



Leicester
City Council

MEETING OF THE AUDIT AND RISK COMMITTEE

DATE: WEDNESDAY, 22 MARCH 2017

TIME: 5:30 pm

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

Members of the Committee

Councillor Patel (Chair)

Councillor 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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Leicester City Council,
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- ✓ where filming, to only focus on those people actively participating in the meeting;
- ✓ where filming, to (via the Chair of the meeting) ensure that those present are aware that they may be filmed and respect any requests to not be filmed.

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

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PUBLIC SESSION

AGENDA

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1. APOLOGIES FOR ABSENCE

2. DECLARATIONS OF INTEREST

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

3. MINUTES OF THE PREVIOUS MEETING

Appendix A

The minutes of the meeting of the Audit and Risk Committee held on 8 February 2017 are attached and the Committee is asked to confirm them as a correct record.

4. EXTERNAL AUDIT PLAN FOR FINANCIAL YEAR 2016-17

Appendix B

The External Auditor submits a report that sets out how they will deliver their financial statements audit work (including the Annual Governance Statement) for Leicester City Council, and the approach for value for money work for 2016/17. The Committee are asked to note the report.

5. REPORT ON THE PROCUREMENT PLAN 2017-18

Appendix C

The Director of Finance submits to Committee the Council's Procurement Plan 2017-18, as required by the Contract Procedure Rules. The Committee is asked to note the report.

6. ANNUAL REVIEW OF THE COUNCIL'S ASSURANCE FRAMEWORK, LOCAL CODE OF CORPORATE GOVERNANCE AND THE AUDIT & RISK COMMITTEE'S TERMS OF REFERENCE

Appendix D

The Director of Finance and the City Barrister and Head of Standards (Monitoring Officer) submit a joint report to seek the Committee's approval of updates to the assurance and corporate governance processes at the City

Council and the Committee's own terms of reference. The Committee is asked to note the recommendations in the report and approve the three documents appended to the report.

7. PROPOSED INTERNAL AUDIT PLAN 2017-18 [Appendix E](#)

The Director of Finance submits to the Committee the draft Internal Audit Plan for the financial year 2017-18 to provide Members with the opportunity to review and agree the draft Plan. The Committee is recommended to receive the report, note its contents and seek clarification on any areas of the plan as required prior to approval, and make any recommendations or comments as it sees fit, either to the Executive or Director of Finance.

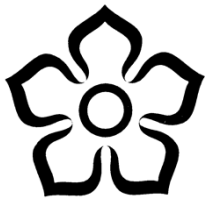
8. AUDIT & RISK COMMITTEE PLANNED AGENDAS AND MEETING DATES 2017-18 (DRAFT) [Appendix F](#)

The Director of Finance submits a report that provides the Committee with a proposed schedule of meetings and suggested agendas for the Financial Year 2017-18. The Committee is recommended to note its contents and accept the proposed plan content and to raise any issues or questions with the Head of Finance or the Director of Finance.

9. RISK MANAGEMENT AND INSURANCE SERVICES - UPDATE [Appendix G](#)

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.

10. ANY URGENT BUSINESS



Leicester
City Council

Minutes of the Meeting of the
AUDIT AND RISK COMMITTEE

Held: WEDNESDAY, 8 FEBRUARY 2017 at 5:30 pm

P R E S E N T:

Councillor Westley (Chair)

Councillor Alfonso
Councillor Cank

Councillor Dr Chowdhury
Councillor Hunter

* * * * *

56. APOLOGIES FOR ABSENCE

Apologies were received from Councillors Dr. Barton and Patel.

57. DECLARATIONS OF INTEREST

There were no declarations of interest made.

58. MINUTES OF THE PREVIOUS MEETING

RESOLVED:

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

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

The External Auditor submitted an Annual Report to the Committee for noting, for the Certification of Grant Claims and Returns for 2015/16. Adrian Benselin, Audit Manager (External Auditor KPMG) presented the report.

Attention was drawn to the Headlines and Audit Fees, summarised in the report.

The Chair thanked the External Auditor for the report.

RESOLVED:

That the report be noted.

60. EXTERNAL AUDIT PROGRESS REPORT AND TECHNICAL UPDATE

The External Auditor submitted a report for noting that provided the Committee with an overview on progress in delivering responsibilities as external auditors. The report also highlighted the main technical issues which were currently having an impact in local government. Also included was a report from the Audit Committee Institute for information.

John Cornett, Director of KPMG, presented the report, and made the following points:

- The timetable for the closure of the 2017/18 accounts would be earlier, with draft accounts required by the end of May 2018, for final sign-off at the end of July;
- An Audit Plan of upcoming work would be brought to the Audit & Risk Committee meeting on 22 March 2017;

In response to a comment by the Chair regarding children's services, it was noted that the high number of authorities not providing good services was due to the national shortage of quality staff, with authorities facing issues recruiting and retaining qualified staff.

The Chair thanked the External Auditor for the report.

RESOLVED:

That the report be noted.

Adrian Benselin informed the meeting that he would be retiring from KPMG, and he had attended his last Audit & Risk Committee meeting, and wished Members all the best for the future. The Chair on behalf of other Members thanked Adrian for his dedication to Leicester over the years.

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

The City Barrister and Head of Standards submitted a report for noting, advising the Committee on the performance of the Council in authorising Regulatory Investigatory Powers Act (RIPA) applications from 1 July 2016 to 31 December 2016. Lynn Wyeth, Head of Information Governance & Risk, presented the report.

Members were informed that the Council applied for and were granted three Directed Surveillance Authorisations by a Magistrate for:

- Fraudulent use of a blue badge disabled parking permit;
- Two incidents of fly tipping.

Members sought assurance that better enforcement of the blue badge scheme would take place, and better preventative measures be introduced to reduce abuse of the scheme.

It was agreed that the Democratic Support Officer would circulate a Powerpoint presentation 'Using Comms Data in Investigations' and the Investigatory Powers Bill to Members of the Audit & Risk Committee.

The Chair thanked the Officer for the report.

RESOLVED:

That the report be noted.

62. INTERNAL AUDIT CHARTER

The Director of Finance submitted a report which sought the Committee's approval of minor updates to the Internal Audit Charter. The Committee was recommended to receive the report for formal approval and agree that it accurately reflected the terms of reference of the Internal Audit Service.

The Head of Internal Audit & Risk Management presented the report, and drew Members' attention to the minor amendments at Appendix 1 to the report.

The Chair thanked the Officer for the report.

RESOLVED:

That the updated Internal Audit Charter be received and approved.

63. RISK MANAGEMENT AND INSURANCE SERVICES UPDATE REPORT

The Director of Finance submitted a report for noting that provided the Committee with the regular update on the work of the Council's Risk Management and Insurance Services Team's activities. The Head of Internal Audit & Risk Management presented the report.

Members were asked to note there was nothing of significance to bring to the attention of the Committee. The report was summarised and detailed information in the appendices to the report was discussed.

The Chair thanked the Officer for the report.

RESOLVED:

That the report be noted.

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

The Director of Finance submitted a report to the Committee for noting. The report had previously been 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.

Colin Sharpe, Head of Finance, presented the report, and the Committee was informed the City Mayor had approved the delegation of the Internal Audit function, with effect from 1 April 2017. The following points were made:

- Technical audit staff would remain at the city;
- The Head of Finance would perform a client role with internal audit, liaising with County Council, and would become the lead officer for the Audit & Risk Committee;
- There would also be a County Council officer in attendance at each meeting;
- The Committee's responsibilities would not change;
- The primary reason for the delegation of the Internal Audit function was to ensure the City Council continues to meet its statutory duty to provide an effective internal audit service.

The Chair thanked the Officer for the report.

RESOLVED:

That the report be noted.

Councillors Cank and Hunter left the meeting at this point due to other council business.

65. INTERNAL AUDIT PLAN - QUARTER 4 2016/17

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

It was explained to the Committee that the carry forward of work as outlined at Appendix 1 to the report was the result of the service losing 98 days to sickness, plus the team having had three vacancies for most of the year. It was noted that next year, the service would become adequately resourced, and from 1 April the Head of Finance would work with County Council on new arrangements to provide an effective audit service.

The Chair thanked the Officers for the report.

RESOLVED:

That the report be noted.

The Chair asked that thanks be passed on to the Internal Audit team on the fine work they had done for the authority, even when under the pressures they had faced.

66. CLOSE OF MEETING

The meeting closed at 6.03pm



External Audit Plan 2016/2017

Leicester City Council

February 2017

Appendix B

Financial Statement Audit



There are no significant changes to the Code of Practice on Local Authority Accounting in 2016/17, which provides stability in terms of the accounting standards the Authority need to comply with.

Materiality

Materiality for planning purposes has been based on last year's expenditure and set at **£15 million**.

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

See page 6 for more details.

Significant risks

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

- Significant changes in the pension liability due to LGPS Triennial Valuation;
- Revenue Recognition; and
- Management override of controls.

Other areas of audit focus

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

- Changes to the format and reporting requirements for the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement, as required by the 2016 CIPFA Code of Practice on Local Authority Accounting.

See pages 3 to 5 for more details.

Value for Money Arrangements work



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

- Financial resilience in the local and national economy; and
- Implementation of OFSTED's recommendations following their review of children's services.

See pages 7 to 11 for more details.

Logistics



Our team is:

- John Cornett – Director
- Helen Brookes – Manager
- Vikash Patel – Assistant manager

More details are on **page 14**.

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

Our fee for the audit is £146,603 (£146,603 2015/2016) see **page 12**.

Introduction

Background and Statutory responsibilities

This document supplements our Audit Fee Letter 2016/17 sent to you in April 2016, which also sets out details of our appointment by Public Sector Audit Appointments Ltd (PSAA).

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

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

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

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

Acknowledgements

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

Financial Statements Audit

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



Value for Money Arrangements Work

Our Value for Money (VFM) Arrangements Work follows a five stage process which is identified below. Page 7 provides more detail on the activities that this includes. This report concentrates on explaining the VFM approach for the 2016/17.





Financial Statements Audit Planning

Our planning work has taken place from December 2016 to February 2017. This involved the following key aspects:

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

Risk assessment

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

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

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



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



Significant Audit Risks

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

Significant changes in the pension liability due to LGPS Triennial Valuation

During the year, the Local Government Pension Scheme for Leicestershire (the Pension Fund) has undergone a triennial valuation with an effective date of 31 March 2016 in line with the Local Government Pension Scheme (Administration) Regulations 2013. The Authority's share of pensions assets and liabilities is determined in detail, and a large volume of data is provided to the actuary in order to carry out this triennial valuation.

The pension liability numbers to be included in the financial statements for 2016/17 will be based on the output of the triennial valuation rolled forward to 31 March 2017. For 2017/18 and 2018/19 the actuary will then roll forward the valuation for accounting purposes based on more limited data.

There is a risk that the data provided to the actuary for the valuation exercise is inaccurate and that these inaccuracies affect the actuarial figures in the accounts. Most of the data is provided to the actuary by Leicestershire County Council, who administer the Pension Fund.

Approach : As part of our audit, we will agree any data provided by the Authority to the actuary, back to the relevant systems and reports from which it was derived, in addition to checking the accuracy of this data.

We will also liaise with the Pension Fund Audit team, who are the auditors of the Pension Fund, where this data was provided by the Pension Fund on the Authority's behalf to check the completeness and accuracy such data.

Fraudulent revenue recognition

We do not consider this to be a significant risk for local authorities as there are limited incentives and opportunities to manipulate the way income is recognised.

We therefore rebut this risk and do not incorporate specific work into our audit plan in this area over and above our standard fraud procedures.

Management override of controls

Management is typically in a powerful position to perpetuate fraud owing to its ability to manipulate records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

In line with this methodology we carry out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.



Other areas of audit focus

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

Disclosure associated with retrospective restatement of CIES, EFA and MIRS

CIPFA has been working with stakeholders to develop better accountability through the financial statements as part of its 'telling the whole story' project. The key objective of this project was to make Local Government accounts more understandable and transparent to the reader in terms of how councils are funded and how they use the funding to serve the local population. The outcome of this project has resulted in two main changes in respect of the 2016-17 Local Government Accounting Code (the Code) as follows:

- Allowing local authorities to report on the same basis as they are organised by removing the requirement for the Service Reporting Code of Practice (SeRCOP) to be applied to the Comprehensive Income and Expenditure Statement (CIES); and
- Introducing an Expenditure and Funding Analysis (EFA) which provides a direct reconciliation between the way local authorities are funded and prepare their budget and the CIES. This analysis is supported by a streamlined Movement in Reserves Statement (MIRS) and replaces the current segmental reporting note.

As a result of these changes, retrospective restatement of the CIES (cost of services), EFA and MIRS is required from 1 April 2016 in the Statement of Accounts. The new disclosure requirements and the restatement of the accounts require compliance with relevant guidance and the correct application of applicable Accounting Standards.

Though less likely to give rise to a material error in the financial statements, this is an important material disclosure change in this year's accounts, worthy of audit understanding.

- **Approach:** We will liaise with the Authority's corporate finance team regarding the new requirements and agree the new disclosures, including the restatement of the prior year comparators.

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Financial statements audit planning (cont.)



Materiality

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

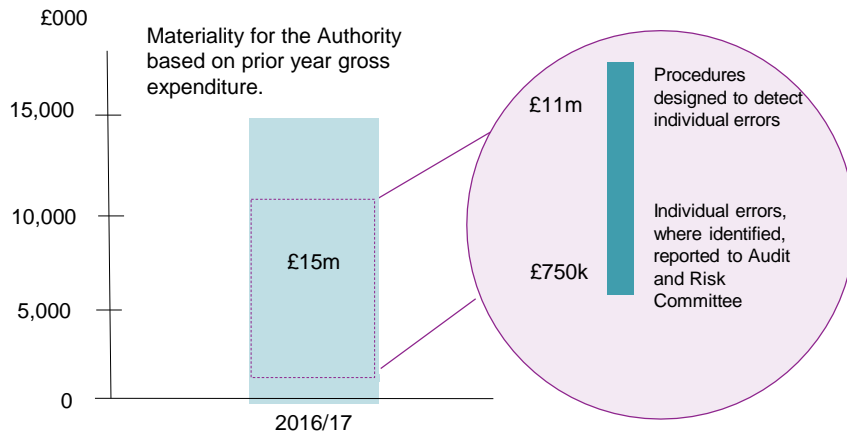
Generally, we would not consider differences in opinion in respect of areas of judgement to represent 'misstatements' unless the application of that judgement results in a financial amount falling outside of a range which we consider to be acceptable.

Materiality for planning purposes has been set at £15 million, which equates to 1.3 percent of gross expenditure for 2015-16.

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

Reporting to the Audit and Risk Committee

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



Based on our judgement and current risk assessment of the Authority, we have set materiality at £15 million (£15 million in 2015-16), which is 1.3% of total expenditure (1.4% in 2015-16). We design our procedures to detect individual errors at £11 million for the year ending 31 March 2017, and we have some flexibility to adjust this level downwards.

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

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

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

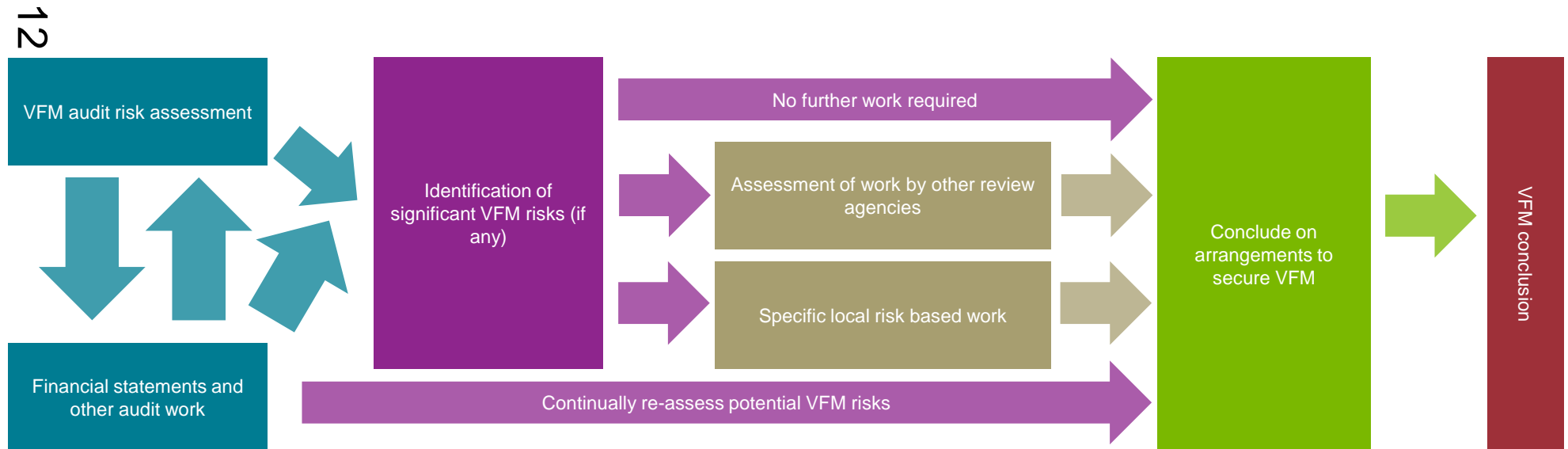


Background to approach to VFM work

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

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

The VFM approach is fundamentally unchanged from that adopted in 2015/2016 and the process is shown in the diagram below. The diagram overleaf shows the details of the criteria for our VFM work.





