



Leicester
City Council

MEETING OF THE AUDIT AND RISK COMMITTEE

DATE: WEDNESDAY, 15 JUNE 2016

TIME: 5:30 pm

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

Members of the Committee

Councillor Patel (Chair)

Councillor Westley (Vice-Chair)

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

Two unallocated Non-Group Places

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

for Monitoring Officer

Officer contact: Angie Smith
Democratic Support, Democratic Services
Leicester City Council,
City Hall, 115 Charles Street, Leicester, LE1 1FZ
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Email. Angie.Smith@Leicester.gov.uk

Information for members of the public

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- ✓ to ensure that the sound on any device is fully muted and intrusive lighting avoided;
- ✓ where filming, to only focus on those people actively participating in the meeting;
- ✓ where filming, to (via the Chair of the meeting) ensure that those present are aware that they may be filmed and respect any requests to not be filmed.

Further information

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

For Press Enquiries - please phone the **Communications Unit** on 0116 454 4151

PUBLIC SESSION

AGENDA

FIRE / EMERGENCY EVACUATION

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1. APOLOGIES FOR ABSENCE

2. DECLARATIONS OF INTEREST

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

3. MINUTES OF THE PREVIOUS MEETING

Appendix A

The Minutes of the previous meeting of the Audit and Risk Committee held on 23 March 2016 are attached, and Members will be asked to confirm them as a correct record.

4. AUDIT & RISK COMMITTEE MEMBERSHIP FOR 2016/17

Members are asked to note the membership of the Audit & Risk Committee as detailed on the front of the agenda.

5. AUDIT & RISK COMMITTEE MEETING DATES FOR 2016/17

Members are asked to note the dates for meeting of the Audit & Risk Committee for 2016/17 as follows:

2016:-

15 June

3 August

27 September (Tuesday)

16 November

2017:-

8 February

22 March

6. EXTERNAL AUDITORS' ANNUAL AUDIT FEES LETTER 2016/17 [Appendix B](#)

The External Auditor submits an Annual Audit Letter which summarises the audit work and fee proposed for the 2016/17 financial year at Leicester City Council. The Committee are asked to note the report.

7. EXTERNAL AUDIT: PROGRESS REPORT AND TECHNICAL UPDATE - JUNE 2016 [Appendix C](#)

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

8. INVOICE PAYMENT DATA - HALF YEARLY UPDATE [Appendix D](#)

The Director of Finance submits a report to provide the Audit & Risk Committee and update on the timeliness of invoice payments the authority makes to its suppliers of goods and services. The Committee is asked to note the content of the report, and the measures put in place to meet the manifesto commitment to improve the payment terms for small local business.

9. REVIEW OF THE ANTI-FRAUD, BRIBERY AND CORRUPTION POLICY AND STRATEGY [Appendix E](#)

The Director of Finance submits a report to Committee on the annual review of the Anti-Fraud, Bribery and Corruption Policy and Strategy, as required under the Terms of Reference of the Audit & Risk Committee. The Committee is recommended to note the report and approve the Policy and Strategy.

10. ANNUAL REPORT ON THE NATIONAL FRAUD INITIATIVE (NFI) [Appendix F](#)

The Director of Finance submits a report which provides information to the Audit & Risk Committee on the National Fraud Initiative (NFI) exercises currently underway. The Committee is asked to note the report.

11. LOCAL GOVERNMENT ASSOCIATION'S CHIEF EXECUTIVE'S LETTER REGARDING EXTERNAL AUDITORS APPOINTMENT [Appendix G](#)

The Director of Finance submits a letter for information from the Chief Executive of the Local Government Association, regarding arrangements for the procurement of external auditors. The Committee is asked to note the letter.

12. ANNUAL APPROVAL OF THE POLICY FOR ENGAGEMENT OF EXTERNAL AUDITORS FOR NON-AUDIT WORK [Appendix H](#)

The Director of Finance submits a report to seek the Audit & Risk Committee's annual approval of the 'Policy for Engagement of External Auditors for Non-Audit Work'. The Committee is recommended to note the report and approve the policy.

