



Leicester
City Council

MEETING OF THE AUDIT AND RISK COMMITTEE

DATE: WEDNESDAY, 8 FEBRUARY 2017

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
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- ✓ 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 meeting of the Audit and Risk Committee held on 16th November 2016 are attached and the Committee is asked to confirm them as a correct record.

4. ANNUAL REPORT ON GRANT CLAIMS AND RETURNS 2015/16

Appendix B

The External Auditor submits an Annual Report for the Certification of Grant Claims and Returns for 2015/16. The Committee are asked to note the report.

5. EXTERNAL AUDIT PROGRESS REPORT AND TECHNICAL UPDATE

Appendix C

The External Auditor submits a report which provides an overview on progress in delivering responsibilities as external auditors. The report also highlights the main technical issues which are currently having an impact in local government. The Committee are asked to note the report.

6. REGULATION OF INVESTIGATORY POWERS ACT 2000 - BI-ANNUAL PERFORMANCE REPORT JULY 2016 - DECEMBER 2016

Appendix D

The City Barrister and Head of Standards submits a report advising the Committee on the performance of the Council in authorising Regulatory Investigatory Powers Act 2000 (RIPA) applications from 1st July 2016 to 31st December 2016.

The Committee is recommended to note its contents and to make any recommendations or comments it sees fit either to the Executive or to the City Barrister and Head of Standards.

7. INTERNAL AUDIT CHARTER [Appendix E](#)

The Director of Finance submits a report to seek the Committee's approval of minor updates to the Internal Audit Charter. The Committee is recommended to receive the report for formal approval and agree that it accurately reflects the terms of reference of the Internal Audit service.

8. RISK MANAGEMENT AND INSURANCE SERVICES UPDATE REPORT [Appendix F](#)

The Director of Finance submits a report that provides 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 note its contents and to make any recommendations or comments it sees fit either to the Executive or to the Director of Finance.

9. DELEGATION OF THE CITY COUNCIL'S INTERNAL AUDIT FUNCTION AND PROVISION TO LEICESTERSHIRE COUNTY COUNCIL [Appendix G](#)

The Director of Finance submits a report taken to the Executive for a decision on the delegation of the City Council's Internal Audit function to Leicestershire County Council, and the transfer of the City's general audit staff to the County, resulting in the County delivering an internal audit service to both Councils. The Committee is asked to note the content of the report.

10. INTERNAL AUDIT PLAN - QUARTER 4 2016/17 [Appendix H](#)

The Director of Finance submits a report to the Committee which presents the detailed operational audit plan for the fourth and final quarter of the financial year 2016/17. The Committee is recommended to note the report.

11. ANY OTHER URGENT BUSINESS



Leicester
City Council

Minutes of the Meeting of the
AUDIT AND RISK COMMITTEE

Held: WEDNESDAY, 16 NOVEMBER 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

* * * * *

38. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Dr. Chowdhury and Hunter.

39. DECLARATIONS OF INTEREST

There were no declarations of interest made.

40. MINUTES OF THE PREVIOUS MEETING

RESOLVED:

that the minutes of the meeting of the Audit & Risk Committee held on 27 September 2016 be confirmed as a correct record.

41. INVOICE PAYMENT DATA

The Director of Finance submitted a report, which provided an update on the timeliness of invoice payments the authority made to its suppliers of goods and services. The Head of Business Service Centre presented the report.

A query was raised regarding whether a record of payment of grants from the Community Meeting ward funding was kept. The meeting was informed that a change had been made in the way ward grants were made. The process of payment was done through a purchase order which would speed up payments. A change had also been made to the terms and conditions on the back of the purchase order which would also assist with payments.

The Chair requested an update report be brought to the Audit and Risk Committee in six months.

RESOLVED:

that:

1. The Invoices Payment Data report be noted;
2. An update report be brought to the Audit and Risk Committee in six months.

42. PURSUANCE OF DEBT

The Director of Finance submitted a report, which provided assurance that the Council pursued debt owed to the Authority appropriately and timely. The Committee were recommended to note the content of the report and the Council's policy and practice on the pursuance of various type of debt and how it worked within practice and legislation. Enid Grant, Head of Business Service Centre presented the report.

It was reiterated that at every stage of the recovery process, the authority adhered to good practice when pursuing debt, and encouraged debtors to make contact as soon as possible if they were struggling to make payments . The point was raised there were debtors that 'won't' pay and those that 'can't' pay.

Concern was expressed that bailiffs were used when people had been overpaid benefits, which could have arisen through error on the Department for Work and Pension's (DWP) and/or authority's part. They were also concerned with the increase in poverty and potential increase in people being evicted from their homes. Clare Ashton, Exchequer Manager informed Members that a change in circumstances quite often resulted in overpayment, and people were requested to inform the authority as soon as possible of changes. Also, through the process of recovering debt, the council worked with debtors and looked at individual circumstances. On occasion, people were signposted to different services for assistance, and were given time for consideration or appeal of the debt before bailiffs were used. Members were informed that interest was charged on a debt as a final resort.

A further point was made regarding different systems for notifying authorities as happened in some European countries, whereby only one notification was required, and all authorities received the information. People arriving in this country were very often not aware of the need to inform more than one authority here.

A second point was raised that people who had received an enforcement notice for council tax should be allowed to pay the council, rather than pay bailiffs and increase their debt with further costs. Alison Musgrove, Service Manager, informed Members that before bailiffs were used, a number of steps had to be followed under council tax regulations before the council could seek a liability order through the court. She added there was also a discretionary fund for people experiencing hardship, that could be used for those in receipt of

housing benefit, and a separate discretionary fund for council tax.

Members were further asked to note that when looking at an individual's circumstances, living expenses were taken into consideration, but priority debts, such as rent, had to be discharged first, following which a suitable repayment figure was agreed.

The Chair thanked the officers for the report.

RESOLVED:

1. That the Pursuing Debt report be noted.

43. CORPORATE COMPLAINTS (NON STATUTORY)

The Director of Finance submitted a report to the Audit and Risk Committee for noting, on progress since the Business Service Centre Manager presented findings on the corporate non-statutory complaints process in November 2015, and to report Quarter 2 2016/17 non-statutory complaints figures. Caroline Deane, Vacancy Management Service Manager presented the report.

Members were asked to note the progress update since the implementation of the new complaints procedure in April 2016.

The report was summarised and detailed information in the appendices to the report was discussed.

In response to comments, it was noted that a new online self-service portal to log a service or complaint had been launched, and gave the opportunity to leave feedback. There was also an alert in the system if frequent or vexatious complaints were left, and those were included in the figures.

The Chair thanked the officer for the report and requested a report on the new complaints system be brought to a future meeting of the Committee.

RESOLVED:

that:

1. The Corporate Complaints (Non Statutory) report be noted;
2. An update report on the new complaints system be brought to a future meeting of the Committee.

44. HALF YEARLY UPDATE REPORT ON THE PROCUREMENT PLAN 2016/17

The Director of Finance submitted a mid-year update report to the Audit and Risk Committee for noting on the Council's Procurement Plan 2016-17, as required by the Contract Procedure Rules. Neil Bayliss, Head of Procurement, presented the report.

The main headings in the report were summarised, and Members were asked to note forthcoming procurement activity, and were informed of the following:

- There had been further reduction in value of waivers to the rules;
- A Social Value / Procurement Strategy was being developed to develop clearer performance indicators and targets, and provide better recording;
- A review of contract procedure rules had commenced, and a report would be brought to the Committee on changes to the rules some time in 2017;

In response to comments by Committee Members it was further noted that:

- The number of procurement exercises that had not started (68) was not dissimilar to the proportion in 2015, and that some might not be started this year, but in 2017. Some contracts may also have been extended and not procured.
- A late addition to the plan needed to be added – for short-term residential care beds (anticipated contract value (£1.5million) over a potential contract duration of five years), following a recent Executive decision;
- Waivers were reported to the executive when procurement rules could not be followed, to ensure reasons were justified and monitored, for example, a typical waiver, e.g. 3 years + 1 year extension could be agreed for a service area that had not re-procured in time and asked for a 6 month extension to reduce the risk of service stopping. Each waiver request had to be drafted in full, and required legal approval.
- Officers were satisfied waivers had dramatically reduced in the last few years.

The Chair thanked the officer for the report and recommendations.

RESOLVED:

1. That the Procurement Update 2016/17 report be noted.

45. COUNTER FRAUD UPDATE REPORT 2016-17

The Director of Finance, and the Director of Local Services & Enforcement submitted a joint report for noting to the Audit and Risk Committee, which provided information on counter-fraud activities between 1 April 2016 and 30 September 2016. The report was presented by Stuart Limb, Corporate Investigations Manager.

He noted the report contained statistical information and details of cases going through the system (excluding Trading Standards).

The Chair thanked the officer for the report.

RESOLVED:

1. That the Counter Fraud Update Report 2016-17 be noted.

46. EXTERNAL AUDIT PROGRESS REPORT AND TECHNICAL UPDATE - OCTOBER 2016

The External Auditor submitted a report to the Audit and Risk Committee for

noting, which proved an overview on progress in delivering responsibilities as external auditors. The report also highlighted the main technical issues which were currently having an impact on local government. John Cornett, Director (External Auditor, KPMG) presented the report.

In response to a comment regarding the National Audit Office report on the *Financial Sustainability of Local Authorities: Capital Expenditure and Resourcing*, Committee Members were informed the authority had borrowed funds from other organisations and had interest to pay, but could meet capital repayments. A Treasury Management report was scheduled to be brought to a future meeting of the Committee.

The Chair thanked the External Auditor for the report.

RESOLVED:

1. That the External Audit Progress Report and Technical Update October 2016 be noted.

47. EXTERNAL AUDITOR'S ANNUAL AUDIT LETTER 2015/16

The External Auditor submitted an Annual Audit Letter to the Audit and Risk Committee for noting, which summarised the key findings from the 2016/16 audit of Leicester City Council, and audit fee. John Cornett, Director (External Auditor, KPMG) presented the report.

Attention was drawn to the Audit Fees in Appendix 2 to the report, which were still subject to final approval by Public Sector Appointments Ltd (PSAA), and the commissioned non-audit work outside of the PSAA's certification regime.

The Committee was asked to note that the authority had not fully implemented all of the recommendations in the External Auditor's ISA 260 Report 2014/15. Members commented on the outstanding recommendation for 'Related Party Disclosure' where two councillors had not yet returned their annual declaration for 2015/16, one of whom had not done so for at least two years. A question was put to the Monitoring Officer as to what sanctions were open to the Council. The Monitoring Officer to look into the matter and provide information to the Audit and Risk Committee.

RESOLVED:

that:

1. The External Auditor's Annual Audit Letter 2015/16 be noted;
2. The Monitoring Officer to provide information to the Audit and Risk Committee as to what sanctions were open to the Council for the failure to return Related Party Disclosures by Members.

48. PROCUREMENT OF THE COUNCIL'S EXTERNAL AUDIT CONTRACT BY PUBLIC SECTOR AUDIT APPOINTMENTS LTD (PSAA)

The Director of Finance submitted a report for noting, to provide the Audit and

Risk Committee with an update on the process to appoint the Council's external auditors. The Head of Internal Audit and Risk Management presented the report.

The meeting was informed that Council was recommended to approve the procurement of the external audit contract by Public Sector Audit Appointments Ltd (PSAA). Procurement options were considered at a previous Audit and Risk Committee meeting when it was agreed that the Sector Led procurement was the preferred option, based on cost and efficiency.

Members were told that it was hoped savings would be made by using the bigger buying power of a national group to achieve savings.

The Chair thanked the officer for the report.

RESOLVED:

1. That the report on the Procurement of the Council's External Audit Contract by Public Sector Audit Appointments Ltd (PSAA) be noted.

49. FUTURE PLANS FOR INTERNAL AUDIT 2017 AND BEYOND

Tony Edeson, Head of Internal Audit & Risk Management provided a verbal update for noting on future plans for Internal Audit for 2017 onwards.

Members were informed there were currently four vacancies within Internal Audit. It was reported that, in the opinion of the Head of Internal Audit & Risk Management, the current effectiveness of the internal audit service was borderline as a result. There is a statutory requirement that, each year, the Section 151 officer has to sign to confirm that the authority has an effective internal audit service.

Members were asked to note the County Council Internal Audit team had capacity within its audit function, and it was suggested the teams based at County and City be merged together. It was stated the process was in its early stages, but would mean both councils would have an effective audit service, and there would be no requirement to recruit into the vacant City roles (this had been attempted in May 2016 but the advertisement drew no applicants).

In respect of audit plans for the City Council and associated Audit reports, these would still be taken to the City's Audit & Risk Committee, and the City Council would retain its own external auditors.

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

RESOLVED:

1. That the information be noted.

50. INTERNAL AUDIT PLAN - QUARTER 3 2016/17

The Director of Finance submitted a report for noting to the Audit and Risk Committee which presented the detailed operational audit plan for the third quarter of the financial year 2016/17. Tony Edeson, Head of Internal Audit & Risk Management presented the report.

Members commented that the planned audit of the Schools Admissions Process would be welcome, as there were a few admission appeals going through. It was reported that the scope of the audit would be to look at the online applications process, and the potential for fraudulent applications was part of the remit. If any issues arose from looking at the system itself, it could be built into the 2017/18 audit plan.

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

RESOLVED:

1. That the Internal Audit Plan – Quarter 3 2016/17 be noted.

51. RISK MANAGEMENT AND INSURANCE SERVICES - UPDATE REPORT

The Director of Finance submitted a report for noting, giving the regular update on the work of the Council's Risk Management and Insurance Services team's activities. Tony Edeson, Head of Internal Audit & Risk Management presented the report.

The Chair referred to the recent Supreme Court decision to allow 'collateral lies' in the course of an insurance claim, as noted at Paragraph 4.2.5 in the report. It was explained that it was a case where someone had not been truthful in some parts in making a claim, and the Court had found in favour of the person based on the overall case, which the courts may use as precedent. The brief that came out of the court case would be circulated to Members. The Head of Internal Audit and Risk Management said the Court's decision flies in the face of the work done to crack down on cheats, and it was not known how the courts would react in the future.

In response to further comments by Members on the Financial Reporting Council's 2014 risk guidance, and the ultimate responsibility for risk being with the Executive, it was noted it had been reiterated to the Executive and senior Council Management Team for the need to understand and manage risk.

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

RESOLVED:

1. That the Risk Management and Insurance Services Update Report be noted.

Cllr Chowdhury arrived at the meeting at this point

52. 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 7

Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

APPENDIX B1– HOUSING BENEFIT & LOCAL COUNCIL TAX REDUCTION RISK-BASED VERIFICATION POLICY

Paragraph 3

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

APPENDIX B2– INTERNAL AUDIT UPDATE REPORT 2016-17 – QUARTER 1 AND QUARTER 2

53. HOUSING BENEFIT & LOCAL COUNCIL TAX REDUCTION RISK-BASED VERIFICATION POLICY

The Director of Finance submitted a report to the Audit and Risk Committee for noting on the Revenue & Customer Support Service's implementation of an amended Risk Based Verification Policy in determining evidential requirements for the assessment of Housing Benefit and Council Tax Reduction Scheme (CTRS) new claims and changes in circumstance, in order to target verification resources on claims where there was the highest risk of fraud and error. Alison Musgrove, Service Manager, Revenues and Customer Support presented the report.

A query was raised regarding the disclosure of national insurance numbers. The officer took the question and undertook to respond following the meeting.

RESOLVED:

1. That the Housing Benefit & Local Council Tax Reduction Risk-Based Verification Policy be noted.

54. INTERNAL AUDIT UPDATE REPORT 2016/17 - QUARTER 1 AND QUARTER 2

The Director of Finance presented to the Audit and Risk Committee a summary of Internal Audit work completed in the first and second quarters of the financial year 2016-17. The report provided an overview of audit work planned and completed, significant issues identified by audit work, and progress made by the business area in implementation agreed recommendations. Tony Edeson, Head of Internal Audit & Risk Management presented the report.

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

RESOLVED:

1. That the information contained in the Internal Audit Update Report 2016/17 – Quarter 1 and Quarter 2 be noted.

55. CLOSE OF MEETING

The meeting closed at 7.19pm.



Annual Report on grants and returns 2015/16

Leicester City Council

26 January 2017



Appendix B

Contents

The contacts at KPMG in connection with this report are:

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Headlines

Summary of certification work outcomes

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psa.co.uk).

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

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

Introduction and background

This report summarises the results of work we have carried out on the Council's 2015/16 grant claims and returns.

This includes the work we have completed under the Public Sector Audit Appointment certification arrangements, as well as the work we have completed on other grants/returns under separate engagement terms. The work completed in 2015/16 is:

- Under the Public Sector Audit Appointments arrangements we certified one claim – the Council's 2015/16 Housing Benefit Subsidy claim. This had a value of £136.1 million
- Under separate assurance engagements we certified two claims/returns as listed below:
 - Teachers pensions (value £24.5 million); and
 - Pooling of housing capital receipts (value £9.7 million).

Certification and assurance results (Pages 3-5)

Our certification work on Housing Subsidy Benefit claim included:

- agreeing standard rates, such as for allowances and benefit incomes, to the DWP Circular communicating the value of each rate for the year;
- sample testing of benefit cases to confirm that the entitlement had been correctly calculated and was supported by appropriate evidence;
- undertaking an analytical review of the claim form considering year-on-year variances and key ratios;
- confirming that the subsidy claim had been prepared using the correct benefits system version; and
- completing testing in relation to modified schemes payments, uncashed cheques and verifying the accurate completion of the claim form.

