ANNUAL GOVERNANCE STATEMENT 2015-16

1. Background

Leicester City Council is responsible for ensuring that its business is conducted in accordance with the law; proper standards; that public money is safeguarded; properly accounted for; and, used economically, efficiently and effectively.

It also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Leicester City Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Leicester City Council has approved and adopted a code of corporate governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy/Society of Local Authority Chief Executives (CIPFA/SOLACE) framework *Delivering Good Governance in Local Government*. A copy of the code is on our website or it can be obtained from Customer Services.

This statement is produced in fulfilment of the requirements of regulations 4(2) and 4(3) of the Accounts and Audit (England) Regulations 2011.

2. Introduction

The Council's governance framework comprises both the systems and processes and the culture and values by which the authority is directed and controlled, and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.

Local government continues to undergo significant changes and the environment in which it works remains complex. As well as being provided directly, public services are increasingly delivered through commissioning, partnerships and collaboration, with many shared services and partnership boards now in existence. The introduction of new structures and ways of working provides challenges for managing risk, ensuring transparency and demonstrating accountability.

The system of internal control is the most significant part of the Council's governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and may only provide reasonable, not absolute, assurance of effectiveness.

The system of internal control is based on a continuous process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Leicester City Council for the year ended 31 March 2016 and up to the date of approval of the accounts.

3. The Governance Framework

The Council has in place an assurance framework that takes the Council's principal strategic and organisational objectives as its starting point, including the City Mayor's five 'pledges' for Leicester. 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 the responsibility of management 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 in accordance with the Council's Risk Management Strategy and Policy.

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 brings together various internal and external sources of assurance with internal audit being fundamental to this.

The Council is also required to carry out, at least annually, a review of the effectiveness of its system of internal control. All Directors do this by means of positive assurance in the form attached at Appendix A. 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 to ensure that the Annual Governance Statement is comprehensive in its coverage and reliable in its content

4. Review of Effectiveness

The Council is committed to the maintenance of a system of internal control which:

- Demonstrates openness, accountability and integrity;
- Monitors and reviews compliance with policies, procedures, laws and regulations and effectiveness against agreed standards and targets;
- Monitors and reviews the effectiveness of the operation of controls that have been put in place;
- Identifies, profiles, controls and monitors all significant strategic and operational risks.

The risks identified are subject to regular review and appropriate controls are identified to manage them. The results of that review, together with the three

measures below, provide the core information for the preparation of the Annual Governance Statement:

- An independent review of the effectiveness of internal control carried out by the Council's Internal Audit team
- An annual review of the Effectiveness of the System of Internal Audit, as required by the Accounts and Audit Regulations (England) 2011
- The External Auditor's Annual Audit Letter and Annual Governance Report which include findings from the work of other inspection regimes,

Leicester City Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment, Internal Audit's annual report and opinion, and by comments made by the external auditors and other review agencies and statutory inspectorates.

The Council's Local Code of Corporate Governance complies with CIPFA/SOLACE's guidance *Delivering Good Governance in Local Government* and includes a self-assessment of compliance with the six core principles of good governance. The results of that assessment are set out in the Directors' Certification at Appendix A.

5. Significant Governance Issues

The Council's control frameworks enable the identification of any areas of the Council's activities where there are significant concerns in the financial controls, governance arrangements or the management of risk. Having considered all the principles within the CIPFA *'Code of Practice on Managing the Risk of Fraud and Corruption'*, we are satisfied that the Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

Overall, it can be concluded that controls are operationally sound and that the Council's financial management arrangements conform with the governance requirements of the CIPFA *'Statement on the Role of the Chief Financial Officer in Local Government (2010)'* as set out in the Application Note to *'Delivering Good Governance in Local Government: Framework'*.

Areas of significant risk or priorities for action have been identified and are listed at Appendix A below.

**Appendix A - Leicester City Council Annual Governance
Statement 2015-16
Directors' Certification**

Leicester City Council is required to demonstrate that its governance processes and procedures comply with the six CIPFA/SOLACE fundamental principles of corporate governance. These are listed below with the principal sources of evidence or assurance:

A. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area:

- The pledges set out in Labour's 2015 manifesto form the basis of the key priorities and focus of work for the authority. Major strategic documents setting out the vision for specific areas of work are in place, including the Economic Action Plan, Local Transport Plan, Health and Wellbeing Strategy, Sustainability Action Plan, Children's Improvement Plan and Heritage Action Plan.
- A major programme of work is being successfully delivered to support regeneration and economic development in the City. This includes a significant programme of capital projects and programme of activity to support business growth and increased employment levels for Leicester's residents. Appropriate programme management and partnership arrangements are in place, most notably the Leicester & Leicestershire Enterprise Partnership.
- The Council has an equality and diversity strategy which helps ensure we meet our public sector equality duties and focus on the needs of communities particularly in relation to the 'protected characteristics' defined by the 2010 Equality Act.
- Robust safeguarding arrangements are in place to mitigate the risk of harm to children and vulnerable adults, supported by established Safeguarding Boards.
- Departments have established their own performance management arrangements to underpin both the vision and manifesto commitments including, where appropriate, departmental plans and regular performance monitoring and reporting. A Performance Group for Children's social care and safeguarding services has been established to reinforce the departmental performance management arrangements in this critical area. Housing have developed a rolling programme of peer challenge using Performance Clinics'. Continuing to improve the rigour of performance management across the Council remains a priority.
- Organisational vision and values have been developed for staff and work continues to implement these which will underpin policies like performance management.

B. Members and officers working together to achieve a common purpose with clearly defined functions and roles;

- The Council's Constitution is kept under regular review and has been extensively updated in a number of areas to account for both legislative changes and the continued development of governance arrangements and practice.
- The 'Political Conventions' within the Constitution offer clear advice on the working relationships between officers and members and the City Mayor and his Executive.
- Formal and informal working between the Executive and officers is well established.
- Lead Directors are in place to support scrutiny commissions.

C. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;

- The code of conduct and standards regime for elected members which was introduced in July 2012 is becoming embedded and has been reviewed to ensure it remains fit for purpose. New independent members have been appointed to fill vacancies which existed on the Standards Committee.
- The staff code of conduct was revised and agreed in 2013-14.
- As noted above a defined organisational vision and values have been developed to reinforce the organisational purpose, vision and values to staff and a programme to formally launch and embed these is now in development.
- A programme of reviews of key human resources policies and associated procedures continues for example, the attendance management policy and procedure was reviewed and a new policy and procedure agreed in 2014-15.
- The number of complaints to the Local Government Ombudsman has reduced.
- Robust management practices continue for issues such as attendance management and controls around spending e.g. agency staff, consultancy, etc.
- There are regular mechanisms for engagement with the recognised trade unions around staffing and workforce issues.
- There are well established programme and project management standards along with corporate oversight and support to ensure those involved in the governance and delivery of projects and programmes understand and are able to adhere to the expected standards.
- There is an established and effective system of internal control and internal audit, aimed at ensuring proper use of resources and giving assurance on the effectiveness of the arrangements for the management of risk. The system of internal audit, which includes

the fulfilment of its role by the Audit & Risk Committee, has been reviewed for effectiveness.

- The Council's Fraud and Investigations teams have been thoroughly reviewed, re-organised and re-launched and have given added emphasis to the Council's 'zero tolerance' attitude to fraud.

D. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;

- Risk, financial, legal, equalities and sustainability implications are considered within the decisions taken.
- Strategic and operational risk registers are regularly considered and reviewed.
- Information assets and the supporting information infrastructure are subject to appropriate governance controls to mitigate risk whilst supporting partnership working and compliance with transparency requirements.
- Processes for forward planning, taking and publication of Executive decisions under the mayoral model are defined and are supported by officer guidance.
- There is a recognised approach for taking executive decisions in line with recently changed legislation on this issue.
- Work has been done to define and develop procedures for the taking and recording of formal officer decisions.
- A Capital Advisory Board is now well established, chaired by the Strategic Director for City Development and Neighbourhoods. This has senior officer representation from legal, finance, property, procurement, governance and programme management who provide rigorous challenge and oversight of capital projects and programmes at key gateway points.
- There is a regular review of pay including the process by which posts are evaluated to ensure this is consistent and robust.

E. Developing the capacity and capability of members and officers to be effective;

- A comprehensive programme of induction for members was delivered following the May 2015 elections. A rolling member development programme for members is being implemented which has included ensuring there are identified dates throughout the municipal year kept clear of formal governance meetings and earmarked for member development sessions.
- Member and Civic Support Services are taking a lead on scoping, planning and supporting delivery of member development.
- The accommodation strategy seeks to maximise the productivity of the workforce and support positive collaboration.
- The HR review, which took place in 2015, defined a new approach to staff development and put in place an Organisational Development Team which replaced the previous Learning and

Development function. This new team is working to define and develop an approach to development which is better informed and needs led.

- The staff intranet continues to provide a key source of guidance for staff on policies, procedures, governance and other aspects of the Council's operations.

F. Engaging with local people and other stakeholders to ensure robust public accountability.

- There is a more robust and consistent approach to consultation through the work of the Communications and Marketing Team.
- The consultation platform, Citizen Hub, provides an effective on-line approach to support consultations across the Council.
- There remains a strong focus on media engagement and external communication. Work is underway to develop a new e-newsletter for residents. The number of followers of the Council's social media profiles continues to increase monthly.
- Key strategic partnerships are in place around major themes and operating in accordance with legislation where relevant, such as Health and Wellbeing and Leicester and Leicestershire Economic Partnership.
- The City Mayor's Faith and Community Forum has been operating for over a year to support effective engagement with key communities, especially (but not exclusively) those identifying with the protected characteristic of religion or belief. This is key to supporting integration and cohesion with the city and our public sector equality duty.
- A short digest of our constitution is published on our website aimed at making the key governance arrangements of the Council clearer and more accessible.
- The Council's website has been fundamentally redeveloped to support on-line transactions and engagement and to provide key up to date and relevant information to the public in an easily accessible and user friendly format. Feedback to date has been very positive and the numbers of users continues to grow.
- The Council has reviewed the services it commissions from the voluntary and community sector to support engagement with key communities across the protected characteristics of faith, race, sexual orientation and gender identity. A new community engagement fund has been launched to support the Council in meeting its Public Sector Equality Duty.
- A programme to drive forward channel shift is in place. Channel shift is about moving as much customer contact away from expensive face to face and telephony channels as possible. In doing so improving service standards and the user experience, and protecting a core face to face service for those who really need it. This is underpinned by a new customer relationship management (CRM) system which has been procured and implemented.

- Work has taken place to review the Council's complaints and enquiries system and to link this with the new CRM system, in order to improve the management and reporting of complaints.
- To ensure compliance with 'Homes and Community Agency' standards, and specifically the 'Neighbourhood Standard', Housing have introduced a 'Maintaining and Improving Neighbourhoods' policy and appropriate operational procedures to support and deliver this.
- The Council has in place processes for responding to external audit and inspection arrangements, with particular reference to the annual audit of the Council's published financial statements and the Annual Governance Statement.

Significant Governance Issues

The Council's control frameworks enable the identification of any areas of the Council's activities where there are significant weaknesses in the financial controls, governance arrangements or the management of risk. Overall, it can be concluded that controls are operationally sound.

The areas of significant risk or priorities for action that have been identified are listed below:

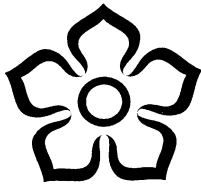
Area of significant risk/priority for action	Comment	Current Position and actions to be taken
Medium-term financial strategy	<p>Since 2010/11, our grant cuts have amounted to some £103m, or 36% of the equivalent grant in 2010/11 (46% in real terms). By 2019/20, this is expected to increase to 56% in real terms. Cuts in excess of £100m have so far been made to council services.</p> <p>When the budget was set in February, a gap between forecast spending and resources of £55m was estimated by 2019/20, prior to any additional savings being approved.</p>	<p>The Council continues to manage its medium term-financial strategy carefully, with significant input from the City Mayor and Executive. A process has been agreed and is under way to address the funding challenges the Council faces.</p> <p>In the last three budgets, the Council's approach to savings has been the Spending Review Programme. This comprises a set of 21 discrete reviews, aiming to reduce spending by £45m per year. The Spending Review Programme has been complemented by the Managed Reserves Strategy. Reserves have been deliberately built up to buy time, thus enabling the Spending Review Programme to be carried out in a considered way. Crisis cuts have so far been avoided as a consequence. Our last reserves will be used in 2017/18, and none will be available to cushion cuts in 2018/19.</p> <p>In order to achieve further savings, services not previously subject to spending reviews have been considered and added to the programme and other actions are being considered such as potential changes to employee terms and conditions.</p> <p>The HRA is working on a programme of change to the business to address and meet significant budget reductions over the next four years. These are being undertaken within the structure of the Housing Transformation spending review and cross cutting spending reviews.</p> <p>The implementation and requirements of the national strategy for the introduction and increases to the National Living Wage and the Apprenticeship levy will impact further as will continue demand pressures from Adult Social Care.</p>

Area of significant risk/priority for action	Comment	Current Position and actions to be taken
Performance management	There is a need to continue to ensure the effectiveness of performance management across the Council.	<p>Children's Performance Group in place to review and strengthen performance management in this area. Corporate Management Team have introduced a monthly business and performance meeting into their cycle. Departments have established their own performance management arrangements to underpin strategic priorities and plans, as well as wider operational delivery. This is supported by key systems including the new Liquid Logic system across adult and children's social care. There is a continued need to embed and assure the strength of these arrangements. This also relates to the performance management of contracted services and ensuring there is a robust approach to both letting and management of significant contracts.</p> <p>Significant work is being carried out to develop a procurement approach which delivers value for money from procuring goods and services whilst improving the skills and knowledge within the procurement teams. Some concerns remain, however, in relation to the management of contracts and Internal Audit has re-established its contract audit capacity. It now has a programme of contract audits, the scope of which includes the processes for procurement and contract management. Contract audit remains a priority in Internal Audit planning HR will also include in their future work programme, particularly in terms of organisational development activity, the need to focus on embedding robust and consistent practice in terms of employee performance management and manager accountability.</p>
Stakeholder Engagement	The level of savings needed and scale of change that is needed as a result does risk impacting on relationships with stakeholders including residents and the voluntary and community sector,	<p>Robust arrangements are in place to properly engage and consult with stakeholders and comply with stakeholder engagement outcomes. This is supported by the Communications and Marketing Team. Within Adult Social Care an approved Stakeholder Engagement Strategy to ensure effective engagement and increase co-production with their stakeholders has been fully implemented and is used in key project activity.</p> <p>Work continues with Voluntary Action Leicestershire as the commissioned provider for engagement with the VCS around effective involvement of the VCS in key areas of work.</p>

Area of significant risk/priority for action	Comment	Current Position and actions to be taken
Response to the 2015 'OFSTED' inspection.	<p>An Ofsted 'Inspection of Services for Children in Need of Help and Protection, Children Looked After and Care Leavers' published on 20th March 2015, graded Leicester's children's services as 'inadequate'.</p> <p>Based on experience of other similar improvement journeys, the implementation plan and the impact of this is expected to take a medium to long-term period of time and it was anticipated therefore that this would remain a priority for action in relation to the Council's governance and performance.</p>	<p>In line with national requirements from the Department for Education (DFE) we have established an Improvement Board chaired by an experienced person approved by the DfE; and submitted our Improvement Plan to Ofsted on 22nd June 2015.</p> <p>There are also a number of internal controls in place to ensure that work on the Ofsted recommendations progresses satisfactorily:</p> <ul style="list-style-type: none"> • The Operational Improvement Group (which meets fortnightly) chaired by the Divisional Director, monitoring detailed service improvement plans for Early Help, Children in Need, Children Looked After and Workforce • The Performance Group (which meets monthly) examining the monthly report on key performance indicators and any other significant areas of Performance and Quality including progress against the Workforce Strategy • Service Performance Meetings in Early Help, CIN (Children in Need) and Children Looked After • Quality Assurance work being carried out to audit case files by external auditors <p>Regular reviews of progress and reports to the Audit and Risk Committee by Internal Audit.</p>

Therefore, all Directors have confirmed that they understand the responsibilities placed upon them and in particular that:

- Subject to the identified areas of significant risk and priorities for action, all of the services for which they are responsible have in place processes and procedures that align to these principles and to the best of their knowledge and belief these processes are operating satisfactorily;
- The Directors as a management team set the 'tone from the top', embedding core values and principles throughout all Council service areas.