13. SCHEDULE OF MEETINGS FOR THE FINANCIAL YEAR 2016 [Appendix I](#)

The Director of Finance submits a report to Audit & Risk Committee of its scheduled meetings and suggested agendas for the Financial Year 2016/17. The Committee is recommended to note the plan content.

14. RISK MANAGEMENT AND INSURANCE SERVICES (RMIS) UPDATE REPORT [Appendix J](#)

The Director of Finance submits a report that provides the Audit & Risk 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 the report.

15. INTERNAL AUDIT PLAN - QUARTER 2 2016/17 [Appendix K](#)

The Director of Finance submits a report to Audit & Risk Committee which presents the details operational audit plan for the second quarter of the financial year 2016/17. The Committee is recommended to note the report.

16. ANY URGENT BUSINESS



Leicester
City Council

Appendix A

Minutes of the Meeting of the AUDIT AND RISK COMMITTEE

Held: WEDNESDAY, 23 MARCH 2016 at 5:30 pm

P R E S E N T:

Councillor Patel (Chair)

Councillor Alfonso

Councillor Hunter

Councillor Westley

* * * * *

65. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Singh Johal.

66. DECLARATIONS OF INTEREST

There were no declarations of interest.

67. MINUTES OF THE PREVIOUS MEETING

Minute 61, Paragraph 3, to be amended to read “the Director of Finance informed Members that the Department for Work and Pensions (DWP) had been approached by the ~~External Auditors and Council...~~ External Auditors did, however, support the Council’s approach to the DWP.

RESOLVED:

that, subject to the correction to Minute 61, Paragraph 3, the minutes of the meeting of the Audit & risk Committee held on 10 February 2016 at 5.30pm be confirmed as a correct record.

68. EXTERNAL AUDIT PLAN 2015-16

The External Auditors submitted a reported that set out how they would deliver their financial statements audit work for Leicester City Council, the approach to value for money (VFM) work for 2015/16, and how the External Auditor’s fee had been arrived at.

John Cornett, Director of KPMG, introduced the report. He drew Members’ attention to the following:

- Materiality for planning purposes was set at £15million for the Authority's accounts – 1.4% of gross expenditure;
- The change of banking arrangements from Co-op to Barclays was a risk requiring special audit attention;
- The plan would be updated to include the change in housing rates system as a significant risk;
- Asset valuations of schools and leisure centres would be followed up;
- The Authority's plan to change the Minimum Revenue Policy would be reviewed, and its impact on the 2015/16 accounts considered;
- OFSTED findings – there was a risk that the Value for Money conclusion would again be qualified if the Authority could not demonstrate that sufficient progress had been made in relation to the improvement plan;
- The financial resilience of the authority was brought to Members' attention, with expenditure expected to exceed £55million. £39million of reserves would be used, leaving the minimum general fund balance of £15million going forward;
- The planned audit fee for 2015/16 was £46k, and would remain in place for the duration of the contract. A small additional charge of £2k would be added for additional work undertaken on housing finances;

The Director of Finance provided the following information in response to Members' questions:

- When schools converted to academy status, the value of the asset reduced the asset balance sheet. Building Schools for the Future funding did not move with the transfer;
- Some schools delegated functions back to the council, for example, maintenance, IT, HR;
- The process of conversion was resource intensive, requiring lawyer and property time;
- Following the Chancellor's recent announcement that all schools would convert to academy status, work would be done to identify where the Council had buildings on school sites for access and security issues;
- Midway through 2017/18 budget reserves would have been used, and some services would be withdrawn.

RESOLVED:

That the report be noted.

69. EXTERNAL AUDIT PROGRESS REPORT AND TECHNICAL UPDATE

The External Auditor submitted a report up to March 2016, providing an overview on progress in delivering the responsibilities of external auditors. The report highlighted the main technical issues that were currently having an impact in local government.

John Cornett, from KPMG, introduced the report and informed Members that an interim audit visit was in progress. The report was for Members' information,

and wider circulation of the resources and technical update was encouraged. Members were asked to note the new local audit framework in the technical update.