Following the completion of our work, a qualification letter was required, due to a number of recurring errors, mainly the inclusion of incorrect earnings and tax credits in benefit entitlement calculations. In accordance with the certification instruction a qualification letter was mandated as a result of identifying errors of this nature. We identified one new error category this year where benefit had been overpaid as a result of the Authority incorrectly treating non-dependents income and deductions.

Our work on the other grant assurance engagements resulted in a qualified report on the Teachers pensions return. No adjustments were necessary the pooling of housing capital receipts return.

Recommendations

We have not made any recommendations to the Council from our work this year.

Last year we made two recommendations on housing benefits. We are satisfied that appropriate action has been/is being taken by officers such that we do not need to repeat these recommendations.

Fees (Page 6)

Our fee for certifying the Council's 2015/16 Housing Benefit Subsidy grant was £59,237, which is more than the indicative fee set by PSAA due to additional testing carried out. The fee is still subject to determination by PSAA.

Our fees for the other 'assurance' engagements were subject to agreement directly with the Council and were higher than planned due to additional work required on both returns.

Summary of certification work outcomes

This table summarises the key issues behind each of the adjustments or qualifications.

| Ref | Summary observations | Amendment |
|-----|---|-----------|
| 1 | <p>Housing Benefit Subsidy</p> <p>We issued a qualification letter and agreed minor amendments to the claim.</p> <p>The audit approach is mandated by PSAA and DWP. Testing involves a 'discovery sample' of 20 cases for each benefit type (total 60 cases), with further testing of each cell affected by errors found either in the current year's discovery testing or in previous years, on the basis that errors identified in the previous year may recur in the current year. It is a consequence of the volume of testing that errors are repeatedly found. Due to the number of errors discovered in previous years, the Council is locked into testing a large volume of cases each year.</p> <p>The complexity of the housing benefits regulations and diverse claimant mix within Leicester play a part in the number and types of errors found during testing.</p> <p>We have identified a number of issues that have been reported for a number of years, including:</p> <ul style="list-style-type: none"> - Misclassification of overpayments, in all benefit types; and - Incorrect inclusion of income, pensions and tax credits in benefit entitlement calculations. <p>Action is being taken to address the causes, for example through training of assessors, but the Quality Assurance team cannot devote as much time as is required to putting things right. This requires continuous commitment to training and quality to minimise the number of recurring errors. We acknowledge that the Quality Assurance team are proactive in correcting the errors that they discover.</p> <p>The Quality and Performance Manager, Revenues & Customer Support, presented a report to the Audit and Risk Committee at its meeting in August 2016. The report explained the subsidy audit process and its findings, and included the Benefits Team Improvement Action Plan to improve the accuracy of assessments and to subsequently reduce the clawback of monies against the general fund. A similar report will be brought to the Committee later in 2017.</p> <p>As a result of the actions being taken and reported to members, we have not made any separate recommendations.</p> | - £971 |

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Summary of certification work outcomes (contd.)

This table summarises the key issues behind each of the adjustments or qualifications.

| Ref | Summary observations | Amendment |
|-----|--|-----------|
| 2 | <p>Pooling of Housing Capital Receipts</p> <ul style="list-style-type: none"> — We issue an unqualified assurance report. — No amendments were made to the return | £0 |
| 3 | <p>Teachers' Pensions</p> <ul style="list-style-type: none"> — The return was amended where entries had been made in the wrong period, but where the correct contribution tier had been used. These amendments (gross value £6.9k, net value £0) changed the entries on the face of the return but did not affect the overall total being reported. — We also reported further unadjusted errors: <ul style="list-style-type: none"> — The wrong rate was used for processing refunds on post change for three staff; — The wrong rate was used for employees' contributions for three staff; — Employer's contribution for one member of staff was understated. — The net impact of the above matters is an overpayment to Teachers' Pensions for 2015/16 of £538. We understand that the Authority has made adjustments to the December 2016 return for these matters. | £0 |

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Fees

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Our fees for the Housing Benefit Subsidy claim are set by Public Sector Audit Appointments.

Our fees for other assurance engagements on grants/returns are agreed directly with the Council.

The overall fees we charged for carrying out all our work on grants/returns in 2015/16 was £70,437.

Public Sector Audit Appointments certification arrangements

Public Sector Audit Appointments set an indicative fee for our work on the Council’s Housing Benefit Subsidy claim in 2015/16 of £58,505. Our proposed actual fee of £59,237 is higher than the indicative fee due to testing of an additional category of error identified this year, and this compares to the 2014/15 fee for this claim of £70,380. The fees vary considerably from year to year due to the historic basis (a two year cycle related to actual time spent in 2011/12 and earlier years) that PSAA use to set the indicative fees. Also, in 2015/16, PSAA reduced all scale fees by 25%.

The final fee is still subject to determination by PSAA.

Grants subject to other assurance engagements

The fees for our assurance work on other grants/returns are agreed directly with the Council. Our fees for 2015/16 were, in total, more than those in 2014/15.

The Pooling of Housing Capital Receipts return fee was more than the expected fee of £5,000 due to additional time spent as a result of your position not being clear as regards making potential amendments to the return (ultimately, no amendments were made). Nevertheless the fee is lower than 2014/15 when we issued a qualified assurance report due to inclusion of £0.7 million of previous year expenditure. We also reported in 2014/15 an area of uncertainty where the guidance was not clear whether expenditure reported on the return should only be that funded from capital receipts or should include other sources of funding as well, for example expenditure funded from borrowing.

The Teachers’ pensions fee increased from £3,500 to £5,500 as we carried out additional work this year to agree errors identified in the return, and we reported further unadjusted errors to Teachers’ Pensions Agency.

Breakdown of fees for grants and returns work

| Breakdown of fee by grant/return | | |
|-------------------------------------|---------------|---------------|
| | 2015/16 (£) | 2014/15 (£) |
| Housing Benefit Subsidy claim | 59,237 | 70,380 |
| Pooling of Housing Capital Receipts | 5,700 | 5,786 |
| Teachers’ Pensions | 5,500 | 3,500 |
| HCA compliance reporting | n/a | 3,000 |
| Total fee | 70,437 | 82,666 |



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Technical update

Incorporating the External Audit Progress Report

Leicester City Council
January 2017

Contents

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External audit progress report

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Appendix

2016/17 audit deliverables

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This report provides the audit committee with an overview on progress in delivering our responsibilities as your external auditors. The report also highlights the main technical issues which are currently having an impact in local government. If you require any additional information regarding the issues included within this report, please contact a member of the audit team. We have flagged the articles that we believe will have an impact at the Authority and given our perspective on the issue:

 High impact

 Medium impact

 Low impact

 For information



External audit progress report

External audit progress report

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

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

| Area of responsibility | Commentary |
|---|--|
| <p>Financial statements</p> | <p>Since the Audit Committee meeting on 16 November 2016 we have commenced our planning work for the 2016/17 audit. We have:</p> <ul style="list-style-type: none"> • met with the Director of Finance on 2 December 2016 to to understand the current issues and priorities facing the Authority; ▪ met with the corporate finance team on 8 December to: <ul style="list-style-type: none"> • Agree the 2016-17 timelines; • Discuss technical issues and review last year’s agreed improvement actions; • Update our risk assessment and develop our detailed Audit Plan which we will present to the Audit and Risk Committee in March 2017. This will set out the scope of the audit in more detail; • Set out our approach for the interim field visit and requirements; • Met with the Audit and Risk Manager to gain their perspective on developments at the Authority; • Held a workshop focussed on Local Government early closure of accounts; and • Held a workshop for key members of your finance team who will be involved in and responsible for the 2016/17 close down and statement of accounts. <p>Our meetings have allowed us to capture the experience and input of key outgoing members of staff prior to their departure, and also to meet the incoming officers who we will be working with in future.</p> |
| <p>Certification of claims and returns</p> | <p>Under our terms of engagement with Public Sector Audit Appointments we have undertaken prescribed work in order to certify the Authority’s housing benefit grant claim. We have issued a separate grants certification report included on this agenda.</p> |

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External audit progress report (contd.)

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

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

| Area of responsibility | Commentary |
|---------------------------------|--|
| <p>Summary of upcoming work</p> | <p>Our upcoming work ahead of the next Audit and Risk committee includes:</p> <ul style="list-style-type: none"> ▪ Undertaking our interim work in March 2017 in advance of the final accounts audit. As part of this work, we will: <ul style="list-style-type: none"> • Complete our review over the appropriateness and application of general Information Technology (IT) controls operating over the key financial systems; • Complete Data Analytics work for Payroll and Accounts Payable and share results with management; and • Assess the effectiveness of your financial controls by completing the ‘walk-throughs’ of the key financial systems and control testing on a sample of transactions. ▪ Completing mandatory fraud inquiries with the Authority, including Internal Audit; and ▪ Carrying out our risk assessment in respect of your value for money arrangements, in particular: <ul style="list-style-type: none"> ▪ Reviewing progress in addressing the action plans for childrens services; and ▪ Assessing progress being made in identifying opportunities for revenue savings and tracking savings achieved to date. |

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Technical developments

PSAA's Value For Money Tool

Level of impact: ● (Low)

KPMG perspective

The PSAA's Value for Money Profiles tool (VFM Profiles) was updated on 3 October 2016.

The VFM profiles have been updated with the latest available data. The adult social care section has been re-designed based on the new adult social care financial return (ASC-FR). Data is available from 2014/15 onwards with no comparable data from earlier years.

The VFM profiles have also been updated with the latest available data from the following sources:

- General fund revenue account budget (RA) (2016/17)
- Child and working tax credit statistics (2014/15)
- Children in low-income families local measure (2015)
- Chlamydia testing activity dataset (CTAD) (2015)
- Climate change statistics: CO2 emissions (2014)
- Collection rates for council tax and non-domestic rates in England (2015/ 16)
- Council tax demands and precepts statistics (2016/17)
- Fuel poverty sub-regional statistics (2014)
- Homelessness statistical release (P1E) (2015/16)
- Housing benefit speed of processing (2015/16)
- Mid-year population estimates (2015)
- NHS health check data (2015/16)
- Planning applications (2015/16)
- Schools, pupils and their characteristics (2015/16)
- Young people from low income backgrounds progressing to higher education (2013/14)

The Committee may wish to seek further understanding for areas where their Authority appears to be an outlier.

The Value For Money Profiles can be accessed via the PSAA website at http://vfm.psaa.co.uk/nativeviewer.aspx?Report=/profiles/VFM_Landing

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NAO report: Children in need of help or protection

Level of impact: ● (For Information)

The NAO has recently published a report entitled *Children in need of help or protection*.

The report finds that the actions taken by the Department for Education since 2010 to improve the quality of help and protection services delivered by local authorities for children have not yet resulted in services being of good enough quality. NAO analysis found that spending on children's social work, including on child protection, varies widely across England and is not related to quality.

Neither the Department for Education nor authorities understand why spending varies.

The report finds that nationally the quality of help and protection for children is unsatisfactory and inconsistent, suggesting systemic rather than just local failure. Ofsted has found that almost 80% of authorities it has inspected since 2013 are not yet providing services rated as Good to help or protect children. Good performance is not related to levels of deprivation, region, numbers of children or the amount spent on children in need. Ofsted will not complete the current inspection cycle until the end of 2017, a year later than originally planned. The Department does not therefore have up-to-date assurance on the quality of services for 32% of local authorities.

The report also notes that children in different parts of the country do not get the same access to help or protection, finding that thresholds for accessing services were not always well understood or applied by local partners such as the police and health services. In Ofsted's view some local thresholds were set too high or low, leading to inappropriate referrals or children left at risk. In the year ended 31 March 2015 there were very wide variations between local authorities in the rates of referrals accepted, re-referrals, children in need and repeat child protection plans.

The report is available from the NAO website at www.nao.org.uk/report/children-in-need-of-help-or-protection

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Consultation on 2017/18 work programme and scales of fees

Level of impact: ● (For Information)

Public Sector Audit Appointments Ltd (PSAA) has published its consultation on the 2017/18 work programme and scales of fees.

The consultation sets out the work that auditors will undertake at principal local government and police bodies for 2017/18, with the associated scales of fees. The consultation document, and the lists of individual scale fees, are available on the 2017/18 work programme and scales of fees consultation page of the PSAA website: www.psa.co.uk/audit-and-certification-fees/201718-work-programme-and-scales-of-fees

There are no planned changes to the overall work programme for 2017/18. It is therefore proposed that scale fees are set at the same level as the scale fees applicable for 2016/17.

The work that auditors will carry out on the 2017/18 accounts will be completed based on the requirements set out in the *Local Audit and Accountability Act 2014* and under the *Code of Audit Practice*.

The consultation closed on Thursday 12 January 2017. PSAA will publish the final work programme and scales of fees for 2017/18 in March 2017.

This is the final year for which PSAA will set fees under the current transitional arrangements. The Secretary of State for Communities and Local Government has specified PSAA as an appointing person for principal local government and police bodies, under the provisions of the *Local Audit and Accountability Act 2014* and the requirements of the *Local Audit (Appointing Person) Regulations 2015*.

This means that PSAA will make auditor appointments under new audit contracts to bodies that choose to opt into the national scheme the company is developing, for audits of the accounts from 2018/19.

Further information is available on the appointing person page of the PSAA website: www.psa.co.uk/supporting-the-transition/appointing-person

Overview of Local Government

Level of impact: ● (For Information)

The NAO has recently published an Overview of Local Government

The overview looks at the local government landscape and summarises both matters of likely interest to Parliament and the National Audit Office's (NAO's) work with local authorities. These include Local Government Responsibilities, Funding and Service Spending and the findings from the NAOs work on Local Government.

The overview is available from the NAO website at www.nao.org.uk/report/overview-local-government



KPMG resources



Disruptive trends: Technology

Disruption on multiple fronts is putting audit committees on high alert

Audit Committee Institute

30 Technological disruption continues to appear on the audit committee agenda. With many audit committees looking to ensure risk management and internal control systems are addressing the full range of existing and emerging risks, ensuring that the technological expertise on the committee is appropriate is an increasing challenge.

With cyberattacks on corporate networks and systems becoming more advanced, cyber security remains a major oversight concern for audit committees (and boards). Years ago, retail and financial services organisations were most at risk due to the processing of credit card data. Today, personal information is frequently targeted over credit card data, placing a much broader range of organisations at risk. The cyber security challenge can be broken into five more granular topics:

1.Data protection Data protection, while clearly connected to cyber security, actually falls into a larger business security category, as data loss can occur in many ways. When considering data protection, audit committees often receive from management a list of security programs that are currently in place; however, the first step should really be making sure the right information has been identified and data sets clearly defined. This can be a challenge as what is considered relevant continues to change. Today, things like user names, passwords, awards program profiles and social media accounts are being targeted. Given that this list will continually evolve, audit committees should regularly confirm that the definition and protection of alternative data sets - beyond standard credit card information - is being carried out. To augment the information they have at hand, audit committees can also request relevant data directly from IT, for example, testing results, reviews of key data and hacking reports.

2.Social engineering Social engineering is a broad term for any kind of psychological deception or exploitation of the "human factor" to gain access to information. Email phishing is one form, but attacks can be much more complex, employing phone calls, physical impersonation or any scenario that plays on the target's sympathy, fear, greed, etc. Proper oversight should involve social media acceptable use policies and organisational workflows detailing proper account usage.

Disruptive trends: Technology (Cont.)

3. Auditing of third-parties Many organisations are relying more and more on third parties as part of their business model. The audit committee should ensure that management has considered and evaluated whether appropriate controls are in place to prevent misuse of any confidential customer information aggregated by third-party vendors. To be more certain that the organisation is not creating additional liabilities, third-party audits are becoming more common.

4. Cyber insurance Cyber insurance addresses an organisation's liability when faced with cyber-based risks, such as a data breach or data destruction resulting in the loss of sensitive information. Organisations are beginning to purchase these types of policies, but there remains some confusion over exactly what is and isn't covered. The audit committee should have oversight over whether such policies appropriately address the organisation's significant financial exposures.

5. Remediation procedures Too often, audit committees look at a cyber breach, ensure an established process is being followed, then move on. More and more, however, we see audit committees getting involved in post-mortem follow-up reviews, sometimes even going beyond the standard oversight role in order to understand what went wrong, ensure remediation compliance and probe for other areas of vulnerability to help combat future attacks.

Business model risk

3 When an organisation effectively implements an industry changing technological innovation, one major effect is that their competitors' business models - and possibly a business model that has been an industry standard - can be disrupted. Consider the effect ride sharing has had on the way the taxi industry has been operating for decades or how internet-based streaming services have changed the way television is purchased and consumed. Going forward, audit committees will need to pay greater attention to how, and which, disruptive technologies could potentially put the organisation's business model at risk

Technology project risk

Despite the impact of the current economy on some sectors, organisations continue to undertake IT and strategic transformation projects. This can be a concern if organisations lack proper IT experience on the board. Is significant expenditure being incurred on big transformation projects without the proper governance to protect or maximize the investment? At the same time, regulators are raising the bar in the area of IT risks and controls, signalling the fact that it's time for boards, and potentially audit committees, to address this as part of their risk portfolio.