Leicester
City Council

**WARDS AFFECTED:
ALL WARDS (CORPORATE ISSUE)**

AUDIT & RISK COMMITTEE

27th September 2016

STATUTORY STATEMENT OF ACCOUNTS 2015/16

REPORT OF THE DIRECTOR OF FINANCE

1. INTRODUCTION

- 1.1. The Accounts and Audit (England) Regulations 2015 require that the Council present its audited Statement of Accounts for 2015/16 by the 30th September 2016, and that these accounts are adopted by the Audit & Risk Committee.
- 1.2. The regulations also require those charged with governance – the Audit & Risk Committee – to approve a letter of management representation.
- 1.3. Auditors are to present the committee with their ‘Report to those charged with governance’ (known as the ISA 260 report) which details the conclusions of their audit work and any recommendations they wish to make.

2. RECOMMENDATIONS

- 2.1. The Audit & Risk Committee is recommended to:
 - 2.1.1. Note the auditors’ ISA 260 Report to those charged with Governance and the recommendations contained within it
 - 2.1.2. Adopt the audited accounts for the year ended 31st March 2016
 - 2.1.3. Approve the letter of representation submitted by the Director of Finance

3. SUMMARY

- 3.1. The statutory accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the UK. Separate management accounts are presented to the Executive and to the Overview Select Committee, which set out the revenue and capital outturn for the authority. The financial position of the authority is presented in a different way in the Statement of Accounts. The outturn reports focus on the in-year financial performance in a format consistent

with the Council's budgets, while the statement of accounts shows the in-year performance in a standard format adopted by all local authorities, including a balance sheet showing the underlying financial position.

3.2. Despite the wide variations in the way the position is presented, the key point is that both the outturn reports and the accounts are consistent.

3.3. The core financial statements are:

- Movement in reserves statement

This shows the movement in the year on the different reserves held by the authority. This statement distinguishes between "usable reserves" which can be used to fund expenditure or reduce local taxation and "unusable reserves" which are effectively accounting entries and not actual cash. The level of uncommitted general balances at 31st March 2016 was £15.0m, in line with the Council's financial strategy.

- Comprehensive income and expenditure statement

This shows the Council's actual performance for the year in accordance with the Code of Practice. This means that the accounts are prepared on a different basis than that used to set the Council's budget and raise Council Tax. There are a number of statutory adjustments that are made to the surplus or deficit shown on this statement to arrive at the balance on the General Fund shown in the Movement in Reserves Statement above.

- Balance sheet

The Balance Sheet shows the net worth of the Council in terms of its assets and liabilities. It shows the net value of the organisation including the balances and reserves, its long term indebtedness, together with fixed and net current assets employed in its operations.

- Cash flow statement

This statement summarises the movements in cash holdings during the year in common with the presentation required for commercial companies, although the statement is of less significance in the Local Authority context.

3.4. There have been some changes to the Code of Practice and the Council's accounting policies during 2015/16, primarily concerning the implementation of new accounting standards around the 'Fair Value' basis of valuing assets. These changes are outlined further in the Accounting Policies section of the Statement of Accounts document.

4. AMENDMENTS TO THE DRAFT FINANCIAL STATEMENTS

- 4.1. During the audit period, the need for certain amendments to the draft financial statements has come to light.
- 4.2. None of these amendments have resulted in a change in the overall level of balances available to the Council to finance its ongoing operations.
- 4.3. A full list of the amendments agreed with audit will be presented alongside the final accounts to the Committee.

5. LETTER OF REPRESENTATION

- 5.1. The letter of representation is a letter signed by the Director of Finance and approved by the Audit & Risk Committee.
- 5.2. It is designed to give auditors assurance on the information included in the Statement of Accounts and to affirm that the primary responsibility for the content of the Statement of Accounts remains with the Council.

6. ISA 260 Report to those charged with governance

- 6.1. The ISA 260 Report details the conclusions of the external audit and makes any recommendations deemed necessary. Management responses to the recommendations are contained within it.

7. FINANCIAL IMPLICATIONS

- 7.1. The report is exclusively concerned with financial issues.

8. LEGAL IMPLICATIONS

- 8.1. The timetable and the arrangements for the reporting of the Council's statement of accounts are governed by statute. These statutory requirements have been complied with.

9. OTHER IMPLICATIONS

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

10. BACKGROUND PAPERS

Revenue and capital outturn reports presented the Overview Select Committee on 22nd June 2016

Closure of Accounts working papers – held in the Accountancy Section

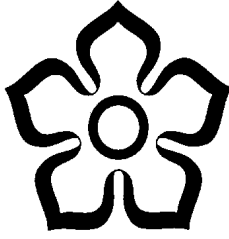
11. CONSULTATIONS

All departments are consulted during the Authority's close down period.

12. AUTHOR

Alistair Cullen
Principal Accountant – Corporate Accountancy
X374042

Alison Greenhill
Director of Finance



Leicester
City Council

WARDS AFFECTED:
ALL

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Audit and Risk Committee	27 September 2016
Council	24 November 2016

Annual Report of the Audit and Risk Committee to Council covering the municipal year 2015-16

Report of the Director of Finance

1 PURPOSE OF REPORT

- 1.1 To present to the Council the annual report of the Audit and Risk Committee setting out what the Committee has achieved over the municipal year 2015-16.
- 1.2 There is no specific requirement for such a report. However, best practice is for the Audit and Risk Committee to be able to demonstrate its effectiveness in overseeing the City Council's control environment and this is reflected in the Committee's terms of reference. This report was presented to the Committee for approval at its meeting on 27 September 2016.

2 RECOMMENDATIONS

- 2.1 The Audit and Risk Committee is recommended to approve this report for submission to the Council.
- 2.2 The Council is recommended to receive this report.

3 SUMMARY

- 3.1 The Audit and Risk Committee has considered a wide range of business in fulfilment of its central role as part of the Council's system of corporate governance and internal audit and control. It has conducted its business in an appropriate manner through a programme of meetings and has fulfilled the expectations placed upon it.
- 3.2 The report covers the municipal year 2015-16 rather than the financial year so as to align with members' terms of office.

4 REPORT

4.1 The Committee's terms of reference had been reviewed and updated immediately prior to the beginning of the municipal year and the Committee had approved these at its meeting on 31 March 2015. A further update of the terms of reference was approved by the Committee at its final meeting of the municipal year, 23 March 2016. The terms of reference formally confer upon the Committee the role of 'the board' for the purposes of the *Public Sector Internal Audit Standards*, issued jointly by Chartered Institute of Public Finance & Accountancy and the Chartered Institute of Internal Auditors as the recognised professional standards for local authority internal audit.

4.2 The Committee is well established and has continued to make an important contribution to the effectiveness of the City Council's internal control and corporate governance frameworks. It is also a central component of the Council's system of internal audit.

Achievements of the Committee

4.3 During the municipal year 2015-16, the Committee met on six occasions:

- 1 July 2015
- 12 August 2015
- 29 September 2015
- 2 December 2015
- 10 February 2016
- 23 March 2016

The Committee's terms of reference require it to meet at least three times a year. All of the Committee's meetings have been properly constituted and quorate.

4.4 The appendices to this report give further information on the activities of the Committee during the municipal year 2015-16:

- Appendix 1 - a summary of the Committee's work according to its responsibilities under its terms of reference.
- Appendix 2 – an assessment of the effectiveness of the Committee against the criteria in *Audit Committees - Practical Guidance for Local Authorities and Police*, CIPFA 2013.

4.5 Key outcomes from the Committee's work:

The responsibilities of the Committee are set out in its terms of reference:

- The Committee has continued to keep its own terms of reference under review to ensure compliance with current best practice.
- The Committee's membership in 2015-16 was well established and experienced. Nonetheless, Members considered their training needs in support of their role on the Committee. In furtherance of this, they received briefings on a number of relevant topics including: the published statement of accounts; the Regulation of Investigatory Powers Act 2000

(RIPA); the Council's approach to procurement; and the delivery of the Council's objectives for public health.

Internal Audit

- The Committee considered the Internal Audit annual and quarterly plans and monitored their delivery and outcomes during the year. The Committee also received the Internal Audit annual report and opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control.
- The Committee reserves the right to summon relevant officers to attend its meetings to discuss in more depth specific issues raised by Internal Audit reports. This has helped to maintain the profile of the Committee and its role in promoting adherence to procedures and improved internal control.
- The Committee received and approved the annual review of the effectiveness of the Council's system of internal audit, as required under regulation 6(3) of the Accounts and Audit (England) Regulations 2011. Further detail on this is given below at paragraph 4.12.

Fraud

- The Committee maintained an effective overview of the Council's measures to combat fraud and financial irregularity. Specifically, the Committee:
 - Reviewed and approved the Council's updated Anti-Fraud, Bribery and Corruption Policy and Strategy
 - Considered the annual counter-fraud report, which brought together the various strands of counter-fraud work in 2014-15 with data on the various types of work carried out by the teams involved
 - Reviewed and supported the Council's participation in the National Fraud Initiative
 - Reviewed the Council's activity and performance under the Regulation of Investigatory Powers Act 2000 and the Disclosure Policy and Whistleblowing Policy.

External audit

- The Committee considered the external auditor's plans and progress and the outcomes of this work, with particular reference to the annual audit of the Council's statutory financial statements.
- The external auditor places reliance on Internal Audit work in connection with the external audit of the Council's accounts and the certification of certain grant claims and returns. The Committee has received reports on the outcomes of such work and to this extent is fulfilling its responsibility to promote an effective working relationship between the two audit functions.

Risk Management

- The Committee confirmed the Risk Management Strategy and Policy and Corporate Business Continuity Management Strategy. The Committee maintained a regular overview of the risk management arrangements including the Council's strategic and operational risk registers and 'horizon-scanning' for potential emerging risks to the Council and its business.
- The continued management of the Internal Audit and Risk Management functions by one head of service has meant good coordination between the two related disciplines, including reporting to the Committee.

Corporate Governance

- During 2015-16, the Committee has fulfilled the responsibilities of 'the board' for the purposes of the City Council's conformance to the CIPFA *Public Sector Internal Audit Standards* in terms of the overseeing of the Council's arrangements for audit, the management of risk and the corporate governance assurance framework.
- The Committee maintained its oversight of the Council's corporate governance arrangements. The Council's updated assurance framework, which maps out the process for collating the various sources of assurance and from them preparing the Council's statutory¹ Annual Governance Statement, was reviewed and approved by the Committee.
- Alongside this was the approval by the Committee of the updated Local Code of Corporate Governance.
- The Committee approved the draft Annual Governance Statement for 2014-15. The annual review of the assurance framework, which sets out the essential process for preparing the Annual Governance Statement, was approved by the Committee.
- This annual report to Council is part of the governance arrangements, through giving a summary of the Committee's work and contribution to the good governance of the City Council and demonstrating the associated accountability.

Financial reporting

- The Committee received and approved the Council's statutory Statement of Accounts for 2014-15 and associated external audit reports. It approved the Council's letter of representation, by means of which the City Council gives assurance to the external auditor; there were no significant items that were not reflected in the Council's accounting statements.

Effectiveness of Committee's work

- 4.6 In considering the above, it is concluded that the Committee fulfilled in all material respects the requirements of its terms of reference.
- 4.7 The work of the Committee is reflected in the external auditor's Annual Governance Report for 2014-15, which is issued to the Committee as 'those charged with governance'. In this report, the auditors confirmed that their

¹ Regulation 4(3) of the Accounts and Audit (England) Regulations 2011

audit opinion on the Council's financial statements for 2014-15 would be 'unqualified' and that the Council has 'made proper arrangements to secure economy, efficiency and effectiveness in its use of resources'.

- 4.8 The Committee considered at its meeting on 12 August 2015 the annual review of the effectiveness of the system of internal audit, as required by the Accounts and Audit (England) Regulations 2011. This review found that for 2014-15 the Audit & Risk Committee met all of the main indicators of being an effective audit committee as set out by CIPFA². The criteria include:
- Regular meetings
 - Sufficient independence of other functions
 - Constructive meetings, conducted freely and openly and without political influence
 - Proper, approved terms of reference with a sufficient spread of responsibilities for internal and external audit, governance and risk management
 - Playing a sufficient part in the management of Internal Audit including approval of audit plans, review of Internal Audit performance and the outcomes of audit work plus management's responses to it
 - Maintaining a proper overview of the relationship with and the work of the external auditor.
- 4.9 An assessment of conformance to the CIPFA guidance has been conducted in the preparation of this report; the outcome is given in Appendix 2. There are no significant areas of non-conformance with this recognised best practice. There are points of detail that could be considered in the next annual review of the Committee's terms of reference.
- 4.10 As has been acknowledged in previous years, annual changes in membership are to be expected but can hinder the development of expertise and knowledge acquired by members. As a result, and given the complexities of the Committee's business, meetings of the Committee are normally preceded by a briefing or training session on a particular topic, usually linked to that meeting's agenda. Overall, throughout 2015-16, the Committee's membership was such as to ensure both continuity and that the Committee had a positive effect on the Council's control environment.
- 4.11 The Head of Internal Audit & Risk Management attends all meetings of the Committee. In addition, and in the interests of providing the full range of legal, constitutional and financial advice and expertise, meetings of the Committee are routinely attended by the Director of Finance and the City Barrister & Head of Standards (who is also the Council's designated monitoring officer) or their representatives.

Conclusions

- 4.12 The Committee fulfilled all of the requirements of its terms of reference and the good practice guidance issued by CIPFA.

² Chartered Institute of Public Finance & Accountancy: *Audit Committees: Practical Guidance for Local Authorities and Police*, 2013.

- 4.13 It is the view of the Head of Internal Audit & Risk Management and the Director of Finance that during the municipal year 2015-16 the Audit & Risk Committee made a significant contribution to the good governance of the City Council. Through its work, it has reinforced the Council's systems of internal control and internal audit and has given valuable support to the arrangements for corporate governance, legal compliance and the management of risk.
- 4.14 Each year, following the changes in membership, there is a need to support members with relevant training and briefings on the Committee's responsibilities for internal and external audit, risk management, internal control and governance. These are technically complex subjects, particularly in the context of the governance of a large local authority and especially during a period of continued financial stringency and change. The effectiveness of the Committee is enhanced by having members who have sufficient expertise and experience, attributes which benefit from continuity of membership.

5 FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1 Financial Implications

An adequate and effective Audit & Risk Committee is a central component in the governance and assurance processes intended to help ensure that the Council operates efficiently, cost effectively and with integrity. Its support for the processes of audit and internal control will help the Council as it faces the financially challenging times ahead.

Colin Sharpe, Head of Finance (Corporate Resources) x37 4081

5.2 Legal Implications

The Audit & Risk Committee aids the fulfilment by the Council of its statutory responsibilities under the Accounts and Audit Regulations 2011 for monitoring the Council's system for internal control. It is an important part of the way the duties of the Director of Finance are met as the responsible financial officer under s151 of the Local Government Act 1972.