Members were asked to note the Accounts and Audit Regulations 2015, which set out new arrangements for 2015/16, and the thirty working day period for the exercise of public rights which must include the first ten working days of July. Members were informed that External Auditors would bring their auditing of accounts forward by two months for 2017/18 to July end (previously September).

The Principal Accountant stated the Council was not materially behind Westminster systems, and that a change in how people worked and increased use of IT would ensure compliance.

The Chair requested that a briefing session on opening and closing the accounts be brought to a future meeting.

RESOLVED:

That:

1. The report be noted;
2. A briefing on opening and closing the accounts be brought to a future meeting of the Audit & Risk Committee.

70. KPMG LOCAL GOVERNMENT BUDGET SURVEY

The External Auditor submitted a document which sought to assist Members during budget considerations over the next financial year.

John Cornett, from KPMG, presented the document. The purpose of the paper was to share key findings of the survey, and provide information to assist clients facing financial challenges.

RESOLVED:

That the document be noted.

71. REGULATION OF INVESTIGATORY POWERS ACT 2000 - BI-ANNUAL PERFORMANCE REPORT JUNE 2015 TO DECEMBER 2015

The City Barrister and Head of Standards submitted a report on the performance of the Council in authorising Regulation of Investigatory Powers Act (RIPA) applications, from 1st June 2015 to 31st December 2015. The Committee was recommended to receive the report and note its contents, and make any recommendations or comments it saw fit either to the Executive or City Barrister and Head of Standards.

The Information Governance Manager introduced the report. Members were informed that:

- The Council applied for and were granted two Directed Surveillance

Authorisations by a magistrate – covert direct surveillance had to be requested for something that could send someone to prison for six months, or the magistrate would not sign it. The two authorisations were for:

1/ Blue badge used fraudulently – prosecution pending.

2/ Fly tipping – intelligence pointed towards people who could be monitored and the issue had reduced.

- The outcome of the Office of the Surveillance Commissioner inspection in December 2015 was excellent. The Inspector had looked at the City's CCTV and had made no recommendations, and had taken away some of the Council's good practice to share;
- The size of the Information Governance team would reduce from eight to six officers;
- New technologies had to be taken on board, for example, wi-fi to stream video in vans and transmit data through secure networks;
- The Investigatory Powers Bill was progressing through Parliament, and could possibly have an impact on the how the team worked;
- The new EU data protection regulations would also have impact and would link with the Investigatory Powers Bill. Any changes would be brought to the Committee in a report;
- Robust training was undertaken regularly throughout the year. Only specific teams could carry out surveillance and had the power to prosecute.

RESOLVED:

That the report be noted.

72. PROCUREMENT PLAN 2016-17

The Director of Finance submitted to the Committee for noting the Council's Procurement Plan 2016-17, as required by the Contract Procedure Rules.

The Head of Procurement presented the report. Members were informed that :

- the Plan ensured swifter procurement;
- the report included details of expected procurement processes, the thresholds for which were updated in December 2015, as noted in the report;
- once approved, the Plan would be available on the Council's website;
- items could be removed or added through a formal executive decision;
- in reference to Adult Social Care, officers had worked collaboratively and had engaged with service areas to make sure the decision making and analysis process had been covered during the procurement process.

RESOLVED:

That the report be noted.

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

The Director of Finance and the City Barrister & Head of Standards submitted a joint report which sought 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 Head of Internal Audit and Risk Management presented the report.

The Committee was asked to consider the recommendations in the report.

Members were informed that:

- There were minor changes to the Terms of Reference and Code of Corporate Governance, and changes were underlined in the report;
- The assurance framework took its starting point from the Council's principal strategic and organisational objectives, including the City Mayors Delivery Plan (changed to Manifesto).

RESOLVED:

That:

1. no material changes to the Assurance Framework were needed and agreed that it should form the basis on which the Council would compile its Annual Governance Statement for the financial year 2015-16.
2. no material changes to the Local Code of Corporate Governance were needed.
3. the amended Committee's terms of reference be approved.