Data & Analytics privacy risk

D&A is changing business significantly and the organisations that are best leveraging it are seeing dramatic results. However, like all disruptive technologies there are corresponding risks, including increased privacy risk.

Customers and other stakeholders entrust information to organisations for specific purposes, but those organisations may exploit that information in other ways using D&A. This creates significant privacy oversight challenges that boards and audit committees need to be aware of and address.

Disruptive trends: Technology (Cont.)

Putting the audit committee on high alert

Virtually no strategic conversation proceeds without someone citing the need to either be disruptive or to respond quickly to disruptive market and industry trends - trends that have typically been connected to technology in one way or another. We don't, however, generally think about the concept of disruption when talking about the audit committee, even when we're discussing its changing role and responsibilities.

However, the concept of disruption is broadening its meaning beyond its current association with the interaction between technology, business and market forces. It is being applied in other areas and to other, broader trends. One might talk, for example, about the disruptive impact of demographic or regulatory trends, rather than just technological ones. To that end, a high-level concept of disruption provides a valuable framework for discussing many of the changes and challenges currently facing the audit committee. And there are, without question, a range of audit trends (auditor rotation, reporting, D&A, etc.), that can only be seen as disruptive, given the kind of substantive change they are driving and their potential to transform the way audit committees do what they do - and what they are increasingly being asked to do.

Disruption can affect audit committees in different ways. In some cases - for example, cyber security - audit committees might need to become more knowledgeable and more vigilant in their oversight due to the rapid, ongoing evolution of the field. In other areas, such as oversight of reporting and compliance, it is their own approaches and processes that are changing, as complex standards up the regulatory ante.

Going forward, managing inevitable change will be both an audit committee priority and a challenge and one that all audit stakeholders - directors, management, auditors, regulators, shareholders and even the public - have an interest in facilitating.

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UK Audit Committee Institute

As an audit committee member or non-executive director, it's important to keep abreast of the latest issues in order to overcome the challenges you face in today's economic climate.

The KPMG-sponsored Audit Committee Institute (ACI) is a growing international network that provides complimentary guidance and a variety of resources to audit committees. It is designed to update and refresh the skills and knowledge that enable each member to fulfil their role within the board.

Initiatives include a comprehensive programme of both topic and sector specific events, and a variety of regular and timely publications.

If you would like more information about the ACI or are interested in becoming a member, please [contact us](#) at auditcommittee@kpmg.co.uk



Appendix

Appendix 1

2016/17 audit deliverables

| Deliverable | Purpose | Timing | Status |
|--|---|----------------|--------|
| Planning | | | |
| Fee letter | Communicate indicative fee for the audit year | April 2016 | Done |
| External audit plan | Outline our audit strategy and planned approach Identify areas of audit focus and planned procedures | March 2017 | TBC |
| Substantive procedures | | | |
| Report to those charged with governance (ISA 260 report) | Details the resolution of key audit issues. Communication of adjusted and unadjusted audit differences. Performance improvement recommendations identified during our audit. Commentary on the Council's value for money arrangements. | September 2017 | TBC |
| Completion | | | |
| Auditor's report | Providing an opinion on your accounts (including the Annual Governance Statement). Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the VFM conclusion). | September 2017 | TBC |
| WGA | Concluding on the Whole of Government Accounts consolidation pack in accordance with guidance issued by the National Audit Office. | September 2017 | TBC |
| Annual audit letter | Summarise the outcomes and the key issues arising from our audit work for the year. | November 2017 | TBC |
| Certification of claims and returns | | | |
| Certification of claims and returns report | Summarise the outcomes of certification work on your claims and returns for Government departments. | February 2018 | TBC |

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Leicester
City Council

WARDS AFFECTED: ALL

Audit and Risk Committee

8 February 2017

**Regulation of Investigatory Powers Act 2000
Bi-Annual Performance Report July 2016 – December 2016**

Report of the City Barrister and Head of Standards

1. Purpose of the Report

The report advises on the performance of The Council in authorising Regulatory Investigation Powers Act (RIPA) applications, from 1st July 2016 to 31st December 2016.

2. Summary

2.1 The Council applied for 3 Directed Surveillance Authorisations and 0 Communications Data Authorisations in the period above.

2.2 The Head of Information Governance & Risk ran an internal training session to prepare Local Authority staff for the changes that may be forthcoming as a result of the Investigatory Powers Act.

2.3 The Council now scans RIPA forms onto the Electronic Document Records Management System (EDRMS) in a legally admissible format.

3. Recommendations

The Committee is recommended to:

3.1 Receive the Report and note its contents.

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

4 Report

4.1 The Council applied for 3 Directed Surveillance Authorisations and 0 Communications Data Authorisations in the second half of 2016.

- 4.2 The first authorisation (6108481) was undertaken by Corporate Investigations under The Fraud Act 2006. A blue disabled parking permit was allegedly being used fraudulently to avoid city centre parking charges. The circumstances of the person under surveillance changed and the RIPA authorisation was cancelled.
- 4.3 The second authorisation (127926) was undertaken by Neighbourhood and Environmental Services under the Environmental Protection Act 1990 to establish the identity of flytippers, including builders' waste being disposed of at recycling facilities. There were no significant flytips during the surveillance period.
- 4.4 The third authorisation (142650) was also undertaken by Neighbourhood and Environmental Services under the Environmental Protection Act 1990. Intelligence was gathered although no actual flytipping was caught on camera. Flytipping has significantly reduced since the operation was undertaken.
- 4.5 The Head of Information Governance & Risk ran an internal training session to prepare Local Authority staff for the changes that may be forthcoming as a result of the Investigatory Powers Act 2016. 20 members of staff attended. See Appendix A.
- 4.6 The Head of Information Governance & Risk has established a secure area on the EDRMS. Staff can now scan RIPA documentation onto the EDRMS in a legally admissible format in order to support business continuity and integrity of data. Saved documents cannot be altered without leaving an electronic footprint.

5. Financial, Legal Implications

5.1 Financial Implications

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

5.2 Legal Implications

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

6. Other Implications

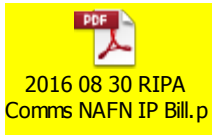
| OTHER IMPLICATIONS | YES/NO | Paragraph References Within Supporting Information |
|-------------------------------|--------|--|
| Equal Opportunities | No | |
| Policy | No | |
| Sustainable and Environmental | No | |
| Climate Change | No | |
| Crime and Disorder | No | |
| Human Rights Act | No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

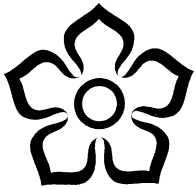
7. Report Author / Officer to contact:

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

31st December 2016

Appendix A





Leicester
City Council

WARDS AFFECTED
All

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Audit and Risk Committee

8 February 2017

Internal Audit Charter

Report of the Director of Finance

1. Purpose of Report

- 1.1. To seek the Committee's approval of minor updates to the Internal Audit Charter following the regular annual review.

2. Recommendation

- 2.1. The Committee is recommended to approve the updated Internal Audit Charter (Appendix 1) and agree that it accurately reflects the terms of reference of the Internal Audit service.

3. Summary

- 3.1.1. Partly as good practice and partly in fulfilment of regulatory requirements, the City Council has in place a formally approved Internal Audit Charter and professional standards for Internal Audit. The professional standards¹ require the preparation of an Internal Audit Charter and set out the essential requirements.
- 3.1.2. The Internal Audit Charter has been reviewed and minor updates made where necessary to comply with updated regulations. It now needs the approval of the Audit and Risk Committee.
- 3.1.3. The Committee is aware of the change in the delivery of Internal Audit to the City Council from April. This change will be reflected in the next revision by the County Council's Head of Internal Audit Service. The City Council will continue to have its own Charter as, in effect, the Charter is 'owned' by the Audit and Risk Committee which remains in place.

¹ The *Public Sector Internal Audit Standards*, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (IIA).

4. Report

4.1. Revision of Internal Audit Charter

4.1.1. For a number of years, the City Council has had in place a formally approved Internal Audit Charter. This sets out the terms of reference for the Council's Internal Audit service. The current version was approved by the Audit and Risk Committee at its meeting on 2 December 2015.

4.1.2. The purpose is to specify the responsibilities and objectives of Internal Audit, its position within the organisation, its scope, rights of access and reporting requirements and the prioritisation of audit work based on risk. In this way, the Council seeks to demonstrate its compliance with the requirement under Regulation 5(1) of the Accounts and Audit Regulations 2015, which requires that the Council:

'...undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.'

4.1.3. The revised Internal Audit Charter is set out in full in Appendix 1 with the changes from the previous version highlighted in yellow. The changes, although there are quite a number, are minor in impact but reflect changes in the wording of the governing regulations, in particular the updated Public Sector Internal Audit standards revised in April 2016.

4.1.4. The Committee is asked to approve this updated Charter.

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1. Financial Implications

An adequate and effective system of internal audit is a central component in the processes intended to help ensure that the Council operates efficiently, cost effectively and with integrity. An effective internal audit function is a key means by which the Director of Finance discharges her responsibilities under s151 of the Local Government Finance Act 1972 (see below). Such arrangements are intended to help the Council as it faces the financially challenging times ahead.

Colin Sharpe, Head of Finance, x37 4081

5.2. Legal Implications

Internal Audit's work promotes sound financial management and legal compliance in all areas subject to review. It is a significant component of the requirements placed upon the Council for 'the proper administration of its financial affairs' by s151 of the Local Government Act 1972 as well as the specific requirements for internal audit under the Accounts and Audit Regulations 2015.

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

6. Other Implications

| OTHER IMPLICATIONS | YES/NO | Paragraph/References Within the Report |
|-------------------------------|--------|--|
| Equal Opportunities | No | |
| Policy | No | |
| Sustainable and Environmental | No | |
| Climate Change | No | |
| Crime and Disorder | 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 Council's governance and assurance processes, a main purpose of which is to give assurance to Directors, the Council and this Committee that risks are being managed appropriately by the business. This includes the risks of fraud and financial irregularity. |

7. Background Papers – Local Government Act 1972

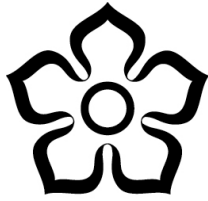
7.1. Files held by Internal Audit.

8. Consultations

8.1. None.

9. Report Author

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



Leicester
City Council

Internal Audit Charter

Internal Audit is an independent appraisal function established for the review of the internal control system as a service to the City Council. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources and the management of risk.

The Council has determined that the Director of Finance shall be the officer nominated under Section 151 of the Local Government Act 1972 to have responsibility for the proper administration of its (the Council's) financial affairs.

Provision of an effective Internal Audit is the responsibility of the Council under Regulation 5(1) of the Accounts and Audit Regulations 2015. This function has been delegated to the Director of Finance, who shall provide an Internal Audit service to the City Council in accordance with statutory requirements and professional standards. This latter requirement is met by virtue of compliance with the *Public Sector Internal Audit Standards*, issued jointly by CIPFA¹ and the IIA² in 2013. These incorporate a definition of internal auditing and a code of ethics as well as performance standards.

Definition of Internal Audit

Leicester City Council has adopted the definition of Internal Audit as given in the *Public Sector Internal Audit Standards (PSIAS)*:

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes

Within those PSIAS are 10 core principles which, taken as a whole, articulate internal audit effectiveness. For an Internal Audit function to be considered effective, all principles should be present and operating properly. The core principles are:

- Demonstrates Integrity
- Demonstrates competence and due professional care
- Is objective and free from undue influence
- Aligns with the strategies, objectives and risks of the organisation
- Is appropriately positioned and adequately resourced

¹ Chartered Institute of Public Finance and Accountancy

² Chartered Institute of Internal Auditors

- Demonstrates quality and continuous improvement
- Communicates effectively
- Provides risk based assurance
- Is insightful, proactive and future focussed
- Promotes organisational improvement.

Responsibilities of Internal Audit

Internal Audit's responsibility is to report to the Council on its assessment of the adequacy of the entire control environment, through the Audit and Risk Committee and the Executive.

It does this by:

- Providing assurance to the Council and its management on the quality of the Council's operations, whether delivered internally or externally, with particular emphasis on systems of risk management, resource control and governance;
- Providing equivalent assurances where necessary to relevant interested parties external to the Council, including the external auditor and funding agencies;
- Providing consultancy and advice on the setting up and monitoring of internal controls throughout the City Council and external organisations providing services on behalf of the City Council with the aim of improving economy, efficiency and effectiveness, managing risk and reducing the potential for fraud; and,
- Providing advice to the Council on those of its activities where there is felt to be exposure to significant financial, strategic, reputational and operational risk to the achievement of its (the Council's) objectives.

In addition:

- Through Internal Audit, although primarily through the Corporate Investigations Team, the prevention, detection and investigation of fraud are addressed.

Internal Audit will do this in accordance with:

- Relevant codes of ethics, standards and guidelines issued by the professional institutes and the Relevant Internal Audit Standard Setters (RIASS)³; this refers to the *Public Sector Internal Audit Standards*
- The City Council's Constitution and other relevant corporate standards and policies
- Its own Audit Manual and other internal standards, which will be adhered to by all its staff, partners and agents. These include requirements for recording of audit work and evidence to support audit conclusions.
- The *Internal and External Audit Joint Protocol*, or equivalent, as agreed from time to time with the Council's external auditor.

³ The RIASS include HM Treasury, the Department of Health, CIPFA and agencies of the Northern Ireland, Scottish and Welsh governments.

Internal Audit will consult with the Council's external auditor and with other relevant inspectorates and review bodies in order to coordinate effort and avoid duplication.

In addition, Internal Audit procedures are designed to ensure that all statutory and professional standards governing confidentiality of information are observed at all times.

Objectives of Internal Audit

As part of the City Council's system of corporate governance and in support of the Council's monitoring officer, Internal Audit's purpose is to support the Council in its activities designed to meet its declared objectives and to do so:

- As a contribution to the Council's management of risk;
- As a contribution to the development and implementation of the Council's policies and procedures;
- In compliance with the Council's values;
- As an aid to ensuring that the Council and its members, managers and officers are operating within the law and prevailing relevant regulations;
- As a contribution towards ensuring that financial statements and other published information are accurate and reliable;
- In support of the Council in its management of human, financial and other resources in an efficient and effective manner;
- In support of the Council in meeting its social, environmental and community priorities; and,
- As a contribution towards establishing and maintaining a culture of honesty, integrity, openness, accountability and transparency throughout the Council in all its activities and transactions.

Position of Internal Audit within the Organisation

Senior management

Internal Audit reports to the Director of Finance. However, the Head of Internal Audit and Risk Management has the right to unfettered access to Directors, the Chief Operating Officer, the Monitoring Officer, the City Mayor or to Council (through the Audit and Risk Committee or the Executive) if, in the opinion of the Head of Internal Audit and Risk Management there are matters of concern that could place the Council in a position where the risks it faces are unacceptable.

'The Board'

The *Public Sector Internal Audit Standards* identify that Internal Audit has a responsibility to the organisation's 'board'. This is defined in the Standards as:

The highest level of governing body charged with the responsibility to direct and/or oversee the activities and management of the organisation. Typically, this includes an independent group of directors (e.g. a board of directors, a supervisory board or a board of governors or

trustees). If such a group does not exist, the 'board' may refer to the head of the organisation. 'Board' may refer to an audit committee to which the governing body has delegated certain functions.

The Council has delegated this function to the Audit and Risk Committee for the purposes of overseeing the Council's arrangements for audit, risk and the corporate governance assurance framework. The terms of reference for the Audit and Risk Committee include their responsibilities under the audit framework, including internal audit.

Status of Internal Audit

Internal Audit is an independent review activity. It is **neither** an extension of, **nor** a substitute for, the functions of line management and must remain free from any undue influence or other pressure affecting its actions and reporting.

At all times, management's responsibilities include:

- Maintaining proper internal controls in all processes for which they have responsibility;
- Co-operating fully with Internal Audit and ensuring that Internal Audit can properly fulfil their role. To that end, there is an agreed protocol for escalating unresolved disputes;
- The prevention, detection and resolution of fraud and irregularities;
- Considering and acting upon Internal Audit findings and recommendations or accepting responsibility for any resultant risk from not doing so.

In addition, Internal Audit:

- **Must have** no executive responsibility, thus protecting its independence of reporting;
- Reserves to itself the right to determine its own work plans and priorities, which it will do in full compliance with recognised professional standards. Whilst Internal Audit will respond to requests for specially commissioned assistance, this is always subject to its existing commitments and the respective levels of identified risk; and,
- Will prepare annually, for the endorsement and agreement of the Audit and Risk Committee, an operational plan of the activities and areas that are to be covered by its work. This in turn will be based on a strategic prioritisation of key business, operational, management and financial risks.

Scope of Internal Audit activity

Internal Audit shall review, appraise and report upon:

- The effectiveness of all controls and other arrangements put in place to manage risk;
- The completeness, reliability and integrity of information, both financial and operational;
- The systems established to ensure compliance with policies, plans, procedures, laws and regulations whether established by the Council or externally;
- The effectiveness of arrangements for safeguarding the Council's assets and interests;
- The economy, efficiency and effectiveness with which resources are deployed; and,

- The extent to which operations are being carried out as planned and objectives and goals are met.

Internal Audit's work covers:

- All City Council activities, systems, processes, controls, policies, and protocols;
- All City Council departments, cost centres and other business units and establishments; and,
- All services and other activities for which the City Council is responsible or accountable, whether delivered directly or by third parties through contracts, partnerships or other arrangements.