Overall criterion

In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

Informed decision making

Proper arrangements:

- Acting in the public interest, through demonstrating and applying the principles and values of sound governance.
- Understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management.
- Reliable and timely financial reporting that supports the delivery of strategic priorities.
- Managing risks effectively and maintaining a sound system of internal control.

Sustainable resource deployment

Proper arrangements:

- Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.
- Managing and utilising assets to support the delivery of strategic priorities.
- Planning, organising and developing the workforce effectively to deliver strategic priorities.

Working with partners and third parties

Proper arrangements:

- Working with third parties effectively to deliver strategic priorities.
- Commissioning services effectively to support the delivery of strategic priorities.
- Procuring supplies and services effectively to support the delivery of strategic priorities.

Value for money arrangements work (cont.)



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

Value for money arrangements work (cont.)



VFM audit stage	Audit approach
<p>Assessment of work by other review agencies</p> <p>and</p> <p>Delivery of local risk based work</p>	<p>Depending on the nature of the significant VFM risk identified, we may be able to draw on the work of other inspectorates, review agencies and other relevant bodies to provide us with the necessary evidence to reach our conclusion on the risk.</p> <p>If such evidence is not available, we will instead need to consider what additional work we will be required to undertake to satisfy ourselves that we have reasonable evidence to support the conclusion that we will draw. Such work may include:</p> <ul style="list-style-type: none"> ■ Meeting with senior managers across the Authority; ■ Review of minutes and internal reports; ■ Examination of financial models for reasonableness, using our own experience and benchmarking data from within and without the sector.
<p>Concluding on VFM arrangements</p> <p>15</p>	<p>At the conclusion of the VFM audit we will consider the results of the work undertaken and assess the assurance obtained against each of the VFM themes regarding the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources.</p> <p>If any issues are identified that may be significant to this assessment, and in particular if there are issues that indicate we may need to consider qualifying our VFM conclusion, we will discuss these with management as soon as possible. Such issues will also be considered more widely as part of KPMG's quality control processes, to help ensure the consistency of auditors' decisions.</p>
<p>Reporting</p>	<p>On the following page, we report the results of our initial risk assessment.</p> <p>We will report on the results of the VFM audit through our ISA 260 Report. This will summarise any specific matters arising, and the basis for our overall conclusion.</p> <p>If considered appropriate, we may produce a separate report on the VFM audit, either overall or for any specific reviews that we may undertake.</p> <p>The key output from the work will be the VFM conclusion (i.e. our conclusion on the Authority's arrangements for securing VFM), which forms part of our audit report.</p>



Significant VFM Risks

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

Financial resilience

In February 2016 the Authority anticipated having to find revenue savings amounting to £55 million per annum by 2019/20. The Authority had set aside a managed reserves fund, but this would be exhausted by March 2018.

As a result of spending reviews undertaken, and a review of earmarked reserves, additional reserves have become available, extending the availability of reserves into 2019. The Authority anticipates that spending reviews approved from now on will extend the strategy further.

While there is an improvement in the overall position, the report presented to Council in February 2017 acknowledges the extent of the issue facing the Authority, with estimated annual savings of £41 million still to be found by 2019/20.

Approach

○ We will undertake the following procedures over this significant risk:

- Review actions taken by the Authority in setting the budget for 2017/18 and updating the medium term financial plan;
- Review the processes in place to identify and drive forward further savings.



Significant VFM Risks

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

OFSTED Findings – Children’s Services

In March 2015 OFSTED published a report that concluded “The overall judgement is that children’s services are inadequate.”

There is a “Dashboard of key indicators” that tracks progress against a range of measures. The dashboard presented to the LCCIB for December 2016 shows 12 out of 19 key performance indicators (KPIs) assessed as good/outstanding, 4 assessed as inadequate, with a further 3 still requiring improvement.

The Authority produces “12 week action plans” that focus on the priorities for the immediate period ahead, to better concentrate the efforts of staff. These are updated regularly and reported to the Leicester City Children’s Improvement Board (LCCIB).

Earlier in the year a peer review (Carried out by other Authorities) gave the Authority positive external endorsement of the direction of travel and current practice in relation to safeguarding and child protection.

In January 2017 Ofsted undertook their sixth monitoring visit since the full inspection in early 2015. Inspectors found progress in most of the areas identified in the inspection, and significant progress in some aspects of work to support children in need and children in need of protection. The report also highlighted areas where further improvements are still required.

There is evidence that the Authority is taking on board the comments made by OFSTED from their interim reviews, and is working closely with other ‘good’ local authorities, external agencies and partners to deliver children’s services. Findings from OFSTED monitoring visits and external reviews will be incorporated into a refreshed Improvement plan.

A formal re-inspection by OFSTED is expected to take place later in 2017.

Approach

We will undertake the following procedures over this significant risk:

- Review actions taken by the Authority in relation to the refreshed improvement plan;
- Take into account the findings from the formal OFSED re-inspection (if available).

We will not make any judgements regarding the quality of service.

Whole of government accounts (WGA)

We are required to review your WGA consolidation and undertake the work specified under the approach that is agreed with HM Treasury and the National Audit Office. Deadlines for production of the pack and the specified approach for 2016/17 have not yet been confirmed.

Elector challenge

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

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

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

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

Our audit team

Our audit team will be led by John Cornett. This is the fourth year that John has led the audit team providing continuity and consistency. Helen Brookes, an experienced Audit Manager, joins the team this year. Appendix 2 provides more details on specific roles and contact details of the team.

Reporting and communication

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

Independence and Objectivity

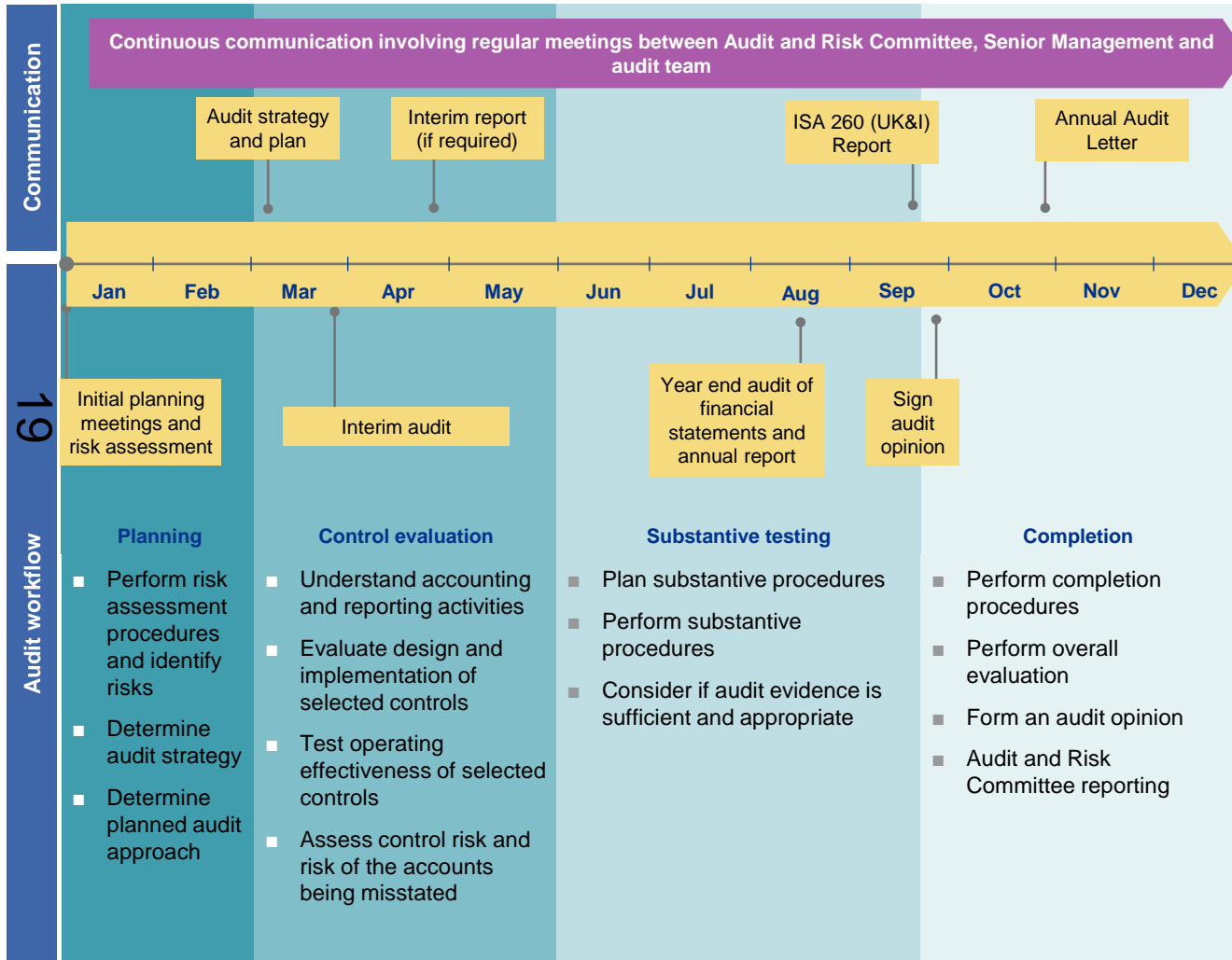
Auditors are also required to be independent and objective. Appendix 3 provides more details of our confirmation of independence and objectivity.

Audit fee

Our Audit Fee Letter 2016/2017 presented to you in April 2016 first set out the scale fee set by PSAA for the 2016/2017 audit. This letter also set out our assumptions. The scale audit fee for 2016/17 is £146,603 (£146,603 2015/2016). We have not at this stage proposed any change to the scale fee. We have identified significant audit risks in this plan and will update the Authority if the fee needs to change to accommodate any additional audit work required in response to these risks.

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

Appendix 1: Key elements of our financial statements audit approach



Driving more value from the audit through data and analytics

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

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

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

Appendix 2: Audit team



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



Name	John Cornett
Position	Director
	'My role is to lead our team and ensure the delivery of a high quality, valued added external audit opinion. I will be the main point of contact for the Audit and Risk Committee and the Chief Operating Officer.'

John Cornett

Director

0116 256 6064

John.Cornett@KPMG.co.uk



Name	Helen Brookes
Position	Manager
	'I provide quality assurance for the audit work and specifically any technical accounting and risk areas. I will work closely with the Director to ensure we add value. I will liaise with the Director of Finance and Head of Internal Audit.'

Helen Brookes

Manager

0115 945 4476

Helen.Brookes@KPMG.co.uk



Name	Vikash Patel
Position	Assistant Manager
	'I will be responsible for the on-site delivery of our work and will supervise the work of our audit assistants.'

Vikash Patel

Assistant Manager

0116 256 6069

Vikash.Patel@KPMG.co.uk



Appendix 3: Independence and objectivity requirements

Independence and objectivity

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

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

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

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

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

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

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

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

Confirmation statement

We confirm that as of February 2017 in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Engagement Lead and audit team is not impaired.



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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment’s website (www.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, by email to Andrew.Sayers@kpmg.co.uk. After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA’s complaints procedure by emailing generalenquiries@psaa.co.uk by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

Executive Decision Report

PROCUREMENT PLAN 2017/18

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

Decision to be taken on: **23 March 2017**

Lead director: **Alison Greenhill**



City Mayor

Useful information

- Ward(s) affected: **All**
- Report author: **Neil Bayliss**
- Author contact details: **Tel: 37 4021 Email: neil.bayliss@leicester.gov.uk**
- Report version number: **001**
- Date of report: **1 March 2017**

1. Summary

- 1.1 The Council's Contract Procedure Rules require Executive approval of a Procurement Plan – a list of forthcoming procurement activity above EU thresholds anticipated to be advertised in the coming year. This requirement aligns with the government's requirements of local authorities under the Transparency agenda.
- 1.2 Inclusion of a contract in the Plan does not necessarily mean that the procurement will go ahead. As with all expenditure, anticipated contracts will be subject to ongoing challenge as to whether they are required, and whether/how they should be procured. This review process may impact on the anticipated value and/or duration of contract.
- 1.3 The purpose of this report is to obtain approval to the 2017/18 Procurement Plan and to inform the Executive of the potential up and coming major procurement activity across the Council, which includes renewal of existing contracts for ongoing requirements (e.g. maintenance and service provision contracts) and one-off major capital projects.

2. Recommendations

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

3. Supporting information

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

- b) To provide the Executive and other readers with an overview of significant procurement activity and to enable links and efficiencies to be achieved.
- 3.2 The Plan is based on information from Directors/Heads of Service and from reviewing the database of existing contracts approaching expiry. Entry on the Plan does not guarantee that procurement will happen and the actual costs may vary from the estimates.
- 3.3 Timely processing and approval of the Plan ensures better procurement planning and allows the market to consider upcoming opportunities, in line with the transparency agenda.
- 3.4 The scope of the Plan can be affected by major reviews across the Council, leading to the extension of existing contracts and uncertainty for including future procurements, with less procurement activity than might usually be expected. It will also be noted that the procurement approach and timing, contract term and values are still to be determined for some procurements, whilst review work takes place.
- 3.5 As required by the Contract Procedure Rules, the Plan (attached at Appendix A) includes details of expected procurement processes for contracts valued at over the relevant EU threshold. These thresholds were updated in December 2015 for the next two years:
- Social & Other Specific Services £589,148
 - All Other Goods & Services £164,176
 - Works £4,104,394
- 3.6 Entries on 2016/17 Procurement Plan (as updated) have not been included again on the 2017/18 Plan if they have already been advertised in 2016/17.
- 3.7 The Procurement Plan will be updated and reported to the Executive and Audit and Risk Committee approximately half way through the financial year. The Plan will subsequently be updated on the Council's website.
- 3.8 The Contract Procedure Rules also require a "Procurement Pipeline" to be produced which includes details of expected procurement processes for Intermediate and Large Contracts (Goods/Services contracts over £10,000 and Works contracts over £25,000 but below the relevant EU threshold). However, this information is subject to change, with new requirements often identified at short notice. This will be published on the Council's website for potential suppliers to gain advance notice of the Council's intentions and to comply with transparency requirements.
- 3.9 The Contract Procedure Rules provide delegated authority to Divisional Directors in consultation with the Head of Procurement and City Barrister to award contracts over the EU threshold, so long as those contracts are included in the Procurement Plan – Appendix A (or the updated version reported to the Executive).
- 3.10 The Contract Procedure Rules require the Head of Procurement to report a summary of waivers and some contract extensions of the Rules to Executive. The

tables below show an analysis of the waivers approved during the current and last financial years. This is shown by both department and a broad categorisation of the reason for the waiver. (Note: figures for 2015/16 are given from 18 June as this was the date the current Contract Procedure Rules came into force)

Reason for Waiver	2015/16 (from 19/06/2015)		2016/17 (until 31/01/17)	
	Qty	Value	Qty	Value
Continuity of Provision	21	£15,831,914	15	£854,087
Limited Supply Market	6	£68,042	6	£68,872
Urgency	4	£154,768	10	£733,698
Other	2	£900,000	4	£88,500
	33	£16,954,725	35	£1,745,158

Department	2015/16 (from 19/06/2015)		2016/17 (until 31/01/17)	
	Qty	Value	Qty	Value
Adult Social Care				
City Development & Neighbourhoods	19	£771,284	23	£1,566,271
Corporate Resources & Support	5	£176,385	6	£101,025
Education & Children's Services	6	£102,062	5	£65,903
Public Health	3	£15,904,994	1	£11,958
	33	£16,954,725	35	£1,745,158

3.13 The Contract Procedure Rules also require bi-annual reporting of contract extensions of Large and EU Contracts made where there wasn't provision for this in the original contract. The table below sets out such extensions approved during the current and last financial years. (Note: Contract values given below include the full contract value from the original start date to the end of the extension period.)