74. INTERNAL AUDIT - 1ST QUARTER PLAN 2016-17

The Director of Finance submitted a report that provided 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 and Risk Management presented the report.

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

Members were informed that:

- There had been a full return (100%) of risk registers as at the end of January;
- Four changes had been made within the Strategic Risk Register and 46 changes across the 13 Divisional Operational registers that made up the Operational Risk Register – there were no changes of note from either register to bring to the attention of the Committee;
- Following the discussion around fleet claims at the last meeting of the

Committee, a Fleet Forum had been set up by the Council, with the Insurance Team in attendance, in order to reduce the number of insurance claims around the fleet;

- The Corporate Business Continuity Team had been contacted for advice and guidance regarding a couple of incidents in the city:
 - An overnight incident involving the fall of a concrete block at the Central Library;
 - A flood at a private block of flats
- External Auditors looked at all aspects of risk management at the Council, as it was a key part of their informed decision around value for money.
- In light of the recent Belgian attacks, the threat level was already at severe, and there was active liaison between emergency management and blue light services.

The Head of Internal Audit & Risk Management noted there was an omission at Appendix 2 to the report, 4. Care Services & Commissioning (ASC) target scores.

RESOLVED:

That the report be noted.

75. PROPOSED SCHEDULE OF MEETINGS FOR THE FINANCIAL YEAR 2016-17

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

The decision on the date for the September meeting would be made by the Director of Finance when preparing the accounts for approval.

RESOLVED:

That the proposed schedule of meetings and suggested agendas for the Financial year 2016-17 be approved.

76. RISK MANAGEMENT AND INSURANCE SERVICES UPDATE REPORT

The Director of Finance submitted a report that provided 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 and Risk Management presented the report.

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

Members were informed that:

- There had been a full return (100%) of risk registers;
- Four changes were within the Strategic Risk Register and 46 changes across the 13 Divisional registers that made up the Operational Risk Register – there were no changes of note from either register to bring to the attention of the Committee;
- Following the discussion around fleet claims at the last meeting of the Committee, a Fleet Forum had been set up by the Council, with the Insurance Team in attendance, in order to reduce the number of insurance claims around the fleet;
- The Corporate Business Continuity Team had been contacted for advice and guidance regarding a couple of incidents in the city:
 - An overnight incident involving the fall of a concrete block from the Central Library;
 - A flood at a private block of flats
- External Auditors looked at all aspects of risk management at the Council, as it was a key part of their informed decision around value for money.
- In light of the recent Belgian attacks, the threat level was already at severe, and there was active liaison between emergency management and blue light services.

The Head of Internal Audit & Risk Management noted there was an omission at Appendix 2 to the report, 4. Care Services & Commissioning (ASC) target scores.

RESOLVED:

That the report be noted.

77. CLOSE OF MEETING

The meeting closed at 7.30pm.

Appendix B



KPMG LLP
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Private & confidential
Andy Keeling
Chief Operating Officer
Leicester City Council
City Hall
115 Charles Street
Leicester LE1 1FZ

Our ref Jrc/st

Contact John Cornett
07468 749927

18 April 2016

Dear Andy

Annual audit fee 2016/17

I am writing to confirm the audit work and fee that we propose for the 2016/17 financial year at Leicester City Council. Our proposals are based on the risk-based approach to audit planning as set out in the Code of Audit Practice and Public Sector Audit Appointments Ltd's (PSAA's) published work programme and fee scales.

Planned audit fee

The planned audit and certification fees for 2016/17 are shown below, along with a comparison to the prior year's fee. All fees are exclusive of VAT.

Audit area	Planned fee 2016/17	Planned fee 2015/16
Code of Audit Practice audit fee – Leicester City Council	£146,603	£146,603
Certification of housing benefit grant claims	£52,785	£58,505

PSAA has set the 2016/17 Code of Audit Practice audit scale fees at the same level as for 2015/16, thereby preserving the 25 per cent reductions that were applied that year which in turn was in addition to the savings of up to 40 per cent in scale audit fees and certification fees in 2012/13. The planned fee is in line with the scale fee.