In addition:

- Where Internal Audit provides advice on the setting up of controls, it will do so as a consultant and the provision of such advice does not prejudice the right of Internal Audit subsequently to review, comment on and make recommendations on the relevant systems or controls in appropriate circumstances; and,
- The provision of an investigations service to support management in fulfilling its responsibilities to prevent, detect and resolve fraud, bribery, corruption and other irregularities is the responsibility of the Corporate Investigations Team – **who are also part of** Financial Services.

Rights of Access

For the purposes of carrying out Internal Audit's responsibilities, internal auditors shall:

- Have access at all times to any City Council premises and property;
- Have access to all data, records, documents and correspondence relating to any financial or any other activity of the City Council;
- Have access to any assets of the City Council; and,
- Be able to require from any member, employee, agent, partner, contractor or other person engaged on City Council business, any information and explanation considered necessary to allow it to properly fulfil its responsibilities.

These rights of access include access to relevant records (whether electronic or otherwise) held by service providers. They apply to Council services provided under contracts and partnership arrangements of all kinds including joint, shared and pooled arrangements. This right of access shall be incorporated within all relevant contract or service agreement documents involving City Council services provided other than internally. It applies to all internal auditors legitimately engaged on Leicester City Council Internal Audit business, whether they are employees of Internal Audit or are provided under an authorised agency or other contract or partnership.

Where services subject to audit are provided to the Council through partnership arrangements, the Head of Internal Audit and Risk Management shall decide, in consultation with all parties, the extent to which reliance shall be placed on assurances provided on behalf of partner organisations or their internal auditors. Where appropriate, adequate access rights

will be agreed if it is determined that Internal Audit should conduct its own work to derive relevant assurances rather than rely on other parties.

Internal Audit will safeguard all information obtained in the carrying out of its duties and will only use it for the purposes of an audit or investigation. Internal Audit will make no disclosure of any information held unless this is authorised or there is a legal or professional requirement to do so.

Reporting

Internal Audit:

- Reports on its work and makes recommendations addressed to the relevant Director and such other levels of management as need to know and are capable of ensuring that appropriate action is taken;
- Will report as required on the results of its work (including progress made in delivering the agreed Audit Plan) to the Director of Finance and the Audit and Risk Committee. This will include an annual report, which will contain the annual audit opinion on the adequacy and effectiveness of the City Council's framework of governance, risk management and control. This annual report and opinion will be a significant component of the annual review of the effectiveness of the system of internal control as required of the Council by the Accounts and Audit Regulations;
- Accepts that its responsibility does not cease at the point where a report is issued and will take reasonable action to ensure that recommendations are implemented, having due regard to the duty of the Director of Finance to ensure the Council has efficient arrangements for managing its financial systems;
- Will agree suitable performance measures from time to time with the Director of Finance to evaluate its performance and will maintain and publish information accordingly; and,
- Will make available, as requested, to members of the Audit and Risk Committee its final reports on audits and investigations (except where these make specific reference to disciplinary or legal matters concerning named individuals). The Director of Finance may stipulate that reports are to be treated in confidence.

The work of Internal Audit (including its opinion on the control environment) shall contribute to the Council's annual review of its system of internal control as required by the Accounts and Audit Regulations 2015.

Audit Resources and Work Prioritisation

The annual audit plan as agreed by the Audit and Risk Committee shall be the main determinant of the relative priority to be placed on each part of the work of Internal Audit. The Head of Internal Audit and Risk Management shall determine the actual deployment of available resources and shall do so within the framework of risk prioritisation used to draw up the **audit plan**.

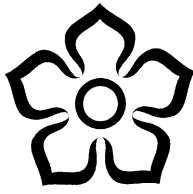
The plan will have within it provision of resources to address unplanned work. This contingency shall be directed towards unplanned work including consultancy engagements

and covering other unforeseen variations in the level of resources available to Internal Audit, such as staff vacancies.

The Head of Internal Audit and Risk Management shall determine the resources needed, including the skills required, to deliver the audit plan. In the event that the audit risk assessment identifies a need for a greater degree of audit work than there are resources available, the Head of Internal Audit and Risk Management will identify the shortfall in the annual Internal Audit Plan and initially advise the Director of Finance, followed by the Audit and Risk Committee as needed. It shall be for the Audit and Risk Committee to decide whether to accept the risks associated with the non-delivery of such audit work or to recommend to the Council that it requires the Director of Finance to identify additional resources.

Approval

The Charter was reported to and approved by the Audit and Risk Committee at its meeting on 8 February 2017 and shall be subject to regular review by the Director of Finance and the Audit and Risk Committee.



Leicester
City Council

WARDS AFFECTED: ALL

Audit and Risk Committee

8 February 2017

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 mitigated 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 October 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 29 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.

As our reporting of risk process is now mature, these registers will only be reported to Corporate Management Team (CMT) as at the end of April and October in future. The January and July registers will still be submitted to RMIS for a sense check and allow any 'slippage' of the process to be picked up and reported to CMT if seen. On that basis, the RMIS update report will mirror that reporting schedule in 2017/18.

The review of the Council's Operational and Strategic registers by the Risk Management team with responsible Strategic Directors remains on track and will start in February 2017. 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 2017 RMIS training programme, the aim of which is helping staff to understand and manage their risks more effectively, was launched to the business on 7 December 2016, and is attached here as Appendix 4. 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 Risk Management session in particular is often oversubscribed. This is a positive example that Directors have, and continue to, fully support the work of the team.

The process of review and update to the Council's Risk Management Strategy and Policy for 2017 has successfully concluded. As in the past the Policy and Strategy was presented to Corporate Management Team to 'agree' on 2 November; and was approved by the Executive on 8 December; and is attached as Appendix 5 for this committee to note. There are very few changes to last year's documents, as would be expected as we are now in year six of our process which is becoming quite mature.

Risk Management Loss Reduction Fund – For the period 1 April 2016 to 31 December 2016 RMIS received 30 bids for assistance from the fund for a total of £245,164.66. Of these bids, 18 applications were approved and the fund provided an amount of £115,901.97 to business areas. There are four bids currently held awaiting further information.

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 December 2016 is attached as Appendix 6.

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 significant declining trend with numbers of claims down by 36% year on year, and the amount paid out lower by 31%. This continues to demonstrate the benefits of handling these claims in-house with fewer being paid and those that are paid being settled, on the whole, at lower levels and much quicker – hence avoiding inflated Legal fees. It also reflects the improvements seen in our management of risk.

Since the last report to the Committee, the Council has had one case go to Court which was successfully defended. The reserve had been set at £43,380 and, aside from our costs of £8,889 which we hope to recover later, has allowed £34,491 to be released from reserves. We have also seen three claim files closed down by our lawyers. In the first case elements of fraud identified by the insurance and claims officer here led to the

claimant being given a formal caution and released £41K from reserves. In the second, a mesothelioma case we had reserved at £310K, our investigations unearthed a long career path which has led to our liability being reduced to around 13% of the claim (approximately £40K) allowing £270K to be released from reserves. Finally, the third case (which was another mesothelioma case) had been reserved at £220,000. Again, the judge decided we had not been the major employer and reduced our liability to £8,544 which released a further £211,456 from reserves.

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 was an incident relating to a burst pipe leading to a flood at Sovereign House in November that required an evacuation of the premises and the fire brigade being required to assist. Several issues around our process for dealing with such incidents did not run according to plan and the Business Continuity and Emergency Management teams are working with those areas to ensure no repetition.

Ahead of the forecast 'winter weather' on 12 January 2017, the BCM staff were in liaison with the Highways staff who reported that:

- The gritting team were on standby – all six lorries were fuelled up and ready to go out;
- Three teams had been out and about topping up grit bins;
- Teams would be gritting overnight in readiness for Friday morning when some further rain, sleet or snow was predicted.

The process of review and update to the Council's Business Continuity Management Strategy and Policy for 2017 has successfully concluded. As in the past the Policy and Strategy was presented to Corporate Management Team to 'agree' on 2 November; and was 'approved' by the Executive on 8 December; and is attached as Appendix 7 for this committee to note. There are very few changes to last year's documents, as would be expected as we are now in year five of our process which is becoming quite mature.

The Manager, Risk Management has begun the annual task of obtaining updated plans for all the Council's business critical activities. These need to be returned to Risk Management and Insurance Services by the end of March, when all will be reviewed, assessed and loaded onto our secure internet site. The Corporate Business Continuity Plan was reviewed and

updated as part of the work on the Strategy and Policy (as it is every year).

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 is also now a concern as we progress from winter to spring. As the process required to leave the EU continues to lack clarity and time lines, the impact of 'Brexit' remains a major 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. The Business Continuity and Emergency Management teams have been to visit several schools during the past 3 months to discuss and support their business continuity planning.

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

A recent report published by the Business Continuity Institute (BCI), in collaboration with Regus, the aim of which was to benchmark workplace recovery arrangements among organisations worldwide. The report highlighted a clear disconnect between business continuity professionals and end users with only 12% of the professionals confirming their workplaces lacked an effective workplace recovery arrangement, whilst 31% of managers in those same businesses felt they were inadequately prepared. Elsewhere in

this paper the Committee have seen, through the Council's BCM Strategy and Policy, how LCC avoid this disconnect and how the 'experts' and management work together on its plans.

BBC News reported in early December that, based on numerous FOIA requests, councils in England have paid out compensation worth at least £10M over the past decade to people who had developed illnesses because of asbestos in school buildings. Some 32 local authorities (including Leicester City Council (LCC) as detailed in section 4.2.2 above) have made payments to former teachers, school staff or pupils. LCC have four claims to date for around £600,000 of which £97,000 has been paid to date. The peak for these claims has been predicted to be around the year 2020.

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

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

7. Report Author/Officer to contact:

Tony Edeson, Head of Internal Audit and Risk Management - 37 1621
 Sonal Devani, Manager, Risk Management – 37 1635
 26 January 2017

Appendix 1 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 31/10/16

| 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 |
|--|--|---|-----------------------------------|-------------|------|--|---|-------------|------|------|--|--|
| | | | Impact | Probability | Risk | | Impact | Probability | Risk | | | |
| <p>1. FINANCIAL CHALLENGES</p> <p>The Council fails to respond adequately to the cuts in public sector funding over the coming 2 - 3 years.</p> | <ul style="list-style-type: none"> - 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. | <ul style="list-style-type: none"> - 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 | <ul style="list-style-type: none"> - 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 | | <p>Andy Keeling Alison Greenhill</p> | <p>31/03/2019/ 2020 and On-going</p> |

Appendix 1 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 31/10/16

| 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 |
|---|---|---|-----------------------------------|-------------|------|--|---|-------------|------|------|---|----------------------|
| | | | Impact | Probability | Risk | | Impact | Probability | Risk | | | |
| <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. | 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 |

Appendix 1 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 31/10/16

| 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 |
|---|---|---|-----------------------------------|-------------|------|---|---|-------------|------|------|--|----------------------|
| | | | Impact | Probability | Risk | | Impact | Probability | Risk | | | |
| 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 |

Appendix 1 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 31/10/16

| 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 |
|--|--|--|-----------------------------------|-------------|------|---|---|-------------|------|------|---|-------------------------|
| | | | Impact | Probability | Risk | | Impact | Probability | Risk | | | |
| 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 in progress 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 |

Appendix 1 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 31/10/16

| 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 |
|--|--|---|-----------------------------------|---|----|--|---|-------------|------|------|---------------------|-----------------------|
| | | | | | | | Impact | Probability | Risk | | | |
| 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 | 31/03/17 and On-going |

Appendix 1 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 31/10/16

| 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 |
|---|---|--|-----------------------------------|-------------|------|--|---|-------------|------|------|---|-------------------------|
| | | | Impact | Probability | Risk | | Impact | Probability | Risk | | | |
| <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> | <p>- Places the organisation at risk e.g. fraud, data loss etc.</p> <p>Potential financial losses / inefficient use of resources.</p> <p>- Possibility of serious injury or death of member of staff or service user/members of the public.</p> <p>- Failure to meet statutory responsibilities.</p> <p>- Reputational damage to the Council.</p> <p>- Negative stakeholder relationships</p> <p>- Potential for increase in the number of insurance claims</p> | <p>- Regular reporting from Internal Audit to Strategic Management Board.</p> <p>- Approach to the annual corporate governance review revised and a more effective process established.</p> <p>- Day to day management of Health and Safety responsibility rests with the Operational Directors and their Heads of Service. Corporate Health and Safety team available to assist.</p> <p>- 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.</p> <p>- Regular inspections and reports by the Health and Safety team with all actions being followed up within a reasonable time.</p> <p>- A process of more regular reporting to Corporate Management Team on health and safety matters has been established</p> <p>- Significant change to the absence management policy and procedure rolled out</p> | 4 | 3 | 12 | <p>- Continue to review and reinforce key standards and policies via regular communication.</p> <p>- Ensure Managers are appropriately trained and requirements are clearly set out in Job Descriptions and reinforced via appraisals.</p> <p>- Ensure Internal Audit findings are acted on in a timely manner.</p> <p>- Continue to refine and improve strategic monitoring and reporting in relation to Health & Safety to ensure responsibilities are reinforced from the top.</p> <p>- New Head of HR to take a fresh look at sickness absence management including the policy and procedure</p> | 4 | 2 | 8 | | <p>Kamal Adatia / Miranda Cannon</p> | 31/03/2017 and On-going |

Appendix 1 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 31/10/16

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|---|--|---|-----------------------------------|-------------|------|---|---|-------------|------|------|-------------------------------------|-------------------------|
| | | | Impact | Probability | Risk | | Impact | Probability | Risk | | | |
| 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 - Single assessment team in place which has resulted in a reduced caseload and more timely intervention | 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 - overseen by Improvement Board and independency Chair - Performance framework in place across Children's - positive progress highlighted in recent Ofsted reports - Version 11 of Liquid Logic implemented successfully | 5 | 2 | 10 | | Frances Craven/Steven Forbes | 31/01/2017 and On-going |

Appendix 1 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 31/10/16

| 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 |
|--|--|---|-----------------------------------|-------------|------|---|---|-------------|------|------|-----------------------|-------------------------|
| | | | Impact | Probability | Risk | | Impact | Probability | Risk | | | |
| 64 | <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 | 31/01/2017 and On-going |

Appendix 1 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 31/10/16

| 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 |
|--|---|---|-----------------------------------|-------------|------|--|---|-------------|------|------|---|-------------------------------|
| | | | Impact | Probability | Risk | | Impact | Probability | Risk | | | |
| <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 Leicester Sustainable Action Plan 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 - Recent LRF multi-agency flooding TCG exercise held at City Hall to test facilities here. Lessons learnt being compiled for action | 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 | 4 | 2 | 8 | | <p>Miranda Cannon / Alison Greenhill/ Ruth Tennant</p> | <p>31/03/2017 and ongoing</p> |

Appendix 1 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 31/10/16

| 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 |
|---|---|---|-----------------------------------|--|--|-------------------------------------|---|--|--|------|------------|-------------|
| | | | | | | | | | | | | |
| 9. CIVIL CONTINGENCY RESPONSE/INCIDENT RESPONSE (Continued) <div style="text-align: right; font-size: 2em; font-weight: bold; margin-top: 20px;">99</div> | - Fail to meet statutory requirements - City Council fails to respond effectively to the requirements of Government proposals and/or legislation | - City Council major incident plan reviewed and signed off. - Emergency control room fully equipped and operational at City Hall and provides a facility for both local management of emergencies and use by the LRF as a SCG venue. Tested on a number of large scale events eg LCFC victory parade and KR3 reinternment and recently specifically for LRF multi-agency TCG flooding exercise | | | | | | | | | | |

Appendix 1 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 31/10/16

| 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 |
|---|--|--|-----------------------------------|-------------|------|--|---|-------------|------|------|-----------------------|------------------------|
| | | | Impact | Probability | Risk | | Impact | Probability | Risk | | | |
| <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.</p> <p>The Council does not have the capacity/resilience in resources, should an event/incident occur, may significantly increase the demand on front line services.</p> <p>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 started and will review the OD function and progress work to embed the OD approach - Specific OD interventions underway with key service areas eg Adult Social Care, Housing 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 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 | 31/03/2017 and ongoing |

Appendix 1 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 31/10/16

| 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 |
|---|---|---|-----------------------------------|-------------|------|---|---|-------------|------|------|-------------------------|-------------|
| | | | Impact | Probability | Risk | | Impact | Probability | Risk | | | |
| <p>11. CONTRACT MANAGEMENT & PROCUREMENT</p> <p>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.</p> | <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 | 31/01/2017 |

Appendix 1 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 31/10/16

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|--|---|---|-----------------------------------|---|----|--|---|-------------|------|------|--|-------------|
| | | | | | | | Impact | Probability | Risk | | | |
| 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 - Recruit additional resources to support disposals. Review process around disposals | 5 | 3 | 15 | | Phil Coyne/Miranda Cannon | 31/12/2016 |