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

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	Yes	4.5 – references to fraud and corruption
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities	No	
Risk Management	Yes	The whole report concerns the audit, risk management and governance process, a main purpose of which is to give assurance to Directors and this Committee that risks are being properly identified and managed appropriately by the business.

7 BACKGROUND PAPERS – LOCAL GOVERNMENT ACT 1972

Minutes of the Audit & Risk Committee meetings as listed at paragraph 4.3 above.

8 REPORT AUTHOR

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

Summary of work of the Audit & Risk Committee – municipal year 2015-16

This table shows the activities of the Audit & Risk Committee during the municipal year 2015-16 alongside the terms of reference of the Committee as approved immediately prior to the municipal year (31 March 2015). (Note that the Committee also reviewed its terms of reference on 23 March 2016 in preparation for the 2016-17 municipal year.

There is no area that has not been covered at least sufficiently by the Committee.

Terms of Reference	Date considered	Item	Outcome
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.	29.09.15	Internal Audit Annual Report for 2014-15 including the Internal Audit opinion	Approved
To consider, challenge and approve (but not direct) Internal Audit's strategy and plan and monitor performance on an annual basis.	01.07.15	Internal Audit Q2 Operational Plan 2015-16	Noted
	02.12.15	Internal Audit Q3 and Q4 Operational Plan 2015-16	Noted
	10.02.16	Internal Audit Annual Plan 2016-17	Approved
	23.03.16	Internal Audit Q1 Operational Plan 2016-17	Noted
To receive summaries of Internal Audit reports and the main issues arising.	12.08.15	Outcomes of Internal Audit Work in Q4 2014-15 (January 2015 to March 2015)	Noted
	02.12.15	Internal Audit Update Q1 and Q2 2015-16 (April 2015 to September 2015)	Noted
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.	As last item	Internal Audit Updates - as last item	Noted
	29.09.15	Internal Audit Annual Report for 2014-15 including the Internal Audit opinion	Approved
To monitor and assess the role and effectiveness of the Internal Audit function.	12.08.15	Review of the Effectiveness of the System of Internal Audit 2014-15	Approved
	02.12.15	Annual Review of Internal Audit Charter	Approved
In fulfilling these functions, the Audit & Risk Committee fulfils the role of 'the board' for the purposes of the <i>Public Sector Internal Audit Standards</i> .	01.07.15	Schedule of A&R Committee meetings for 2015-16	Noted
	29.09.15	Draft A&R Committee Annual Report to Council 2014-15	Approved
	23.03.16	Annual Review of the Council's Assurance Framework, Local Code of Corporate Governance, and the Committee's Terms of Reference	Approved

Summary of work of the Audit & Risk Committee – municipal year 2015-16

Terms of Reference	Date considered	Item	Outcome
(Continued) In fulfilling these functions, the Audit & Risk Committee fulfils the role of 'the board' for the purposes of the <i>Public Sector Internal Audit Standards</i> .	23.03.16	Schedule of planned A&R Committee agendas and meeting dates for 2016-17	Approved
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.	29.09.15	Annual Governance Report 2014-15 and Letter of Representation	Approved
	02.12.15	External Auditor's Annual Audit Letter 2014-15	Noted
	10.02.16	Certification of Grants, Claims and Returns 2014-15 Annual Report (external auditor)	Noted
	01.07.15	Updated management briefing on Ofsted report on Children's Services	Noted
	As next item	External Audit Progress Reports and Technical Updates	Noted
To consider the scope and depth of external audit work and to assess whether it gives value for money.	02.12.15	External Audit Progress Report and Technical Update	Noted
	23.03.16	External Audit Progress Report and Technical Update	Noted
	23.03.16	Annual External Audit Plan for financial year 2015-16	Noted
To liaise with the Audit Commission (or such other body that assumes this responsibility ³) over the appointment of the Council's external auditor and conduct such other related functions as required by the local public audit regime.	N/A	This has not been needed during the 2015-16 municipal year.	
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.	Various	Reference to joint working or coordination is made in various internal and external reports, with particular reference to the annual audit of the main financial systems.	Noted
To approve any instances of non-audit work by the external auditors in accordance with the <i>Policy for Engagement of External Auditors for Non-Audit Work</i> and report any such instances to the Council.	01.07.15	Policy for Engagement of External Auditors for Non-Audit Work	Approved

2. RISK MANAGEMENT FRAMEWORK

³ Public Sector Audit Appointments Ltd with effect from 1st April 2015.

Summary of work of the Audit & Risk Committee – municipal year 2015-16

Terms of Reference	Date considered	Item	Outcome
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.	01.07.15	Risk Management & Insurance Services update	Noted
	12.08.15	Risk Management & Insurance Services update	Noted
	29.09.15	Risk Management & Insurance Services update	Noted
	02.12.15	Risk Management & Insurance Services update	Noted
	10.02.16	Risk Management and Business Continuity Management Strategies and Policies for 2015	Noted
	23.03.16	Risk Management & Insurance Services update	Noted
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.	10.02.16	Risk Management and Business Continuity Management Strategies and Policies for 2016	Approved
To approve, on an annual basis, the Risk Management and Insurance Services function's terms of reference and its annual plan.	10.02.16	Risk Management and Business Continuity Management Strategies and Policies for 2016	Approved
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).	As above.	Risk Management & Insurance Services updates	Noted
3. INTERNAL CONTROL AND GOVERNANCE FRAMEWORK			
To review the adequacy of the Council's internal control framework through review of its system of internal control and system of internal audit and overseeing the production and approval of the Council's Annual Governance Statement prepared in accordance with the Local Code of Conduct Governance.	02.12.15	Annual Review of Internal Audit Charter	Approved
	12.08.15	Review of the Effectiveness of the System of Internal Audit 2014-15	Approved
	29.09.15	Annual Governance Statement 2014-15	Approved
	23.03.16	Annual review of the Council's, Assurance Framework, Local Code of Corporate Governance and annual review of the Committee's terms of reference	Approved
	02.12.15	Annual Review of Internal Audit Charter (refresh for next financial year)	Approved
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	29.09.15	Annual Governance Report 2014-15 and Letter of Representation	Approved

Summary of work of the Audit & Risk Committee – municipal year 2015-16

Terms of Reference	Date considered	Item	Outcome
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.)	02.12.15	External Auditor's Annual Audit Letter 2014-15	Noted
To maintain an overview of the Council's Constitution in respect of contract procedure rules, finance procedure rules and codes of conduct and behaviour.	Various	Reference is made to constitutional requirements and rules of procedure where relevant in internal and external audit reports	Noted
To review and approve, on an annual basis, the Council's anti-fraud, bribery and corruption and its disclosure (whistle-blowing) policies and procedures.	12.08.15	Regulation of Investigatory Powers Act 2000 - Biannual performance report January – June 2015	Noted
	12.08.15	Counter-Fraud Annual Report 2014-15	Noted
	01.07.15	Review of the Anti-Fraud, Bribery and Corruption Policy and Strategy	Approved
	12.08.15	Revenues & Benefits prosecutions data 2014-15	Noted
	02.12.15	Counter-Fraud update report – first half of 2015-16	Noted
	10.02.16	National Fraud Initiative - annual report	Noted
	23.03.16	RIPA Statistics and Performance report July - December 2015	Noted
Annually, to assess all significant risk issues considering: <ul style="list-style-type: none"> 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. 	Dates as above	Risk Management & Insurance Services updates	Noted
To review regular reports from Internal Audit and Risk Management on risk and internal controls, considering: <ul style="list-style-type: none"> The effectiveness of systems of internal control across the Council 	12.08.15 02.12.15	Internal Audit Update reports	Noted
	29.09.15	Internal Audit Annual Report for 2014-15 including the Internal Audit opinion	Approved
	Various as above	Risk Management & Insurance Services updates	Noted
○ Reports on major control issues and their impact on the Council's risk profile.	Various as above	Risk Management & Insurance Services updates	Noted
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:	29.09.15	Internal Audit Annual Report for 2014-15 including the Internal Audit opinion	Approved

Summary of work of the Audit & Risk Committee – municipal year 2015-16

Terms of Reference	Date considered	Item	Outcome
	12.08.15 02.12.15	Internal Audit Update reports (which include reference to the various legal and policy requirements as relevant to the specific subject matter)	Noted
	29.09.15	Annual Governance Statement 2014-15	Approved
o Policies relating to information governance and assurance	23.03.16	Regulation of Investigatory Powers Act 2000 - LCC policy and compliance	Training for Committee
	23.03.16	Regulation of Investigatory Powers Act 2000 - Biannual performance report January – June 2015	Noted
o Health & Safety at Work	Various as above	Risk Management & Insurance Services updates	Noted
o Civil Contingencies Act			
o Policies relating to disclosures and complaints	02.12.15	Disclosure Policy and Whistleblowing Annual Summary 2014-15	Noted
o Others as appropriate	02.12.15	Procurement Plan Update 2015-16	Noted
	23.03.16	Procurement Plan 2016-17	Noted
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.	12.08.15	Draft Statement of Accounts 2014-15	Noted
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.	12.08.15	Introduction to the Statement of Accounts	Training for Committee
	29.09.15	Statutory Statement of Accounts 2014-15	Approved
	29.09.15	Annual Governance Report 2014-15 and Letter of Representation	Approved
To bring to the attention of the Council any concerns arising from the financial statements or from the audit.		None.	
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.	Training and briefings on:		
	01.07.15	Training - Effectiveness of an A&RC	Training for Committee
	29.09.15	Training – The Counter Fraud Team's Role	Training for Committee
	10.02.16	Training - Delivery of the Objectives of the Public Health service	Training for Committee
	02.12.15	Update on the DCLG Fraud Funding Work	Briefing for Committee

Summary of work of the Audit & Risk Committee – municipal year 2015-16

Terms of Reference	Date considered	Item	Outcome
To consider any relevant matters reserved for Member-level decision as detailed in Rules of Procedure.		None	
To present an annual report to the Council on the Committee's conduct, business and effectiveness.	29.09.15 (Council 27.11.15)	Draft A&R Committee annual report to Council 2014-15	Approved. Presented to Council 27.11.15

Audit & Risk Committee – municipal year 2015-16

August 2016 - Review of conformance to CIPFA *Practical Guidance for Audit Committees* (2013 Edition)

	Good practice questions	Yes	Partly	No	Notes and actions
Audit committee purpose and governance					
1	Does the authority have a dedicated audit committee?	Y			
2	Does the audit committee report directly to full council? (Applicable to local government only.)	Y			
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	Y			<p>Though we conform to the criteria, compliance could be strengthened by addressing the following:</p> <ul style="list-style-type: none"> • Ref 3(5): We do not routinely take all reports of other inspections agencies (e.g. Ofsted, Care Quality Commission) to A&R Committee • Ref 4(2): Closer working with the Standards Committee? • Ref 4(3): Decide whether review of Treasury Management arrangements should be within the Committee's specific remit and if so, update Terms of Reference accordingly
4	Is the role and purpose of the audit committee understood and accepted across the authority?	Y			
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	Y			
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?	Y			
Functions of the committee					
7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?	Y			Subject to Q3 above.

Audit & Risk Committee – municipal year 2015-16

August 2016 - Review of conformance to CIPFA *Practical Guidance for Audit Committees* (2013 Edition)

	Good practice questions	Yes	Partly	No	Notes and actions
	good governance	Y			
	assurance framework	Y			
	internal audit	Y			
	external audit	Y			
	financial reporting	Y			
	risk management	Y			
	value for money or best value		P		This is implied but is not explicit in the terms of reference.
	counter-fraud and corruption.	Y			
8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	Y			
9	Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?		P		There has been no specific consideration of this by the Committee but there is no area in the Position Statement that has been fundamentally omitted in the Committee's remit or activity in 2015-16.
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	Y			Further revision of the Committee's terms of reference.
11	Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	Y			
Membership and support					
12	Has an effective audit committee structure and composition of the committee been selected?	Y			
	This should include:				

Audit & Risk Committee – municipal year 2015-16

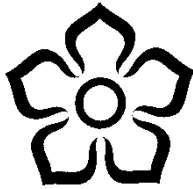
August 2016 - Review of conformance to CIPFA *Practical Guidance for Audit Committees* (2013 Edition)

	Good practice questions	Yes	Partly	No	Notes and actions
	separation from the executive	Y			
	an appropriate mix of knowledge and skills among the membership	Y			
	a size of committee that is not unwieldy	Y			
	where independent members are used, that they have been appointed using an appropriate process.	N/A			
13	Does the chair of the committee have appropriate knowledge and skills?	Y			
14	Are arrangements in place to support the committee with briefings and training?	Y			
15	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	Y			With the exception of Treasury Management (which is not specified in the Committee's terms of reference).
16	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?	Y			
17	Is adequate secretariat and administrative support to the committee provided?	Y			
Effectiveness of the committee					
18	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	Y			The opportunity is there from the full Council on presentation of the Committee's annual report. There are regular discussions between the Chair and lead officers.
19	Has the committee evaluated whether and how it is adding value to the organisation?	Y			Such evaluations are done as part of the annual report and as part of the annual Review of the Effectiveness of the System of Internal Audit, which includes the Committee.

Audit & Risk Committee – municipal year 2015-16

August 2016 - Review of conformance to CIPFA *Practical Guidance for Audit Committees* (2013 Edition)

	Good practice questions	Yes	Partly	No	Notes and actions
20	Does the committee have an action plan to improve any areas of weakness?	Y			<p>The Committee has a forward planner for agenda items including scheduled training sessions to address identified needs.</p> <p>Regular review of the Committee’s terms of reference and associated governance documentation gives the opportunity to improve any necessary areas, e.g. Q3 and Q7 above.</p>



Leicester
City Council

WARDS AFFECTED
All

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Audit & Risk Committee

27 September 2016

Internal Audit Annual Report and Opinion for the financial year 2015-16

Report of the Director of Finance

1. Purpose of Report

- 1.1. The report provides the Authority with an Annual Report and Opinion for 2015/16, drawing upon the outcomes of Internal Audit work performed over the course of that year. The report also concludes on the Effectiveness of Internal Audit.

1.2 Recommendations

The Audit & Risk Committee is recommended to:

- Receive and approve the contents of the Annual Report and Opinion
- Note that an audit opinion of 'substantial assurance' has been given in relation to the framework of governance, risk management and control for the year ended 31 March 2016
- Note that the opinions expressed together with significant matters arising from internal audit work (reported to this Committee 3 August) have been given due consideration when developing and reviewing the Authority's Annual Governance Statement for 2015/16 (also presented to this meeting for approval)
- Note the conclusions of the review of the Effectiveness of Internal Audit
- Make any recommendations it sees fit to the Director of Finance or the Executive.

2. Summary

- 2.1. In line with Public Sector Internal Audit Standards (PSIAS), which came into force originally in April 2013, an annual opinion should be generated which concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control:
- A summary of the work that supports the opinion should be submitted (given in 'Internal Audit Update Report 2015/16' presented to this Committee 3 August 2016)

- Reliance placed on other assurance providers should be recognized
- Any qualifications to that opinion, together with the reason for qualification must be provided
- There should be disclosure of any impairments or restriction to the scope of the opinion
- There should be a comparison of actual audit work undertaken with planned work (given in 'Internal Audit Update Report 2015/16' presented to this Committee 3 August 2016)
- The performance of Internal Audit against its performance measures and targets should be summarised (given in 'Internal Audit Update Report 2015/16' presented to this Committee 3 August 2016)
- Any other issues considered relevant to the Annual Governance Statement should be recorded

2.2 This report now also contains conclusions on the Review of the Effectiveness of Internal Audit, which includes:

- The degree of conformance with the PSIAS and the results of any quality assurance and improvement programme
- The outcomes of the performance indicators
- The degree of compliance with CIPFA's Statement on the Role of the Head of Internal Audit

2.3 The Annual Report and Opinion 2015/16 and the Review of Effectiveness of Internal Audit are shown in the report at Appendix A.