Department	2015/16 (from 19/06/2015)			
	Large		EU	
	Qty	Value	Qty	Value
Adult Social Care				
City Development & Neighbourhoods	1	£692,000		
Corporate Resources & Support	1	£504,616		
Education & Children's Services				
Public Health			1	£822,275
	2	£1,196,616	1	£822,275

Department	2016/17 (until 31/01/17)			
	Large		EU	
	Qty	Value	Qty	Value
Adult Social Care				
City Development & Neighbourhoods	1	£95,000		
Corporate Resources & Support				
Education & Children's Services			1	£866,607
Public Health			3	£31,619,656
	1	£95,000	4	£32,486,263

3.14 The Council is accredited as a Living Wage Employer and requires contracts meeting the criteria set by the Living Wage Foundation (LWF) to ensure relevant staff are paid the LWF's Living Wage. The Council incorporates social value – such as requirements in relation to environment, fair trade, job creation, apprenticeships and training - into its procurement activity and is developing a Social Value Charter.

4. Details of Scrutiny

4.1 As required by the Contract Procedure Rules, the Procurement Plan will be reported to the Audit & Risk Committee on 22 March 2017. Scrutiny Committees are invited to use the Procurement Plan to identify any entries they wish to review at Scrutiny.

5. Financial, legal and other implications

5.1 Financial implications

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

Colin Sharpe
Head of Finance
Ext 37 4081

5.2 Legal implications

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

Emma Horton
Head of Law

5.3 Climate Change and Carbon Reduction implications

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

5.4 Equality Impact Assessment

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

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

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

6. Background information and other papers:

6.1 Procurement Plan 2016/17 Update Report.

7. Summary of appendices:

7.1 Appendix 1–Procurement Plan 2017/18.

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

8.1 No.

9. Is this a “key decision”?

9.1 No.

Procurement Plan 2017-2018

Name of Contract	Full Contract Value	Anticipated Contract Start Date	Duration of New Contract	Department	Division	Service Area
Acquired Brain Injuries Service	£151,000	01/04/18	3+2 Years	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Advocacy Services	£1,250,000	01/04/18	3+2 Years	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Assessment and Equipment Service for People who are Deaf, Deafened or Hard of Hearing	£250,000	01/04/18	3+2 Years	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Carers Support Services	£1,265,000	01/04/18	3+2 Years	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Community Meals	£575,000	01/10/18	4 Years	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Community Opportunities (Day Care)	To be confirmed	01/04/18	4 Years	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Delivery of Adult Social Care Functions in HMP Leicester	£225,000	01/04/18	3+2 Years	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Dementia Care Advisor Service	£3,000,000	01/10/17	2+3 Years	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Direct Payments Support Services	To be confirmed	01/04/18	4 Years	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Disabled Persons Support Services	£231,000	01/04/18	3+2 Years	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Domiciliary Support Service (Extra Care at Danbury Gardens)	£700,000	01/10/17	7 Years	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Extra Care Developments	£3,000,000	To be confirmed	To be confirmed	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Healthwatch Leicester	£1,100,000	01/04/18	3+2 Years	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Independent Living Support - Floating Support	£1,070,000	01/10/17	3+2 Years	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Independent Living Support - Supported Housing	£1,860,000	01/10/17	3+2 Years	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Lifts and Hoists (for Adults with Disabilities)	To be confirmed	01/06/18	4 Years	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Mental Health Recovery & Resilience Recovery Hubs	£6,245,000	01/10/17	3+2 Years	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Recovery Hub (Substance Misuse)	£780,000	01/07/17	3+2 Years	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Residential Rehabilitation Substance Misuse Framework	£4,800,000	01/07/17	4 Years	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Short Break Services	To be confirmed	To be confirmed	To be confirmed	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Short-Term Residential Care Beds	£1,900,000	03/07/17	2+3 Years	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Visual and Sensory Impairment Service	£1,485,000	01/04/18	3+2 Years	Adult Social Care & Health	Adult Social Care & Commissioning	Strategic Commissioning
Servicing of Fire Extinguishers	£260,000	01/10/17	3+2 Years	City Development & Neighbourhoods	Estates & Building Services	Building Services
Energy Performance Contract	£20,000,000	01/07/17	15 Years	City Development & Neighbourhoods	Estates & Building Services	Energy Services
Home Energy Heating - Private Sector Homes	£900,000	01/07/17	3 Years	City Development & Neighbourhoods	Estates & Building Services	Energy Services
Home Energy Insulation - Private Sector Homes	£300,000	01/07/17	3 Years	City Development & Neighbourhoods	Estates & Building Services	Energy Services
LED Lighting	£500,000	01/09/17	To be confirmed	City Development & Neighbourhoods	Estates & Building Services	Energy Services
Solar PV	£300,000	01/09/17	To be confirmed	City Development & Neighbourhoods	Estates & Building Services	Energy Services
Solid External Wall Insulation	£1,240,000	01/09/17	3 Years	City Development & Neighbourhoods	Estates & Building Services	Energy Services
Construction Works Framework	£240,000,000	01/07/17	4 Years	City Development & Neighbourhoods	Estates & Building Services	Housing & Property
Lifts - Maintenance, Refurbishment and New Installations	£1,500,000	01/08/17	To be confirmed	City Development & Neighbourhoods	Estates & Building Services	Property
Property Maintenance	To be confirmed	01/07/17	4 Years	City Development & Neighbourhoods	Estates & Building Services	Property
Security Services (including Keyholding, Manned Guarding and Out-of-Hours Response)	£1,000,000	01/01/18	5 Years	City Development & Neighbourhoods	Estates & Building Services	Property
Specialist Cleaning Services (including Ad-Hoc, Reactive, Poolside, Windows, Gutters, Facades, Extractions and Kitchens)	£2,500,000	01/04/18	5 Years	City Development & Neighbourhoods	Estates & Building Services	Property
Washroom Services	£200,000	01/07/17	5 Years	City Development & Neighbourhoods	Estates & Building Services	Property
District Heating Heat Metering	£10,000,000	To be confirmed	To be confirmed	City Development & Neighbourhoods	Housing	Capital Investment

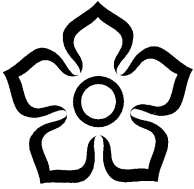
Procurement Plan 2017-2018						
Name of Contract	Full Contract Value	Anticipated Contract Start Date	Duration of New Contract	Department	Division	Service Area
District Heating Repairs - Maintenance & Upgrades	£4,500,000	01/09/17	2+1+1 Years	City Development & Neighbourhoods	Housing	Capital Investment
Electrical Upgrades and Rewiring of Domestic Dwellings	£10,000,000	01/04/18	3+1+1 Years	City Development & Neighbourhoods	Housing	Capital Investment
Fire Containment & Passive Fire Protection Works	£10,000,000	To be confirmed - Anticipated Summer 2018	3+1+1 Years	City Development & Neighbourhoods	Housing	Capital Investment
Home Insulation - Energy Saving Initiatives	£10,000,000	To be confirmed	2+1+1 Years	City Development & Neighbourhoods	Housing	Capital Investment
Kitchen & Bathroom refurbishments (Supply & Fit) and Repairs & Maintenance to Social Housing	£30,000,000	01/06/17	3+1+1+1 Years	City Development & Neighbourhoods	Housing	Capital Investment
Minor Building Works, Disabled Adaptations & Structural Repairs (Disabled Facility Grants)	£8,000,000	01/12/17	2+1+1+1+1 Years	City Development & Neighbourhoods	Housing	Capital Investment
Re-Roofing	£5,000,000	01/01/18	3+1+1 Years	City Development & Neighbourhoods	Housing	Capital Investment
Structural Repairs & Misc Building Works (Council Houses)	£4,000,000	01/08/17	2+1+1 Years	City Development & Neighbourhoods	Housing	Capital Investment
Homelessness Services	£7,162,074	01/04/18	3+3 Years	City Development & Neighbourhoods	Housing	Homelessness, Prevention and Support
Decorating Allowance Card Scheme	£1,000,000	01/04/18	2+1+1+1 Years	City Development & Neighbourhoods	Housing	Housing
Stores Management / Supply of Building & Construction Materials	£45,000,000	01/10/17	10 Years	City Development & Neighbourhoods	Housing	Housing
Central Vehicle Pool Replacement Programme	£2,300,000	01/07/17		City Development & Neighbourhoods	Housing	Passenger & Fleet Services
18 Ton Refuse Collection Vehicles (RCV)	£185,000	01/05/17		City Development & Neighbourhoods	Housing	Planning & Major Works
Public Protection Solution & Associated Services	£300,000	01/09/17	10 Years	City Development & Neighbourhoods	Neighbourhood & Environmental Services	Local Services & Enforcement
Library Management System	£250,000	01/05/18	5 Years	City Development & Neighbourhoods	Neighbourhood & Environmental Services	Neighbourhood Services
Landscaping Works	To be confirmed	01/07/17	2+1+1 Years	City Development & Neighbourhoods	Neighbourhood & Environmental Services	Parks & Open Spaces
Parks & Greenspace Fencing	£400,000	01/07/17	3+2 Years	City Development & Neighbourhoods	Neighbourhood & Environmental Services	Parks & Open Spaces
Parks Signage	£150,000	01/07/17	3+2 Years	City Development & Neighbourhoods	Neighbourhood & Environmental Services	Parks & Open Spaces
Street Furniture	£160,000	01/08/17	3+1 Years	City Development & Neighbourhoods	Neighbourhood & Environmental Services	Parks & Open Spaces
Weed Spraying Services	£303,750	29/04/17	3+2 Years	City Development & Neighbourhoods	Neighbourhood & Environmental Services	Parks & Open Spaces
Supply of Fixed Play Equipment & Spares	£750,000	01/10/17	2+1 Years	City Development & Neighbourhoods	Neighbourhood & Environmental Services	Standards & Development
Infrastructure Delivery Plan and Costing for John Ellis Site	£200,000	01/07/17	12-15 Months	City Development & Neighbourhoods	Planning, Development & Transportation	Development Projects
Site Remediation, Installation of Infrastructure & Services for former John Ellis Site. Creation of Development Platform	£4,000,000	01/07/17	2 Years	City Development & Neighbourhoods	Planning, Development & Transportation	Development Projects
Highway Maintenance, Construction and Civil Engineering	£16,000,000	01/07/17	3+1 Years	City Development & Neighbourhoods	Planning, Development & Transportation	Highways
Hire of Plant (Without Operator)	£4,000,000	01/08/17	1+4 Years	City Development & Neighbourhoods	Planning, Development & Transportation	Highways

Procurement Plan 2017-2018						
Name of Contract	Full Contract Value	Anticipated Contract Start Date	Duration of New Contract	Department	Division	Service Area
Maintenance of Highway Structures	£7,000,000	01/08/17	4 Years	City Development & Neighbourhoods	Planning, Development & Transportation	Highways
Parking Permits Review (including Permits)	To be confirmed	To be confirmed	To be confirmed	City Development & Neighbourhoods	Planning, Development & Transportation	Highways
Parking Services IT System	£200,000	01/09/17	5 Years	City Development & Neighbourhoods	Planning, Development & Transportation	Highways
Planning System	£250,000	01/10/17	10 Years	City Development & Neighbourhoods	Planning, Development & Transportation	Planning
Bus Shelters	£7,500,000	01/04/18	15 Years	City Development & Neighbourhoods	Planning, Development & Transportation	Transport Strategy
London Road Cycle Lane Improvements Scheme	£5,000,000	01/01/18	9 Months	City Development & Neighbourhoods	Planning, Development & Transportation	Transport Strategy
Maintenance and/or Replacement of Ticketing and Access/Exit Barriers for Multi-storey Car Parks	£200,000	01/07/17	4+2 Years	City Development & Neighbourhoods	Planning, Development & Transportation	Transport Strategy
Smart Ticketing	£450,000	01/03/18	5 Years (TBC)	City Development & Neighbourhoods	Planning, Development & Transportation	Transport Strategy
Supply of Traffic Rubber Products	£500,000	31/08/17	5 Years	City Development & Neighbourhoods	Planning, Development & Transportation	Transport Strategy
Sustainable Transport Service Provision	£1,500,000	01/04/18	2+2 Years	City Development & Neighbourhoods	Planning, Development & Transportation	Transport Strategy
Cycling Schools Programme	£300,000	To be confirmed	3 +2 Years	City Development & Neighbourhoods	Planning, Development & Transportation	Transport Strategy & Programmes
Workplace and Neighbourhood Cycling Programme	£300,000	To be confirmed	3 +2 Years	City Development & Neighbourhoods	Planning, Development & Transportation	Transport Strategy & Programmes
Leicester City Market Phase 2b - Construction - Screen	£3,800,000	01/07/17	1 Year	City Development & Neighbourhoods	Tourism, Culture & Inward investment	Development Projects
Graphic Design	£175,000	01/10/17	2+2 Years	Corporate Resources & Support	Delivery, Communications & Political Governance	Communications and Marketing
Print Services	£650,000	01/10/17	2+2 Years	Corporate Resources & Support	Delivery, Communications & Political Governance	Communications and Marketing
Individual Electoral Registration (IER) Mailing	£200,000	01/09/17	3 Years	Corporate Resources & Support	Delivery, Communications & Political Governance	Electoral Services
Active Call Directory System (ACD)	£300,000	01/10/17	3+7 Years	Corporate Resources & Support	Finance	Benefits & Customer Advice
Council Tax - Single Person's Discount Review	£180,000	01/09/17	2+1 Years	Corporate Resources & Support	Finance	Benefits & Customer Advice
Agency Staff (Master Vendor)	£40,000,000	17/11/17	3+1 Years	Corporate Resources & Support	Finance	Business Service Centre
Travel Services (inc. Booking System)	£261,000	01/09/17	2+1 Years	Corporate Resources & Support	Finance	Business Service Centre
External Audit	£750,000	01/04/18	5 Years	Corporate Resources & Support	Finance	Finance
Liability Insurance	£600,000	01/09/18	3+2 Years	Corporate Resources & Support	Finance	Finance
CCTV Relocation	£300,000	01/09/17	To be confirmed	Corporate Resources & Support	Finance	Information Services
CISCO Support	£300,000	01/09/17	3 Years	Corporate Resources & Support	Finance	Information Services
EDRMS Replacement	£510,000	01/04/18	10 Years	Corporate Resources & Support	Finance	Information Services
Network Equipment Replacement	£170,000	01/09/17	4 Years	Corporate Resources & Support	Finance	Information Services
PC & Laptops, Screen & Associated Items (Peripherals)	£300,000	Call off purchases	1 Year	Corporate Resources & Support	Finance	Information Services
Server Replacement	£200,000	01/09/17	4 Years	Corporate Resources & Support	Finance	Information Services
Hybrid Mail	£750,000	01/10/17	5 Years	Corporate Resources & Support	Finance	IT Services
Paper Supplies	£315,000	01/09/17	3+2 Years	Corporate Resources & Support	Finance	Procurement Services

Procurement Plan 2017-2018

Name of Contract	Full Contract Value	Anticipated Contract Start Date	Duration of New Contract	Department	Division	Service Area
Corporate Enforcement Agents & Associated Services	£2,000,000	01/11/17	7 Years	Corporate Resources & Support	Finance	Revenues & Customer Support
Social Welfare Advice	£2,500,000	01/12/18	3+2 Years	Corporate Resources & Support	Finance	Revenues & Customer Support
Children, Young People and Families Information Management System (CCIMS)	£200,000	01/04/18	5+5 Years	Education & Children's Services	Children's Social Care & Early Help	Early Help - Targeted Services
Domestic Goods and Home Furnishings for Care Leavers	£700,000	01/07/17	4 Years	Education & Children's Services	Children's Social Care & Early Help	Social Care and Early Years
Construction of Waterside Primary School	£13,000,000	Sept/Oct 2017	18 Months	Education & Children's Services	Learning Services	Education Sufficiency and Admissions
Patients Know Best IT System	£150,000	01/09/17	1+2 Years	Education & Children's Services	Learning Services	SEND Services
Childrens Capital Maintenance Programme Phase 2	To be confirmed	To be confirmed	To be confirmed	Education & Children's Services	Learning Services (Estates & Building Services)	Education Sufficiency and Admissions (Property)
SEN Schools, PRU and Additonal Provision	To be confirmed	To be confirmed	To be confirmed	Education & Children's Services	Learning Services (Estates & Building Services)	Education Sufficiency and Admissions (Property)
Temporary Modular Buildings for Primary School Expansion Programme	£4,500,000	Spring/Summer 2017	1 Year	Education & Children's Services	Learning Services (Estates & Building Services)	Education Sufficiency and Admissions (Property)
Temporary Modular Buildings for Secondary School Expansion Programme	£3,780,000	Spring/Summer 2017	1 Year	Education & Children's Services	Learning Services (Estates & Building Services)	Education Sufficiency and Admissions (Property)
Healthy Eating in Schools Service	£300,000	01/04/18	2+1 Years	Public Health	Public Health	Public Health
Healthy Lifestyles Services	£3,650,000	01/04/18	2+1+1+1 Years	Public Health	Public Health	Public Health
Integrated Sexual Health Services (including Prevention & Community-Provided Services)	£17,250,000	01/01/19	3+1+1 Years	Public Health	Public Health	Public Health
Public Mental Health	£200,000	To be confirmed	To be confirmed	Public Health	Public Health	Public Health

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FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Audit & Risk Committee

22 March 2017

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

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

1. Purpose of Report

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

2. Recommendations

- 2.1. The Committee is recommended to:
 - a) Confirm that no changes to the **Assurance Framework** are needed and agree that it shall form the basis on which the Council will compile its Annual Governance Statement for the financial year 2016-17 (Appendix 1)
 - b) Accept the changes to the **Local Code of Corporate Governance** (Appendix 2)
 - c) Confirm that no material changes to the Committee's **terms of reference** are needed (Appendix 3)
 - d) Approve the above three documents.