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|---|---|---|-----------------------------------|-------------|------|--|---|-------------|------|------|--------------|-------------|
| | | | Impact | Probability | Risk | | Impact | Probability | Risk | | | |
| 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. | - Loss of income. - Services may not be delivered. - Reputational damage. - The budget may not be sufficient to deliver the expected service demand. - Statutory services. such as public health may be reduced and or the Council is unable to protect and safeguard the public, vulnerable individuals etc. - Implementation of unpopular fees for services required by the Public of the Council. - The health and wellbeing of the City may be impacted. -Causing service failure or significant cost over runs. | - Directors keep abreast of policy change and development in their portfolios. - The implications of change described and discussed including political briefings if required. - Budgeting takes account of national changes. - Staff are trained in new requirements. | 4 | 3 | 12 | - Examine options for service integration; improved leadership development; manage demand better; have honest conversations with the public about what can be expected from us - Improve commissioning activity across the Council. | 3 | 2 | 6 | | Andy Keeling | 31/03/2017 |

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|---|--|--|-----------------------------------|-------------|------|---|---|-------------|------|------|--|-------------|
| | | | Impact | Probability | Risk | | Impact | Probability | Risk | | | |
| 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 programme is in place and a channel shift vision developed and communicated to senior managers, Executive and scrutiny. An underpinning programme of work has been put together and a current set of priorities agreed. Channel Shift Board in place to drive the development and delivery of the programme. - The Transforming Neighbourhood Services programme has supported development of a digital hub approach which continues through the UBB programme - New corporate website launched in March 2015 and is helping drive increased on-line transactions. New CRM system procured and implementation includes recent launch of a 'My Account' functionality on the website which currently offers around 40 on-line transactions. - Major redevelopment of Visit Leicester website underway. - Continued strategic focus on the use and role of digital media in the organisation - Audit of printed publications helped identify issues related to channel shift and quality of communications which have been shared and lessons learnt are being used to embed principles around ways of working in the Comms and Marketing Team particularly | 4 | 3 | 12 | <ul style="list-style-type: none"> - Continue to deliver the channel shift programme - 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. - Ongoing communications to support channel shift amongst staff and customers. - Continue the Visit Leicester website redevelopment to include transactional capability eg multi-venue ticket purchasing | 3 | 3 | 9 | | Miranda Cannon / Alison Greenhill | 31/03/2017 |

Appendix 1 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 31/10/16

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|--|---|---|-----------------------------------|-------------|------|--|---|-------------|------|------|--|----------------------|
| | | | Impact | Probability | Risk | | Impact | Probability | Risk | | | |
| 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

Risk Register Owner: Andy Keeling, COO

Risks as at: 31st October 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) | | | | | |
| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | |
| STRATEGIC AREA - Adult Social Care | | | | | | | | | | | | |
| 1. Adult Social Care & Safeguarding - Integration agenda. Risks associated with large programme of change in challenging financial context. | <ul style="list-style-type: none"> - Failure against national commitments on integration - Services are not aligned - Financial risk - Conflict between priorities of organisations - Transformation programme targets are not met | <ul style="list-style-type: none"> - 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 | <ul style="list-style-type: none"> - Establish clear partnership arrangement to agree and deliver Integrated Care in Leicester - Maximise Better Care Fund (BCF) opportunity. | 3 | 3 | 9 | | Ruth Lake | 31.03.2017 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. | <ul style="list-style-type: none"> - Ill health or death to residents and/or staff or visitors from water borne infections or poor H&S practices. | <ul style="list-style-type: none"> - Water hygiene monitoring practice in place | 5 | 3 | 15 | <ul style="list-style-type: none"> - 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 | <ul style="list-style-type: none"> - ASC overspends - Insufficient resources to meet need - Vulnerable people not receiving sufficient care packages resulting in legal challenge and increase in complaints. | <ul style="list-style-type: none"> - 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 | <ul style="list-style-type: none"> - 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 |

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 31st October 2016

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| | | | 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 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 |

Appendix 2 - Leicester City Council Operational Risk Register

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| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | |
| 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 | <ul style="list-style-type: none"> - Breach of legislation - Financial liability re ICO - Breach of confidence in the Council | <ul style="list-style-type: none"> - 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 | <ul style="list-style-type: none"> - 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. | <ul style="list-style-type: none"> - Continued escalation of spend - Inappropriate placements | <ul style="list-style-type: none"> - The project is overseen by the ASC Programme Board | 4 | 4 | 16 | <ul style="list-style-type: none"> - 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) 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 ongoing |

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| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | |
| STRATEGIC AREA - City Development and Neighbourhoods | | | | | | | | | | | | |
| 11. 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 2022. Implications of the Housing and Planning Act - Pay to stay, flexible tenancies, sale of high value assets. | - 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. - Higher numbers of tenants in rent arrears leading to loss of rental income will adversely affect the HRA income. - Could lead to greater number of evictions. - Further welfare cuts in 2015/16. - Extra income generated from increased rent will be returned to Government | - On-going promotion of Clockwise accounts with tenants. - Focus STAR team support on those affected. - Maximise the number of tenants claiming DHP for bedroom tax affected cases. - Identify tenants who are over-occupying in order to help with down-sizing. - Promotion/awareness to tenants of Discretionary Housing Payments (DHP). - Mandatory direct debits or Clockwise accounts for New tenants has been implemented. - Income Management team strengthened. - Amended Allocations policy to assist downsizing - 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 | 4 | 4 | 16 | - Development of Northgates IT system to support paperless direct debits. - Smarter ways of working being developed including self serve, use of QR scanning and mobile technology to help mitigate risk to reduction in rent collection due to welfare cuts. - Project Planned and resourced approach to communications, effective policy and procedure review and update to meet the needs of the Welfare reform changes and those subject to them. | 4 | 3 | 12 | | Chris Burgin | 31.01.2017 ongoing |

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| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | |
| 12. 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. | <ul style="list-style-type: none"> - Poor living conditions - H&S risks to tenants - properties falling into disrepair - Reputational risk | <ul style="list-style-type: none"> - 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. - Policies and procedures in place to ensure we continue to be compliant with legislation e.g. for fire safety, water hygiene, asbestos removal - Continue to review more effective ways of maintaining the stock. | 5 | 3 | 15 | - Identification of fixed costs required to ensure compliance with legislation and to ensure these funding is available for these is future budgets | 5 | 2 | 10 | | Chris Burgin | 31.03.2017 |
| 13. Estates & Building Services - Lift Condition Assessment - Asset Capture, Lack of forward planning in terms of planned maintenance and programming change of assets | <ul style="list-style-type: none"> - 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 | <ul style="list-style-type: none"> - 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 | - £50k approved in capital provision 16/17 to carry out condition surveys of lifts to inform a programme of replacement with a further 39k approved to undertake replacement of the highest priority lift. | 5 | 3 | 15 | 50K to undertake surveys by framework consultant | Matt Wallace | 31.01.2017 |
| 14. Estates & Building Services - Delay and compensation event claims are received leading to extensive costs. | <ul style="list-style-type: none"> - Contingency held to address unforeseen issues may be overspent | <ul style="list-style-type: none"> - 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 | - Claims have to date been contained within budget with 1 final claim to resolve | 4 | 3 | 12 | Contingency provision is over subscribed | Matt Wallace | 31.03.2017 |

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| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | |
| 81 | | | | | | | | | | | | |
| 15. Estates & Building Services Schools Capital - Raising educational achievement. Reduction in capital investment in schools with ageing school stock and deteriorating condition | - Potential to not meet statutory building requirements. - Reputational damage to the council | - Develop long term strategy across both the Primary and retained Secondary School estate | 4 | 4 | 16 | - Condition surveys undertaken and a 1 year programme of planned capital maintenance has been formulated, CMB final approval received Sept 2016. The next phases of the proposed capital maintenance programme will be reviewed on an annual basis in accordance with priority/need allowing for flexibility within the programme. | 4 | 4 | 16 | Staff time | Matt Wallace | 31.07.2017 review monthly |
| 16. 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 |
| 17. 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 |

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| | | | (See Scoring Table) | (See Scoring Table) | (See Scoring Table) | | (See Scoring Table) | (See Scoring Table) | | | | |
| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | |
| 82 | - 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 |
| 18. Estates & Building Services - BSFSnag / Defect Programme - Schools currently have outstanding construction matters which prohibit the issuing of completion certificates | - LCC exposed to risk of system failure or litigation - Delay in programme delivery | Construction phase complete. The programme in now dealing closure of outstanding contractual snag, defects and claims. Internal team established split in three workstreams managed by SA. 1 - Contractual engagement on snags and defects 2 - Delivery of LCC step in actions 3 - EOT contractual claims. External resource provided by MACE to enable delivery of the programme | 5 | 4 | 20 | - Additional external support being sought via Arcadis to enable the close of contracts | 4 | 2 | 8 | Delay in delivery | Matt Wallace | 31.03.2017 |

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| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | |
| <p>19. Local Services and Enforcement - LACK OF ADEQUATE RESOURCE CAPACITY</p> <p>Increase in the demand led services, along with the reduction in head count could mean that there are insufficient resources to deliver the required service levels.</p> <p>During times of change, staff are not always aware of the changes being made, such as the recent relocation requirements, needs and plans etc., resulting in confusion etc.</p> | <p>- Teams already at a minimum and extra workloads are unsustainable.</p> <p>- As demand-led services increase, workload and public expectations increase.</p> <p>- Likelihood of key person dependency as teams reduce further (fewer people in key roles).</p> <p>- Potential risk of non-compliance or breaches/lack of a substantial control environment.</p> <p>- Service delivery requirements not met.</p> <p>- Staff wellbeing may be harmed.</p> | <p>- Existing prioritisation arrangements are in place.</p> <p>- Policies and procedures are in place.</p> <p>- Processes are in place.</p> <p>- Regular briefings and PDRs</p> | 4 | 4 | 16 | <p>- Review of succession planning is to be conducted.</p> <p>- Need to assess the service demand against the resource availability to understand impacts and generate action plans.</p> <p>- Develop further prioritisation arrangements.</p> <p>- Continually assess through performance appraisals and individuals one-to-ones.</p> | 3 | 4 | 12 | | John Leach | 31.03.2017 |
| <p>20. Local Services and Enforcement REDUCTION IN INCOME GENERATION PROGRAMMES</p> <p>With reductions in public demand in building, parking, licencing, income generated by the Council may be significantly reduced and income generation/revenue targets may not be met.</p> <p>Also, 'one off' income programmes are set as recurring within the budgets/accounts; impacting further on future financial targets.</p> | <p>- Budgets are not adhered to.</p> <p>- Income streams continue to reduce (e.g. Building Regs) due to the economic climate.</p> <p>- Targets remain the same or increase, against income sources and staff reductions.</p> <p>- One off income is disclosed as recurring, increasing the savings gap.</p> | <p>- Budgets are in place and alternative savings option appraisals are performed and saving plans are implemented.</p> <p>- Policies and procedures are in place.</p> <p>- Adhoc business development arrangements are in place.</p> | 3 | 5 | 15 | <p>- Need to review income targets for recurring and 'one off' income with finance to resolve on-going issues.</p> <p>- Enhance the business development resources/opportunity.</p> <p>- Budget strategy review.</p> <p>- Service review/impacts.</p> <p>- Further marketing and promotional projects.</p> | 3 | 4 | 12 | N/A | John Leach | 31.03.2017 Ongoing |

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| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | |
| 21. 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. | - Teams already at a minimum number and extra workloads may be unsustainable. - Likelihood of key person dependency as teams reduce further (fewer people in key roles). - Potential non-compliance with legislation/regulation. - Potential stress-related absence/claims. - Quality of service delivery may be affected. | - "Step up" - work experience utilise. - Graduate project officers. - Training & Mentoring - Knowledge sharing | 3 | 5 | 15 | - Succession planning review is required. - Continue to enhance and develop the apprenticeship scheme. - Commence positive promotion of the work/career in this area. - Seek funding for apprenticeship. - Ensure knowledge sharing takes place. - Training/ Mentoring/ Structuring. | 3 | 4 | 12 | N/A | John Leach | 31.03.2017 Ongoing |
| 22. 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 |

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| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | |
| STRATEGIC AREA - Corporate Resources and Support | | | | | | | | | | | | |
| 23. 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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| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | |
| 24. 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. | - 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. | - 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. - Presentation on Judicial Reviews/legal challenges posted on EIA Interface page. - Processes and procedures in place. - Staff are aware of duties, responsibilities and relevant considerations required to demonstrate compliance with PSED. - Expert support e.g. 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 | 4 | 4 | 16 | - Continue to review external practice e.g. from other Local Authorities and partners, which have been deemed as best practice and implement locally as appropriate. - Ensure the correct resources, with the relevant skills and experience are allocated to roles. - Ensure HR support is available. - Complete current Equality and Diversity Strategy and refresh | 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 | | | |
| 87 | <p>24. 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 - Consultation training with a focus on the legal risks recently undertaken by the Comms and Equalities Teams - Work underway to refresh the Equality Strategy | | | | | | | | | | |
| | <p>25. 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. |

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| | | | (See Scoring Table) | | | | (See Scoring Table) | | | | | |
| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | |
| <p>26. 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> | <ul style="list-style-type: none"> - 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. | <ul style="list-style-type: none"> - 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 Montfort Uni interns for Info Mgt. | 4 | 4 | 16 | <ul style="list-style-type: none"> - 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 | 3 | 4 | 12 | | Alison Greenhill | 31.12.2016 |

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 31st October 2016

| Risk What is the issue: <i>what is the root cause/ problem – what could go wrong</i> | Consequence /effect: <i>what would occur as a result, how much of a problem would it be ?, to whom and why</i> | Existing actions/controls | Risk Score with existing measures (See Scoring Table) | | | Further management actions/controls required | Target Score with further controls (See Scoring Table) | | | Cost | Risk Owner | Review Date |
|---|---|---------------------------|--|------------|--|--|---|------------|------|------|------------|-------------|
| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | |
| <p>26. 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 omal out of hours service in place o 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. | | | | | | | |

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| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | |
| <p>27. 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> | <ul style="list-style-type: none"> - 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 | <ul style="list-style-type: none"> - 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. | 4 | 4 | 16 | <ul style="list-style-type: none"> - 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 | 4 | 3 | 12 | | Alison Greenhill | 31.12.2016 |
| <p>28. Information and Customer Access Capacity and Service Reporting Across the estate, the utilisation of application and network related hardware may not be fully understood.</p> | <ul style="list-style-type: none"> - 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 | <ul style="list-style-type: none"> - None noted currently (Tools are available but not being used) | 3 | 5 | 15 | <ul style="list-style-type: none"> - Maximise use of available tools - Develop framework/guidelines for operating procedures | 2 | 4 | 8 | | Alison Greenhill | 31.12.2016 |

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| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | |
| <p>29. 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. 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 | 31.12.2016 |

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| | | | (See Scoring Table) | | | | (See Scoring Table) | | | | | |
| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | |
| 29. Information and Customer Access Demand and change management - Continued | <ul style="list-style-type: none"> - 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. | | | | | <ul style="list-style-type: none"> - 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. | | | | | | |
| 30. 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.) | <ul style="list-style-type: none"> - 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. | <ul style="list-style-type: none"> - 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 | <ul style="list-style-type: none"> - 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. <p>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.</p> | 4 | 3 | 12 | | Kamal Adata | 31.03.2017 Ongoing |

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| | | | (See Scoring Table) | | | | (See Scoring Table) | | | | | |
| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | |
| 30. 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 | | | | | | | | | | | | |
| 31. 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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|---|--|--|-----------------------------------|---------------------|---------------------|---|------------------------------------|---------------------|------|------|---------------|-------------|
| | | | (See Scoring Table) | (See Scoring Table) | (See Scoring Table) | | (See Scoring Table) | (See Scoring Table) | | | | |
| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | |
| 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 |
| 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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| | | | (See Scoring Table) | (See Scoring Table) | (See Scoring Table) | | (See Scoring Table) | (See Scoring Table) | | | | |
| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | |
| 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 |
| 32. 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 | 31.01.2017 |
| 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 | 31.01.2017 ongoing |

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|---|---|--|--|------------|------|--|---|------------|------|------|---------------|------------------------|
| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | |
| 96 | <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 | 31.01.2017 and ongoing |

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| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | | |
| 97 | 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 | 31.01.2017 |
| | 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 | 31.01.2017 |

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| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | |
| <p>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</p> <p style="text-align: center; font-size: 2em;">86</p> | <p>For non-recent and current Reputational risk in a high profile area: - Allegations against staff or former staff - Media coverage - Claims against the Council</p> | <p>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</p> | 3 | 5 | 15 | <p>- 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</p> | 3 | 5 | 15 | | Caroline Tote | 31.01.2017 |
| <p>Increased demand for service following the publication of the Ofsted report; or due to increasing population of the City</p> | <p>- 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.</p> | <p>- Regular checks on demands for Early Help and Children's Social Care through performance information</p> | 3 | 5 | 15 | <p>- 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</p> | 3 | 5 | 15 | | Caroline Tote | 31.01.2017 ongoing |

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| | | | (See Scoring Table) | | | | (See Scoring Table) | | | | | |
| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | |
| 33. 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 | 31.01.2017 |
| 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 | 31.01.2017 |

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|---|---|--|--|------------|------|--|--|------------|------|------|------------|---------------|------------|
| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | | |
| 100 | <p>34. 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> | <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 | <p>Actions taken with provider:</p> <ul style="list-style-type: none"> - 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 | 31.01.2017 |

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 31st October 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) | | | | | |
| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | |
| 101 | <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. -V12 upgrade still ha many problems, one of them major re: step up to social care when it should be EHA, decision required 28.10.16 re: whether we should upgrade or delay but this will have implications for Professional Portal and DCS pathway, if delayed it will be Mar 17 before we can go live with V12 and DCS pathway</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. - LL user group meeting on 27.10.16 to discuss issues from testing with decision made for sign off, this will be discussed with CT. 12 week plan underway working with key partners to review front door arrangements, EH pathway and Police contacts, good progress seeing made.</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 | 31.01.2017 |