As we have not yet completed our audit for 2015/16 the audit planning process for 2016/17, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary. We will naturally keep you informed.

Certification work

As well as our work under the Code, we will certify the 2016/17 claim for housing benefit subsidy to the Department for Work & Pensions

There are no longer any other claims or returns that we are required to certify under the PSAA audit contract. Assurance arrangements for other schemes are a matter for the relevant grant-paying body, and may be the subject of separate fees and tri-partite arrangements between the grant-paying body, the audited body, and the auditor. We would be happy to discuss any such certification needs with you.

Assumptions

The indicative fees are based on a number of assumptions, including that you will provide us with complete and materially accurate financial statements with good quality supporting working papers, within agreed timeframes. It is imperative that you achieve this. If this is not the case and we have to complete more work than was envisaged, we will need to charge additional fees for this work. Our assumptions are set out in more detail in Appendix 1 to this letter.

In setting the fee at this level, we have assumed that the general level of risk in relation to the audit of the financial statements and certification work is not significantly different from that identified for the current year's audit. A more detailed audit plan will be issued early next year. This will detail the risks identified, planned audit procedures and (if required) any changes in fee. If we need to make any significant amendments to the audit fee during the course of the audit, I will first discuss this with you and then prepare a report for the Corporate Governance Committee, outlining the reasons why the fee needs to change.

We expect to issue a number of reports relating to our work over the course of the audit. These are listed at Appendix 2. A statement of our independence is included at Appendix 3.

The proposed fee excludes any additional work we may agree to undertake at the request of Leicester City Council. Any such piece of work will be separately discussed and a detailed project specification agreed with you.

Redistribution of Audit Commission surplus

Following completion of the Audit Commission's 2014/15 accounts, PSAA received a payment in respect of the Audit Commission's retained earnings. PSAA will distribute this and any other surpluses from audit fees to audited bodies, on a timetable to be established by the PSAA Board.

This distribution will be made directly by PSAA and not via KPMG. Based on current information, PSAA anticipates that the amount of the redistribution is likely to be in the order of 15% of the scale fee.

Factors affecting audit work for 2016/17

We plan and deliver our work to fulfil our responsibilities under the Code of Audit Practice (the Code) issued by the National Audit Office (NAO). Under the Code, we tailor our work to reflect local circumstances and our assessment of audit risk. We do this by assessing the significant financial and operational risks facing an audited body, and the arrangements it has put in place to manage those risks, as well as considering any changes affecting our audit responsibilities or financial reporting standards.

CIPFA/LASAAC has confirmed that the 2016/17 *Code of Practice on Local Authority Accounting in the United Kingdom* will adopt the measurement requirements of the CIPFA *Code of Practice on Transport Infrastructure Assets* for highways network assets. CIPFA/LASAAC has indicated that it is unlikely that these changes will apply to district councils as it is unlikely that they hold assets which form part of the highways network, however this will need to be assessed by the Authority. If the Authority does hold material highways network assets then this change will require additional work in 2016/17, but PSAA has indicated that it is not appropriate to increase the scale fees to cover the costs of this work because the amount of work required at individual authorities will vary based on local circumstances. The fees for this additional work will therefore be discussed and agreed with you in due course and will be subject to PSAA's normal fee variation process. PSAA expects that the additional fees for a non-highways authority to be up to £5,000, where authorities are able to provide the information required and the auditor is able to rely on central assurance of the valuation models in use. This amount is indicative and therefore higher costs may be necessary.

Under the Code, we have a responsibility to consider an audited body's arrangements to secure economy, efficiency and effectiveness in its use of resources and to do this we will undertake appropriate value for money (VFM) audit work. The 2016/17 fees have been set on the basis that the NAO's Code and supporting guidance does not change the level of work required on the VFM audit. Should this not be the case, or if new or increased significant VFM audit risks arise that require further audit work, additional fees will be necessary over and above the scale fee. Any such additional fees will be subject to approval through PSAA's fee variation process.