3. Summary

- 3.1. In the interests of good governance and compliance with law and regulation, the Council has in place an Assurance Framework, a Local Code of Corporate Governance and a formally constituted Audit & Risk Committee. This Committee has prescribed terms of reference that form part of the Council's constitution and are designed to enable the Committee to discharge its functions both as 'those charged with governance' generally and as 'the Board' under the Public Sector Internal Audit Standards.

- 3.2. There are clear linkages between these components in making up the Council's overall system of corporate governance. In order that they remain relevant and fit for purpose, each of these documents is subject to annual review. A detailed review and significant update was undertaken in 2013 with the aim of codifying the Council's corporate governance machinery. This established how the Council frames its governance arrangements (i.e. the standards and thresholds set, and the mechanisms we utilise for ensuring they are sound). The three annual reviews since 2014 identified little need to amend the process and this report follows a further refresh for 2017-18.
- 3.3. Reporting on actual compliance (i.e. what we have achieved as an organisation in this regard) will be reported in due course through the Annual Governance Statement.
- 3.4. This report seeks the Committee's confirmation that the assurance framework and its components reflect the changes required to align to the new guidance's and necessary minor updates in terminology.

4. Report

4.1. Assurance Framework

- 4.1.1. The overall structure of the Council's system of corporate governance is summarised in the Assurance Framework. This was last reviewed by the Audit & Risk Committee at its meeting on 23 March 2016 and is set out in **Appendix 1** with no changes made this year.
- 4.1.2. The assurance framework takes as its starting point the Council's principal strategic and organisational objectives, including the City Mayor's Delivery Plan. Key strategies and plans translate these objectives into deliverable actions. High-level risks that threaten the achievement of objectives are identified in the strategic and operational risk registers. It is management's responsibility to establish and maintain effective systems of governance and internal control to ensure that the Council's service objectives are delivered and risks to those objectives are managed to an acceptable level.
- 4.1.3. In order that the Council's business is delivered in a way that promotes public trust and confidence, there must be sufficient assurance that sound internal control arrangements are in place and operating effectively. The assurance framework therefore brings together various internal and external sources of assurance; audit is fundamental to this.
- 4.1.4. The Council is also required to carry out at least once in each year a review of the effectiveness of its system of internal control.
- 4.1.5. The outcomes of all these sources of review and assurance are brought together in summary in the statutory Annual Governance Statement which, following approval by the Audit & Risk Committee, is ultimately signed by the City Mayor and published alongside the Council's financial statements.
- 4.1.6. The intention of the assurance framework is therefore to set out a structured and coordinated process, drawing together the outcomes of the various assurance,

governance and control mechanisms so as to ensure that the Annual Governance Statement is comprehensive in its coverage and reliable in its content.

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

4.2. Local Code of Corporate Governance

- 4.2.1. A central component of the Council's system of governance is its Local Code of Corporate Governance. This has been in place for a number of years and reflects the main components set out in the CIPFA and SOLACE guidance *Delivering Good Governance in Local Government: Framework*. The Local Code is a public statement of the arrangements the Council has in place to ensure it conducts its business in a way that upholds the highest standards. It is intended to demonstrate the Council's adherence to the seven principles of public life, defined by the Committee on Standards in Public Life as selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
- 4.2.2. The Local Code of Corporate Governance is therefore an important part of the Council's public accountability. As such, it must remain fit for purpose and each year the Council conducts a review of compliance with the Code. The results of this review feed into the annual review of the effectiveness of the Council's system of internal control, mentioned above at paragraph 4.1.4, thereby also contributing to the Annual Governance Statement.
- 4.2.3. The Local Code of Corporate Governance was last approved by the Audit & Risk Committee at its meeting on 23 March 2016. Its content has been reviewed and substantial changes have been made to ensure this aligns to the new CIPFA Delivering Good Governance in Local Government Framework 2016.
- 4.2.4. The updated Local Code of Corporate Governance is given at **Appendix 2**. As this has been totally rewritten, there is no guidance as to what has changed. Effectively the whole document is new.

4.3. Audit & Risk Committee Terms of Reference

- 4.3.1. As a formally constituted Committee of the Council, the Audit & Risk Committee is governed by formal terms of reference. These are subject to annual review; the current version was approved by the Committee at its meeting on 23 March 2016.
- 4.3.2. The only changes are minor updates to reflect the change in the delivery of the Internal Audit function; the removal of the Insurance function from the Risk Management team; and the departure of the Head of Internal Audit and Risk Management. These are shown in the appendix as being underlined.
- 4.3.3. The updated Terms of Reference are given at **Appendix 3**.

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1. Financial Implications

Adequate and effective systems of corporate governance and assurance and an effective Audit & Risk Committee are all central components in the processes intended to help ensure that the Council operates efficiently, cost effectively and with integrity. Such arrangements will support the processes of audit and internal control that will help the Council as it faces financially challenging times.

Colin Sharpe, Head of Finance, x37 4081

5.2. Legal Implications

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

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

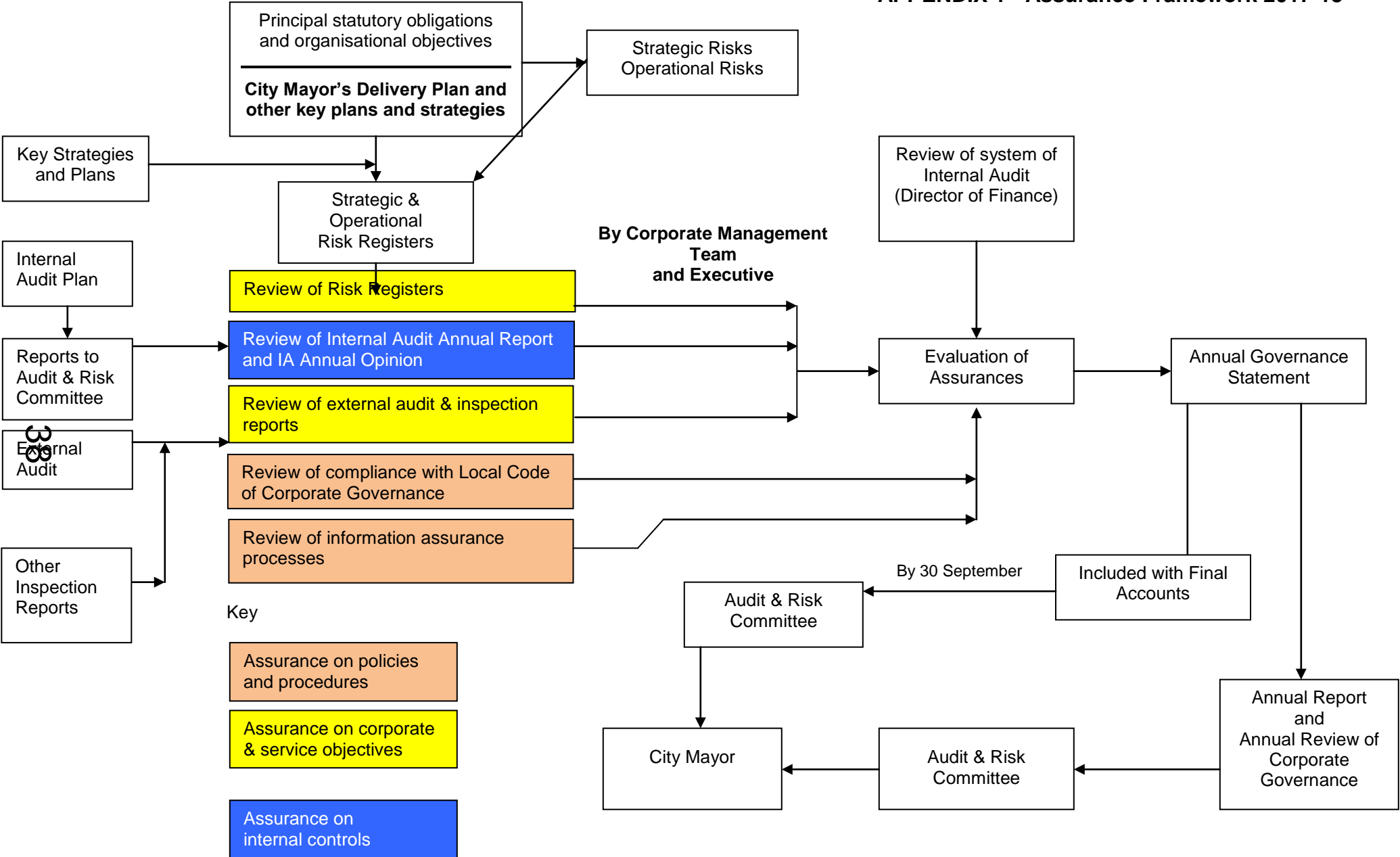
6. Other Implications

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

7. Report Author

Tony Edeson, Head of Internal Audit & Risk Management, Financial Services, x37
 1621 tony.edeson@leicester.gov.uk

APPENDIX 1 - Assurance Framework 2017-18



APPENDIX 2 - Local Code of Corporate Governance 2017/18

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

INTRODUCTION

Corporate governance is a term used to describe the way that organisations direct and control what they do. For local authorities, it includes the systems, policies and processes as well as the cultures and values that underpin a Council's arrangements for effective:

- Leadership
- Management
- Performance
- Delivery of positive customer outcomes
- Community engagement
- Stewardship of public money

GOOD CORPORATE GOVERNANCE

Leicester City Council is committed to the principles of good corporate governance identified in the CIPFA/SOLACE guidance "*Delivering Good Governance in Local Government*" and confirms its on-going intentions through the adoption, monitoring and development of its own Local Code of Corporate Governance. The Council recognises that achieving high standards of corporate governance will encourage stakeholders to have confidence in us and will allow the Council to undertake its role with its community.

This document sets out Leicester City Council's *Local Code of Corporate Governance* and the processes for monitoring its effectiveness. The Code provides the framework for the Council to achieve its aims and objectives.

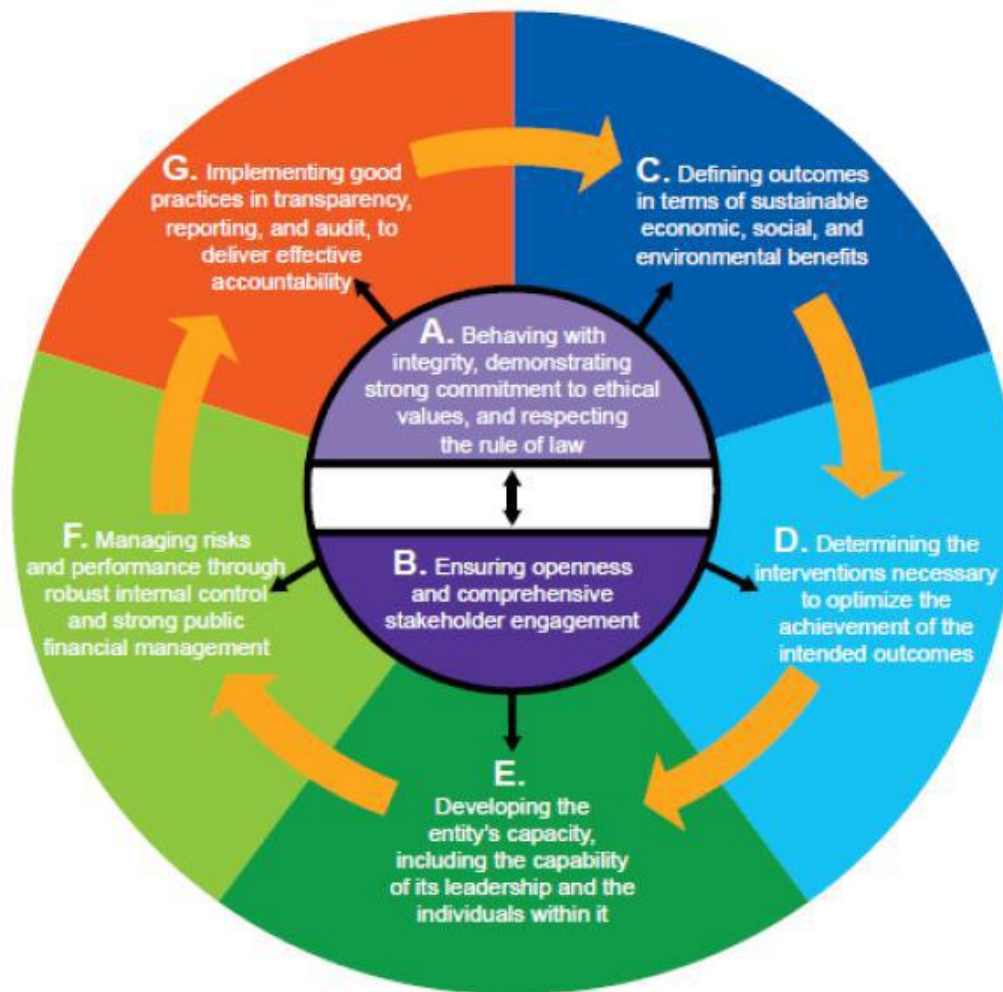
A Lead officer will be given responsibility for:

- Overseeing the implementation and monitoring the operation of the Code;
- Reviewing the operation of the Code in practice on an annual basis;
- Reporting annually to the Executive and full Council on compliance with the Code and any changes that may be needed to ensure its effectiveness in practice;
- Reporting any significant revisions to the Code to stakeholders.

The code for 2017/18 is based on the following seven core principles:

- Core Principle A:** Behaving with integrity, demonstrating commitment to ethical values and respecting the rule of law
- Core Principle B:** Ensuring openness and comprehensive stakeholder engagement
- Core Principle C:** Defining outcomes in terms of sustainable economic, social and environmental benefits
- Core Principle D:** Determining the interventions necessary to optimise the achievement of outcomes
- Core Principle E:** Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Core Principle F:** Managing risks and performance through robust internal control and strong public financial management
- Core Principle G:** Implementing good practices in transparency, reporting and audit, to deliver effective accountability

**Achieving the Intended Outcomes
While Acting in the Public Interest at all Times**



The following details how the Council meets these core principals and the systems, policies and procedures it has in place to support this.