Appendix 2 - Leicester City Council Operational Risk Register

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Risks as at: 31st October 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) | | | | | | |
| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | | |
| 102 | <p>35. 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 | 31.01.2017 |
| | <p>36. 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 from April 17 onwards compromises operations and generates a higher safeguarding failure.</p> | <ul style="list-style-type: none"> - 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 - EH staff start to look for alternative employment leaving a gap in service to meet demand. | <ul style="list-style-type: none"> Project board in place chaired by Strategic Director, comprehensive project plan in place with communications plan. - Planning group in place to develop draft implementation plan to deliver against proposal if approved. - Risks are managed via a risk log which is subject to scrutiny by the project board. - Refer to separate risk management plan for Early Help Remodelling and summary pasted below | 5 | 4 | 20 | Analyse consultation findings as they come in to assess impact and risk and report to DCS. | 4 | 4 | 16 | | Caroline Tote | 31.09.2017 and ongoing |

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 31st October 2016

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|--|--|--|--|------------|------|--|---|------------|------|------------|---------------|-------------|
| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | |
| 37. Children's Social Care and Early Help - Placements for children and young people who are looked after - Inability to recruit and retain foster carers | - Insufficient internal foster care placements leading to greater use of Independent Fostering Agencies and greater cost to the Council. | - Targeting resources to focus on mainstream foster carers - Foster carer allowances report to be considered by DMT to review payment - Foster carer scheme for teenagers to be considered as part of an 'invest to save' bid. | 4 | 4 | 16 | - Consideration of raising foster care allowances to national requirement - Consideration of teenage fostering scheme. | 3 | 4 | 12 | | Caroline Tote | 31.01.2017 |
| 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. -Implementation of a placement planning process for sibling groups and complex cases. | 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 | 31.01.2017 |
| 38. 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 | Resource management between property and education to be agreed. Children's Capital Governance has been reviewed and a new programme manager is working to ensure that this and other aspects of our programme are better planned and delivered. Clarity to schools provided on escalation route for snags and defects concerns. | 4 | 5 | 20 | staff time | Ian Bailey | 31.01.2017 |

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 31st October 2016

| Risk What is the issue: <i>what is the root cause/ problem – what could go wrong</i> | Consequence /effect: <i>what would occur as a result, how much of a problem would it be ?, to whom and why</i> | Existing actions/controls | Risk Score with existing measures (See Scoring Table) | | | Further management actions/controls required | Target Score with further controls (See Scoring Table) | | | Cost | Risk Owner | Review Date |
|--|---|---|--|------------|------|---|---|------------|------|------------|------------|-------------|
| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | |
| 104 | | | | | | | | | | | | |
| 39. 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 | 31.01.2017 |
| 40. 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. | - LQP services to be targeted where necessary to provide additional educational support and guidance in build delay works. Resolution to relationship and reputational management with BSF schools yet to be finalised. | 4 | 4 | 16 | - Children's Capital Governance has been reviewed and a new programme manager is working to ensure that this and other aspects of our programme are better planned and delivered. | 3 | 2 | 6 | Staff time | Ian Bailey | 31.01.2017 |
| 41. 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 | - Children's Capital Governance has been reviewed and a new programme manager is working to ensure that this and other aspects of our programme are better planned and delivered. | 4 | 4 | 16 | Staff time | Ian Bailey | 31.01.2017 |

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 31st October 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) | | | | | |
| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | |
| 42. 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 | - Children's Capital Governance has been reviewed and a new programme manager is working to ensure that this and other aspects of our programme are better planned and delivered. | 4 | 5 | 20 | staff time | Ian Bailey | 31.01.2017 |
| 43. 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. | - 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 | | | | | | | | | | | | |
| 44. 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 pursued. | 4 | 4 | 16 | | Ruth Tennant | 31.01.2017 |

Appendix 2 - Leicester City Council Operational Risk Register

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|--|--|--|--|------------|------|--|---|------------|------|------|--------------|-------------|
| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | |
| 45. Public Health - Data Access and Sharing - Insufficient and inadequate data for PH function 1. Unresolved issues in national guidance on this matter. 2. Pseudominised Hospital Episode Statistics (HES) data for 10 years has not yet been released to us. 3. No current access to GEM (SUS Impatient Data) - Access to SUS planned for Jan 2017. HES data not yet released - unresolved issues in data processing by ArdenGEM. 4. 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). - 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 mortality data prior to authorising release of data. Info supplied and awaiting outcome on mortality data. (Risk left at 16 due to this item). - Working together with MHS digital | 4 | 4 | 16 | More timely data being released nationally on line (aggregated - and does not support analysis at lower level). Maintain IG Toolkit Level 2 and work towards Level 3. HES data has been authorised - awaiting national decisions from HSOC re warehousing through GEM CSU. Can now make HES data required through PHE N3 issues followed up with IT. Partially resolved for access to ArdenGEM CSU (SUS data) Access to HIS data warehouse from City Council PC not yet resolved Awaiting national decisions. - Information agreements being drawn up for specific projects (for primary care data). | 4 | 3 | 12 | | Ruth Tennant | 31.01.2017 |

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

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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 | | | |
| 107 | <p>46. Public Health- Capability and Capacity- Maintaining sufficient specialist capacity to deliver on objectives whilst undergoing organisational review e.g. loss of specialist staff with local knowledge.</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 - 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. | 4 | 4 | 16 | - Divisional and staffing review | 4 | 4 | 16 | | Ruth Tennant | 31.01.2017 |

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 | |
|---|--|--|---|------------|------|---|---|------------|------|------|--------------|-----------------------|------------|
| | | | Impact | Likelihood | Risk | | Impact | Likelihood | Risk | | | | |
| 108 | 47. 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 | There is one provider at the negotiation stage, the current provider. Negotiations are beginning and the contract should be awarded before Christmas. HCP lead is receiving steer from PH Consultants and is working closely with legal, procurement, contracts, and Children's to ensure a robust service is negotiated and agreed upon. Billson Consulting Limited is providing 2 days support to ensure KPI's are correct. HCP goes regularly to LMB to children's. 0-19HCP due to go to ASC/PH LMB 26th October, and to scrutiny. | 4 | 3 | 12 | | Ruth Tennant | 31.01.2017 |
| 48. 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 | | Chris Burgin | 31.01.2017 Ongoing | |

Appendix 3 – Risk Assessment Scoring Guide and Matrix 2016

| | IMPACT | SCORE | BENCHMARK EFFECTS |
|---------------------------------|------------------------------|-------|--|
| CRITERIA 609 | CRITICAL/ CATASTROPHIC | 5 | <ul style="list-style-type: none"> • Multiple deaths of employees or those in the Council's care • Inability to function effectively, Council-wide • Will lead to resignation of Chief Executive and/or Leader of the Council • Corporate Manslaughter charges • Service delivery has to be taken over by Central Government • Front page news story in National Press (e.g. Baby P) • Financial loss over £10m |
| | MAJOR | 4 | <ul style="list-style-type: none"> • Suspicious death in Council's care • Major disruption to Council's critical services for more than 48hrs (e.g. major ICT failure) • Noticeable impact in achieving strategic objectives • Will lead to resignation of Strategic Director and/ or Cabinet Member • Adverse coverage in National Press/Front page news locally • Financial loss £5m - £10m |
| | MODERATE | 3 | <ul style="list-style-type: none"> • Serious Injury to employees or those in the Council's care • Disruption to one critical Council Service for more than 48hrs • Will lead to resignation of Divisional Director/ Project Director • Adverse coverage in local press • Financial loss £1m - £5m |
| | MINOR | 2 | <ul style="list-style-type: none"> • Minor Injury to employees or those in the Council's care • Manageable disruption to internal services • Disciplinary action against employee • Financial loss £100k to £1m |
| | INSIGNIFICANT/ NEGLIGIBLE | 1 | <ul style="list-style-type: none"> • Day-to-day operational problems • Financial loss less than £100k |

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

Appendix 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 - RMIS Training Programme 2017

Below are details of the Risk Management and Insurance Services (RMIS) Training Programme for 2017. If you wish to attend these sessions, **they are available now for you to book through the Myview pages of Corporate Workforce Development enter the date and the 'key word' below.** As with any training, please discuss with and seek your manager's approval before booking. Most of the sessions are limited to between 15 and 25 attendees and the majority of our sessions have been over-subscribed in each of the last seven years, so bookings will be on a 'first come, first served' basis.

All of the sessions will take place in City Hall. All sessions will start promptly at 9.30. Most of the sessions run for no more than two hours and finish times are dependent upon the numbers attending and their inter-action and involvement, but will be no later than 12 noon.

19 January; 21 February; 21 March; 3 May; 8 June; 5 July; 20 September; 10 October; 21 November.

Identifying and Assessing Operational Risks

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

This course covers the process of Operational Risk Identification and Assessment and will touch upon identification of mitigating controls. The session includes an outline of the Council's Risk Management Strategy and Policy and how it affects your role. The session is targeted at everyone who manages operational risk (manage staff; manage buildings; manage contact with service users or the general public) in their day to day role – all tiers of staff from Director's down – and those that let Council contracts. The course will lead you through the agreed risk reporting process here at LCC and allow you to identify your role within that process. There is also a practical exercise that ensures staff leave this session confident in completing the Council's risk assessment form.

28 March; 14 September

Contract Risk Management (delivered by Zurich Municipal Risk Consultants)

Staff attending this session must have been on the mandatory 'Identifying and Assessing Operational Risk' training above.

The aim of the session is to review how the management of contracts and projects can aid in assessing and mitigating organisation's risk. The objectives are to ensure attendees understand how to minimise the risk to the organisation when entering into contracts; assist in identifying the key areas of risk within contracts; highlight the benefits of managing contract/partnership risk; and, how on-going contract and partnership management heightens organisational risk awareness and mitigates organisational risk. This session is specific to contract risk and, as a natural pre-cursor, it will be of benefit to have attended the Identifying and Assessing Operational Risk training above.

24 January; 2 March; 25 May; 6 September; 8 November.

Business Continuity Management

A guide to what you need to develop Business Continuity Management within your Service/work areas. It explains the difference between managing business continuity and merely writing your plan. This will allow you to manage unexpected incidents and get back to delivery of your 'business as usual' service in the event of unforeseen circumstance. This session is aimed at anyone who has a responsibility for a building or staff; has responsibility for delivery of a service and, therefore, needs to have a Business Continuity Plan or would be part of a recovery team needed to restore an affected service after an incident. The session also outlines the Council's Business Continuity Strategy and Policy and will explain how that might affect you and your work and has a step-by-step guide to completing the Council's BCP

pro-forma. This session needs to be attended by all Heads of Service and their senior management to ensure that, in the event of a serious, unexpected incident, the Council will continue to operate.

**26 April; 21 September.
Guide to Corporate Manslaughter Legislation**

This session will provide a brief insight into the recent changes to legislation in this area and its potential impact on the Council and its management. This session is aimed at Directors, Heads of Service, managers and staff that make decisions. The session explains how the recent changes in legislation may lead to more staff, at many different levels, being prosecuted for breaching Health and Safety regulations and will help you to avoid this risk. Hopefully, this session will help keep you out of prison!

**14 March; 15 June; 28 September; 28 November.
Insurance – Policies, Levels of Cover/Indemnity Limits and Incident Reporting**

This session will discuss what the Council's Insurance policies cover; details of regular types of claim that the RMIS team deal with and how claims can be avoided, or their impact lessened; how to calculate the minimum Corporate Indemnity limits for your contracts or third parties and why they are necessary. The session is aimed at all procuring managers or managers and staff responsible for entering into contractual agreements (including funding agreements) with third parties. The session will also outline, in simple terms, the implications for the Council, and you personally, if you get these wrong in any of your contracts.

We will then explain the types of incidents that need to be reported to RMIS and/or the Council's insurers; why we need to know; and, the potential consequences for you if we don't – there will be no insurance cover and your departmental budget will have to cover any claim (which can run into thousands of pounds!). Session is aimed at Managers and senior staff who are likely to have responsibility for delivery of services to Service Users/members of the Public or who manage and have responsibility for the health and safety of staff or manage buildings.

Personal/Bespoke Sessions

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

If you would like to discuss a bespoke session please contact Sonal Devani
(sonal.devani@leicester.gov.uk), 454 (37) 1635, Nusrat Idrus
(Nusrat.idrus@leicester.gov.uk), 454 (37) 1623 or Tony Edeson
(tony.edeson@leicester.gov.uk), 454 (37) 1621

Thank you for your time taken to read this and we hope that we may be of assistance to you in meeting identified training needs of your staff, whilst at the same time protecting the Council's most valuable asset – you and your staff.

Tony Edeson
Head of Internal Audit and Risk Management

Sonal Devani
Manager, Risk Management

Appendix 5 – Risk Management Strategy and Policy Statement 2017

Risk Management Policy Statement 2017

Our approach to the management of risk

Risk management is all about managing the Council's threats and opportunities. By managing the Council's threats effectively we will be in a stronger position to deliver the Council's objectives. It is acknowledged that risk is a feature of all business activity and is a particular attribute of the more creative of its strategic developments. The Council accepts the need to take proportionate risk to achieve its strategic obligations, but expects that these are properly identified and managed. By managing these opportunities in a structured process the Council will be in a better position to provide improved services and better value for money.

The Council will undertake to:-

1. Identify, manage and act on opportunities as well as threats to enable the Council to achieve its objectives and integrate risk management into the culture and day to day working of the Council.
2. Manage risk in accordance with best practice and comply with statutory requirements.
3. Ensure that a systemic approach to risk management is adopted as part of Divisional Planning and Performance Management.
4. Anticipate and respond to changing social, environmental and legislative requirements.
5. Keep up to date and develop our processes for the identification/management of risk.
6. Have in place a defined outline of individual roles and responsibilities to manage risk.
7. Raise awareness of the need for risk management to those involved in developing the Council's policies and delivering services.
8. Demonstrate the benefits of effective risk management through:-
 - Cohesive leadership and improved management controls;
 - Improved resource management – people, time, and assets;
 - Improved efficiency and effectiveness in service and project delivery;
 - Better protection of employees, residents and others from harm;
 - Reduction in losses leading to lower insurance premiums; and,
 - Improved reputation for the Council;
9. Ensure risk assessments (identification of, and plans to manage, risk) are an integral part of all papers; plans; and, proposals to the Executive and the Corporate Management Team.
10. Recognise that it is not possible, nor desirable, to eliminate risk entirely, and so have a comprehensive insurance programme that protects the Council from significant financial loss following damage or loss of its assets.

Andy Keeling
Chief Operating Officer

Sir Peter Soulsby
City Mayor

INTRODUCTION

1. This Risk Management Strategy is a high level document that seeks to promote identification, assessment and response to key risks that may adversely impact the achievement of the Council's aims and objectives. This strategy builds on, and replaces, the 2016 Risk Management Strategy. Through the continued development of these strategies, the maturity of the Council's risk management will be reflected in a more enabled and proactive culture of embracing innovative opportunities and managing risks.

AIMS and OBJECTIVES

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

ROLES and RESPONSIBILITIES

3. Given the diversity of services and the wide range of potential risks, it is essential that responsibility for identifying and taking action to address potential risks is clear. No one person or group should perform risk management. Commitment and involvement of staff at every level is needed to effectively carry out risk management. Although different staff/managers will have specific duties to assist in this process, it is important that they all know and understand their role. This staff involvement may also take in views and comments from other Divisional teams who may have experience of managing similar risks.

RISK DEFINITION AND APPETITE

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

"Risk is the effect of uncertainty on objectives"

5. When discussing risk management it is easy to give the impression that all risks must be eliminated. However, risk is a part of everyday life and taking risks may also be a route to success, if managed properly. Elimination of all risk is neither practicable nor wanted. Risk appetite is the amount of risk an organisation is prepared to accept, tolerate or be exposed to at any point in time. Appendix 1A below attempts to demonstrate the Council's risk appetite. All of the risks that sit below the black line, the Council is prepared to tolerate. This does not mean that we do not plan for their occurrence, but that we should have considered their occurrence,

and where appropriate, given some thought to what we would do if that risk materialises. An example of this would be total loss of a building by fire. This is a typical 'high impact' but 'low likelihood' risk that cannot realistically be managed day to day, beyond normal management responsibilities; but which (should it occur) would be dealt with through the activation of an effective Business Continuity Plan and Insurance cover – both significant mitigants to that risk.

6. Risk appetite needs to be considered at all levels of the organisation – from strategic decision makers to operational deliverers. The Authority's risk appetite is the amount of risk that it is prepared to take in order to achieve its objectives. Defining the Authority's risk appetite provides the strategic guidance necessary for decision-making. The Authority's risk appetite is determined by individual circumstances. In general terms, the Authority's approach to providing services is to be innovative and to seek continuous improvement within a framework of robust corporate governance. This framework includes risk management that identifies and assesses risks appertaining to decisions being considered or proposed.
7. Decisions on whether to proceed with such proposals are part of the challenge process and are only taken after the careful assessment of the identified risks and an analysis of the risks compared to the benefits. As such, risk appetite should be considered for every proposal and risk rather than an over-arching concept for the entire Authority. There will be areas where a higher level of risk will be taken in supporting innovation in service delivery. These will be offset by areas where it maintains a lower than cautious appetite - for example, in matters of compliance with law and public confidence in the Authority. Risk appetite can therefore be varied for specific risks, provided this is approved by appropriate officers and/or Members. However, in all circumstances:
 - The Authority would wish to manage its financial affairs such that no action will be taken which would jeopardise its ability to continue as a going concern; and
 - The Authority would wish to secure the legal integrity of its actions at all times.