2.4 On the basis of the Internal Audit work performed during 2015/16, the Head of Internal Audit and Risk Management is able to give an audit opinion of **substantial** on the framework of governance, risk management and control at Leicester City Council.

2.5 The outcomes of the Effectiveness Review confirm that Internal Audit:

- Is compliant with the Public Sector Internal Audit Standards (although no significant areas of non-conformance; some areas for improvement have been identified)
- Is continually monitoring performance and looking for ways to improve;
- Is compliant with CIPFA Statement on the Role of the Head of Internal Audit in Public Sector Organisations.

These findings, therefore, indicate that reliance can be placed on the opinions expressed by the Head of Internal Audit and Risk management, which have then been used to inform the Authority's Annual Governance Statement.

3. Report

3.1 Please refer to Appendix A – Internal Audit Annual Report and Opinion.

4. Financial, Legal and Other Implications

4.1. Financial Implications

As defined by CIPFA in the Public Sector Internal Audit Standards (PSIAS), Internal Audit should be an independent, objective assurance and consulting activity designed to improve and add value to the Council's operations. It should help the Council to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The self-assessment against PSIAS has concluded that there are no significant areas of non-conformance; however, some areas for improvement have been identified.

Colin Sharpe, Head of Finance, ext. 37 4081

4.2. Legal Implications

Internal Audit aids the fulfilment by the Council of its statutory responsibilities under the Accounts and Audit (England) Regulations 2011 (which were applicable throughout the financial year 2015-16) for independently evaluating the Council's system of internal control. It is an important part of the way the duties of the Director of Finance are met as the responsible financial officer under s151 of the Local Government Act 1972.

Kamal Adatia, City Barrister and Head of Standards – 37 1401

5. Other Implications

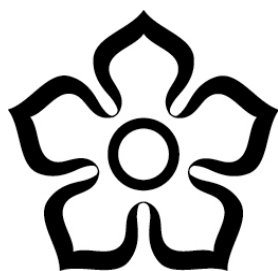
Other Implications	Yes/No	Paragraph/reference within supporting information
Equal Opportunities	No	-
Policy	No	-
Sustainable and Environmental	Yes	Various references to audit under the Eco-Management and Audit Scheme (EMAS) including paragraph 3.3.1 of Appendix A.
Climate Change	No	-
Crime and Disorder	No	-
Human Rights Act	No	-
Elderly/People on Low Income	No	-
Corporate Parenting	No	-
Health Inequalities Impact	No	-
Risk Management	Yes	The whole report concerns the Internal Audit process and its outcomes, a main purpose of which is to give assurance to Directors and this Committee that risks are being properly identified and managed appropriately by the business.

6. Consultations

The Corporate and Finance Management Teams have been consulted on this report. Information relating to Internal Audit reports referred to has been shared with members of the Audit & Risk Committee and relevant Directors.

7. Report Author

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



Leicester
City Council

Internal Audit
Leicester City Council

Internal Audit Annual Report and Opinion 2015-16

August 2016

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1 Introduction

- 1.1 The duties of the Audit & Risk Committee as set out in its terms of reference include:

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.

and

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

- 1.2 The Authority is required by the Accounts and Audit Regulations 2011 to maintain an adequate and effective system of internal audit of its accounting records and internal control systems in accordance with proper internal audit practices. (The Regulations were recently updated, which took effect from 1 April 2015, and apply to this year-end opinion). Those proper practices are set out in the Public Sector Internal Audit Standards (PSIAS) which came into effect in April 2013.

- 1.3 Those standards require the Chief Audit Executive (known in this context as the Head of Internal Audit and Risk Management) to provide a written report to those charged with governance (known in this context as the Audit and Risk Committee) to support the Annual Governance Statement (AGS). This report must set out:-

- The opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control during 2015/16, together with reasons if the opinion is not favourable;
- A summary of the internal audit work carried out from which the opinion is derived, the follow up of management action taken to ensure implementation of agreed action as at financial year end and any reliance placed upon third party assurances;
- Any issues that are deemed particularly relevant to the Annual Governance Statement (AGS);
- The Annual Review of the Effectiveness of Internal Audit, which includes; the level of compliance with the PSIAS and the results of any quality assurance and improvement programme, the outcomes of the performance indicators and the degree of compliance with CIPFA's Statement on the Role of the Head of Internal Audit.

Appendix A

Internal Audit Annual Report 2014-15

- 1.4** When considering this report, the statements made therein should be viewed as key items which need to be used to inform the Authority's Annual AGS, but there are also a number of other important sources to which the Audit and Risk Committee (and statutory officers of the Council) should be looking to gain assurance. Moreover, in the course of developing overarching audit opinions for the authority, it should be noted that the assurances provided here, can never be absolute and therefore, only reasonable assurance can be provided that there are no major weaknesses in the processes subject to internal audit review. The annual opinion is thus subject to inherent limitations (covering both the control environment and the assurance over controls) and these are examined more fully throughout the rest of this report.

2. ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT

2.1 Roles and responsibilities

- The Authority is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements.
- The AGS is an annual statement that records and publishes the Authority's governance arrangements.
- An annual opinion is required on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control, based upon and limited to the audit work performed during the year.

This is achieved through the delivery of the risk based Internal Audit Plan discussed and approved at Corporate Management Team (CMT) and then approved by the Audit and Risk Committee (ARC) at its meeting on the 10 February 2016. Any justifiable adjustments are requested during the year and are agreed with senior management and are the approved by ARC in the quarterly plans brought to Committee throughout the year. This opinion does not imply that internal audit has reviewed all risks and assurances, but it is one component to be taken into account during the preparation of the AGS.

The Audit and Risk Committee should consider this opinion, together with any assurances from management, its own knowledge of the Authority and any assurances received throughout the year from other review bodies such as the external auditor.

Appendix A

Internal Audit Annual Report 2014-15

2.2 The overall opinion itself is that the Authority's framework of governance, risk management and controls is **substantial** – for a reminder of the levels of assurance and their definitions please see **Appendix 1** below. It is noted that the assurance levels given in the 35 reports assessed in the year 2015/16 break down as below:

- Full – 4
- Substantial 21
- Partial – 6
- Little or No – 4

In providing the opinion the Authority's risk management framework and supporting processes, the relative materiality of the issues arising from the internal audit work during the year and management's progress in addressing any control weaknesses identified therefrom have been taken into account. The opinion has been discussed with the Chief Operating Officer and the Director of Finance prior to publication.

3. AUDIT WORK UNDERTAKEN DURING THE YEAR

3.1 **Appendix 2** reminds the Committee of the internal audit work delivered during the year and the levels of assurance used. To minimize this report and balance the number of papers at each meeting, the full report 'Internal Audit Update Report 2015/16' presented to this Committee 3 August 2016.

3.2 Internal audit work is divided into four broad categories:

- Annual opinion audits;
- Fundamental financial systems that underpin the Authority's financial processing and reporting;
- Other systems identified as worthy of a review by the risk assessment processes within the authority;
- Significant computer systems which provide the capability to administer and control the Authority's main activities.

3.3 The internal audit plan allows an amount of time for follow up work to be carried out to ensure that significant recommendations are implemented properly. In addition, this Committee receives regular reports from the Head of Internal Audit and Risk Management in relation to implementation of Internal Audit recommendations and thus keeps a watching brief on progress throughout the financial year.

3.4 Internal Audit work has not identified any weaknesses that are considered significant enough for disclosure within the Annual Governance Statement.

Appendix A

Internal Audit Annual Report 2014-15

4. THIRD PARTY ASSURANCES

- 4.1** In arriving at the overall opinion reliance has not been placed on any third party assurances.

5. ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

5.1 Degree of compliance with Public Sector Internal Audit Standards (PSIAS)

- 5.1.1** A checklist for conformance with the PSIAS and the Local Government Application Note has been completed for 2015/16. This covers the Definition of Internal Auditing, the Code of Ethics and the Standards themselves.
- 5.1.2** The Attribute Standards address the characteristics of organisations and parties performing Internal Audit activities, in particular; Purpose, Authority and Responsibility, Independence and Objectivity, Proficiency and Due Professional Care, and Quality Assurance and Improvement Programme (which includes both internal and external assessment).
- 5.1.3** The Performance Standards describe the nature of Internal Audit activities and provide quality criteria against which the performance of these services can be evaluated, in particular; Managing the Internal Audit Activity, Nature of Work, Engagement Planning, Performing the Engagement, Communicating Results, Monitoring Progress and Communicating the Acceptance of Risks.
- 5.1.4** On conclusion of completion of the checklist full conformance has been ascertained in relation to the Definition of Internal Auditing, the Code of Ethics and the Performance Standards.
- 5.1.5** In relation to the Attribute Standards it is recognised that in order to achieve full conformance an external assessment is required. This must be done within 5 years of the PSIAS coming into force, i.e. 31 March 2018. As part of the proposals for the provision of Internal Audit Services for the Authority from 1 April 2017 it has been agreed that this will be undertaken in late 2017, with the results being shared with the Committee at that time.
- 5.1.6** In relation to the Quality Assurance and Improvement Programme, internal assessments are undertaken on a regular basis and performance is regularly assessed and reported upon.
- 5.1.7** The detailed checklist has been shared and discussed with the Chief Operating Officer and Director of Finance for independent scrutiny and verification.

Appendix A

Internal Audit Annual Report 2014-15

5.2 Performance Indicator outcomes

5.2.1 The Internal Audit Service is benchmarked against a number of performance indicators as agreed by the Audit and Risk Committee. Actual performance against these targets is outlined below:

5.2.2 Audit briefs should be issued 10 days in advance of an audit commencing, and on conclusion of all audits a feedback survey is issued to the key client. In all 35 areas of work this year the brief was issued in time, but (as has been reported in the past) the return of feedback forms can best be described as 'patchy'. However, when forms are returned they are generally positive – showing a satisfaction level of over 90% in each of the last three years. Having said that, it is likely that material dissatisfaction with the service would be made known in other ways and this has not been the case in the present (or past) year(s).

5.2.4 Our key measurement is plan delivery. Each auditor is allocated a set number of audits and completion of these is measured. The totality of these measures results in the delivery of the overall plan, and as **Appendix 2** shows, this was met. Going forwards, and this will depend very much on the outcome of the review of the service about to commence, the performance of the internal audit team will be measured using a balanced scorecard approach, from 1 April 2017. This brings with it a much more practical approach to performance management and one which will ensure a high quality service is provided by the team.

5.3 Effectiveness of the Head of Internal Audit (HIA) arrangements as measured against the CIPFA Role of the HIA

5.3.1 This Statement sets out the 5 principles that define the core activities and behaviours that apply to the role of the Head of Internal Audit, and the organisational arrangements to support them. The Principles are:

- Champion best practice in governance, objectively assessing the adequacy of governance and management of risks;
- Give an objective and evidence based opinion on all aspects of governance, risk management and internal control;
- Undertake regular and open engagement across the Authority, particularly with the Management Team and the Audit Committee;
- Lead and direct an Internal Audit Service that is resourced to be fit for purpose; and
- To be professionally qualified and suitably experienced.

5.3.2 Completion of the checklist confirms full compliance with the CIPFA guidance on the Role of the Head of Internal Audit in relation to the 5 principles set out within.

5.3.3 The detailed checklist has been forwarded to the Chief Operating Officer and the Director of Finance for independent scrutiny and verification.

Appendix A

Internal Audit Annual Report 2014-15

6. ANNUAL REVIEW OF THE EFFECTIVENESS OF AUDIT AND RISK COMMITTEE

- 6.1** In its publication *Audit Committees – Practical Guidance for Local Authorities*, CIPFA provided a self-assessment checklist to assist Councils in reviewing the effectiveness of their Audit Committees.
- 6.2** Using this checklist, it is considered that the Audit and Risk Committee meets all the requirements for an effective Audit Committee.
- 6.3** In summary:
- The Committee meets regularly and its chairmanship and membership are sufficiently independent of other functions in the Council. Meetings are conducted constructively and are free and open and are not subject to political influences;
 - The Committee's terms of reference, which were formally revised and approved during the year, provide a sufficient spread of responsibilities covering internal and external audit, risk management and governance;
 - The Committee plays a sufficient role in the management of Internal Audit, including approval of the audit plan, review of Internal Audit's performance and the outcomes of audit work and management's response to that; and
 - The Committee receives reports from KPMG as the Council's external auditor and maintains an overview of the external audit process including the fees charged.
- 6.4** However, it is acknowledged that Committee members need suitable training. Arrangements have been made to provide training on a relevant topic at the beginning of every meeting of the Committee. The Committee is subject, of course, to the risk of turnover of membership each municipal year, which is an inevitable consequence of the political environment in a local authority. When this happens, the Head of Internal Audit and Risk Management provides 121 training for all new members.

Appendix A – Internal Audit Annual Report 2014-15

Appendix 1 – Assurance Levels

Full assurance	Controls operating soundly
Substantial assurance	Controls generally sound but some improvement necessary
Partial assurance	Controls adequate in some areas but material weaknesses also identified
Little or no assurance	Controls inadequate
Not assessed	<p>It was not appropriate to give an assurance level. The main areas are:</p> <ul style="list-style-type: none">• Grant certifications, which are confirmations of the correctness and eligibility of stated values rather than audits of systems and processes• Follow-up audits of previous recommendations. In such cases, a conclusion is drawn on the degree of implementation but not on the entirety of the activity or system under review. To give an overall level of assurance may therefore be misleading.