Our team

The key members of our audit team for the 2016/17 audit are:

Name	Role	Contact details
John Cornett	Director	John.Cornett@KPMG.co.uk 07468 749927
Adrian Benselin	Manager	Adrian.Benselin@kpmg.co.uk 07876 158562

Quality of service

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 me and I will try to resolve your complaint. If you are dissatisfied with your response please contact the national contact partner for all of KPMG's work under our contract with PSAA, Andy Sayers (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

Yours sincerely

John Cornett
Director, KPMG LLP

cc: Alison Greenhill, Director of Finance

Appendix 1 – Audit fee assumptions

In setting the fee, we have assumed that:

- the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2015/16;
- you will inform us of significant developments impacting on our audit work;
- internal audit meets the appropriate professional standards;
- you will identify and implement any changes required under the CIPFA IFRS-based Code of Practice on local Authority Accounting within your 2016/17 financial statements;
- your financial statements will be made available for audit in line with the timetable we agree with you;
- good quality working papers and records will be provided to support the financial statements in line with our *prepared by client* request and by the date we agree with you;
- requested information will be provided within agreed timescales;
- prompt responses will be provided to draft reports;
- complete and accurate claims and returns are provided for certification, with supporting working papers, within agreed timeframes; and
- additional work will not be required to address questions or objections raised by local government electors or for special investigations such as those arising from disclosures under the Public Interest Disclosure Act 1998.

Improvements to the above factors may allow reductions to the audit fee in future years. Where these assumptions are not met, we will be required to undertake additional work and charge an increased audit fee. The fee for the audit of the financial statements will be re-visited when we issue the detailed audit plan.

Any changes to our audit plan and fee will be agreed with you. Changes may be required if:

- new residual audit risks emerge;
- additional work is required by KPMG, PSAA, the NAO or other regulators; or
- additional work is required as a result of changes in legislation, professional standards or as a result of changes in financial reporting.



Appendix 2: Planned outputs

Our reports will be discussed and agreed with the appropriate officers before being issued to the Corporate Governance Committee.

Planned output	Indicative date
External audit plan	February 2017
Report to those charged with governance (ISA260 report)	September 2017
Auditor's report giving the opinion on the financial statements, value for money conclusion and audit certificate	September 2017
Opinion on Whole of Government Accounts return	September 2017
Annual audit letter	November 2017
Certification of grant claims and returns	January 2018

Appendix 3 – Independence & objectivity requirements

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 Corporate Governance Committee.

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

Further to this auditors are required by the NAO'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.
- 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 April 2016 in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Engagement Lead and audit team is not impaired.



External Audit: Progress Report and Technical Update

Leicester City Council

Audit and Risk Committee – June 2016

Contents

The contacts at KPMG in connection with this report are:

John Cornett
Director

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Adrian Benselin
Manager

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Report sections

- External audit progress report 3
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This report provides the audit committee with an overview on progress in delivering our responsibilities as your external auditors.

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

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

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

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

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

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

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact John Cornett, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers (on 0207 694 8981, or 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 3H.

External audit progress report - June 2016

This document provides the audit committee with a high level overview on progress in delivering our responsibilities as your external auditors.

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

Area of responsibility	Commentary
<p>Planning</p>	<p>We presented our Audit Plan for 2015/16 to the Audit and Risk Committee on 23 March.</p> <p>We held a meeting on 5 April with the Director of Finance to keep abreast of current and emerging issues in respect of the accounts and value for money conclusion.</p> <p>Our work over the coming quarter will include:</p> <ul style="list-style-type: none"> • Ongoing liaison with finance staff; • Further meetings with senior officers as part of the audit process to better understand the current and longer term issues that the council is addressing; and • Liaising with internal audit (meeting arranged for 23 August).
<p>Financial statements</p>	<p>Since our last progress report, we have carried out our interim visit.</p> <p>Where there are selected controls that address key risks within key financial systems, and where we have determined that this is the most efficient audit approach to take, we have evaluated the design and implementation of those controls and then tested their operating effectiveness. This work includes testing of general IT controls which is still ongoing. We will report our findings once this work is completed.</p> <p>We have also obtained an understanding of the Authority's overall control environment to determine if appropriate controls have been implemented. We do not complete detailed testing of these controls.</p> <p>At this stage there are no matters that we need to bring to your attention.</p>

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External audit progress report - June 2016

This document provides the audit committee with a high level overview on progress in delivering our responsibilities as your external auditors.