<u>Principles</u>	<u>Sub Principles</u>	<u>Demonstrated By</u>
<p>A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.</p>	<p>Behaving with integrity.</p>	<p>The Council’s leadership sets a tone for the organisation by creating a climate of openness, support and respect.</p> <p>Appropriate policies and processes are developed to embed the principals.</p>
	<p>Demonstrating strong commitment to ethical values.</p>	<p>Shared values, including leadership values are in place for both the Council and its staff. The values reflect public expectations and are communicated to Members, staff, the community and partners.</p>
	<p>Respecting the rule of law.</p>	<p>Defined and published standards which detail the expected conduct of Members and officers across the Council functions. Dealing with breaches of legal and regulatory provisions effectively.</p>
<p>B. Ensuring openness and comprehensive stakeholder engagement.</p>	<p>Openness</p>	<p>An embedded culture of transparency, openness and honesty.</p>
	<p>Engaging comprehensively with institutional stakeholders.</p>	<p>Consideration is given to the institutional stakeholders to whom the Council is accountable to and assessment made on the effectiveness of the relationships and any changes required.</p>
	<p>Engaging with individual citizens and service users effectively.</p>	<p>Ensuring that clear channels of communication are in place with all sections of the</p>

		community and other stakeholders. Effective monitoring arrangements are in place to ensure that they operate effectively.
In addition to the overarching requirements for acting in the public interest in principles A and B, achieving good governance also requires a commitment to and effective arrangements for:		
C. Defining outcomes in terms of sustainable economic, social and environmental benefits.	Defining outcomes.	Focusing on the purpose of the Council and on outcomes for the community, consulting on the outcomes and publishing them annually as part of the City Mayor's action plan.
	Sustainable economic, social and environmental benefits.	Regular review of the Council's vision and its implications for the Council's governance arrangements and economic, social and environmental benefits.
D. Determine the interventions necessary to optimize the achievement of the intended outcomes.	Determining interventions	Published annual report which communicates the Council's activities, achievements, financial position and performance. Interventions required are identified through these reports.
	Planning interventions	Performance, audit, risk and finance information is used to identify areas of concern and plan required interventions.
	Optimising achievement of intended outcomes	SMART community outcomes underpinned by business plans and outcome focused business activity.
E. Developing the entity's capacity including the capability of its leadership and the	Developing the entity's capacity	Clear vision, strategy. And direction underpinned by capable leadership and focused talent management.

individuals within it.	Developing the capability of the entity’s leadership and other individuals.	Recruitment and retention of high performing staff and providers.
F. Managing risks and performance through robust internal control and strong public financial management.	Managing risk.	Embedded risk management processes which are linked to community plan outcomes and corporate priorities.
	Managing performance.	Performance targets set in line with national benchmarks and outturns are regularly monitored and reported to stakeholders.
	Robust internal control.	Preventive controls in place include segregation of duties, approval/authorization processes, security of assets, reconciliations and audits.
	Managing data.	Robust Information Governance standards and training to all staff.
	Strong public financial management.	Monthly budget and savings tracker reports, audited annual statement of accounts, accountable budget owners.
G. Implementing good practices in transparency, reporting and audit to deliver effective accountability.	Implementing good practice in transparency.	Transparency, participation, accountability and integrity are interconnected concepts which are demonstrated through the Council’s Governance framework.
	Implementing good practices in reporting.	Detailed consultation process for published reports ensuring Members and management own the results reported.
	Assurance and effective accountability.	Ensuring that recommendations for corrective actions made by external and internal audit are acted upon.

APPENDIX 3 - Audit & Risk Committee Terms of Reference

1. Constitution

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

2. Membership

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

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

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

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

3. Attendance at Meetings

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

4. Frequency of Meetings

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

5. Duties

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

6. Authority

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

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

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

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

7. Communications

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

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

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

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

Duties of the Audit & Risk Committee

1. Audit Framework

1.1 Internal Audit

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

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

1.2 External Audit

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

2. Risk Management Framework

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

3. Internal Control and Governance Framework

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

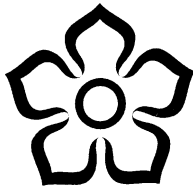
- To review regular reports from Internal Audit and Risk Management on risk and internal controls, considering:
 - The effectiveness of systems of internal control across the Council
 - Reports on major control issues and their impact on the Council's risk profile.
- To consider and decide on appropriate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

4. Financial Reporting Framework

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

5. Other Matters

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



Leicester
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Audit and Risk Committee

22 March 2017

Proposed Internal Audit Plan – 2017/18

Report of the Director of Finance

1. Purpose of Report

To provide members with the opportunity to review and agree the draft Internal Audit plan – Appendix A.

2. Summary

Internal Audit work to an agreed plan that is designed to give both Directors and Members independent assurances that the significant risks faced by the Council are being managed appropriately by the risk owners – the business areas. Appendix A is the draft of the proposed plan for the coming year.

3. Recommendations

The Committee is recommended to:

- 3.1 Receive the report, note its contents and seek clarification on any areas of the plan as they wish and then approve the plan.
- 3.2 Make any recommendations or comments it sees fit either to the Head of Internal Audit and Risk Management or Director of Finance.

4. Report

- 4.1 Internal Audit is a central part of the Council's corporate governance and management arrangements. It provides an objective review and assessment of the adequacy and effectiveness of the Council's framework of governance, risk management and internal control. At a time of significant budget pressure on the Council's services and the administrative functions that support them, the need for effective management and governance arrangements is paramount.

- 4.2 Internal Audit is, of course, not immune to the budget pressures affecting the Council. Internal Audit work is therefore planned to ensure that audit staff resources available are used effectively and efficiently and are targeted at those areas posing the greatest risk to the achievement of the Council's objectives or are otherwise aligned with strategic priorities.
- 4.3 To do so, Internal Audit prepares an annual audit plan. This is done through an assessment of risks and audit priorities by reference to the risk registers supplemented by consultation with all directors, the external auditor and the Audit & Risk Committee. The aim is to ensure a structured approach to the audit service so as to enable Internal Audit to provide an overall opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control.
- 4.4 The audit plan does not list the individual audits anticipated; rather, it is presented as the essential areas of audit coverage within which specific audits will be undertaken. The reasons for this are:
- The continuing uncertainties presented by the severe financial pressures the Council faces.
 - The potential for priorities and associated risks to change during the year, such that the focus of audit effort in any particular area may change.
 - The continuing change in the Council's organisational structures and management responsibilities.
- 4.5 The audit plan is a therefore statement of intent. Whilst every effort will be made to deliver the plan, Internal Audit recognises that it needs to be flexible and prepared to revise its activities in response to changing circumstances or emerging risks. However, this flexibility may not be sufficient to cope with all changes required. It may also prove necessary to remove planned audits from the work plans in order to address emerging issues of greater risk.
- 4.6 Appendix A – 'Draft Internal Audit Plan 2017-18' identifies the areas of audit coverage and the rationale for their inclusion. In some areas, potential specific audits are identified with an indication of when in the year they might be undertaken. These are subject to confirmation when the detailed quarterly audit plans are prepared.
- 4.7 The sole purpose of the plan is to align audit resource to those areas assessed as posing the greatest risk to the Council. Factors to be taken into account when selecting specific audits for inclusion in the planned work for 2017-18 include:
- The materiality of the activity in terms of financial values as well as political and regulatory factors such as legislative requirements.
 - The reliance to be placed on Internal Audit's work by the Council's external auditors in their reliance on the Council's significant financial systems as part of the external audit of the Council's published financial statements.

- The extent of the Council's reliance on third parties for service delivery, by means of contracts and partnerships.
 - The sensitivity of the activity in terms of the reputational consequences of failure and the potential effects of failure on the Council, its clients and the public.
 - Stability including organisational, IT and other change and whether the activity is yet ready for audit.
 - Whether Internal Audit can add value to other review and assurance processes already in place.
 - Audit history including the assurance given in the latest previous audit on the strength of controls identified at that time, plus any risk or experience of fraud, error or waste.
 - Any other material concerns, including those raised by the responsible director.
- 4.8 Individual audits will be agreed with service management; in most cases by means of specific terms of reference. Regular update reports on plan progress will be presented to the Audit & Risk Committee, who will also be advised of any implications for Internal Audit's ability to give sufficient assurance on the effectiveness of the Council's system of internal control and management of risk.
- 4.9 It should be noted that inclusion in the audit plan does not imply that a service, system or activity is poor. It indicates activities that most need to be subject to effective controls to manage the risks identified. An effective control environment may include regular internal audit review.
- 4.10 In conclusion, the Internal Audit Operational Plan for 2017-18 aims to give the Council optimum audit coverage within the resources available. Though it is compiled and presented as a plan of work, it must be recognised that the plan can only be a statement of intent. Whilst every effort will be made to deliver the plan, Internal Audit recognises that it needs to be flexible. Actual audit work therefore may be modified during the year according to the circumstances prevailing and the resources available at the time.
- 4.11 It should also be noted that the 2017/18 audit plan is expected to be delivered by the County Council Internal Audit team, following the intended delegation of the internal audit function to the County Council with effect from 1 April.

5. Financial, Legal Implications

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

6. Other Implications

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

7. Report Author/Officer to contact:

Tony Edeson, Head of Internal Audit and Risk Management - Ext 37
1621
28 February 2017



Internal Audit
Leicester City Council

Appendix A - Draft Annual Internal Audit Plan 2017-18

March 2017

Appendix A – Draft Annual Internal Audit Plan 2017-18

Lead Department	Audit Area	Reason for inclusion	Scope	Timing ¹
Finance (Corporate Resources)	Major Financial Systems, for example: <ul style="list-style-type: none"> • Control account reconciliations,, suspense accounts, journals, bank reconciliation • Debtors • Budgetary Control • Creditors • Cash • Payroll • Capital Additions and Disposals • Council tax and NNDR (business rates) • Housing rents 	These key systems are important as they have a significant impact on the Council's Statement of Accounts. The external auditor is required to form an opinion on whether the Council's financial systems and transactions give a true and fair view of the financial position and transactions. The external auditors could rely on IA's work relating to these systems as part of their closedown procedures in 2017-18. However, this work on financial systems will not necessarily be confined to those considered 'significant' by the external auditor.	Internal Audit work on any or all of these systems may go beyond the required scope of the external audit work. Internal Audit will agree with the Director of Finance the key areas of work according to the risks or priorities at the time. During 2017 there will be new Payroll/HR system going live from April and the new finance system from October.	Whole year
Corporate	Corporate Governance	Annual audit coverage of corporate governance arrangements with particular reference to the statutory requirement for the Annual Governance Statement (AGS).	Audit work will give assurance on aspects of the Council's governance arrangements. It could include governance generally plus supporting processes including the management of risk, project assurance and performance management.	Q2 (AGS)

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¹ This column gives a provisional indication where appropriate of the quarter of financial year 2017-18 in which the audit is intended to be started. The first quarter is denoted Q1, and so on. Such timings will be confirmed in the detailed quarterly audit plans throughout the year.

Appendix A – Draft Annual Internal Audit Plan 2017-18

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Lead Department	Audit Area	Reason for inclusion	Scope	Timing ¹
Finance (Corporate Resources)	Contracts and procurement (including commissioning and partnerships)	Contracting and procurement are a major risk area, and there is a need for probity, integrity and value for money in such arrangements. Internal Audit has a role to play in giving assurance on the effectiveness of the Council's contract procurement and management processes.	Audits covering the Council's corporate procurement and contracts processes. These will seek to identify whether due process has been followed and value for money has been sought. For example: <ul style="list-style-type: none"> • Framework contracts/correct use of min-competitions • Non-LCC Frameworks approval process being complied with • Property Services contracts (minor works) • Consideration of points arising from DCLG Organised Crime in Procurement Pilot 	Whole year
Finance (Corporate Resources)	Universal Credits	New legislation and the Council has been working towards the full introduction to Universal Credits since January 2016. There are concerns over the impact these will have on housing rents.	To be determined	Toward the end of the year
Children's Services	Schools - General and Finance including <i>Keeping Your Balance</i> /SFVS financial audits	The requirement for internal audit of schools is built in to the Council's statutory Scheme for Financing Schools. The aim is to give independent assurance to the schools and the Council that the processes for financial management are operating effectively.	Audit visits to primary, secondary and special schools to review their financial processes. Provisionally agreed six schools will be audited; Director to be consulted about any high risk areas.	Term times
Housing	New Northgate IT System	Business area were concerned that this is a key element of their channel shift activity, so have to get setup and controls right.	Review implementation plan and UAT carried out. Review output from UATs to ensure the necessary adjustments were included in final build. Assess first months of use to identify if any user issues have arisen.	Q1 Preferred

Appendix A – Draft Annual Internal Audit Plan 2017-18

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Lead Department	Audit Area	Reason for inclusion	Scope	Timing ¹
	Fleet and Passenger Transport	Housing has recently taken over responsibility for this area and it not being a traditional 'housing' area a review of processes and procedures would be welcomed. A service/organisational review is to be conducted.	To be determined.	Q2/3 Preferred
Estates and Building Services	Arcadia Consultancy Contract	The Arcadis Professional Services contract is still relatively new and is intended to provide professional technical support to a range of major projects and activities. However, the Council also retains in-house technical professional services staff and needs to ensure these are utilised effectively before calling upon Arcadis. As these new arrangements develop, the Director would welcome a review of the procedures and adherence to them.	Review process followed to ensure that careful consideration takes place in line with procedures/policy around the 'make or buy' decision.	Q3/Q4 Preferred
Public Health	Public Health - General	A cyclical audit coverage plan was drawn up when PH transferred here from the NHS.	Continuing audit coverage. Potential areas to cover in 2017-18 are: <ul style="list-style-type: none"> • Information Governance • Performance reporting • Sports Services 	As required.
Neighbourhood and Environmental Services	BIFFA Waste Management Contract	DEFRA carried out a review (excluded financials) and issued an action plan in early 2016.	To effectively follow up on the DEFRA recommendations and include a financial review (as DEFRA did not do this) and there have been concerns over financial management at a local level, particularly with cash handling.	Q3 Preferred
Various	Other operational risks - Compliance audit	Other areas of risk where independent assurance is sought on the Council's compliance with specific legal or regulatory requirements.	To be determined but potential specific audit areas could include: <ul style="list-style-type: none"> • Property related statutory compliance audit. <p>These are subject to confirmation.</p>	As required

Appendix A – Draft Annual Internal Audit Plan 2017-18

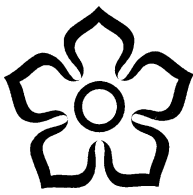
Lead Department	Audit Area	Reason for inclusion	Scope	Timing ¹
Various	Grant certification and expenditure verification	Various City Council services and their related expenditure are supported by grant or other external funding. There is often a requirement for independent Internal Audit certification that funds have been used in accordance with stipulated conditions.	The various grants and returns specified by the funding agencies, tested according to the grant certification instructions or other requirements. For example: <ul style="list-style-type: none"> • Troubled Families – payment by results (PBR) programme 	As required
Various	Consultancy and other Responsive Audits	Responsive non-fraud investigative work by Internal Audit; specific areas cannot be identified at this stage. The City Council's reduced budgets, so there is a need to make savings. Increasing efficiency and reducing wastage are more important than ever.	Areas for review will be determined as required during the year according to urgent requirement or emerging risk. Specific terms of reference will be agreed for each. Possible review of Highways Network Asset Evaluation giving assurance that inventory systems are complete and free from error. This would tie in with the first data submissions due April 2017 (for the 2016/17 'dry run').	As required
Various	Follow-up Audits	There is a need to ensure that service management verifiably and sustainably implements agreed recommendations so that the organisation learns from its experience and addresses identified weaknesses in control. Internal Audit will revisit areas after reasonable time, especially those arising from audits for which 'little or no assurance' had been given.	Scope will be limited to an assessment of how well recommendations, made in earlier Internal Audit reports, have been implemented.	Whole year

Appendix A – Draft Annual Internal Audit Plan 2017-18

Lead Department	Audit Area	Reason for inclusion	Scope	Timing ²
WORK FUNDED BY CLIENTS				
	School Centred Initial Teacher Training (SCITT)		An audit of annual grant return (AGR) for the Leicester & Leicestershire SCITT programme. Internal Audit has undertaken this work for the last three years.	Q3

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² This column gives a provisional indication where appropriate of the quarter of financial year 2017-18 in which the audit is intended to be started. The first quarter is denoted Q1, and so on. Such timings will be confirmed in the detailed quarterly audit plans throughout the year.



Leicester
City Council

WARDS AFFECTED
All

Appendix F

FORWARD TIMETABLE OF CONSULTATION AND MEETING

Audit and Risk Committee

22 March 2017

Proposed Schedule of Meetings for the Financial Year 2017-18

Report of the Director of Finance

1. Purpose of Report

- 1.1. To present to the Committee a proposed schedule of meetings and suggested agendas for the Financial Year 2017-18.

2. Recommendations (or OPTIONS)

- 2.1. The Committee is recommended to:-

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

3. Summary

- 3.1. The meetings of the Committee have traditionally been scheduled based on historic occurrence, with each meeting agenda following the same pattern. In March 2014, for the first time, the Committee were presented with a plan for the following year in its last meeting of the current financial year. This allowed the established members to agree on the forward format of meetings – both timing and agendas – based on their experience throughout the past year.
- 3.2. This process has worked well since 2014 and this is that report for the Committee meetings for the Financial Year 2017/18.