Appendix A – Internal Audit Annual Report 2014-15

Appendix 2 – Audits Delivered 2015/16

Plan Sta	Ref	Title	Milestone as at end March 2016	Assurance Lev
Planned	A2015-002	Concerto Access Control	Final report issued	Little or no assurance
Planned	A2013-084	Taxi contract	Final report issued	Partial assurance
Planned	A2014-002	Community Support Grant	Final report issued	Partial assurance
Planned	A2014-039	Sports Centres Stock Control	Final report issued	Partial assurance
Planned	A2014-058	Housing Rents 2014-15	Final report issued	Partial assurance
Planned	A2015-016	LCC Social Media	Final report issued	Partial assurance
Planned	A2013-106	EMAS Level 1: Overview of EMAS System	Final report issued	Substantial assurance
Planned	A2014-001	Budgetary Control	Final report issued	Substantial assurance
Planned	A2014-046	Adult Skills & Learning – Community Education	Final report issued	Substantial assurance
Planned	A2014-054	Financial Reporting 2014-15	Final report issued	Substantial assurance
Planned	A2014-055	Payroll 2014-15	Final report issued	Substantial assurance
Planned	A2014-057	Council Tax & NNDR 2014-15	Final report issued	Substantial assurance
Planned	A2014-059	Cash & Cash Equivalents 2014-15	Final report issued	Substantial assurance
Planned	A2014-060	IT General Controls 2014-15	Final report issued	Substantial assurance
Planned	S2014-038	Caldecote Community Primary School	Final report issued	Substantial assurance
Planned	S2014-040	Babington Community College	Final report issued	Substantial assurance
Planned	S2014-041	Coleman Primary School	Final report issued	Substantial assurance
Planned	S2015-001	Catherine Junior School	Final report issued	Substantial assurance
Planned	S2015-002	Herrick Primary School	Final report issued	Substantial assurance
Planned	S2015-004	Spinney Hill Primary School	Final report issued	Substantial assurance
Planned	S2015-005	West Gate School	Final report issued	Substantial assurance
Planned	S2015-006	Wolsey House Primary School	Final report issued	Substantial assurance
Planned	A2014-056	Capital additions & disposals 2014-15	Final report issued	Full assurance
Planned	A2015-006	Troubled Families Programme	Final report issued	Full assurance

Appendix A – Internal Audit Annual Report 2014-15

Appendix 2 – Audits Delivered 2015/16

Plan State	Ref	Title	Milestone as at end March 2016	Assurance Level
Planned	S2015-003	Mayflower Primary School	Final report issued	Full assurance
Planned	A2014-040	Follow-Up audit: Public Health Transition (Information Governance)	Final report issued	Not assessed
Planned	A2015-005	School audit annual report 2014-15	Final report issued	Not assessed
Planned	A2015-014	BDUK Broadband Connection Voucher Scheme	Final report issued	Not assessed
Planned	A2015-018	Local Transport Plan LTP 2015-16	Final report issued	Not assessed
Planned	A2015-019	Local Sustainable Transport Fund LSTF 31/2362 2015-16	Final report issued	Not assessed
Planned	A2015-020	Pinch Point LPPF 31/2274 2015-16	Final report issued	Not assessed
Planned	A2015-027	Annual Governance Statement 2014-15	Final report issued	Not assessed
Planned	A2015-030	Troubled Families Programme	Final report issued	Not assessed
Planned	S2014-055	Buswells Lodge Primary School	Final report issued	Not assessed
Planned	S2015-010	Netherhall School - follow-up audit	Final report issued	Not assessed
Planned	S2015-011	Woodstock Primary School - follow-up audit	Final report issued	Not assessed
Planned	S2015-012	Scraptoft Valley Primary School - follow-up audit	Final report issued	Not assessed
Planned	S2015-013	Montrose School - follow-up audit	Final report issued	Not assessed
Planned	S2015-014	Linden Primary School - follow-up audit	Final report issued	Not assessed
Planned	S2015-015	Inglehurst Junior School - follow-up audit	Final report issued	Not assessed
Added to the plan	A2014-024	CareWorks	Final report issued	Little or no assurance
Added to the plan	A2014-043	RTB leaseholders - charging for repairs	Final report issued	Little or no assurance
Added to the plan	A2015-013	Libraries SelfService Kiosk	Final report issued	Little or no assurance
Added to the plan	A2015-017	Intec iDIS Pen Test	Final report issued	Partial assurance
Added to the plan	A2015-007	UHL-LCC WiFi Pen Test	Final report issued	Substantial assurance
Added to the plan	A2015-009	Early Help Module Pen Test	Final report issued	Substantial assurance
Added to the plan	A2015-015	Pass It On Pen Test	Final report issued	Substantial assurance
Added to the plan	A2015-021	Leaseholder Reserve Fund 2015-16	Final report issued	Substantial assurance
Added to the plan	A2015-035	Supplier file maintenance - bank details	Final report issued	Substantial assurance
Added to the plan	A2015-025	EMAS Level 4: Audit of Environmental Statement 2014-15	Final report issued	Full assurance

Appendix A – Internal Audit Annual Report 2014-15

Appendix 2 – Audits Delivered 2015/16

Plan State	Ref	Title	Milestone as at end March 2016	Assurance Level
Added to the plan	02	SCITT 2015-16 (2014-15)	Final report issued	Not assessed
Added to the plan	A2014-062	TREC and SDS VolSec – casework audit	Final report issued	Not assessed
Added to the plan	A2014-066	Thurnby Lodge Ward Funding	Final report issued	Not assessed
Added to the plan	A2015-001	INSPIRE Annex III New Burden Grant 2013-14	Final report issued	Not assessed
Added to the plan	A2015-011	Assessed & Supported Year in Employment (ASYE) Grant 2014-15	Final report issued	Not assessed
Added to the plan	A2015-022	NNDR3 Return (2014-15)	Final report issued	Not assessed
Added to the plan	A2015-026	EMAS Annual Report 2014-15	Final report issued	Not assessed
Added to the plan	A2015-034	Children's Safeguarding - budgets	Final report issued	Not assessed
Added to the plan	A2015-037	Service Charges 2014-15 (Blueprint Phoenix Square)	Final report issued	Not assessed
Added to the plan	S2015-007	Merrydale Infant School SFVS - TRADED	Final report issued	Not assessed
Added to the plan	S2015-008	Spinney Hill Primary - Private Funds - TRADED	Final report issued	Not assessed
Planned	A2014-010	Website Security Assessment	Revised draft issued	
Planned	A2015-038	Concerto Access Controls follow-up	Response to draft report received	
Planned	A2015-039	Early Help Module IT Security	Response to draft report received	
Added to the plan	A2015-036	Firmstep CRM	Response to draft report received	
Planned	A2014-049	Licensing Income	Draft report issued	
Planned	A2015-023	Children's Services – Information Governance (Learning, Quality and Performance Division)	Draft report issued	
Planned	A2015-033	Customer Services - Payment Kiosks	Draft report issued	
Planned	A2014-005	Visit Leicester Centre	Fieldwork complete	
Planned	A2015-028	Perf Mgmt - Ofsted Children's Services review	Fieldwork complete	
Planned	S2015-018	Lancaster School - Financial Audit	Fieldwork complete	
Added to the plan	A2015-040	Toptix box office - IT security	Fieldwork start	
Planned	A2015-008	IMPACT ASC Web Portal Pen Test	Start Audit	
Planned	A2015-031	Broadband UK (BDUK) grant certification	Start Audit	
Planned	A2015-029	Public Health - Obesity - compliance with NICE Guidance	Not started - client not ready	
Planned	S2015-009	The City of Leicester College - follow-up audit	Not started - client not ready	



Leicester
City Council

WARDS AFFECTED: ALL

Audit and Risk Committee

27 September 2016

Risk Management and Insurance Services Update Report

Report of the Director of Finance

1. Purpose of Report

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

2. Summary

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

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

3. Recommendations

The Committee is recommended to:

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

4. Report

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

- Risk Management Support and Advice;
- 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 update, 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 July 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 13 changes within the Strategic Risk Register and 35 changes across the 14 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.

Directors have indicated that, whilst it is still early days in negotiations, consideration and discussion will be given to the risk implications of the UK's decision to leave the European Union.

The review of the Council's Operational and Strategic registers by the Risk Management team with responsible Strategic Directors remains on track for Q3 and Q4 this financial year now the recruitment of a Risk Management Officer has successfully concluded. 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.

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.

The process of review and update to produce the Council's Risk Management Strategy and Policy for 2017 has begun. As in the past the Policy and Strategy will be presented to Corporate Management Team to 'agree' on 2 November; to the Executive to 'approve' on 1 December; and then will be brought here for this committee to note on 8 February 2017.

4.2.2 Insurance and Claims

A summary report of claims against the Council received in the current financial year, 1 April 2016 to 31 July 2016 is attached as Appendix 4.

These show 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 the same period last year. These figures, when compared to those in the last financial year, continue to reflect a declining trend with numbers of claims down by 27% year on year, and the amount paid out significantly lower by 72%. This continues to demonstrate the benefits of handling these claims in-house with fewer are being paid and those that are paid are being settled, on the whole, at lower levels and much quicker – hence avoiding inflated Legal fees.

Since the last report to the Committee, the Council has had no cases go to Court.

Loss Reduction Fund – For the period 1 April 2016 to 31 July 2016 RMIS received 11 bids for assistance from the fund for a total of £89,820.33. Of these bids, 6 applications were approved and the fund provided an amount of £24,509.15 to business areas. There are 2 bids currently held awaiting further information.

4.2.3 Business Continuity/Emergency Planning updates

Since the last update report for the Committee there have been no significant events affecting the Council that required formal intervention by the Corporate Business Continuity team. There were several instances where support and guidance was given to officers dealing with sudden unexpected incidents as below:

- Dovelands School 'bomb threat'
- City Centre Warehouse fire 13 August – an evacuation centre was put on standby, but was not needed.

The process of review and update to produce the Council's Business Continuity Management Strategy and Policy for 2017 has begun. As in the past the Policy and Strategy will be presented to Corporate Management Team to 'agree' on 2 November; to the Executive to 'approve' on 1 December; and then will be brought here for this committee to note on 8 February 2017.

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 although the risk of adverse weather conditions causing disruption to service delivery will begin to cause concern as we enter the autumn/winter period. As mentioned above, the impact of 'Brexit' remains a consideration too.

In addition to this, all of our areas have had to, and must continue to, reassess their risk appetites in light of the pressures on resources that 10 years of austerity have brought about. Difficult decisions are being made about future shape and sustainability of a whole range of services. These decisions all bring higher (or very different) levels of risk.

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 Insurance Act 2015, the most important change in insurance law in over a century, came into force on the 12 August 2016. The RMIS team have been briefed by both insurers and their lawyers on the implications for Leicester City Council and its officers and service users, sharing this knowledge throughout the business as appropriate.

The Business Continuity Institute's 'Cyber Resilience Report 2016' highlighted the following as the top five causes of disruption (with what percentage of the 369 respondents had experienced such an attack in the past 12 months):

- Phishing and Social Engineering (61)
- Malware (45)
- Spear Phishing Attacks (37)
- Denial of Service (24)
- Out-of-date Software (21)

The City Information Officer has confirmed that the Council has IT security defences and relevant processes in place to address these areas.

In June, the Federation of European Risk Management Associations (FERMA) told the European Commission that enterprise risk management (ERM) is the best method for companies to approach the new EU requirements for large companies to report on non-financial or corporate social responsibility risks. The system of Risk management that we have introduced at Leicester City Council is an ERM.

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 risk.

6. Other Implications

7.	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.

Report Author/Officer to contact:

Tony Edeson, Head of Internal Audit and Risk Management - 37 1621
26 August 2016

Appendix 1 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 31 July 2016

RISK <i>What is the problem; what is the cause; what could go wrong? What is it that will prevent you from achieving your objectives?</i>	CONSEQUENCE/EFFECT: <i>What would occur as a result, how much of a problem would it be, to whom and why?</i>	EXISTING ACTIONS/CONTROLS <i>What are you doing to manage this risk now?</i>	RISK SCORE WITH EXISTING MEASURES			FURTHER MANAGEMENT ACTIONS/CONTROLS	TARGET SCORE WITH FURTHER ACTIONS/CONTROLS REQUIRED			COST	RISK OWNER	TARGET DATE
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1. FINANCIAL CHALLENGES The Council fails to respond adequately to the cuts in public sector funding over the coming 2 - 3 years.	- Council is placed in severe financial crisis by not delivering the required savings in order to deliver a balanced budget position. - Reputational damage to the Council. - Potential to destabilise the Council and difficult industrial relations. - Mismatch between service demand and budget availability may lead to an increase in financial instability in some instances. - Pressure may be created between 'demand led services' (social care) and other priorities. - Reduction in services, budgets etc may impact on the health and wellbeing of the City.	- Budget approved for 16/17. - The spending review programme is now well embedded within the council's activities and a challenging timetable has been agreed with senior officers at the Executive to deliver the targeted savings. - Additional reviews have been added, however, there remains an estimated budget gap of £20m in 19/20 even if all savings are delivered.	5	4	20	- Continued development of savings proposals for future years to 19/20, 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. - Continuation of the spending review initiatives and delivery of the programme. - 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	5	2	10		Andy Keeling Alison Greenhill	31/03/2019/ 2020 and On-going

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<p>2. STAKEHOLDER ENGAGEMENT The Council fails to maintain effective relationships with stakeholders (partners, neighbouring Councils, NHS etc.). Key partners and stakeholders fail to support the council in delivery of its strategy as a result of tensions and strained relationships due to financial and other pressures. 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>	<ul style="list-style-type: none"> - 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. 	<ul style="list-style-type: none"> - 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. - Democratic Services working with the LLEP to strengthen their governance and accountability framework 	4	3	12	<ul style="list-style-type: none"> - Regular review and evaluation of the current position by Strategic Management Board. - Review existing arrangements and contracts for VCS engagement and support - Key aspects of partnership working being reviewed and updated in the light of Ofsted findings eg LSCB 	4	2	8		Miranda Cannon / All Strategic Directors	31/03/17 and ongoing

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2. STAKEHOLDER ENGAGEMENT (Continued) If stakeholder engagement is not robust and effective but is critical to the delivery of the Council's priorities, statutory duties etc., these may not be delivered. An example of such is the need to have a continuing, productive partnership relationship with Clinical Commissioning Group which is particularly important in light of the importance for Adult Social Care of the Better Care Together Fund.	-There is no common vision or consensus across key partners in the City and therefore the work of individual organisations pulls in different and potentially conflicting directions. - Places a strain on resources and services to manage. - Partners are present round the table but are not collectively owning the agenda or taking on board the responsibilities and actions that arise therefore undermining the approach - Public health and wellbeing may be impacted or the quality of the service delivered to the Public is insufficient, which could cause harm.	- The Council/ Police have a Community Gold meeting which meets approx. once a month and includes Local Policing Unit commanders, the Basic Command Unit commander and council officers from Leicester Anti-Social Behaviour Unit, youth services, community services. This tracks and agrees joint actions to address any known tensions in communities. This is supported by a shared system between front line officers from the police and the council to track community tension. Community joint management group now in place which creates a regular conduit for engagement with community leaders. - LLEP Review has been finalised which has strengthened governance and management of the Leicester, Leicestershire Enterprise Partnership and links with Further Education/Higher Education/ VCS and business sectors.										
3. CYBER RISK -Loss or compromise of IT systems and/or associated data through cyber security attacks	- Potential financial or reputational damage to Council. - Potential Data Protection breaches. - Fines - Service delivery affected	- Ensure close monitoring of existing perimeter and internal security protection.	5	5	25	- Currently out to market for a Security and Incident Event Management service. - IT Security Manager appointed and will be in post August 2016.	4	3	12		Andy Keeling / Alison Greenhill	31/03/17 and ongoing

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4. BUSINESS/SERVICE CONTINUITY MANAGEMENT Unforeseen unpredictable events such as flood, power/utility failure etc. could impact on the council's assets, communication channels or resources etc.	- 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 - Resilience Direct Secure Site (web based) holds BCP and all Business Critical Activities BCPs (alongside emergency planning documentation) and is securely accessed by members of the CBCT - Communications on-call arrangements working more effectively and recent training run for all staff involved - Annual review of critical service business continuity plans completed and annual self-certification confirming completion of all service business continuity plans	4	3	12	- Further embedding of business continuity management approach. - Further completion of Business Continuity tests. - Further communication/training and awareness for staff on continuity arrangements.	4	2	8		Alison Greenhill/Miranda Cannon	31/07/2017 and On-going

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5. INFORMATION GOVERNANCE Information Governance/Security/ Data Protection policies/procedures/ protocols are not followed by staff and members.	<ul style="list-style-type: none"> - Major loss of public confidence in the organisation. - Potential litigation and financial loss to the Council. - Reputational damage to the Council. - With data held in a vast array of places and being transferred between supply chain partners, data becomes susceptible to loss; protection and privacy risks. - Reduction in the capacity/capability to retain such data. This could also be costly. - Excessive retention of data can still be requested through a Freedom of Information Act if retained. - Council may not share data with the appropriate individuals/bodies accurately, securely and in a timely manner. - Council fails to adequately secure/protect confidential and sensitive data held. 	<ul style="list-style-type: none"> - Clear policies and protocols in place. - Staff have been trained and made aware of the Council's policies and procedures. - Secure storage solutions are now in place. - Paper retention has been reduced through the introduction of scanning etc. - Mandatory e-learning module for staff - Monthly reporting of incidents to Directors recently implemented 	4	3	12	<ul style="list-style-type: none"> - Clear and on-going communications to staff to reinforce policies and protocols. - Regular review and monitoring of arrangements across services by Service Managers supported by Information Security/Governance Teams. - Ensure that the policy in place around the management of electronic data and disposal of data is in the awareness of staff - Ongoing review and updating of appropriate information sharing agreements. 	4	2	8		Andy Keeling	30/09/2016 and On-going