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

8. Local Authorities are, historically, risk averse. The aim of most local authorities is that key strategic and operational risks are well controlled, minimising the likelihood of an occurrence. However, it is recognised that there are costs involved in being too risk averse and avoiding risk, both in terms of bureaucracy and opportunity costs.
9. Leicester City Council's approach is to be risk aware rather than risk averse, and to manage risk. As set out in its Risk Management Policy Statement, it is acknowledged that risk is a feature of all business activity and is a particular attribute of the more creative of its strategic developments. Directors and Members are not opposed to risk; however, they are committed to taking risk with full awareness of the potential implications of those risks and in the knowledge that a robust plan is to be implemented to manage them. The Council's risk management process allows this 'positive risk taking' to be evidenced.
10. 'Positive risk taking' is a process of weighing up the potential benefits and impacts of exercising a choice of action over another course of action. This entails identifying the potential risks involved, and developing plans and controls that reflect the positive potentials and stated priorities of the Council. It then involves using available resources and support to achieve desired outcomes, and to minimise any potential 'harmful' impacts. It is certainly not negligent ignorance of potential risks but, usually, a carefully thought out strategy for managing a specific risk or set of circumstances.

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

RISK FINANCING

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

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

RISK MANAGEMENT PROCESS

14. This outlines the process which managers and staff should use to identify, assess, control, monitor and report their risks. Risk Management is intended to help managers and staff achieve their objectives safely and is not intended to hinder or restrict them. The process ensures that risk management is approached consistently across all of the many diverse activities of the Council.

15. There are five key steps in the risk management process. These stages are covered in greater detail in the Risk Management Toolkit – a step-by-step guide to risk management at Leicester City Council - which is available to all members, managers and staff via the RMIS Interface site. The risk management process is also explained in detail in the 'Identifying and Assessing Operational Risk' training course, which is now mandatory for staff that complete risk assessments and teaches staff to:-

- **Identify** - Management identify risks through discussion as a group, or discussion with their staff. The Risk Management and Insurance services team are available to support this process either by attending or facilitating risk 'workshops' or delivering risk identification and mitigation training to managers and their business teams in advance of their own sessions;
- **Assess/Analyse** - Management assess the likelihood of such risks occurring and the impact on the Council/their objectives using only the Council's approved risk assessment form and the 5x5 scoring methodology;
- **Manage** - Management determine the best way to manage their risks e.g. terminate, treat, transfer, tolerate or take the opportunity (see paragraph 18 below);
- **Monitor** – Management should monitor their risks and the effectiveness of their identified management controls;

- **Review** - Management ensure identified risks are regularly reviewed. This will normally be managed by means of a Risk Register (see sections 18 – 24 below for more detail).

16. The Strategic objectives of the Council and individual Divisional Operational objectives provide the starting point for the management of risk. Managers should not think about risk in the abstract, but consider events that might affect the Council's achievement of its objectives. Strategic risks are linked to Strategic objectives and Operational risks linked to Divisional service delivery objectives and day to day activities need, as a minimum, to be identified and monitored. This is best done by the effective use of Risk Assessments/Registers.
17. Risk Management is driven both top down and bottom up, to ensure risks are appropriately considered. To do this, all managers need to encourage participation in the process, through regular discussions/review with their staff. The Risk Management process seeks to work with and support the business and **not** add a layer of bureaucracy.

MANAGE THE RISKS

18. Once risks have been identified and assessed by management, those managers should determine how their identified risks are to be dealt with – a process commonly known as the five T's:-
- **Terminate** or avoid the activity or circumstance that gives rise to the risk e.g. stop doing something or find a different way of doing it;
 - **Treat** the risk e.g. take actions to reduce the likelihood that the risk event will materialise or better manage the consequences if it does. This is the most common option for a local authority;
 - **Transfer** the risk, e.g. pass the risk to another party through insurance or by contracting with a third party to deliver on your behalf. This reduces the impact if a risk event occurs;
 - **Tolerate** the risk. By taking an informed decision to retain risks, monitor the situation and bear losses out of normal operating costs. Typically this method will be used when the cost of treating the risk is a lot more than the cost arising should the risk occur;
 - **Take** the Opportunity. This option is not an alternative to the above; rather it is an option which should be considered whenever tolerating, transferring or treating a risk. There are two considerations here:
 - Consider whether or not at the same time as mitigating a threat, an opportunity arises to exploit positive impact. For example, if a large sum of capital funding is to be put at risk in a major project, are the relevant controls good enough to justify increasing the sum at stake to gain even greater advantage?;
 - Consider also, whether or not circumstances arise which, whilst not generating threats, offer positive opportunities. For example, a drop in the cost of goods or services frees up resource which may be able to be redeployed.

REVIEWING THE RISKS

20. It is important that those risks that have been identified as needing action are subject to periodic review, to assess whether the risk of an event or occurrence still remains acceptable and whether or not further controls are needed. If not, appropriate action(s) should be determined and noted. The frequency of reviews to be decided by management, depending on the type and value of the risks identified (see also 22 below). Currently at Leicester City Council, the significant Strategic and Operational Risks are reviewed and reported on a quarterly basis.

RISK EXPOSURE AND TRACKING

21. After evaluating the measures already in existence to mitigate and control risk, there may still be some remaining exposure to risk (residual risk). It is important to stress that such exposure is not necessarily wrong, what is important is that the Council knows what its key business risks are; what controls are in place to manage (mitigate) these risks; and, what the potential impact of any residual risk exposure is. It is also important that the Council can demonstrate that risk management actions (the mitigating controls identified by managers as being needed) in the operational and service areas are implemented, remain appropriate and are working effectively.
22. Significant operational risks should continue to be logged and monitored using the operational risk registers. It is the responsibility of each Divisional Director to ensure that operational risks are recorded and monitored via a risk register. The Risk Management and Insurance Services (RMIS) team produce a pro-forma risk assessment/register that **must** be used by all business areas. The 'scoring' of these risks **must** also be carried out using the Council's 5x5 risk matrix as this ensures compliance with both best practice and the risk management standard ISO31000. These registers and the risks identified are aligned to the Council's operating structure. The process for reviewing and reporting Operational Risks at Leicester City Council should be:
- At least quarterly (during January, April, July and October) Divisional Directors should review and agree risks during their 121 with each of their Heads of Service (HoS). Following work since mid-2014 by the Manager, Risk Management, all HoS should have a risk register for their services in place by the end of 2016 which will allow this process to function properly. The HoS should then have in place a mechanism allowing their direct reports to flag risk issues with them and will have to consider/decide whether their direct reports too should compile a risk register.
 - Divisional Directors will take the most significant of their HoS service area risks (if any) and add them to their Divisional Operational Risk Register (DORR). The complete DORR should then be agreed by their Divisional Management Team;
 - Divisional Directors should, as appropriate, review and discuss their DORRs during their 121 with their Strategic Director at least quarterly (see 24 below);
 - Once agreed, the DORRs are then submitted to Risk Management and Insurance Services (RMIS) on, or before, the first working day of February, May, August and November;
 - The RMIS staff will then review (for obvious errors) all of the Divisional Operational Risk Registers and compile the Council's Operational Risk Register with the most significant of these risks (currently those with a risk score of 15 or above);
 - The Head of Internal Audit and Risk Management will then submit the Council's Operational Risk Register to the Corporate Management Team for agreement and final approval; and to the Audit and Risk Committee for noting.
23. These most significant risks identified by the Divisional Directors feed into the Council's Operational Risk Register which is managed by the Corporate Management Team. They are accountable for ensuring that all operational risks are identified against service delivery objectives; that plans are implemented to control these exposures; and that key risks are included within individual service plans.
24. The Strategic Directors have created, manage and monitor a Strategic Risk Register for those risks which may affect achievement of the Council's strategic objectives. The most significant of these risks, those that may threaten the Council's overall strategic aims, form this register which is reviewed and updated by those Directors each quarter. Responsibility for these risks rests with named Strategic Directors. As part of the overall process of escalation, each Strategic Director should also have risk on their 121 agenda with their Divisional Directors at least

quarterly as one of the significant Strategic Risks is a serious failing of the management of Operational Risks by their Divisional Directors.

25. The RMIS team facilitate and support this process and will continue to maintain the Operational and Strategic Risk Registers, using the input from each Divisional Operational Risk Register and the Strategic Risk Register. These registers will be reported quarterly to the Corporate Management Team and the Audit and Risk Committee. As part of this process, bespoke training needs may be identified and the RMIS team will provide training and support upon request.
26. All risks identified, both operational and strategic, will need to be tracked and monitored by regular, quarterly reviews of the risk registers (at the quarterly 121's mentioned above). This will ensure that any changes in risks are identified for action; there is an effective audit trail; and, the necessary information for ongoing monitoring and reports exists.

PARTNERSHIP RISK

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

RISK MANAGEMENT TRAINING

28. Since January 2010, risk management training has been delivered, and continues to be offered to all staff (and Members) to explain risk management methodology. An annual programme of training (covering risk, insurance and business continuity planning) remains available to all staff, managers and Members. However, Directors and managers should still identify those staff that need this training through the staff appraisal process (existing staff) and through the jobs specification process (new staff). Appropriate training will be provided by the Risk Management and Insurance Services team, within the resources available. As mentioned above, in October 2014, Corporate Management Team made the 'Identify and Assess Operational Risk' training mandatory for staff that have to carry out a risk assessment.

REVIEW OF RISK MANAGEMENT STRATEGY AND POLICY

29. This Risk Management Strategy and the associated Policy Statement are intended to assist in the development/integration of risk management from now until December 2017.
30. All such documents and processes will remain subject to periodic review. The next planned review to occur in Quarter 4 2017. This allows any changes in process to be aligned to the Council's financial year end.

RISK MANAGEMENT AT LEICESTER CITY COUNCIL

31. A continuing robust risk management process needs to continue to be applied to all our activities during the next 12 months and beyond. To achieve this we need to identify our priority exposures, address these, incorporate appropriate risk management strategies and risk improvements into our service delivery in line with the Council's priorities, monitoring and reviewing emerging risk to determine how it affects those priorities and to account for changes in

our operations and to enable us to make well-informed decisions. Risk must be considered as an integral part of Divisional planning, performance management, financial planning and strategic policy-making processes. The cultural perception of risk management has to continue changing from a 'have-to-do' to a 'need-to-do'.

32. The Head of Internal Audit and Risk Management (and going forwards the Manager, Risk Management) will continue to maintain a central copy of the Strategic and Operational Risk Registers, as well as the Divisional Operational Risk Registers. Internal Audit will continue to utilise these registers to produce a programme of 'process audits', which will test the maturity and embeddings of the risk strategy in the business areas – subject to resource being available. So, the Council's Risk Strategy and Policy will help Director's to report appropriately upon their risk and their risk registers will be used pro-actively to inform the Internal Audit work programme which, in turn, allows assurance to be given to both the Corporate Management Team (officers) and the Audit and Risk Committee (members) that risk is being properly identified and managed at Leicester City Council.
33. The management of risk should be included in job descriptions for all operational service area managers with responsibility and accountability for risks, and be included in every director/manager's objectives and performance appraisal discussion.
34. Directors and managers should also ensure that all stakeholders (employees, volunteers, contractors and partners) are made aware of their responsibilities for risk management and are aware of the lines of escalation for risk related issues. Risk management is most successful when it is explicitly linked to operational performance.

Appendix 1A - RISK APPETITE

Key to Table:

The numbers in the boxes indicate the overall risk score which is simply the 'Impact score' (horizontal axis) multiplied by the 'Likelihood score' (vertical axis), which is then coloured coded to reflect a 'RAG' status. The solid black line indicates what Directors consider to be the Council's 'risk appetite' (see paragraphs 4-11 above) where they are comfortable with risks that sit below and to the left of that line.

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

| | IMPACT | SCORE | BENCHMARK EFFECTS |
|----------|--------------------------------------|-------|---|
| CRITERIA | <i>CRITICAL/ CATASTROPHIC</i> | 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 Operating Officer and/or City Mayor Corporate Manslaughter charges Service delivery has to be taken over by Central Government Front page news story in National Press Financial loss over £10m |
| | <i>MAJOR</i> | 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 Executive Member Adverse coverage in National Press/Front page news locally Financial loss £5m - £10m |
| | <i>MODERATE</i> | 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 |
| | <i>MINOR</i> | 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 |
| | <i>INSIGNIFICANT/ NEGLIGIBLE</i> | 1 | <ul style="list-style-type: none"> Day-to-day operational problems Financial loss less than £100k |

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

Appendix 6 - Insurance Claims Data

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

Claims received 2016 and being dealt with

| Incidents | Total Claims | Repudiated | In Progress | Paid | Amount Paid |
|-----------|--------------|------------|-------------|---------|------------------|
| 45 (39) | 388 (553) | 220 (250) | 108 (281) | 60 (74) | 75967 (£109,917) |

Breakdown by Area and Type of Claim

| Division | | Responsible Director | | | Claim Type | | | | | Total Number | £ Value |
|--|--|----------------------------|--|--|---------------------|------------------|--------------------------|-----------------|-------|--------------|---------|
| | | | | | Employers Liability | Public Liability | Prof/Officials Indemnity | Personal Injury | Motor | | |
| Neighbourhood and Environmental Services | | John Leach | | | 1 | 32 | | 12 | 32 | 77 | 16463 |
| Plan, Trsport & Economic Dev. | | Andrew L Smith | | | 1 | 86 | | 42 | 23 | 152 | 16098 |
| Children, Young People and Families | | Caroline Tote | | | | 1 | | | | 1 | |
| Housing | | Chris Burgin | | | 3 | 63 | | 23 | 66 | 155 | 25669 |
| Adult Soc Care & Safeguarding | | Ruth Lake | | | | | | | | 0 | |
| Del, Comms & Pol Governance | | Miranda Cannon | | | | | | | | 0 | |
| Information & Cust Access | | Alison Greenhill | | | | | | | | 0 | |
| Estates and Building Services | | Matt Wallace | | | | 1 | | 1 | 1 | 3 | 2737 |
| Comm and Business Dev | | Sue Welford/Frances Craven | | | | | | | | 0 | |
| Learning Services (incl Schools) | | Ian Bailey | | | 3 | 8 | | 10 | 2 | 23 | 15000 |
| 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 | | | | | 8 | 192 | 0 | 89 | 124 | 413 | 75967 |

Last 12 months rolling repudiation rate - 75%

Last 12 months year on year numbers - down 36%

Last 12 months year on year values - down 31%

Appendix 7 – Leicester City Council’s Business Continuity Management Strategy and Policy Statement - 2017

Policy Statement - 2017

This Policy sets the direction for Business Continuity Management at Leicester City Council. Disruptive events do occur and are usually unexpected. It might be an external event such as severe weather, utility failure or pandemic flu, or an internal incident such as ICT failure, loss of a major supplier or loss of a key building.

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

In a disruptive situation, it will not be possible to run all Council services in the usual way. Whilst all services are important, priority for recovery will be given to those which have been determined to be the most essential, the business-critical activities – those that the Board has agreed must be back up and running within 24 hours, and this is where resources will be directed first.

This enables us to fulfil our duties under the Civil Contingencies Act 2004. The Council has had plans in place for some time and its arrangements align (but not fully comply) with the principles of the International Standard for Business Continuity, ISO22301.

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

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

Andy Keeling
Chief Operating Officer

Sir Peter Soulsby
City Mayor

Leicester City Council's Business Continuity Management Strategy 2017

1. Definition

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

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

2. Scope

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

- All services within the council;
- Every staff member; and,
- All resources and business processes.
- Suppliers, service partners and outsourced services.

3. Requirements and Standards

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

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

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

4. Methodology

The ultimate aim is to embed Business Continuity Management within the Council's culture. Training and education is an ongoing task but awareness and capability is also a product of the structures put in place and the way we manage our programme. Key stages in such a programme are:

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

5. Invoking the Business Continuity Plan

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

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

The CBCP may be invoked by any member of the Council's Corporate Incident Response Team as defined within the plan itself. The CBCP is not a plan that will allow recovery of affected services, but guides the efforts of Senior Managers to allow them to be able to recover affected services using the service area's own plans. Effectively, the CBCP covers the Council's 'Strategic' (Gold) and 'Tactical' (Silver) level responses with individual service area plans covering the 'Operational' (Bronze) level.

6. Business Continuity Management (BCM) in the community

The Council will participate in appropriate practitioner groups and work with partner agencies to promote BCM in the community and will advise and assist local organisations with their BCM arrangements. In certain circumstances this may be chargeable.

7. Principles, Responsibilities and Minimum standards

Executive

- Approve the Business Continuity Strategy.

Audit and Risk Committee

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

Strategic and Operational Directors

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

Chief Operating Officer/BCM Champion

- During an incident, lead the Council's 'Strategic' (Gold) Incident response.