4. Report

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

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

5. FINANCIAL AND LEGAL IMPLICATIONS

5.1. Financial Implications

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

5.2. Legal Implications

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

6. Other Implications

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

7. Report Author

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

Appendix 1 - AUDIT & RISK COMMITTEE 2017-18 - PROPOSED ANNUAL TIMETABLE

	Author	Notes, frequency	Purpose
14 June 2017 TBC			
Training Session Prior to Main Meeting: The Counter Fraud Annual Report and Anti-Fraud, Bribery & Corruption Strategy and Policy	Corporate Fraud Manager		Training
Annual Audit Fees Letter setting out the proposed Audit Work and draft fee for the 2017/18 Financial Year	External Auditors	Annual	Committee to Note
Risk Management and Insurance Services - Update report including April Risk Registers	Manager, Risk Management	Quarterly	Committee to note
Counter-Fraud/Housing and Council Tax Fraud Annual Report for the Financial Year 2016-17. To include: -Anti-Fraud, Bribery & Corruption Strategy and Policy - annual review and update. - Annual Report on the National Fraud Initiative - RIPA Stats update	Corporate Fraud Manager	Annual	Committee to note
Invoice Payment Data	Head of Business Service Centre	Final Report	Committee to note
Annual Approval of the Policy covering non-audit Work undertaken by the External Auditors	Head of Internal Audit	Annual	Approval
Confirmation of A&RC Planned Agendas for 2017/18	Head of Finance	Annual	Committee to note

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Appendix 1 - AUDIT & RISK COMMITTEE 2017-18 - PROPOSED ANNUAL TIMETABLE

26 September 2017 TBC			
Training Session Prior to Main Meeting: The Council's Statutory Statement of Accounts Process	Chief Accountant		Training
Annual Governance Report - ' <i>Report to Those Charged with Governance</i> ', including audit opinion on the Financial Statements and VFM conclusion	External Auditor	Annual	Approval
The Council's Draft Annual Governance Statement for the financial year 2016-17	Director of Finance/Monitoring Officer	Annual	Approval
The Statement of Accounts, Annual Governance Report and Letter of Representation	Director of Finance Chief Accountant	Annual	Approval
Draft of the Committee's Annual Report to Council for the financial year 2016-17	Head of Finance	Annual	Approval
Review of the Effectiveness of System of Internal Audit in 2016-17	Director of Finance	Annual	Approval
Head of Internal Audit Annual Report and Opinion for the financial year 2016-17	Head of Internal Audit	Annual	Committee to note

Appendix 1 - AUDIT & RISK COMMITTEE 2017-18 - PROPOSED ANNUAL TIMETABLE

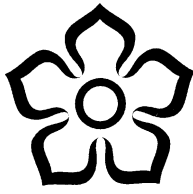
6 December 2017 TBC			
Training session prior to main meeting: Update on DCLG Fraud Funding work .	Corporate Fraud Manager		Training
Risk Management and Insurance Services Update report including: - RM and BCM Strategy and Policy 2018; - October Risk Registers -RMS 2018 Training Plan	Manager, Risk Management	Quarterly	Committee to note
Complaints Process - Annual Update	Head of Business Service Centre	Annual	Committee to note
Half Yearly Update Report on the Procurement Plan	Head of Corporate Procurement	Half Yearly Update	Committee to note
External Auditor's Annual Audit Letter 2016-17 summarising results of the audit for 2016/17	External Auditor	Annual	Committee to note
Public Sector Internal Audit Standards - assessment of conformance and Quality Assurance and Improvement Plan (this year replaces the 'Review of Effectiveness of IA' due in August)	Head of Internal Audit	Annual	Committee to note
Half Yearly Update on the Internal Audit Plan	Head of Internal Audit	Half Yearly Update	Committee to note

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Appendix 1 - AUDIT & RISK COMMITTEE 2017-18 - PROPOSED ANNUAL TIMETABLE

<u>21 March 2018 TBC</u>			
Training session prior to main meeting: Public Health Update .	Director of Public Health		Training
Annual Report - Certification of Claims and Returns (Grants)	External Auditor	Annual	Committee to note
External Audit plan for financial year 2017-18	External Auditor	Annual	Committee to note
Report on the Procurement Plan 2018-19	Head of Corporate Procurement	Annual	Committee to note
The Assurance Framework on which we will base the Annual Governance Statement for the current financial year, including annual review of Local Code of Corporate Governance and the annual review of the-Committee's Terms of Reference	Head of Internal Audit City Barrister (Monitoring Officer)	Annual	Approval
Internal Audit 2017-18 Progress Update including: - Internal Audit 2017-18 Plan update and year end projections - Internal Audit Plan 2018-19 - for approval - Annual Review of Internal Audit Charter	Head of Internal Audit	Annual	Approval
2018-19 A&RC Planned Agendas and Meeting Dates - draft	Head of Finance	Annual	Committee to note and comment

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Leicester
City Council

WARDS AFFECTED: ALL

Audit and Risk Committee

22 March 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 currently have responsibility for three critical functions:

- Risk Management Support and Advice;
- Business Continuity Support and Advice; and
- Insurance (wef 1 March the insurance function transfers to the Strategic Finance team).

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 January 2017 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 one change within the Strategic Risk Register and 38 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, it has been agreed by Corporate Management Team (CMT) that these registers will only be reported to 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 to this Committee will mirror that reporting schedule in 2017/18.

The planned strategic review of the Council's Operational Risk Registers by the Risk Management team (co-ordinating this review with the responsible Strategic Director) will begin in March 2017. This will be a 'sense check' of risks being reported to ensure that descriptors allow the 'uninitiated' to know what the risk actually is; and, to ensure risks are not over scored. Initially the work will be begun by the Risk Management team and then they will work alongside Zurich Municipal Risk Consultants (as with the Head of Service risk register work) and it is intended this work will conclude before the October register submissions are due.

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 was presented at the last meeting of this Committee. 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.

Risk Management Loss Reduction Fund – For the period 1 April 2016 to 31 January 2017 RMIS received 35 bids for assistance from the fund for a total of £278,293. Of these bids, 22 applications were approved and the fund provided an amount of £141,946 to business areas. There are six 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 28 February 2017 is attached as Appendix 4.

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

The figures in brackets represent claims in the same period last year. These figures, when compared to those in the last financial year, continue to reflect a significant declining trend with numbers of claims down by 39% year on year, and the amount paid out lower by 37%. This continues to demonstrate the impact of the improved risk management process and reflects 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.

Since the last report to the Committee, the Council has had no case go to Court, although we have been able to close down two abuse claims which appear to have ‘gone away’. In time, these may need to be re-opened, but our insurers and their lawyers are confident of a defence should this happen. The reserves had been set at £122,500 and £102,500 which has allowed £225,000 to be released 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.

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 the secure internet site – Resilience Direct. The Corporate Business Continuity Plan was reviewed and updated as part of the work on the Strategy and Policy last October (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 Manager, Risk Management has taken over from the Head of Internal Audit and Risk Management 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. She 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.

As this meeting is so close to the last meeting, there has been very little activity seen that can be reported here.

On 27 February the Secretary of State for Justice and Lord Chancellor announced the outcome of their statutory consultation into the 'discount' rate. This rate is used in the process by which damages paid to seriously injured individuals, in relation to future loss/expenses being incurred and thus have to be invested to generate a return. This rate has remained at 2.5% since it was last varied in 2001. The new discount rate of -0.75% comes into force on 20 March 2017. The Council and its insurers and their lawyers await sight of the enabling statutory order to determine whether or not this will apply just accidents occurring after 20 March or to all settlements arising after that date.

This will not only impact on premiums, but will lead to more claimants pursuing claims for lump sum compensation rather than annualised payments. This will also impact on the Council indirectly as claims currently settled below £10M may well now require £20M of indemnity cover, thus the levels we seek from our contractors and service providers may be increased considerably. The Secretary of State for Justice has indicated that there will be a consultation in the coming weeks to consider if there is a better or fairer way for claimants and defendants.

The Manager, Risk Management will take over responsibility 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
3 March 2017

Appendix 1 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 31/01/17

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			
1. FINANCIAL CHALLENGES The Council fails to respond adequately to the cuts in public sector funding over the coming 4 - 5 years.	- 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'	-Budget balanced in 17/18. - Further work required to balance the medium term, particularly driving the spending review programme. - £8m service transformation fund.	5	4	20	-Heavy involvement of City Mayor in ensuring spending review programme delivers. - Appropriate change management/ project management arrangements to be put in place for major review areas	5	2	10		Andy Keeling Alison Greenhill	31/03/2019/ 2020 and On-going

Appendix 1 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 31/01/17

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: 31/01/17

RISK <i>What is the problem; what is the cause; what could go wrong? What is it that will prevent you from achieving your objectives?</i>	CONSEQUENCE/EFFECT: <i>What would occur as a result, how much of a problem would it be, to whom and why?</i>	EXISTING ACTIONS/CONTROLS <i>What are you doing to manage this risk now?</i>	RISK SCORE WITH EXISTING MEASURES			FURTHER MANAGEMENT ACTIONS/CONTROLS	TARGET SCORE WITH FURTHER ACTIONS/CONTROLS REQUIRED			COST	RISK OWNER	TARGET DATE
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<p>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.</p>	<p>-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.</p>	<p>- 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.</p>										
<p>3. CYBER RISK -Loss or compromise of IT systems and/or associated data through cyber security attacks</p>	<p>- Potential financial or reputational damage to Council. - Potential Data Protection breaches. - Fines - Service delivery affected</p>	<p>- Ensure close monitoring of existing perimeter and internal security protection.</p>	5	5	25	<p>- Currently out to market for a Security and Incident Event Management service. - IT Security Manager appointed and will be in post August 2016.</p>	4	3	12		Andy Keeling / Alison Greenhill	31/03/17 and ongoing

Appendix 1 - LCC Strategic Risk Register

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4. BUSINESS/SERVICE CONTINUITY MANAGEMENT Unforeseen unpredictable events such as flood, power/utility failure etc. could impact on the council's assets, communication channels or resources etc.	- Insufficiently prepared management leads to disorder in the rapid restoration of business critical activities and the control of the emergency plan. - The emerging risk environment increasingly makes 'resilience' a significant focus for all organisations. - Budget cuts and rationalisation may also challenge the ability of Category 1 responders (which LCC are) to fulfil their statutory duty. - Resource restraints means that there is limited staff to perform manual operations at the volume required in an event/incident. - Council is unable to communicate to stakeholders/deliver its services.	- All the Senior Management Team have roles in either the Corporate Business Continuity Management Team (CBCT) or are Emergency Controllers. - Head of Internal Audit and Risk Management Chairs the Multi- Agency Business Continuity Group - CBCT have formal refresher meetings three times a year - Training offered corporately - Directors involvement in CBCT Meetings held 3 times a year. - Risk Management and Insurance Services/Emergency Management Team provide updates and lessons learnt on incidents to CBCT/Audit & Risk Committee as appropriate - Self cert annually by Directors - Corporate Business Continuity Plan (BCP) which is reviewed annually but also updated as and when changes occur which should be reflected in the plan - Resilience Direct Secure Site (web based) holds BCP and all Business Critical Activities BCPs (alongside emergency planning documentation) and is securely accessed by members of the CBCT - Communications on-call arrangements working more effectively and recent training run for all staff involved - Annual review of critical service business continuity plans 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

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5. INFORMATION GOVERNANCE Information Governance/Security/ Data Protection policies/procedures/ protocols are not followed by staff and members.	<ul style="list-style-type: none"> - Major loss of public confidence in the organisation. - Potential litigation and financial loss to the Council. - Reputational damage to the Council. - With data held in a vast array of places and being transferred between supply chain partners, data becomes susceptible to loss; protection and privacy risks. - Reduction in the capacity/capability to retain such data. This could also be costly. - Excessive retention of data can still be requested through a Freedom of Information Act if retained. - Council may not share data with the appropriate individuals/bodies accurately, securely and in a timely manner. - Council fails to adequately secure/protect confidential and sensitive data held. 	<ul style="list-style-type: none"> - Clear policies and protocols in place. - Staff have been trained and made aware of the Council's policies and procedures. - Secure storage solutions are now in place. - Paper retention has been reduced through the introduction of scanning etc. - Mandatory e-learning module for staff - Monthly reporting of incidents to Directors recently implemented 	4	3	12	<ul style="list-style-type: none"> - Clear and on-going communications to staff to reinforce policies and protocols. - Regular review and monitoring of arrangements across services by Service Managers supported by Information Security/Governance Teams. - Ensure that the policy in place around the management of electronic data and disposal of data is in the awareness of staff - Ongoing review and updating of appropriate information sharing agreements. 	4	2	8		Andy Keeling	31/03/17 and On-going

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<p>6. COMPLIANCE WITH REGULATION, POLICIES, PROCEDURES HEALTH AND SAFETY ETC</p> <p>Local management use discretion to apply inconsistent processes and misinterpret Corporate policies & procedures, perpetuating varying standards across business units.</p> <p>The City Council fails to respond effectively to the requirements of Health and Safety Executive/Government proposals and/or legislation which places health and safety responsibilities on local authorities.</p>	<ul style="list-style-type: none"> - Places the organisation at risk e.g. fraud, data loss etc. Potential financial losses / inefficient use of resources. - Possibility of serious injury or death of member of staff or service user/members of the public. - Failure to meet statutory responsibilities. - Reputational damage to the Council. - Negative stakeholder relationships - Potential for increase in the number of insurance claims 	<ul style="list-style-type: none"> - Regular reporting from Internal Audit to Strategic Management Board. - Approach to the annual corporate governance review revised and a more effective process established. - Day to day management of Health and Safety responsibility rests with the Operational Directors and their Heads of Service. Corporate Health and Safety team available to assist. - Risk is reported and controlled through Divisional Directors Operational Risk Registers (presented to the CMT each quarter) and these are underpinned by registers at Heads of Service level reviewed and discussed at Divisional Management Teams quarterly. - Regular inspections and reports by the Health and Safety team with all actions being followed up within a reasonable time. - A process of more regular reporting to Corporate Management Team on health and safety matters has been established - Significant change to the absence management policy and procedure rolled out 	4	3	12	<ul style="list-style-type: none"> - Continue to review and reinforce key standards and policies via regular communication. - Ensure Managers are appropriately trained and requirements are clearly set out in Job Descriptions and reinforced via appraisals. - Ensure Internal Audit findings are acted on in a timely manner. - Continue to refine and improve strategic monitoring and reporting in relation to Health & Safety to ensure responsibilities are reinforced from the top. - New Head of HR to take a fresh look at sickness absence management including the policy and procedure 	4	2	8		Kamal Adatia / Miranda Cannon	31/03/2017 and On-going

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7. SAFEGUARDING Weak Management oversight of safeguarding processes in place leads to the Council failing to adequately safeguard vulnerable groups e.g. children and young people, elderly, those with physical and learning disabilities.	<ul style="list-style-type: none"> - Death or serious injury. - Serious case reviews initiated. - Reputational damage to the Council. - Citizens lose confidence in the Council. - Negatively impacts on relationships with stakeholders. - Impacts severely on staff morale - Leads to high turnover of social workers and managers. 	<ul style="list-style-type: none"> - Safeguarding Adults and Children's Boards in place. - Regular reviews of policies/procedures and close supervision of staff. - Range of quality assurance processes exist within the Divisions. - Range of developments, including corporate training, exist within the Divisions to manage, support recruit and retain staff. - Improvement Board established following the Ofsted inspection and other arrangements eg Performance Board set up - 24/7 Duty and Advice Service in place - 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	31/03/2017 and On-going

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8. SCHOOL IMPROVEMENT	<ul style="list-style-type: none"> - Poor OFSTED outcome for schools - Increased risk of schools going into category of special measures - Poor outcome for Local Authority if inspected under the OFSTED framework for LA School Improvement effectiveness 	<ul style="list-style-type: none"> - Revised desk top analysis to identify potential underperformance in individual schools and settings - Revised School Improvement Framework - Regular reporting to DMT and LMB on schools causing concern and targeted work - Self evaluation against OFSTED framework for inspection completed - At risk schools discussed and warning notices considered - Inspection file being collated to evidence effective and good practice in targeted work with schools 	4	4	16	<ul style="list-style-type: none"> - Targeted visits by Director of Learning - Revised support packages - Single plan implementation for RI schools - Local Authority Reviews of individual schools to be negotiated - Preparation for inspection to include briefing to all schools 	4	2	8		Frances Craven	31/03/2017 and On-going

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9. CIVIL CONTINGENCY RESPONSE/INCIDENT RESPONSE 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) .	- 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 public's 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	- 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	- 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		Miranda Cannon / Alison Greenhill/ Ruth Tennant	31/03/2017 and ongoing

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9. CIVIL CONTINGENCY RESPONSE/INCIDENT RESPONSE (Continued) <div style="text-align: right; font-size: 2em; font-weight: bold; margin-top: 20px;">82</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										