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<p>6. COMPLIANCE WITH REGULATION, POLICIES, PROCEDURES HEALTH AND SAFETY ETC</p> <p>Local management use discretion to apply inconsistent processes and misinterpret Corporate policies & procedures, perpetuating varying standards across business units.</p> <p>The City Council fails to respond effectively to the requirements of Health and Safety</p> <p>Executive/Government proposals and/or legislation which places health and safety responsibilities on local authorities.</p>	<ul style="list-style-type: none"> - Places the organisation at risk e.g. fraud, data loss etc. Potential financial losses / inefficient use of resources. - Possibility of serious injury or death of member of staff or service user/members of the public. - Failure to meet statutory responsibilities. - Reputational damage to the Council. - Negative stakeholder relationships - Potential for increase in the number of insurance claims 	<ul style="list-style-type: none"> - Regular reporting from Internal Audit to Strategic Management Board. - Approach to the annual corporate governance review revised and a more effective process established. - Day to day management of Health and Safety responsibility rests with the Operational Directors and their Heads of Service. Corporate Health and Safety team available to assist. - Risk is reported and controlled through Divisional Directors Operational Risk Registers (presented to the CMT each quarter) and these are underpinned by registers at Heads of Service level reviewed and discussed at Divisional Management Teams quarterly. - 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 has been established - Significant change to the absence management policy and procedure rolled out 	4	3	12	<ul style="list-style-type: none"> - Continue to review and reinforce key standards and policies via regular communication. - Ensure Managers are appropriately trained and requirements are clearly set out in Job Descriptions and reinforced via appraisals. - Ensure Internal Audit findings are acted on in a timely manner. - Continue to refine and improve strategic monitoring and reporting in relation to Health & Safety to ensure responsibilities are reinforced from the top. - New Head of HR when appointed to take a fundamental look at sickness absence management including the policy and procedure 	4	2	8		Kamal Adatia / Miranda Cannon	30/09/2016 and On-going

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7. SAFEGUARDING Weak Management oversight of safeguarding processes in place leads to the Council failing to adequately safeguard vulnerable groups e.g. children and young people, elderly, those with physical and learning disabilities.	<ul style="list-style-type: none"> - 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. 	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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. 	5	2	10		Frances Craven/Steven Forbes	30/09/2016 and On-going

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8. SCHOOL IMPROVEMENT	<ul style="list-style-type: none"> - 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 	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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		Frances Craven	30/09/2016 and On-going

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<p>9. CIVIL CONTINGENCY RESPONSE/INCIDENT RESPONSE</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>	<ul style="list-style-type: none"> - 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. - Having sufficient financial resources and flexibility to address these challenges becomes increasingly difficult. - Having sufficient assets/contingency arrangements. - Lack of resources could lead to inadequate response . - Impact on the publics health and wellbeing, safety/housing needs etc. - Adverse impact on budget - Reputational impact - Death/injury - Potential for increase in the number of insurance claims - Negative relationships with stakeholders 	<ul style="list-style-type: none"> - 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. - 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. - 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. - Local Resilience Forum (LRF) county wide partnering arrangement. - 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 	4	3	12	<ul style="list-style-type: none"> - Public engagement and city wide flood defence programmes are being developed jointly with the Environment Agency. This provides a two-pronged approach to manage the risk of severe flooding arising from climate change. - 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 - Exercise to be conducted in 2016 to test SCG/TCG arrangements using City Hall as the control centre 	4	2	8		<p>Miranda Cannon / Alison Greenhill/ Ruth Tennant</p>	<p>30/9/2016 and ongoing</p>

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<p>10. RESOURCE: CAPACITY, CAPABILITY, RETENTION & DEVELOPMENT</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"> - The Council does not have the right skills, behaviours and competencies in terms of the workforce to deliver the city's vision and priorities. - The Council fails to maximise the potential of its key resource. - Staff become demotivated/are under pressure which has an impact on productivity and delivery across the Council. - Disruption to service delivery. - Impacts on continuity of services. Creates risks in delivery because information on processes/procedures etc is lost - Service demands may not be met. - Reputational damage. - Financial impacts. - Drain on resources 	<ul style="list-style-type: none"> - Organisational Development Team (OD) working to develop their role and remit and engagement with the organisation - Organisational vision and values continued roll out - Active programme of work to support young people into employment and to utilise graduates, apprenticeships, work placements etc across the Council - Transformation and Service Improvement Team (TSI) actively supporting a range of areas around business change, process re-engineering etc and supporting skills transfer in the process - Recruitment and retention being linked more closely with wider place marketing - New Head of HR appointed and starts August 2016. Interim lead for OD in place and progressing work to embed the OD approach - Specific OD interventions underway with key service areas eg Adult Social Care to support work such as leadership and performance management. 	4	3	12	<ul style="list-style-type: none"> - Continue to develop the Council's OD and TSI approaches and embed these teams - Consider retention mechanisms and succession planning. - Continue the embedding of the vision and values across the organisation - New Head of HR to develop a new Strategic HR work-plan and review OD Team management and structure. - Continue to work closely with service areas to identify and action critical OD requirements - Continue initial work to review and priorities corporate L&D needs and to review areas such as induction and staff/management competencies 	3	3	9		Miranda Cannon	30/09/2016 and ongoing

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11. CONTRACT MANAGEMENT & PROCUREMENT 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.	<ul style="list-style-type: none"> - 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 to. - 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. 	<ul style="list-style-type: none"> - Revised and improved Contract Procedure Rules in place along with associated guidance. - Policy that all procurement over a de minimis threshold must be carried out by one of the specialist procurement teams. - Professional procurement staff recruited and in post - Contract Risk Management training available from RMIS - Engagement with local supplier groups - Professional training for procurement staff (MCIPS) - Implementation of new electronic tendering system 	3	3	9	<ul style="list-style-type: none"> - 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. - Undertake recruitment to address vacancies in the Procurement Services Team - Development of new Service Analysis Team 	3	3	9		Alison Greenhill	30/09/16

Appendix 1 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 31 July 2016

RISK <i>What is the problem; what is the cause; what could go wrong? What is it that will prevent you from achieving your objectives?</i>	CONSEQUENCE/EFFECT: <i>What would occur as a result, how much of a problem would it be, to whom and why?</i>	EXISTING ACTIONS/CONTROLS <i>What are you doing to manage this risk now?</i>	RISK SCORE WITH EXISTING MEASURES			FURTHER MANAGEMENT ACTIONS/CONTROLS	TARGET SCORE WITH FURTHER ACTIONS/CONTROLS REQUIRED			COST	RISK OWNER	TARGET DATE
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12. ASSET MANAGEMENT Absence of an asset management strategy will affect the future conditions/status of buildings.	<ul style="list-style-type: none"> - Reputational damage. - Increase in costs. - Loss of predicted revenue. - Deterioration of assets. - Potential harm to the public. - New business are not attracted to Leicester. - 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. 	<ul style="list-style-type: none"> - A single corporate asset management system is now in place. - Central Maintenance Fund is available to address urgent repair items and Health and Safety items in the estate. - Building Schools for the Future (BSF) programme now complete and a planned maintenance programme for schools has been established - Condition surveys have now been completed for all schools, neighbourhood and leisure assets - Using Buildings Better (UBB) programme now provides a corporate overview of the estate 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&F centres primarily), channel shift and surplus assets. It has a strategic focus on assets to be retained and those to be disposed of. 	5	4	20	<ul style="list-style-type: none"> - Continued development of effective planned maintenance programme across the estate-performance measurement in place to provide assurance regarding compliance- concerto being established and populated to work as the single corporate asset management system - Continue delivery of the UBB programme including disposal of assets 	5	3	15		Frank Jordan/Miranda Canon	30/09/16

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13. NATIONAL AGENDA/CHANGES IN LEGISLATION/ GOVERNMENT ETC On-going changes in government, legislation etc. gives rise to new demands and responsibilities with insufficient time for implementation and insufficient budget.	<ul style="list-style-type: none"> - 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. 	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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	30/09/16

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RISK <i>What is the problem; what is the cause; what could go wrong? What is it that will prevent you from achieving your objectives?</i>	CONSEQUENCE/EFFECT: <i>What would occur as a result, how much of a problem would it be, to whom and why?</i>	EXISTING ACTIONS/CONTROLS <i>What are you doing to manage this risk now?</i>	RISK SCORE WITH EXISTING MEASURES			FURTHER MANAGEMENT ACTIONS/CONTROLS	TARGET SCORE WITH FURTHER ACTIONS/CONTROLS REQUIRED			COST	RISK OWNER	TARGET DATE
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14. CHANNEL SHIFT The Council may be unsuccessful in channel shifting customers to less resource intensive forms of contact than face to face or telephone contact. The infrastructure may not be in place to enable the shift and the culture change is not enabled among staff and customers to support it.	<ul style="list-style-type: none"> - Service delivery not met. - Adverse affect on budget. - Reputational damage. - Impact on resource provision. - Process and improvements do not materialise. - Lack of access to data. - Customer access channels may not be improved. - Services will become unaffordable 	<ul style="list-style-type: none"> - A Channel Shift Strategy has been developed and has been communicated to senior managers and Executive. An underpinning programme of work has been put together and a current set of priorities agreed. - The Transforming Neighbourhood Services programme has supported development of a digital hub approach which will continue through the UBB programme - New corporate website launched in March 2015 and is helping drive increased on-line transactions - Major redevelopment of Visit Leicester website underway - Channel Shift Board in place to drive the development and delivery of the Channel Shift Strategy. Board also has a role to review communications put out by services to ensure they promote the right messages regarding channel shift. - Continued strategic focus on the use and role of digital media in the organisation - Audit of printed publications has helped identify issues related to channel shift and quality of communications 	4	3	12	<ul style="list-style-type: none"> - Continue to develop an implementation programme for the Channel Shift Strategy - Review the first 12 months operation of the new corporate website in light of the channel shift agenda - All services to continue to review their comms to ensure that online options are promoted ahead of traditional access channels. - Continue to drive forward channel shift through the UBB programme - A communications plan to support channel shift among staff and customers to be developed. - Continue the Visit Leicester website redevelopment to include transactional capability eg multi-venue ticket purchasing - Communicate lessons learnt from the printed publications audit and embed audit principles in the work of the Comms and Marketing Team 	3	3	9		Andy Keeling/ Alison Greenhill/ Frank Jordan/ Miranda Cannon	30/09/16

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Date completed: 31 July 2016

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15. EU REFERENDUM LEAVE RESULT There may be significant implications relating to requirements for further public sector cuts, reductions in other funding streams particularly for infrastructure projects, as well as longer-term legislative changes in areas such as procurement. Also creating a level of instability and uncertainty in financial markets	- Further budget reductions. Impacts on major infrastructure schemes and vision around future city development. - Implications in terms of treasury management. - Need in future to revisit key policies and procedures	- Monitor situation closely.	4	3	12	- Consider implications alongside future budget strategy	3	3	9		Andy Keeling / Alison Greenhill	31/03/17 and ongoing

Appendix 2 - Leicester City Council Operational Risk Register

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Risks as at: 31st July 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			Further management actions/controls required	Target Score with further controls			Cost	Risk Owner	Review Date
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STRATEGIC AREA - Adult Social Care												
1. Adult Social Care & Safeguarding - Integration agenda. Risks associated with large programme of change in challenging financial context. 6	- 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	01.10.2016 ongoing
2. Adult Social Care & Safeguarding - 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	31.03.2017 Ongoing
3. Adult Social Care & Safeguarding - 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 16/17.	3	4	12		Ruth Lake	31.03.2017 Ongoing

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			(See Scoring Table)				(See Scoring Table)					
			Impact	Likelihood	Risk		Impact	Likelihood	Risk			
4. Care Services & Commissioning (ASC) - Failure to carry out effective statutory consultation will result in financial and reputational damage to the council.	- Council could face legal challenge through judicial review.	- Consultations being run as a dedicated project overseen by a senior manager with some temporary additional resource - 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 consultation team when needed	4	3	12	Pot Multi £M	Tracie Rees	31.03.2017 and ongoing
5. Care Services & Commissioning (ASC) 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. - Risk Management process in place to identify appropriate action to be taken in the event of failing providers.	5	3	15		Tracie Rees	31.03.2017 Ongoing
6. Care Services & Commissioning (ASC) - 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

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7. Care Services & Commissioning (ASC - Operational Capacity. 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	- 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 exacerbating the volume and timescales risks	4	3	12		Tracie Rees	31.03.2017 Ongoing
8. Care Services & Commissioning (ASC) Review of Residential Care. Financial risk - largest area of spend and danger of inappropriate models of care.	- Continued escalation of spend - Inappropriate placements	- The project is overseen by the ASC Programme Board	4	4	16	- Robust governance through project board, Commissioning Board and Lead Member Briefing	3	3	9	Current spend £44M gross	Tracie Rees	30.04.2017 Ongoing

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9. Care Services & Commissioning (ASC) Extra Care and Supported Living Developments Impact of the loss of exemption from the Local Housing Allowance (LHA) for this type of provision.	- Inability to develop extra care and supported housing as the market unable to make sure developments viable as a result of this exemption.	- Awaiting government announcement. - Discussion with the market	4	4	16	- To explore options to develop options not reliant on the LHA cap	4	3	12	Loss of capital funds for ASC developments	Tracie Rees	31.12.2016
10. Care Services & Commissioning (ASC) - Supported Living Procurement Potential challenge from the market in relation to the rates offered and ability to meet National Living Wage (NLW) requirements.	- Potential high court challenge - Reputational risk to the authority.	- Discussion and agreement with Legal, Procurement and Finance approach to pricing envelope is robust and in line with NLW.	4	4	16	- To mitigate through the procurement exercise with specific reference to the NLW in the documentation.	3	3	9	Cost of possible JR damages	Tracie Rees	31.10.2016
11. Care Services & Commissioning (ASC) 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	31.03.2017 and ongoing

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STRATEGIC AREA - City Development and Neighbourhoods												
<p>12. Housing - 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 style="font-size: 2em; margin-left: -20px;">101</p>	<p>- Under UC, claimants will receive all their benefits, including housing costs element directly themselves, monthly in arrears. They will have to pay their FULL rent out of this. The biggest challenge to the HRA will be to collect the full rent from those working age claimants whose housing costs are no longer paid directly to the Landlord (LCC) as they are now.</p> <p>- Higher numbers of tenants in rent arrears leading to loss of rental income will adversely affect the HRA income.</p> <p>- Could lead to greater number of evictions.</p> <p>- Further welfare cuts in 2015. Summer budget will reduce tenants income.</p> <p>- Impact of welfare reform on supported housing will mean less income to the general fund.</p> <p>- Also affects adults social care support to sheltered housing.</p>	<p>- On-going promotion of Clockwise accounts with tenants.</p> <p>- Focus STAR team support on those affected.</p> <p>- Maximise the number of tenants claiming DHP for bedroom tax affected cases.</p> <p>- Identify tenants who are over-occupying in order to help with down-sizing.</p> <p>- Promotion/awareness to tenants of Discretionary Housing Payments (DHP).</p> <p>- Income Management team strengthened.</p> <p>- Amended Allocations policy to assist downsizing</p> <p>- Reduced income to the general fund will affect all new tenancies after 2016</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>- Introduced pre-tenancy determinations interviews to collate financial information prior to tenancy sign up. This is a risk mitigation exercise to help identify tenants that require extra help to manage their finances /budget</p> <p>- Smarter ways of working being developed including self serve, use of QR scanning, mobile technology to help mitigate risk to reduction in rent collection due to welfare cuts.</p>	4	3	12		Chris Burgin	31.07.2016 and ongoing