Head of Internal Audit and Risk Management (to be Manager, Risk Management)

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

All Heads of Service/Managers

- Lead business continuity arrangements within their area;
- Attend training commensurate with their role;
- Identify staff from their teams that have a role to play in any recovery for suitable training;
- Prepare a recovery plan covering all service delivery functions (priority for critical functions), update at least annually; and,
- Implement the agreed arrangements in the event of a disruption.

All staff

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

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

Once the CBCP has been triggered, the Strategic (Gold) and Tactical (Silver) teams have operational control of the situation and are authorised to take all decisions necessary. The Strategic (Gold) team have overall control by overseeing, directing and authorising the work of the Tactical (Silver) team who are managing the response and deciding, and monitoring, the actions for the Operational (Bronze) team(s) to implement.

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

Incident Response Team

- Comprised principally of those Directors and Senior Heads of Service who have responsibility for a defined Business Critical Activity. Manages and directs the Council's response to a serious incident affecting Council services or assets.
- Within the Group will be Strategic (Gold) and Tactical (Silver) teams. The Strategic (Gold) team will act as a 'check and challenge' function and leads on communications (internal and external), workforce-related matters and directs non critical services. The Tactical (Silver) team will manage the Operational (Bronze) Recovery teams and keeps the Strategic (Gold) team informed of developments.

Recovery Teams

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

9. Value of Business Continuity Management (BCM)

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

- Having arrangements in place to fulfil your obligations AND being more confident about the decisions you make in a crisis.
- Keeps businesses trading when they would have otherwise have probably failed due to an incident. This shows customers and suppliers you are serious about the resilience of the business, helping to significantly reduce the impact and cost of disruptions.
- Providing assurance and protection to your staff.
- Companies reputation increases, having competitive advantage.
- Insurance premium discounts, reduced excesses and doors opening to new insurance markets
- Allowing what would otherwise be unacceptable risks to be insured.



DELEGATION OF THE CITY COUNCIL'S INTERNAL AUDIT FUNCTION AND PROVISION TO LEICESTERSHIRE COUNTY COUNCIL

Decision to be taken by: City Mayor
Decision to be taken on: 12 January 2017
Lead director: Alison Greenhill

Useful information

- Ward(s) affected: None
- Report authors: Colin Sharpe, Head of Finance
- Author contact details: 0116 454 4081 – colin.sharpe@leicester.gov.uk
- Report version number plus Code No from Report Tracking Database: 2

1. Purpose of report

- 1.1. To seek approval to the delegation of the City Council's Internal Audit function to Leicestershire County Council and the transfer of the City's general audit staff to the County, resulting in the County delivering an internal audit service to both Councils.

2. Summary

- 1.2. In the light of reducing budgets for the Internal Audit team at the City Council and the inability to recruit to currently vacant positions, the Director of Finance is getting close to being unable to deliver an effective Internal Audit service – a statutory duty - through the internal team.
- 1.3. The City and County Councils have been exploring the potential for combining the two Internal Audit functions into a single team employed and managed by one Council, which would then deliver the service to both Councils in a more sustainable, efficient and effective manner.
- 1.4. This paper outlines what is felt to be the most effective and efficient use of resources going forwards in the delivery of Internal Audit services to both Councils.

3. Recommendations

- 2.1 With effect from 1 April 2017 or such other subsequent date as is agreed between Leicester City Council and Leicestershire County Council on the basis set out in this report, the City Mayor is recommended to:
 - a) Delegate the City Council's Internal Audit function to Leicestershire County Council in accordance with the provisions of Section 9EA of the Local Government Act 1972, the Local Authorities (Arrangement for the Discharge of Functions) (England) Regulations 2012 and all other enabling powers. This would be for an initial period of three years;
 - b) Approve the Council entering into an Administrative Collaboration Agreement, under S9EA of the Local Government Act 1972 with Leicestershire County Council;

- c) Delegate authority to the Director of Finance, in consultation with the City Mayor, to approve an Administrative Collaboration Agreement setting out the roles and responsibilities of the parties in respect of the delegated functions;
- d) Approve the transfer of City general audit staff to Leicestershire County Council on the terms set out in the Administrative Collaboration Agreement from the Commencement Date, and in accordance with the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE);
- e) Note that the Section 151 officers (or their representatives) from the City and County Councils will oversee the implementation and ongoing monitoring of the Agreement;
- f) Authorise the Monitoring Officer to make any consequent changes to the Council's Constitution to reflect the delegation of the internal audit function and delivery arrangements; and
- g) Note that formal consultation will be undertaken with regards to the potential redundancy and the TUPE transfer of staff.

4. Report/Supporting information including options considered:

- 4.1 The Director of Finance as the Council's statutory finance officer under s151 of the Local Government Act 1972 has a statutory duty to ensure that an effective internal audit service is delivered to the City Council.
- 4.2. In the light of reducing budgets for the Internal Audit team at the City Council and the inability to recruit to currently vacant positions, the Director is getting close to being unable to deliver this requirement through the internal team.

Proposed Delegation to the County Council

- 4.3 Recent discussions with the County Council have concluded that to maintain an effective and statutorily compliant internal audit service for both councils as audit and service budgets continue to reduce, an integrated service would be mutually advantageous. This would make the most efficient and effective use of audit managers and specialist auditors and provide greater sustainability and resilience for both Councils, for example in the event of staff absences or a major unplanned investigation.
- 4.4 Therefore, it is proposed that the City Council's Internal Audit function should be formally delegated to the County Council. The City's general audit staff would transfer to the County under TUPE arrangements, becoming County employees. The integrated County team would then provide the internal audit service to both Councils and their respective external clients, building an integrated audit team over time.

- 4.5 The arrangement would allow an average of 750 to 800 general audit days p.a. to be delivered to the City, which is significantly more than could be achieved by retaining a stand-alone team at the City, given on-going budget reductions and recruitment difficulties. These days would be reviewed in the future in the light of any further budget reductions required and changes in wider Council services requiring audit.
- 4.6 All of the staff in the combined County team would be able to work at a range of sites, giving an opportunity to experience new and different audits to those they have been delivering for many years in their current roles. Efficiencies from synergy should be achieved, for example where a service function can be audited at both councils the audit planning and delivery can be replicated. Single working practices, processes and systems can be developed and shared. The County Council continues to build up a more significant traded portfolio, which will also offer opportunities.
- 4.7 The post of Head of Audit and Risk Management at the City Council is proposed for deletion alongside the delegation of the audit function. This will create a potential redundancy situation.
- 4.8 The new arrangements would be targeted to start in April 2017. The City would pay £280k p.a. for the first three years, plus a one-off £10k towards set-up costs. This would save circa. £20k p.a. on the current City budget (including part of the cost of the post of Head of Audit and Risk Management). It would also allow the release of the majority of the accumulated Internal Audit earmarked reserve, which would need to be retained if the service continued in-house. Further savings and efficiencies would be expected in future years.
- 4.9 All Local Government Pension Scheme liabilities of the City staff that transfer under TUPE to County will be transferred to Leicestershire County Council, together with an equal amount of assets. The County Council will take on a 'fully funded' position in respect of the transferred staff. As a result, Leicester City Council will retain any pension fund deficit in respect of the transferred staff.
- 4.10 The Audit and Risk Committee at its meeting on 16 November 2016 received and noted a verbal update on future plans for Internal Audit for 2017 onwards.

Functions Remaining at the City

- 4.11 The City's technical IT Auditors would for the moment remain employed by the City Council and transfer to the IT Service, thus staying within the Finance Division.
- 4.12 The new internal audit 'client role' for the City Council would be undertaken by an existing Head of Finance, within the strategic direction set by the Director of Finance. This would include liaising with the County Council's Head of Internal Audit Service and Audit Managers, developing the annual audit plan, reviewing progress, commissioning unplanned audits or investigations, reviewing reports and attendance at the City's Audit and Risk Committee. This will help to mitigate the risk of loss of direct control posed by the delegation of the function and the transfer of the staff.

4.13 It should be noted that the consideration and decisions with regards to the findings of the Internal Audit Service will remain with the City Council and are not proposed to be delegated to the County. It will simply be the staffing functions and responsibilities of delivering the work required of an internal audit team.

Other Options Considered

4.14 The principal alternative option is to retain the service in-house. However, as set out earlier in the report, the Director of Finance is getting close to being unable to deliver an effective Internal Audit service – a statutory duty - through the internal team. To remedy this would require substantial additional investment on a recurring basis, and would not be an effective use of resources or deliver the best audit service.

5.1 Financial, legal and other implications

5.1.1 Financial Implications

The proposed delegation of the Internal Audit function would save circa. £20k p.a. on the current City budget for the next three years and will enable the more effective and efficient use of diminishing resources.

Colin Sharpe, Head of Finance, ext. 37 4081.

5.1.2 Legal Implications

Delegation is approved by full Council or the Executive, dependant who the function rests with. Though the consideration of Internal Audit reports is a Council function the function of undertaking the internal audit process is not expressly reserved to Council. In absence of the express reservation, it is therefore considered to be the delegation of an Executive function. As an Executive function the City Mayor can, under Article 12.04, make the delegation himself.

In addition to the Decision of the City to delegate this function, it will require the County Council, in line with its constitutional requirements, to agree to accept the delegation before the delegation is effective.

The recommended option for the delivery is via a Delegated Function Model. Under this option the County Council will be the Lead Authority and undertake, on behalf of the City Council, its Internal Audit Functions. The details of the delegation, including responsibilities, liabilities, roles and expectations will be secured through the two Councils entering in to an Administrative Collaboration Agreement. Though there is no legal requirement as to a formal agreement where a delegation is made, it is recommended that one is in place to clearly establish the roles and responsibilities. As outlined in the report, the County Council will employ all staff for the purposes of its and the City's internal audit function. It should be noted that the report proposes that the City retain all pre-existing pension and other employment liabilities up to the date of the transfer of staff.

Legal support in relation to the Agreement should be sought from Legal Services at an early stage.

Emma Horton, Head of Law (Commercial, Property and Planning)

The report suggests at paragraph 4.7 that the post of Head of Audit and Risk Management would be deleted. This would constitute a potential redundancy situation. The Council's redundancy policy should be followed to minimise the risk of breaching employment rights which could result in successful Employment Tribunal claims against the Council. Employment legal advice in connection with the redundancy procedure is available upon request.

The report recommends that this Council delegates its Internal Audit Service function to Leicestershire County Council with effect from 1st April 2017, or such subsequent date as may be agreed. The effect of the proposal will be for the day to day operational responsibility for the carrying out of the Internal Audit function within the City Council to transfer to Leicestershire County Council. The staff presently employed on the general Internal Audit Service will transfer under TUPE arrangements to Leicestershire County Council. The employees' terms and conditions of employment at the point of transfer would be protected in accordance with the requirements of TUPE. Employees would be entitled to have continued to access to the Local Government Pension Scheme at the point of transfer.

Consultation is a key aspect of both potential redundancies and TUPE. It is important to ensure that this consultation is meaningful.

Further detailed advice is available to the client department in respect of these changes upon request.

Julia Slipper, Principal Solicitor (Employment & Education)

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

| OTHER IMPLICATIONS | YES/ NO | Paragraph/References Within Supporting information |
|-------------------------------|--------------------|---|
| Risk Management | Yes | 4.12 |
| Climate Change | No | |
| Equal Opportunities | No | |
| Policy | No | |
| Sustainable and Environmental | No | |
| Crime and Disorder | No | |
| Human Rights Act | No | |
| Elderly/People on Low Income | No | |

| | | |
|----------------------------|----|--|
| Corporate Parenting | No | |
| Health Inequalities Impact | No | |

6. Background information and other papers:

N/A

7. Summary of appendices:

N/A

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

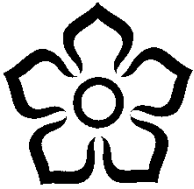
No

9. Is this a “key decision”?

No

10. If a key decision please explain reason

N/A



Leicester
City Council

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Audit and Risk Committee

8 February 2017

Internal Audit Plan – Quarter 4 2016-17

Report of the Director of Finance

1. Purpose of Report

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

2. Recommendations

- 2.1. The Committee should note the plan for the fourth quarter of 2016-17, attached at Appendix 1.

3. Report

- 3.1. Rather than presenting a detailed list of specific audits, the annual audit plan is grouped into areas of audit. The intention is that, given the continuing uncertainties the Council faces, the audit plan can be readily adjusted to reflect changes in risks and priorities while maintaining a sufficiency of audit coverage for each of the relevant areas.
- 3.2. The generic annual plan then becomes detailed quarterly plans as the year progresses, setting out Internal Audit's intended work for each forthcoming quarter. These plans take into account emerging risks and requests for audit involvement alongside seasonal or other external factors that influence the timing of audit work.
- 3.3. The plan for the fourth quarter of 2016-17 is attached at Appendix 1. It should be noted that 13 of the scheduled audits have slipped from previous quarters into Q4. This is primarily as a result of Internal Audit losing 98 days to sickness throughout 2016. Also, in November a further member of staff left adding to the 2 Senior Auditor and 1 Auditor vacancy/ies we were already carrying (having failed to recruit earlier in the year). It is partly as a result of these issues that discussions began with the County Council about collaborative working.

- 3.4. It should be borne in mind that the quarterly plans refer to audits due to be started. Inevitably, they are not all completed within the quarter so there will be residual work to complete audits started in previous quarters.
- 3.5. In identifying the audits for the each quarters plan, due regard is given to the audit areas set out in the annual plan and the need to ensure sufficient coverage of each by the end of the financial year.
- 3.6. The move to quarterly planning aligns Internal Audit's work as closely as possible to current priorities. This allows what were previously 'commissioned' audits that fall within the remit of the statutory audit service to become fully part of the audit plan. The aim is then for Internal Audit to deliver the whole of this more flexible plan, subject to factors beyond Internal Audit's direct control. Having said that, urgent requirements may still arise that cannot wait until the next quarterly plan and have to be accommodated immediately on the basis of risk to the Council.
- 3.7. The process of using a generic annual audit plan supplemented by quarterly detailed audit plans started in 2013-14 and has worked well. Future audit plans will therefore be prepared showing the specific audits that are planned to be carried out in each quarter. These will be supplemented with progress reports on the completion of the previous plans.

4. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

4.1. Financial Implications

There are no direct financial implications arising from this report. However, as a result of the work carried out there would be an expectation that implementing recommendations made by Internal Audit will improve the effectiveness, efficiency and economy of service delivery, with potential for consequential reductions in cost or improvements in quality.

Colin Sharpe, Head of Finance, x37 4081

4.2. Legal Implications

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

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

5. Other Implications

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

6. Consultations

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

7. Report Author

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

| Quarter | Type | Title | Notes |
|---------|------------|--|---|
| b/fwd | Contract | Contracts below the thresholds £75k | Review of the contract completion process, for contracts below £75k. Audit will focus on contracts in place in 2016-17. |
| b/fwd | Contract | Direct Payments | Focus on contract monitoring for support providers e.g. Enham, Mosaic. |
| b/fwd | System | Fostering Placements Payments | The audit will examine the processes in place to ensure that payments made to foster carers through Controcc and Agresso are accurate, complete and timely. It will not examine in detail the processes for commissioning foster carers, but will assess whether payments are made only to eligible foster carers for the correct periods and at the correct rates, based on information within Liquidlogic. The review will focus only on transactions from the current financial year. |
| b/fwd | System | Public Health – compliance with NICE Guidance - Managing Obesity | Compliance with NICE (National Institute for Health and Care Excellence) guidelines |
| b/fwd | Schools | Schools - follow-up audit | Programme of follow-ups of recommendations made in earlier IA school reports. |
| b/fwd | Contract | Follow-up of Property Services contracts | Follow up of recommendations made in the previous IA report of Property Services Contracts where little or no assurance was given. |
| b/fwd | Systems | Admissions Process | The Admissions Process has been in place for over a year; management see this as a good time for IA to provide assurance that these procedures were operating soundly. |
| b/fwd | Schools | Pupil Referral Units | Review of financial management arrangements for the Pupil Referral Units : a follow-up of recommendations made in earlier report which gave little or no assurance. This audit will cover the Primary Pupil Referral Unit (Secondary completed). |
| b/fwd | IT audit | Web services | Review of the various council websites for security vulnerabilities. |
| b/fwd | IT audit | New MFDs (print/copy/scan) | These devices are connected to the network and linked to Progeny (building entry system). An IA review of Progeny found security issues. It would be timely to ensure there are no exploitable vulnerabilities in these devices. |
| b/fwd | IT audit | ICT Asset Management | The audit will cover controls to record and account for ICT Assets and their location. |
| b/fwd | IT audit | Shared drives and email | Impact on record-keeping from use of shared drives and email. This was identified as a risk in Information Services operational risk register. |
| b/fwd | IT audit | Penetration testing | As and when requested. In 2016/17 so far we have planned or completed five pentests |
| Q4 | Schools | School financial audit | <i>Keeping Your Balance</i> financial audits will be carried out as part of a programme of schools visits, that started in Q3. |
| Q4 | Grant Cert | Troubled Families - 2nd audit | Verification of results from claims with reference to Financial Framework for the programme |
| Q4 | General | Audit Lincolnshire General audit | Scope of these audits is agreed directly with the client. Provisional list includes HR & NNDR. |
| Q4 | IT audit | Audit Lincolnshire IT audit | Provisional audits requested are: ICT Asset Management and ICT Service Provision |
| Q4 | IT audit | Rotherham MBC | ICT Data Security. Ensure that the Council has effective arrangements in place to protect its own data and its service users' data. |