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<p>10. RESOURCE: CAPACITY, CAPABILITY, RETENTION & DEVELOPMENT</p> <p>Lack of workforce planning and appropriate development of managers and employees leaves the Council exposed to service failure.</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

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11. CONTRACT MANAGEMENT & PROCUREMENT Contract management protocols/procedures are not robust and there is lack of understanding/awareness within the Council. Service areas may exercise partnership arrangements/collaborative agreements where formalised/legal contracts are not in place and possibly these may not be legally binding.	<ul style="list-style-type: none"> - Reputational damage. - Financial impacts; valuable funding is used for rectification of issues. - Increase in staff resources to defend a challenge. - Potential for litigation and fines being incurred. - Contract service level agreements may not be adhered to. - The Council does not receive value for money for the services it procures. - The Council is challenged in the reduction of contracts when re-tendered. - Discouraged providers may not tender for the contract in the future, potentially reducing the portfolio of providers and even reducing the availability of high quality providers. 	<ul style="list-style-type: none"> - Revised and improved Contract Procedure Rules in place along with associated guidance. - Policy that all procurement over a de minimis threshold must be carried out by one of the specialist procurement teams. - Professional procurement staff recruited and in post - Contract Risk Management training available from RMIS - Engagement with local supplier groups - Professional training for procurement staff (MCIPS) - Implementation of new electronic tendering system 	3	3	9	<ul style="list-style-type: none"> - Development of new procurement template documentation - Implementation of new electronic tendering system - Professional training for procurement staff (MCIPS) - Training in procurement and contract management for staff across the Council - Enhanced engagement with local business to widen portfolio of potential suppliers - Development of communications plan to ensure all staff are informed of above as appropriate to their role. - Undertake recruitment to address vacancies in the Procurement Services Team - Development of new Service Analysis Team 	3	3	9		Alison Greenhill	31/03/17

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12. ASSET MANAGEMENT Absence of an asset management strategy will affect the future conditions/status of buildings.	<ul style="list-style-type: none"> - Reputational damage. - Increase in costs. - Loss of predicted revenue. - Deterioration of assets. - Potential harm to the public. - New business are not attracted to Leicester. - The council's assets may fall into disrepair losing income and increasing maintenance costs. In a worse case scenario assets may be totally lost and community engagement too. 	<ul style="list-style-type: none"> - A single corporate asset management system is now in place. - Central Maintenance Fund is available to address urgent repair items and Health and Safety items in the estate. - Building Schools for the Future (BSF) programme now complete and a planned maintenance programme for schools has been established - Condition surveys have now been completed for all schools, neighbourhood and leisure assets - Using Buildings Better (UBB) programme now provides a corporate overview of the estate with a focus on rationalising operational assets and improving as appropriate the condition of retained assets, as well as disposal of assets for economic and/or other benefits. The programme encompasses the existing TNS project and accommodation strategy programme, plus work-streams on depots, stores and workshops, Early Help (CYP&F centres primarily), channel shift and surplus assets. It has a strategic focus on assets to be retained and those to be disposed of. 	5	4	20	<ul style="list-style-type: none"> - Continued development of effective planned maintenance programme across the estate-performance measurement in place to provide assurance regarding compliance- concerto being established and populated to work as the single corporate asset management system - Continue delivery of the UBB programme including disposal of assets - Recruit additional resources to support disposals. Review process around disposals 	5	3	15		Phil Coyne/Miranda Cannon	31/03/17

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13. NATIONAL AGENDA/CHANGES IN LEGISLATION/ GOVERNMENT ETC On-going changes in government, legislation etc. gives rise to new demands and responsibilities with insufficient time for implementation and insufficient budget.	<ul style="list-style-type: none"> - Loss of income. - Services may not be delivered. - Reputational damage. - The budget may not be sufficient to deliver the expected service demand. - Statutory services. such as public health may be reduced and or the Council is unable to protect and safeguard the public, vulnerable individuals etc. - Implementation of unpopular fees for services required by the Public of the Council. - The health and wellbeing of the City may be impacted. -Causing service failure or significant cost over runs. 	<ul style="list-style-type: none"> - Directors keep abreast of policy change and development in their portfolios. - The implications of change described and discussed - including political briefings if required. - Budgeting takes account of national changes. - Staff are trained in new requirements. 	4	3	12	<ul style="list-style-type: none"> - Examine options for service integration; improved leadership development; manage demand better; have honest conversations with the public about what can be expected from us - Improve commissioning activity across the Council. 	3	2	6		Andy Keeling	31/03/17

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14. CHANNEL SHIFT The Council may be unsuccessful in channel shifting customers to less resource intensive forms of contact than face to face or telephone contact. The infrastructure may not be in place to enable the shift and the culture change is not enabled among staff and customers to support it.	<ul style="list-style-type: none"> - Service delivery not met. - Adverse affect on budget. - Reputational damage. - Impact on resource provision. - Process and improvements do not materialise. - Lack of access to data. - Customer access channels may not be improved. - Services will become unaffordable 	<ul style="list-style-type: none"> - A Channel Shift 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	31/03/17

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RISK <i>What is the problem; what is the cause; what could go wrong? What is it that will prevent you from achieving your objectives?</i>	CONSEQUENCE/EFFECT: <i>What would occur as a result, how much of a problem would it be, to whom and why?</i>	EXISTING ACTIONS/CONTROLS <i>What are you doing to manage this risk now?</i>	RISK SCORE WITH EXISTING MEASURES			FURTHER MANAGEMENT ACTIONS/CONTROLS	TARGET SCORE WITH FURTHER ACTIONS/CONTROLS REQUIRED			COST	RISK OWNER	TARGET DATE
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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	31/03/2017 and ongoing

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 31st January 2017

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
			(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
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
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

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			(See Scoring Table)				(See Scoring Table)				
			Impact	Likelihood	Risk		Impact	Likelihood	Risk		
4. Care Services & Commissioning (ASC) - Failure to carry out effective statutory consultation will result in financial and reputational damage to the council.	- Council could face legal challenge through judicial review.	- Consultations being run as a dedicated project overseen by a senior manager with some temporary additional resource - Ensure time is built into each review, development of all strategies etc. to allow for consultation.	5	4	20	- Stakeholder engagement strategy in place and we always seek advice from legal services and corporate consultation team - Legal services sign off all consultation materials and agree the approach and methodology - Officers to seek guidance from the corporate consultation team when needed	4	3	12	Pot Multi £M On going Judicial review found in favour of Leicester City Council.	Tracie Rees
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
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

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			(See Scoring Table)				(See Scoring Table)				
			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	- Breach of legislation - Financial liability re ICO - Breach of confidence in the Council	- Manager briefings to ensure legal requirements understood - Scoping of high risk cases to understand new DOLS cases - Prioritisation of action on cases - Monitoring of incoming pressures for DOLS team and use of independent Best Interest Assessor capacity - Engagement with legal services re Court Of Protection applications and pressures - Additional resources agreed for recruitment via budget setting	4	4	16	- Tracking of anticipated legal guidance on application of case law in practice; consideration of additional resources to support scoping exercise as this has not been completed due to lack of resources / competing priorities - Meeting with legal services to assess position / agree actions to mitigate risk 24 March. Issue to be escalated to Leadership Team. - Further work via NHS England Mental Capacity Act project and HOS to address care home practice which is exacerbating the volume and timescales risks	4	3	12		Tracie Rees
8. Care Services & Commissioning (ASC) - Review of Residential Care; Financial risk - largest area of spend and danger of inappropriate models of care.	- Continued escalation of spend - Inappropriate placements	- The project is overseen by the ASC Programme Board	4	4	16	- Robust governance through project board, Commissioning Board and Lead Member Briefing	3	3	9	Current spend £44M gross	Tracie Rees

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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
10. Care Services & Commissioning (ASC) Non compliance with our duties under the Equality 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
11. Care Services & Commissioning (ASC) Provision of statutory service Deprivation of Liberty Safeguards (DOLS)	Assessments not completed within statutory timescales.~ Vulnerable people are placed at risk of abuse ~ People are deprived of liberty unlawfully ~ Court criticism or action ~ Fines ~ Risk of legal challenge ~ Reputation damage	~ Agreed with Leadership to change the prioritisation system with a view to reducing the number of people not seen at least once ~ BIAs are fully staffed ~ Employing services of a barrister	4	5	20	~ Adhere to prioritisation system ~ Monitor and review	4	5	30		Tracie Rees
STRATEGIC AREA - City Development and Neighbourhoods											

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12. Tourism Culture and Arts and Investment - Museums - Loss, damage or destruction of council assets. 2016 : damage to Highcross by Ferris wheel . Break-in at New Walk Museum . 2015 : theft of print at New Walk Museum. Failure to manage environmental conditions causes mould damage to collections. Root problem: Insufficient security measures / lack of planning / budget pressures.	<ul style="list-style-type: none"> - Cost of repairs/replacement costs - Major reputational damage - Risk of litigation - Distress to lenders/donors/owners/staff/public. - Impact on stakeholders and potential funders - possible effect on council's insurance premiums. 	<ul style="list-style-type: none"> -Risk assessments in place. - Seek specialist advice (don't assume anything). -Effective collections management plan in place and disaster/emergency plan specific to museums as well as overall council disaster plans. - Processes and procedures developed including normal operating procedures 	4	4	16	Security review of high value items in collections about to be undertaken. - Options for dealing with environmental issues have not developed further (this now constitutes a serious risk)	4	4	16	Potential storage and security costs being established	Mike Dalzell

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<p>13. 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</p> <p style="text-align: center; font-size: 2em;">96</p>	<p>- Under UC, claimants will receive all their benefits, including housing costs element directly themselves, monthly in arrears. They will have to pay their FULL rent out of this. The biggest challenge to the HRA will be to collect the full rent from those working age claimants whose housing costs are no longer paid directly to the Landlord (LCC) as they are now.</p> <p>- Higher numbers of tenants in rent arrears leading to loss of rental income will adversely affect the HRA income.</p> <p>- Could lead to greater number of evictions.</p> <p>- Further welfare cuts in 2015/16.</p> <p>- Extra income generated from increased rent will returned to Government</p>	<p>- On-going promotion of Clockwise accounts with tenants.</p> <p>- Focus STAR team support on those affected.</p> <p>- Maximise the number of tenants claiming DHP for bedroom tax affected cases.</p> <p>- Identify tenants who are over-occupying in order to help with down-sizing.</p> <p>- Promotion/awareness to tenants of Discretionary Housing Payments (DHP).</p> <p>- Mandatory direct debits or Clockwise accounts for New tenants has been implemented.</p> <p>- Income Management team strengthened.</p> <p>- Amended Allocations policy to assist downsizing</p> <p>- Introduced pre-tenancy determinations interviews to collate financial information prior to tenancy sign up. This is a risk mitigation exercise to help identify tenants that require extra help to manage their finances /budget</p>	4	4	16	<p>- Development of Northgates IT system to support paperless direct debits.</p> <p>- 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.</p> <p>- 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. Further work required at 19.01.17</p> <p>After all service improvements mentioned above in place to maximise rent collection for households affected by UC. Further consideration to be given to recruit additional TMO staff (at least 4) to do more intensive work on the cases at highest risk of tenancy failure due to UC and non</p>	4	3	12	<p>Additional cost of Northgate is a combined divisional cost and not identifiable singularly Potential additional cost of staffing to mitigate and identified increase in rent arrears but this is not defined.</p>	Chris Burgin

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<p>14. Housing -Providing thriving, safe communities - Impact of welfare reform on supported housing will mean less income to the general fund. Also affects adults social care support to sheltered housing.</p> <p>Received notification that the 1% rent reduction will be applied to hostels and supported housing.</p>	<p>Reduced income to the general fund. Will affect all new tenancies after 2016</p> <p>Less income to provide services at hostels and supported housing</p>	<p>Housing Transformation Programme Phase 3 set up to deliver HRA and Housing GF savings required this includes the agreed action to decommission internal Supported Housing provision and to service review Hostels landlord and support functions next year. This work will run alongside a full review of the Homelessness strategy that will also feed in to meeting this risk</p>	4	4	16	<p>Executive decision agreed to reduce accommodation based support by the 60 supported housing units.</p>	4	3	12	<p>With the uncertainty of the Supported Housing Model and 1% rent reduction further savings will need to be considered as part of HTP3.</p>	Chris Burgin

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			(See Scoring Table)				(See Scoring Table)				
			Impact	Likelihood	Risk		Impact	Likelihood	Risk		
<p>15. Housing - Risk of Legal challenge, liability and reputational consequence if properties are not adequately maintained. Greater financial investment needed in the future.</p> <p>Rent reduction of 1% per annum for next 4 years will threaten budget for maintenance.</p>	<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	At current rates we need a minimum spend of £13m to ensure ongoing compliance with legislation.	Chris Burgin
<p>16. Estates & Building Services - Lift Condition Assessment - Asset Capture, Lack of forward planning in terms of planned maintenance and programming change of assets</p>	<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	Lift surveys to be undertaken prior to March 2017	5	3	15	50K to undertake surveys by framework consultant	Matt Wallace
<p>17. Estates & Building Services - Delay and compensation event claims are received leading to extensive costs.</p>	<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

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66	<p>18. Estates & Building Services - BSFSnag / Defect Programme - Schools currently have outstanding construction matters which prohibit the issuing of completion certificates</p>	<p>- LCC exposed to risk of system failure or litigation - Delay in programme delivery</p>	<p>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</p>	5	4	20	- Additional external support being sought via Arcadis to enable the close of contracts	4	2	8	Delay in delivery	Matt Wallace
	<p>19. Estates & Building Services Schools Capital - Raising educational achievement. Reduction in capital investment in schools with ageing school stock and deteriorating condition</p>	<p>- Potential to not meet statutory building requirements. - Reputational damage to the council</p>	<p>- Develop long term strategy across both the Primary and retained Secondary School estate</p>	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
	<p>20. Estates & Building Services - Maintaining Income (Capital and Revenue) on behalf of the Council - Schools gaining Academy status</p>	<p>- Reduction on Capital & Revenue funding as schools receive monies directly from central government.</p>	<p>- Help manage and support the schools through this process.</p>	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

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100	- 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	1. The centralisation of property management functions will enable EBS to mitigate risk identified on management plans - Ensure all buildings have an asbestos register	3	2	6	Staff time	Matt Wallace
	- 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 17/18 works to be in next Capital Bid report - More rigorous audit of Building Responsible Officer monitoring to be undertaken	3	2	6		Matt Wallace

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<p>22. Neighbourhood and Environmental Services - 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>	<ul style="list-style-type: none"> - Teams already at a minimum and extra workloads are unsustainable. - As demand-led services increase, workload and public expectations increase. - Likelihood of key person dependency as teams reduce further (fewer people in key roles). - Potential risk of non-compliance or breaches/lack of a substantial control environment. - Service delivery requirements not met. - Staff wellbeing may be harmed. 	<ul style="list-style-type: none"> - Existing prioritisation arrangements are in place. - Policies and procedures are in place. - Processes are in place. - Regular briefings and PDRs 	4	4	16	<ul style="list-style-type: none"> - Review of succession planning is to be conducted. - Need to assess the service demand against the resource availability to understand impacts and generate action plans. - Develop further prioritisation arrangements. - Continually assess through performance appraisals and individuals one-to-ones. 	3	4	12		John Leach
<p>23. Neighbourhood and Environmental Services 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>	<ul style="list-style-type: none"> - Budgets are not adhered to. - Income streams continue to reduce (e.g. Building Regs) due to the economic climate. - Targets remain the same or increase, against income sources and staff reductions. - One off income is disclosed as recurring, increasing the savings gap. 	<ul style="list-style-type: none"> - Budgets are in place and alternative savings option appraisals are performed and saving plans are implemented. - Policies and procedures are in place. - Adhoc business development arrangements are in place. 	3	5	15	<ul style="list-style-type: none"> - Need to review income targets for recurring and 'one off' income with finance to resolve on-going issues. - Enhance the business development resources/opportunity. - Budget strategy review. - Service review/impacts. - Further marketing and promotional projects. 	3	4	12	N/A	John Leach

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24. Neighbourhood and Environmental Services 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 - Apprenticeship Levy	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
25. Neighbourhood and Environmental Services 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

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STRATEGIC AREA - Corporate Resources and Support											
26. 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. 103	- 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. <i>(Actions required to maintain risk score).</i>	4	4	16		Miranda Cannon