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102 13. Housing - Risk of Legal challenge, liability and reputational consequence if properties are not adequately maintained. Greater financial investment needed in the future. Rent reduction of 1% per annum for next 4 years will threaten budget for maintenance.	- Poor living conditions - H&S risks to tenants - properties falling into disrepair - Reputational risk	- 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.	5	3	15	- Reviewed Jan 2016. No further actions/controls required. - Spending review phase 3 will identify how to keep spending within reduced budgets.	5	3	15		Chris Burgin	31.03.2017
14. Estates & Building Services - Lift Condition Assessment - Asset Capture 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 experience	- Formatting a proposed capital programme of works, based on engineers submissions (Zurich and LES) will be ready in December 2015 - Lack of internal staffing resource and excessive external consultative cost are prohibiting progress	5	5	25	- Budget being sought to recruit an internal engineer to form a capital programme - Housing capital scheme (£900k) being managed by FM staff - New tender to be posted for a further scheme.	5	5	25	Staffing (£40k per annum) on revenue budget in M/E team	Matt Wallace	3 year plan 31.03.2017

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103												
15. Estates & Building Services - 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 Galliford Try.	4	3	12	Contingency provision is over subscribed	Matt Wallace	31.03.2017
16. Estates & Building Services - 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 2018.	4	4	16	- Continued assessment & development across the Primary School estate.	4	3	12	Staff time	Matt Wallace	30.09.2016 then review 6 monthly
17. Estates & Building Services - Maintaining Income (Capital and Revenue) on behalf of the Council -Schools gaining Academy status	- Reduction on Capital & Revenue funding as schools receive monies directly from central government.	- Help manage and support the schools through this process.	4	4	16	- Look to provide traded services for schools to opt into as a long term strategy.	4	4	16	Staff time	Matt Wallace	31.03.2017

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104	18. Estates & Building Services - Loss of use of Asset	- Closure of buildings due to asbestos	- Findings of asbestos action plan being implemented. - Asbestos monitoring returns to be reported to DivMT and Heads of Property quarterly and to CMT if cause for concern. - All buildings constructed before 2000 have an asbestos register - Asbestos removal works at De Montfort Hall planned and being actioned in phases. Temporary containment measures carried out and monitoring ongoing	5	3	15	- Ensure 100% compliance with asbestos returns with accurate data by holding BROs to account - Ensure all buildings have an asbestos register - Capital bid being submitted for this years phase of work, with further bids to be done for remaining phases over the next couple of years.	3	2	6	Staff time	Matt Wallace	31.03.2017
		- Closure of buildings due to poor water hygiene standards	- Implementation of control regime comprising ongoing regular monitoring, reports, risk assessment reviews and maintenance with allocated budgets - Water hygiene monitoring returns to be reported to DivMT and Heads of Property Quarterly and to CMT if cause for concern - Spend of allocated capital budget for water hygiene and production of ongoing prioritised schedule of risk reduction/removal works ongoing - Water hygiene responsibilities in non-op estate (apart from communal areas) have been confirmed in the terms and conditions of the lease and necessary action taken.				- Seek 100% compliance with water hygiene returns with accurate data. - Further budget for 16/17 works in capital programme subject to CMT decision. - More rigorous audit of Building Responsible Officer monitoring to be undertaken					Matt Wallace	31.03.2017

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19. Management of empty and surplus operational properties - Lack of corporate overview on the management of surplus and vacant operational properties leading to inconsistency in their management with potential detrimental impact	- Potential for buildings to be insecure, vulnerable or non compliant with agreed insurance requirements	- Protocol for managing vacant buildings agreed with insurers	5	3	15	- Review of exiting management arrangements underway with recommendations expected soon to provide consistency and corporate overview of arrangements	5	1	5		Matt Wallace	30.09.2016
20. Local Services and Enforcement - LACK OF ADEQUATE RESOURCE CAPACITY Increase in the demand led services, along with the reduction in head count could mean that there are insufficient resources to deliver the required service levels. During times of change, staff are not always aware of the changes being made, such as the recent relocation requirements, needs and plans etc., resulting in confusion etc.	- Teams already at a minimum and extra workloads are unsustainable. - As demand-led services increase, workload and public expectations increase. - Likelihood of key person dependency as teams reduce further (fewer people in key roles). - Potential risk of non-compliance or breaches/lack of a substantial control environment. - Service delivery requirements not met. - Staff wellbeing may be harmed.	- Existing prioritisation arrangements are in place. - Policies and procedures are in place. - Processes are in place. - Regular briefings and PDRs	4	4	16	- Review of succession planning is to be conducted. - Need to assess the service demand against the resource availability to understand impacts and generate action plans. - Develop further prioritisation arrangements. - Continually assess through performance appraisals and individuals one-to-ones.	3	4	12		John Leach	31.03.2017

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<p>21. Local Services and Enforcement REDUCTION IN INCOME GENERATION PROGRAMMES 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"> - Budgets are not adhered to. - Income streams continue to reduce (e.g. Building Regs) due to the economic climate. - Targets remain the same or increase, against income sources and staff reductions. - One off income is disclosed as recurring, increasing the savings gap. 	<ul style="list-style-type: none"> - Budgets are in place and alternative savings option appraisals are performed and saving plans are implemented. - Policies and procedures are in place. - Adhoc business development arrangements are in place. 	3	5	15	<ul style="list-style-type: none"> - Need to review income targets for recurring and 'one off' income with finance to resolve on-going issues. - Enhance the business development resources/opportunity. - Budget strategy review. - Service review/impacts. - Further marketing and promotional projects. 	3	4	12	N/A	John Leach	31.03.2017 Ongoing
<p>22. Local Services and Enforcement 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.</p>	<ul style="list-style-type: none"> - 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. 	<ul style="list-style-type: none"> - "Step up" - work experience utilise. - Graduate project officers. - Training & Mentoring - Knowledge sharing 	3	5	15	<ul style="list-style-type: none"> - 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	31.03.2017 Ongoing

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 31st July 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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23. Local Services and Enforcement ASSET CONDITION Condition of buildings creating risks to service delivery and individuals (in certain circumstances)	- Building/service closures - Insurance claims against the council - Reputational damage to LCC	- On going review and inspection of building in-house and is liaison with Property services - Building conditional surveys reviewed under the Transforming Neighbourhood Services Programme (TNS)	5	3	15	- Building reviewed under TNS - Condition surveys commissioned and review to address key issues	3	3	9		John Leach	31.03.2017 Ongoing
<u>STRATEGIC AREA - Corporate Resources and Support</u>												
20. Delivery, Communications and Political Governance - UNPLANNED ELECTION EVENT 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. (Actions required to maintain risk score).	4	4	16		Miranda Cannon	31.03.2017 Ongoing

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<p>25. Delivery, Communications and Political Governance - LEGAL CHALLENGE 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>	<p>- 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. - Equalities Impact Assessments cannot address all potential areas of legal challenge on Public Sector Equality Duty grounds. - Lack of legal expertise/appropriate resources. - Potential for legal challenge/judicial review by providers, staff, service users, etc. - Reputational damage/media exposure. - Unplanned adverse effect on budget/finance - Resource intensive to defend legal challenges/judicial reviews.</p>	<p>- Equality Impact Assessments (EIAs) are performed to help ensure the Council meets the Public Sector Equality Duty (PSED). - 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. - Processes and procedures in place. - Staff are aware of duties, responsibilities and relevant considerations required to demonstrate compliance with PSED. - Expert support eg HR, equalities, consultation, CPMO in place with supporting guidance. Equalities e-learning module developed and being rolled out. - EIA process (what needs to be considered when) and EIA templates regularly reviewed and revised</p>	4	4	16	<p>- Continue to review external practice eg from other Local Authorities and partners, which have been deemed as best practice and implement locally as appropriate. - Ensure the correct resources, with the relevant skills and experience are allocated to roles. - Ensure HR support is available. - Review current Equality and Diversity Strategy and refresh</p>	4	3	12		Miranda Cannon	31.12.2016 Ongoing

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			(See Scoring Table)				(See Scoring Table)					
			Impact	Likelihood	Risk		Impact	Likelihood	Risk			
609	<p>25. Delivery, Communications and Political Governance - LEGAL CHALLENGE - Continued</p> <ul style="list-style-type: none"> - Unrealistic public/political expectations. - Procurement process may be challenged. - Legal challenges focus on process rather than content. 	<ul style="list-style-type: none"> - Equality checklist for different stages of capital projects being developed so that equalities considerations at each stage are recorded and signed off - Council EIA template being used for Health & Well Being Board reports and also for Better Care Together reports, standardising our approach with partners particularly in Health sector. - Community engagement fund developed to support work with the VCS in support of meeting our PSED 										
	<p>26. Finance - Financial challenges - the Council fails to respond adequately to the cuts in public sector funding over the coming 4 - 5 years.</p> <ul style="list-style-type: none"> - Council is placed in severe financial crisis - Reputational damage to the Council and substantial crisis job losses - If the process is not properly managed, the Council will have little money for anything but statutory 'demand led services'. 	<ul style="list-style-type: none"> - Budget balanced in 16/17 - Work taking place on spending review programme which aims to save up to £45M per annum - Further savings will also be required (£8m service transformation fund) 	5	4	20	<ul style="list-style-type: none"> - Budget strategy being revised to meet expected budget gap in 2019/20. - Heavy involvement of City Mayor in ensuring spending review programme delivers. - Additional contribution to service transformation fund in 2016/17 budget. 	5	2	10		Alison Greenhill	31.03.2017 and every year end.

Appendix 2 - Leicester City Council Operational Risk Register

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<p>27. Information and Customer Access Staff: Capacity, capability and recruitment Capacity: 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. Staff Retention: 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. Recruitment: 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. - Use of available business tools limited by rollout capacity e.g. the corporate EDRMS. - Vacancies create more workload pressures and impact on the wellbeing of the remaining staff. - Staff more likely to go 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 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 (although this hasn't helped to attract applicants to recent posts). - Undertaking succession planning and knowledge sharing as much as possible. - Documentation to reduce dependency on key individuals - Approval to recruit two apprentices and another graduate. - Recruited a Graduate. - Overtime payment and TOIL where appropriate. - Third party support contracts - Application made for De Montford Uni interns for Info Mgt.</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	31.12.2016

Appendix 2 - Leicester City Council Operational Risk Register

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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
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<p>27. Information and Customer Access - Continued Key person/team dependency: Reliance on key people/teams, for e.g. Transformation Team, Finance (Agresso) to deliver the service may leave, or could be on long term absence. Structure/Role coverage: There is no formal out of hours service in place to support services, which operate out of Council hours, such as evenings and weekends. Some needs met by goodwill.</p>	<ul style="list-style-type: none"> - Adverse effect on budget e.g. development may need to be outsourced at a significant cost. - New business solutions will not be developed internally or may not be completed to schedule. - Support of existing business systems may prove difficult. - Greater reliance on costly third party support. - Transformation Team's saving target of £1.73m by 2015 may not be met. - Payments/cash not processed in time. - Reduced staff goodwill affects ability to respond to situations over and above core business as usual activity and meet expectations of the wider Council. 				<ul style="list-style-type: none"> - Review existing support contacts to ensure we understand what maintenance support is offered and that we are making best use of these arrangements. - Embed new senior management arrangements. 							

Appendix 2 - Leicester City Council Operational Risk Register

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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			Further management actions/controls required	Target Score with further controls			Cost	Risk Owner	Review Date
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<p>28. Information and Customer Access Information Security 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 implementation of internal audit recs. - New approach to report on uptake of Data Protection training to support managers in compliance - targeting Children's Services first.</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. - Invest in SIEM toolset</p>	4	3	12		Alison Greenhill	30.09.2016

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Risks as at: 31st July 2016

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29. Information and Customer Access Capacity and Service Reporting Across the estate, the utilisation of application and network related hardware may not be fully understood. 113	- 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	30.09.2016

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO


Risks as at: 31st July 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			Further management actions/controls required	Target Score with further controls			Cost	Risk Owner	Review Date
			(See Scoring Table)	(See Scoring Table)	(See Scoring Table)		(See Scoring Table)	(See Scoring Table)				
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<p>30. Information and Customer Access Demand and change management</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"> - Improvements are not made to processes and procedures. - Inefficient and/or ineffective operations are in place. - Internal reputation impacts. - Demand may not be met. - Service delivery affected. - Incidents are not appropriately identified and rectified. - Increased reliance on IT staff rather than departmental self-sufficiency. - Increased demand on ICT resources. - Supplier response times and deadlines to rectify fixes/changes are lengthy and not always a priority. 	<ul style="list-style-type: none"> - Tactical improvement actions and plans have been identified and are in the process of being implemented. - Gateway process in place - Organisational restructure has been suggested and is being considered. - Business Continuity Management arrangements under review. 	3	5	15	<ul style="list-style-type: none"> - Implement holistic Disaster Recovery Plan. - Confirm roles and responsibilities. - Ask services to involve the customer services team in the planning/phasing/releasing of information etc. - Intended focus on more long term and forward planning. - Consider establishing a demand team (as part of the Methods review) 	3	5	15		Alison Greenhill	30.09.2016

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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			Further management actions/controls required	Target Score with further controls			Cost	Risk Owner	Review Date
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30. Information and Customer Access Demand and change management - Continued 	- Contract arrangements do not include performance targets, turnaround times SLA information etc., the Council is unable to hold them to account. - Data could be lost/unable to be restored - Delays in projects, tasks and assignments. - Adverse effect on budget.					- 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.						
31. Legal - 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.)	- Data may be lost or shared inappropriately. - Potential legal challenge. - Breaches in regulation/legislation, which may incur fines, reputational damage and negative media coverage. - Local breaches are not reported to the Information Governance Team until a complaint arises. - There may be a number of unreported information governance breaches which are unreported and being managed at a local level. - Subject Access Requests: this area has failed in compliance in 2013, and could fail again in the future.	- Policies and procedures in place e.g. security, retention and disposal. - Devices are encrypted. - Staff briefed on Information Governance (IG) compliance and asset mgmnt. - Improvement plan identifies necessary procedural updates etc. - Good liaison with Information Commissioners Office (ICO) and increased visibility and compliance. - Regular reports to Directors on the importance of IG compliance. - Staff are required to complete IG training on induction and all staff were asked to complete training in 2013. - Leicester City Council submissions to the NHS Information Governance Toolkit provide a health check on IG policies and systems.	4	5	20	- Requirement for all to complete annual IG awareness training should be enforced. - Introduce a self-service IG health check for Managers to check their team's compliance and identify their own improvement actions. - IG issues to be addressed more consistently in contracts outside IT Procurement (where this is systematic). - 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.	4	3	12		Kamal Adatia	31.03.2017 Ongoing

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31. Legal - Continued		- 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 exposure to risk here)										
STRATEGIC AREA - Education and Children's Services												
32. Children's Social Care and Early Help-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		Caroline Tote	31.03.2017
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 2017- 2018 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 LAC numbers beyond allocated budget. - Advanced Practitioners appointed. - Single Assessment Team implemented June 2016.	5	4	20	- Further consideration of other identified improvement areas to be discussed. - Further areas of the Resource Plan under consideration	4	4	16		Caroline Tote	31.03.2017