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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
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<p>27. 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.</p> <p>Consultation approach and EIAs are increasingly targeted areas for legal challenge.</p>	<p>- Communications are not appropriate (present the right information, performed in a uniform manner, not consistently worded, communicated or the tone are appropriate), leading to legal challenge.</p> <p>- Equalities Impact Assessments cannot address all potential areas of legal challenge on Public Sector Equality Duty grounds.</p> <p>- Lack of legal expertise/appropriate resources.</p> <p>- Potential for legal challenge/judicial review by providers, staff, service users, etc.</p> <p>- Reputational damage/media exposure.</p> <p>- Unplanned adverse effect on budget/finance</p> <p>- Resource intensive to defend legal challenges/judicial reviews.</p>	<p>- Equality Impact Assessments (EIAs) are performed to help ensure the Council meets the Public Sector Equality Duty (PSED).</p> <p>- 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.</p> <p>- Presentation on Judicial Reviews/legal challenges posted on EIA Interface page.</p> <p>- Processes and procedures in place.</p> <p>- Staff are aware of duties, responsibilities and relevant considerations required to demonstrate compliance with PSED.</p> <p>- Expert support e.g. HR, equalities, consultation, CPMO in place with supporting guidance. Equalities e-learning module developed and being rolled out.</p> <p>- EIA process (what needs to be considered when) and EIA templates regularly reviewed and revised</p>	4	4	16	<p>- Continue to review external practice e.g. from other Local Authorities and partners, which have been deemed as best practice and implement locally as appropriate.</p> <p>- Ensure the correct resources, with the relevant skills and experience are allocated to roles.</p> <p>- Ensure HR support is available.</p> <p>- Complete current Equality and Diversity Strategy and refresh</p>	4	3	12		Miranda Cannon

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
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105	<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 									
28. Finance - Financial challenges - the Council fails to respond adequately to the cuts in public sector funding over the coming 4 - 5 years.	<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 17/18. -Further work required to balance the medium term, particularly driving the spending review programme. - £8m service transformation fund. 	5	4	20	Heavy involvement of City Mayor in ensuring spending review programme delivers.	5	2	10		Alison Greenhill

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106	<p>29. Finance - Information and Customer Access</p> <p>The Council is at constant threat from malicious hacking or human error.</p> <p>~ Loss of data or information ~ Loss of access to systems and services ~ Council-wide impact ~ Potential fines, litigation, penalties etc. ~ Impact on data subjects if sensitive information misused ~ Reputation damage</p>	<p>~ Ensure adequate technology is in place to protect the authority. ~ Raise staff awareness ~ Testing procedures ~ Applications kept up to date ~ Processes in place ~ Likelihood of critical systems being affected is low ~ IT security manager post filled ~ PCI scans ~ Penetration testing etc. ~ PSN compliance ~ IT investment is good ~ Data loss prevention activities and mitigations ~ IG team deliver monthly reporting ~ Lessons learnt e.g. from Lincolnshire</p>	5	3	15		2	5	10		Alison Greenhill

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<p>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.)</p>	<p>- 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.</p>	<p>- 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.</p>	4	5	20	<p>- Requirement for all to complete annual IG awareness training should be enforced. - Introduce a self-service IG health check for Managers to check their team's compliance and identify their own improvement actions. - IG issues to be addressed more consistently in contracts outside IT Procurement (where this is systematic). - Need for services facing high staff turnover to prioritise Data Protection and security training to maintain capability levels. NB: in a changing context, controls need to evolve and be constantly refreshed to maintain the risk exposure at the current level and prevent it from increasing. Therefore, no reduction in risk exposure</p>	4	3	12		Kamal Adatia

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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											

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			(See Scoring Table)				(See Scoring Table)				
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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
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

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			(See Scoring Table)				(See Scoring Table)				
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Increase in number of children looked after results in overspend, compensatory savings have to be made in other services	- Reduced Early Help Services, resulting in less early intervention and higher numbers of children and families escalating to higher levels of need, putting additional strain on Children's Social Care budget.	- Targeted work to safely and appropriately reduce the numbers of children in care and monitor the numbers of children requiring high cost externally commissioned placements - Further work to be carried out to consider future commissioning arrangements for young people who are victims of CSF	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 exit	4	4	16		Caroline Tote
Cost of agency social workers, including staffing over capacity, and Permanent staff absence (sick leave, maternity leave, disciplinary action) results in higher costs because of the need to pay agency worker	- Increase in overspend, due to the higher costs of agency workers; and - Regular monitoring of staff performance, and absence.	- Workforce Strategy sets out plans to attract permanent staff to Leicester and retain incoming - Continuing to take a robust approach to managing staff absence and reduce the amount of time that is lost due to sickness.	5	4	20	- Continued work on recruitment, retention and - 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
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

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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	4	5	20	- Work through Local Safeguarding Children's Board groups to disseminate messages from the Serious Case Reviews.	5	4	20		Caroline Tote

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			Impact	Likelihood	Risk		Impact	Likelihood	Risk		
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
Staff fail to recognise and act to safeguard and mitigate the risks of significant harm to children	- No interventions where action needs to be taken, interventions that do not make enough difference to children's lives - An increased risk of significant harm, and/or an avoidable child death.	- Agreed improvement plan in place, being implemented and monitored, including all Ofsted recommendations - Early Help Offer re-launched with training for staff and partners - Thresholds documents re-launch - Weekly CIN Performance meetings to look at key performance areas and carry out spot checks on identified areas of work - Team Manager training to reinforce	3	5	15	Further implementation of the Leicester City Children's improvement plan including: - Quality Assurance work by external auditors used to drive up practice and management standards, and enable managers to carry out realistic, robust audits - Outcomes of, and learning	3	4	12		Caroline Tote
Practitioners and managers do not work to required standards	- Poor quality, inconsistent service to children, young people and their families - Increased risk of significant harm	- Weekly performance meetings in CIN - Quality Assurance work by external auditors in conjunction with social workers and team managers, with immediate corrective action for cases identified. - Reports produced on 'Practice Analysis with results of the Quality Assurance work. - Workforce Development Programme in place	3	5	15	- Implementation of the improvement plan including: - Use established frontline (practitioner) Group as 'Champions' - Practice and performance quarterly workshops for all staff	3	4	12		Caroline Tote

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113	Abuse or injury to children and young people in the City. - Children would be unsafe living with their parents. Where known to Children's Social Care or Early Help, services would not have protected them. - Where a child suffered significant harm or death, there could be a Serious Case Review, with outcomes published nationally.	- Implementation of Improvement Plans at Operational and Strategic Level - Recruitment of staff. Staff training - Supervision and management oversight.	3	5	15		3	4	12		Caroline Tote
Child Sexual Exploitation: Non-recent cases of CSE where police investigation and/or victims statements demonstrate local authority involvement or culpability in failing to protect victims. Current work on CSE where local authority/partnership working have failed to protect young people from perpetrators	For non-recent and current Reputational risk in a high profile area: - Allegations against staff or former staff - Media coverage - Claims against the Council	For non recent cases - Local authority engagement with police in non-recent investigations. For current work - CSE Strategy and Action Plan in place across Leicester, Leicestershire and Rutland - Leicester Safeguarding Children Board (LSCB). - Training for local authority and partner agency staff provided through the LSCB and single agency training. - Communications Planning. <i>Liquid Logic workshops in place from July</i>	3	5	15	- Plans for a multi-agency team across Leicester, - Leicestershire and Rutland to work on CSE , Missing and Trafficked to be in place Oct 2016 - Work to ensure more robust approach	3	5	15		Caroline Tote

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			(See Scoring Table)				(See Scoring Table)				
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Insufficient high quality workforce in support services resulting in key support functions not being carried out including Business Support, Liquid Logic report writing, Liquid Logic training and floor walking	- Key tasks underpinning Improvement Plan not carried out, or delayed due to lack of staff	- Continued recruitment of key staff including consideration of secondments - Business Analysis of the critical area (CIN teams) - Roll out of mobile technology to staff	5	4	20	- Recruitment of an additional trainer for Liquid Logic, and further work to recruit report writers - Consideration of Business Support functions in business analysis work	4	4	16		Caroline Tote
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	- 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	- 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	Actions taken with provider: - Prioritisation and implementation identified through the Health check and for V11. - High level project plan to be developed. - Recruitment of Liquid Logic report builders and training of others in Performance team to undertake query and report building in Liquid Logic - Training Programme being developed to include CP, CIN and LAC. - Champion group being developed linked to the role of the AP (Advanced Practitioner)	4	4	16		Caroline Tote

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116	<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 has 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</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

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35. Children's Social Care and Early Help - Inspections - Impact of poor outcomes from Ofsted Inspections. <div style="text-align: center; font-size: 2em; font-weight: bold;">117</div>	- Poor quality, inconsistent service to children, young people and families - Additional expenditure for improvement work - External scrutiny from Ofsted and DfE - Potential difficulty in attracting staff - Reputational damage to the Council.	- Ofsted inspection of Children's Social Care under the Single Inspection Framework took place in January/February 2015, report published March 2015, judgement of 'inadequate' - Inspections and monitoring visits of Children's Residential Homes are carried out regularly and tracked through the 'Residential Improvement Plan'. - Preparation work in place for inspection of Children's Centres. - Ongoing monitoring visits by Ofsted in key areas of identified improvement	4	5	20	- Performance and Quality Framework in place - Regular monitoring of performance and quality of service - Meet key targets set by the Improvement board	4	2	8		Caroline Tote

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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. <div style="font-size: 2em; font-weight: bold; text-align: center;">118</div>	- 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.	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 asses impact and risk and report to DCS.	4	4	16		Caroline Tote

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120	- 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

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121	<p>38. Learning Services - Leicester City Council reputation / relationships with schools are hindered by the delay in resolving snags and defects items with schools.</p> <p>- 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.</p>	- 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
<p>39. Learning Services - Funding reduction leading to inadequate school improvement capacity</p> <p>From 2018/19 funding to support monitoring and intervention in maintained schools will reduce from £1.3m to around £300k.</p>	Significant increases in schools rated RI and Inadequate Reputational damage for the council	Seeking to develop school-led capacity	5	5	25	Develop traded capacity Further support for school-led system	5	4	20		Ian Bailey
<p>40. Learning Services - Insufficient SEND specialist places</p>	Impact on mainstream school "holding onto" pupils who have agreed special places. Potential increase costs of OOC places (vastly more expensive than in-city places).	Development of strategy for provision, building on trend analysis, numbers of EHCP pupils, identified primary needs, review of existing provision	5	5	25	Paper detailing proposed increase in special school places is scheduled for discussion by DMT in Spring term	3	3	9		Ian Bailey

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Risks as at: 31st January 2017

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
			Impact	Likelihood	Risk		Impact	Likelihood	Risk		
122											
41. 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
42. 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
43. 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

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 31st January 2017

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
			Impact	Likelihood	Risk		Impact	Likelihood	Risk		
44. Learning Services - Loss of contractual BSF knowledge and Intelligence through high staff turnover in project teams leading to poor decisions and non contractual compliance 123	- 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
45. Learning Services - Insufficient school places for 2017/18 and 2018/19 Increased demand due to demographic changes Academisation and legislation changes affecting statutory powers to create new capacity Loss of commitment by schools to expansions Failure of new free schools to open	~ Statutory duty to allocate places is not met ~ Potential for safeguarding issue ~ Reputational damage	Development of robust data for pupil place planning, review forecasting methodology, verification of data by EFA SCAP team	4	4	16	Individual expansion options consultation with Heads; breakfast meeting cluster reviews; Development Group briefings; improved communications working with Strategic Lead HT; Strategic HT consultative group	4	3	12		Ian Bailey
46. 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.com / 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
STRATEGIC AREA - Public Health											

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 31st January 2017

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
			(See Scoring Table)				(See Scoring Table)				
			Impact	Likelihood	Risk		Impact	Likelihood	Risk		
<p>47. 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</p>	<p>- 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</p>	<p>- 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</p>	4	5	20	<p>- 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. UPDATE: 24.01.17: - Procurement of above noted audit and payment module is being progressed and will be in place by early spring 2017.</p>	4	4	16		<p>Ruth Tennant</p>
<p>48. 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)</p>	<p>- If unresolved only able to offer a limited services in terms of core offer and other analyses required</p>	<p>- 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</p>	4	4	16	<p>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</p>	4	3	12		<p>Ruth Tennant</p>

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Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 31st January 2017

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
			Impact	Likelihood	Risk		Impact	Likelihood	Risk		
125	<p>49. 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. - Capability interviews conducted for staff moving into new roles 	4	4	16	- Divisional and staffing review	4	4	16		Ruth Tennant

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 31st January 2017

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	
			Impact	Likelihood	Risk		Impact	Likelihood	Risk			
126	<p>50. 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.</p>	<p>- Possible reputational risk through the LA being forced to reduce service levels to meet budget cuts</p>	<p>- 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</p>	4	4	16	<p>Negotiation stage was successful and a final 0-19HCP submission has been received from LPT that reflects all the issues discussed and negotiated on. LCC are awaiting final information and a Section 256 from LCCCG regarding the Care Of Next Infant (CONI) subcontracting. Once this has been received and reviewed the contract can be awarded. Timescales for award are 16th Dec-9Th January depending on when the paperwork arrive from LCCCG. According to initial timetable contract was due to be awarded 17th January so we are still ahead of planned timescales.</p>	4	3	12		Ruth Tennant

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 31st January 2017

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
			(See Scoring Table)				(See Scoring Table)				
			Impact	Likelihood	Risk		Impact	Likelihood	Risk		
<p>51. Public Health - Substance Misuse Commissioning and contract management</p> <p>As a consequence of the ASC review there is potential for reduction in capacity and capability in commissioning and contract management relating to substance misuse treatment services. There has been a reduction in the number of staff and currently there is no identified commissioner for these services (Note total contract value of these services is in excess of £4 million). In addition there will be a significant loss of organisational memory as staff previously employed in this area have moved to other areas.</p>	<p>- Insufficient performance and contract management of contract to assure the DPH that the services provided are clinically safe</p> <p>-Inpatient specialist detox services are due to be recommissioned and currently there is not a commissioner identified to lead this</p> <p>- loss of specialist expertise in substance misuse poses a risk to future commissioning, quality assurance and clinical governance</p>	- Clarify with ASC Head of commissioning arrangements, immediate mitigation and long term plans to manage commissioning, contract management and performance management of substance misuse contracts	4	4	16	Service level agreement developed to clarify arrangements and requirements of ASC in terms of commissioning contract management and performance monitoring of contracts	3	3	9		Ruth Tennant
<p>52. Public Health - Fitness and Health - Continued decline in health and fitness membership results in increased income budget pressures</p>	Increased budget pressure, reduced customer satisfaction	Servicing to maintain and monitor on a constant basis	4	4	16	Health & Fitness business case being developed based on lease options and within option appraisal. Marketing Partner	4	3	12		Ruth Tennant
<p>53. Public Health - Pressure on Sports Services expenditure due to future service reductions</p>	Loss of income creating budget pressure Loss of customers	Budget profiling and budget monitoring Sports Services Review	4	4	16	Leisure Facilities Review including PPS Options Appraisal approved	3	3	9		Ruth Tennant

Appendix 3 – Risk Assessment Scoring Guide and Matrix 2016

	IMPACT	SCORE	BENCHMARK EFFECTS
CRITERIA 129	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 - Insurance Claims Data

LEICESTER CITY COUNCIL - Insurance Claims Received 1 April 2016 - 28 February 2017

Claims received 2016 and being dealt with

Incidents	Total Claims	Repudiated	In Progress	Paid	Amount Paid
52 (47)	472 (655)	295 (330)	107 (230)	70 (95)	£94737 (£149,943)

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	39		13	36	89 (130)	22500
Plan, Trsport & Economic Dev.		Andrew L Smith			1	105		46	24	176 (246)	17500
Children, Young People and Families		Caroline Tote				1				1 (12)	
Housing		Chris Burgin			4	74		23	66	167 (304)	32000
Adult Soc Care & Safeguarding		Ruth Lake								0 (4)	
Del, Comms & Pol Governance		Miranda Cannon								0 (5)	
Information & Cust Access		Alison Greenhill								0 (0)	
Estates and Building Services		Matt Wallace				1		1	1	3 (7)	2737
Comm and Business Dev		Sue Welford/Frances Craven								0 (0)	
Learning Services (incl Schools)		Ian Bailey			3	8		10	2	23 (19)	20000
Finance		Alison Greenhill								0 (4)	
Legal Services		Kamal Adatia								0 (0)	
Tourism, Culture & Investment		Mike Dalzell								0 (13)	
City Public Health & Health Imp		Ivan Browne								0 (0)	
Care Svcs & Commissioning		Tracie Rees				1		1		2 (1)	
Total					9	229	0	94	129	461 (745)	94737

Last 12 months rolling repudiation rate - 76%

Last 12 months year on year numbers - down 39%

Last 12 months year on year values - down 37%