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Increase in number of children looked after results in overspend, compensatory savings have to be made in other services	- 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.	- 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.	5	4	20	- 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.	4	4	16		Caroline Tote	31.03.2017
1 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	- 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	- 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 posts.	5	4	20	- Continued work on recruitment, retention and induction - Focus on recruitment of permanent Team Managers.	4	4	16		Caroline Tote	31.03.2017
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		Caroline Tote	31.03.2017

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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		Caroline Tote	31.03.2017
33. Children's Social Care and Early Help - Safeguarding Publication of Serious Case Reviews for cases that occurred in 2013/14	- Impact on staff morale, engagement with vulnerable families, partner confidence and public reputation	- Two Serious Case Reviews have now been published with clear arrangements in relation to 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. Composite review in relation to three babies has not yet been published due to ongoing police investigations, media planning meeting taking place at the end of August. A further SCR has also been commissioned and agency Independent Management Review's are being progressed.	4	5	20	- Work through Local Safeguarding Children's Board groups to disseminate messages from the Serious Case Reviews.	5	4	20		Caroline Tote	30.09.2016
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		Caroline Tote	30.09.2016 ongoing

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119	<p>- No interventions where action needs to be taken, interventions that do not make enough difference to children's lives</p> <p>- An increased risk of significant harm, and/or an avoidable child death.</p>	<p>- Agreed improvement plan in place, being implemented and monitored, including all Ofsted recommendations</p> <p>- Early Help Offer re-launched with training for staff and partners</p> <p>- Thresholds documents re-launch</p> <p>- Weekly CIN Performance meetings to look at key performance areas and carry out spot checks on identified areas of work</p> <p>- Team Manager training to reinforce management oversight</p> <p>- Distribution of agreed Service Standards across the Children's Workforce</p> <p>- External audit of Ofsted cases</p> <p>- Workforce Development Programme with aim of attracting workers to Leicester City, retention programme, growing own social workers and stabilising workforce</p> <p>- Revised supervision and case recording policies</p> <p>- External auditors feedback on cases with recommendations for improvement</p> <p>- Feedback to CIN Service about outcomes of Ofsted support visit with actions to address.</p> <p>- Case progression manager appointed to track outcomes of legal planning meetings. This will ensure that there is a timely response to decision making and to ensure drift and delay in care planning is prevented.</p> <p>- Principal Social Worker appointed April 2016.</p> <p>- Advanced Practitioners appointed July 2016.</p>	3	5	15	<p>Further implementation of the Leicester City Children's improvement plan including:</p> <p>- Quality Assurance work by external auditors used to drive up practice and management standards, and enable managers to carry out realistic, robust audits</p> <p>- 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.</p>	3	4	12		Caroline Tote	31.09.2016 and ongoing

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 31st July 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			Further management actions/controls required	Target Score with further controls			Cost	Risk Owner	Review Date
			Impact	Likelihood	Risk		Impact	Likelihood	Risk			
120												
Practitioners and managers do not work to required standards	<ul style="list-style-type: none"> - Poor quality, inconsistent service to children, young people and their families - Increased risk of significant harm 	<ul style="list-style-type: none"> - 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. - 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 on cases with recs for improvement - Induction programme in place 	3	5	15	<ul style="list-style-type: none"> - Implementation of the improvement plan including: <ul style="list-style-type: none"> - 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 	3	4	12		Caroline Tote	30.09.2016
Abuse or injury to children and young people in the City.	<ul style="list-style-type: none"> - 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. 	<ul style="list-style-type: none"> - Implementation of Improvement Plans at Operational and Strategic Level - Recruitment of staff. Staff training - Supervision and management oversight. 	3	5	15		3	4	12		Caroline Tote	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. - Developing CSE / Missing / Trafficked Hub with Police, LCC, and Health	3	5	15	- Plans for a multi-agency team across Leicester, -Leicestershire and Rutland to work on CSE , Missing and Trafficked to be in place Oct 2016 - Work to ensure more robust approach	3	5	15		Caroline Tote	30.09.2016
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 from increased time pressures to potentially affect quality of work with children at higher risks of neglect and/or abuse.	- 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		Caroline Tote	30.09.2016 ongoing

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34. Children's Social Care and Early Help - Workforce - 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'	- 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 - 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 - Non-compliant or poor quality agency staff asked to leave - Capability/disciplinary action in relation to permanent staff - Exit interviews with departing staff - SAT implemented June 2016. - Principal Social Worker in post April 2016.	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		Caroline Tote	31.03.2017
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		Caroline Tote	30.09.2016

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<p>35. Children's Social Care and Early Help - Liquid Logic - 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 style="font-size: 2em; margin-left: 10px;">123</p>	<ul style="list-style-type: none"> - 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 Business Application Support 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 and 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 and performance of system 	<ul style="list-style-type: none"> - 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. - Implementation of V11 July 2016 - Liquid Logic User Group meet monthly 	5	4	20	<ul style="list-style-type: none"> - 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 - Training Programme being developed to include CP, CIN and LAC. - Champion group being developed linked to the role of the AP (Advanced Practitioner) 	4	4	16		Caroline Tote	30.09.2016

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124	<p>Early Help module system - partners not participating and taking on role of Lead Practitioner.</p> <p>- 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. - Many social workers are still not trained on EHM due to turnover of staff or not attending compulsory briefings, This has led to a lack of information in quality assurance processes and duplication of work. - EHM report are still not accurate with no fixes due to prioritisation of social care requirements. This has led to inaccurate reporting and lack of reports to inform work eg) re-referrals.</p>	<p>- LL User group now in place to deal with business as usual with one external partner represented on this group. - ISA almost complete, one partner still to provide information.</p>	5	4	20	<p>- 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 - EHM briefings to be put on again for SW staff. - Mtg set up with County to look at external EHA processes.</p>	4	4	16		Caroline Tote	30.09.2016

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125	<p>36. Children's Social Care and Early Help - Inspections - Impact of poor outcomes from Ofsted Inspections.</p> <ul style="list-style-type: none"> - 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. 	<ul style="list-style-type: none"> - 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 inspection of Children's Centres. -Ongoing monitoring visits by ofsted in key areas of identified improvement 	4	5	20	<ul style="list-style-type: none"> - 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		Caroline Tote	30.09.2016

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126	<p>37. Children's Social Care and Early Help - Early Help - Failure of services and processes to identify and meet the needs of vulnerable young people. Extent and gearing of department budget cuts for 2017-18 onwards compromises operations and generates a higher safeguarding failure.</p> <p>- 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. - 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. - Partners are not engaged with Early Help or contribute to the offer</p>	<p>- Early Help and Prevention protocol in place underpinned by the Early Help and Prevention Strategy - Launch of the Early Help Assessment, resources and website (Mar 15) - Training programme and comms plan in place - Initial stakeholder analysis completed (Jan 15), more detailed one underway (May 15) - Partnership Performance Framework drafted and Early Help reports for Safeguarding Effectiveness Group that evidence impact and progress - Children's Centre & Family Support Business Care Project group meets fortnightly to ensure the implementation of recommendations are on track - Health Check underway with CYPS, families, staff and partners (May/June) results to be published Aug 15 - Increase Traded Family Support services within schools</p>	5	4	20	<p>- 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</p>	4	4	16		Caroline Tote	31.09.2017 and ongoing
<p>38. Children's Social Care and Early Help - Placements for children and young people who are looked after - Inability to recruit and retain foster carers</p>	<p>- Insufficient internal foster care placements leading to greater use of Independent Fostering Agencies and greater cost to the Council.</p>	<p>- 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.</p>	4	4	16	<p>- Consideration of raising foster care allowances to national requirement - Consideration of teenage fostering scheme.</p>	3	4	12		Caroline Tote	30.09.2016

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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		Caroline Tote	30.09.2016
39. Learning Services - 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	- New governance arrangements in place between Children's Services and Property - New Director of Property appointed and in post - Issues will now be managed by the property team and escalated to Capital Board if necessary.	5	5	25	staff time	Ian Bailey	31.12.2016 and ongoing
40. Learning Services - 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	31.12.2016 and ongoing

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			(See Scoring Table)				(See Scoring Table)					
			Impact	Likelihood	Risk		Impact	Likelihood	Risk			
41. Learning Services - Children's Capital Investment Delayed capital projects disrupts educational improvements in schools	- The schools overall time and capacity to focus on educational improvements is reduced and/or compromised by building issues and disruption. - Significant reputational risk - Failure to meet statutory responsibilities on school place sufficiency	- New governance arrangements in place between Children's Services and Property - New Director of Property appointed and in post - Issues will now be managed by the property team and escalated to Capital Board if necessary.	4	4	16	- Continuing monitoring by Head of Education Sufficiency and Admissions	3	2	6	Staff time	Ian Bailey	31.12.2016 and ongoing
42. Learning Services 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 - Appointment of FM lead officer in estates to close out legacy BSF/retained estate issue - H&S management reviewed at departmental H&S committee	4	4	16	Staff time	Ian Bailey	31.12.2016 and ongoing
43. Learning Services - 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. - Appointment of FM lead officer in estates to close out legacy BSF/retained estate issue.	4	5	20	staff time	Ian Bailey	31.12.2016 and ongoing

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44. Strategic Commissioning and Business Development - Safeguarding/ teaching and learning workforce programmes are ineffective and Local Authority has insufficiently trained staff to deliver and manage the range. 12	- Stress management failings, lacks capacity and competency - Potential adverse impact on inspection outcomes.	- Work Life Balance policies, and supporting wellbeing website www.childrensworkforce/ supporting wellbeing 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	31.03.2017
STRATEGIC AREA - Public Health												
45. Public Health-Claiming Process for GP Providers- The clinical systems used by GP providers to claim payment for public health commissioned services are insufficiently robust to ensure payment accuracy	- Loss of confidence of GP Providers in payment structure - Risk of overpayment or underpayment by Public Health which would need to be rectified at a later date	- 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	- Audit of Health Checks Programme complete by 360 Assurance - The use of a bespoke audit and payment module to be placed within GP systems is being explored	4	3	16		Ruth Tennant	31.10.2016

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46. Public Health - Data Access and Sharing - Insufficient access to data held by other organisations 1. Unresolved issues in national guidance on this matter. 2. Pseudominised Hospital Episode Statistics data for 10 years has not yet been released to us. 3. No current access to GEM (SUS Inpatient Data) 4. No Data from GP (SystemOne)	- If unresolved only able to offer a limited services in terms of core offer and other analyses required	- Division of Public Health is at Information Governance Toolkit Level 2. - Audit Information Governance within Division to support move to IG Toolkit Level 3. - Application made and authorisation received from HSCIC for access to HES (liaising with GEMCSU on details). - Technical issues of N3 access to GEM/GEMIMA have not been resolved. - Data agreement has been signed to make data available via the Risk Stratification project (Adjusted Clinical Groups). - ONS have requested further information into special uses of individual level data prior to authorising release of data.	4	4	16	- More timely data being released nationally on line (aggregated - does not support analysis at lower level) - Maintain Information Governance Toolkit Level 2 and work to Level 3. - Awaiting national decisions N3 issues followed up with IT. There has been partial progress with this but will need escalating. - Adjusted Clinical Groups project team established with CCG. - HES data has been authorised and awaiting national decisions from HSOC re warehousing through GEM CSU. - NS issues followed up with IT. There has been partial progress with this but will need escalating to DPH and Chief Operating Officer of Council.	4	3	12		Ruth Tennant	31.10.2016

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131	<p>47. Public Health- Capability and Capacity- Cost pressures from the reductions in the public health budget leading to an inability to maintain business continuity e.g.. staff</p> <ul style="list-style-type: none"> - Insufficient capacity to deliver on current and future plans - Inability 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. 	<ul style="list-style-type: none"> - 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 NHS levels. In the longer term a higher substantive banding or the role will be sought. 	4	4	16	<ul style="list-style-type: none"> - Divisional and staffing review - Seek grading scheme beyond market supplements. 	4	3	12		Ruth Tennant	31.10.2016

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			(See Scoring Table)				(See Scoring Table)					
			Impact	Likelihood	Risk		Impact	Likelihood	Risk			
48. Public Health - Healthy Child Programming Commissioning - The failure to commission adequate capacity from the Healthy Child Programme may escalate safeguarding issues and increase health inequalities for children and young people in Leicester.	- Possible reputational risk through the LA being forced to reduce service levels to meet budget cuts	- Procurement options considered and taken to Executive Briefing for decision. - Final service specification for the new Integrated Healthy Child Programme was sent to partners for comments to assure that gaps in service provision were not inadvertently opened. - Healthy Child Programme Assurance and Development Group established. - Service specification includes a requirement for the provider to be responsible for any costs to the Child Health Information System. - Appropriate budget and core-offer determined. - TUPE questionnaire undertaken. - Healthy Child Programme Review undertaken. - Procurement exercise commenced for an initial 2 year contract with the option to extend to a maximum of 2 years. - Healthy Child Programme Procurement Group established. - Extended review with Early Help commenced. - Extended discussions with CCG and schools undertaken. - Estate costs reviewed. - Adequate workforce numbers calculated.	4	4	16	- Procurement exercise being undertaken through negotiated process. - Three organisations have submitted PQQ which have been evaluated and clarification questions have been asked - Supplier event to introduce prospective bidders to voluntary care sector organisations underway. - Procurement Plan in place.	4	3	12		Ruth Tennant	31.10.2016

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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			
49. Transport - Provision of corporate fleet/transport services -Failure to meet safety requirements.	- Death or serious injury. - Unlimited fines under corporate manslaughter legislation. - Suspension/loss of Goods Vehicle Operator's Licence resulting in severe disruption to several service areas, reputational damage and cost of tribunal. - Prosecution/fines under road transport/traffic and/or H & S legislation	- Employment of an appropriately resourced professional fleet management team - Fleet maintenance procedures/schedules in place and monitored - Appropriate compliance monitoring procedures in place and monitored ink regular contract meetings and FTA inspections - Fleet replacement policy/programme in place - Fleet Forum meetings	5	3	15	- Introduction of a drivers handbook - Introduction of the use of tachographs for certain categories of vehicles - Introduction of trackers on all fleet vehicles	5	2	12		Jan Dudgeon	31.09.2016 Ongoing

Appendix 3 – Risk Assessment Scoring Guide and Matrix 2016

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

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

%r

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
IMPACT (B)						

Appendix 4 - Insurance Claims Data

LEICESTER CITY COUNCIL - Insurance Claims Received 1 April 2016 - 31 July 2016

Claims received 2015 and being dealt with

Incidents	Total Claims	Repudiated	In Progress	Paid	Amount Paid
19 (19)	189 (259)	60 (54)	104 (182)	25 (23)	7713 (£27,302)

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		
Passenger and Transport Services	Frank Jordan					7	7	1713
Neighbourhood and Environmental Services	John Leach	1	16		8	16	41	1000
Plan, Trsport & Economic Dev.	Andrew L Smith	1	54		27	13	95	2000
Children, Young People and Families	Caroline Tote		1				1	
Housing	Chris Burgin	2	34		15	30	81	3000
Adult Soc Care & Safeguarding	Ruth Lake						0	
Del, Comms & Pol Governance	Miranda Cannon						0	
Information & Cust Access	Alison Greenhill						0	
Estates and Building Services	Wayne Antoine					1	1	
Comm and Business Dev	Sue Welford/Frances Craven						0	
Learning Services (incl Schools)	Ian Bailey	2	6		7	2	17	
Finance	Alison Greenhill						0	
Legal Services	Kamal Adatia						0	
Tourism, Culture & Investment	Mike Dalzell						0	
City Public Health & Health Imp	Ivan Browne						0	
Care Svcs & Commissioning	Tracie Rees		1		1		2	
	Total	6	112	0	58	69	245	7713

Last 12 months rolling repudiation rate - 77%
 Last 12 months year on year numbers - down 27%
 Last 12 months year on year values - down 72%