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

Area of responsibility	Commentary
<p>Value for Money</p>	<p>We have completed our initial VFM risk assessment. We identified two significant risks that we will follow up as part of our work:</p> <ul style="list-style-type: none"> ■ The Authority’s response to the OFSTED inspection of children’s services; and ■ Financial resilience. <p>In 2014/15 we qualified our VFM conclusion in respect of children’s services. A report to the Children’s and Young People Services Scrutiny Commission on 10 November 2015 stated that “Although there are signs of improvement in both performance and practice in some areas it is too early for much of the activity undertaken to yet to have had an impact on the quality of the service.”</p> <p>We have not yet been given an opportunity to discuss with officers their more recent follow up actions. These are likely to have a significant impact on our overall VFM conclusion for 2015/16.</p> <p>We have commenced our work on financial resilience, and at this stage we do not have any matters to report to members.</p> <p>We will update our assessment throughout the year should any issues present themselves and report against these in our ISA260 report. This will summarise any specific matters arising, and the basis for our overall conclusion.</p>

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Technical update

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Area	Level of impact	Comments	KPMG perspective
CIPFA briefings on accounting for highways infrastructure assets	<p style="text-align: center;">●</p> <p>Low</p>	<p>CIPFA has published the first of a series of briefings on highways infrastructure assets.</p> <p>The first briefing focuses on the decisions made by CIPFA/LASAAC Local Authority Accounting Board following its consultation on the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17. The briefing also covers the applicability of the measurement requirements for district councils and the resources available to support the implementation process. In particular the briefing notes:</p> <ul style="list-style-type: none"> ■ the change to recognising the assets using the depreciated replacement cost approach will be prospective, so will not require the 2015/16 accounts to be restated; and ■ district councils are unlikely to meet the definition of having a single highways network asset, although they will need to reach their own view on this. <p>The first briefing can be found at www.cipfa.org/~media/files/policy%20and%20guidance/local%20authority%20transport%20infrastructure/final%20briefing%20hna%20no%201.pdf?la=en</p>	<p><i>We held a meeting with officers on 30 March. Officers have a good understanding of the issues. Whilst they have established an approach to identifying and valuing relevant highways assets, there is no formal project plan/impact assessment in place. Officers will assess their approach against the suggested approach in LAAP bulletin 100.</i></p> <p><i>The Committee may wish to seek assurances as to how the Authority is progressing with the new requirements.</i></p>
2015/16 Code of Practice on Local Authority Accounting in the United Kingdom (the Code) – update	<p style="text-align: center;">●</p> <p>Low</p>	<p>CIPFA/LASAAC has issued an update to the 2015/16 Code of Practice on Local Authority Accounting in the United Kingdom (the Code) following its consultation process. The 2015/16 Code update should be read alongside the 2015/16 Code published in April 2015.</p> <p>Authorities should note that the update confirms the transitional reporting requirements for the measurement of the Highways Network Asset.</p> <p>The Code update also includes amendments as a result of legislative changes and particularly the Accounts and Audit Regulations 2015 for English authorities. It specifies the principles for narrative reporting which CIPFA/LASAAC considers should be used to meet the new requirements of those regulations.</p>	<p><i>The Committee may wish to seek assurances as to how the Authority is responding to the update to the 2015/16 Code.</i></p>

Area	Level of impact	Comments	KPMG perspective
Capital receipts flexibility	<p>● Low</p>	<p>The 2015 Spending Review included an announcement that local authorities would be able to use capital receipts on the revenue costs of service reform projects. The Department for Communities and Local Government (DCLG) has now issued guidance on the capital receipts flexibility, including a draft direction setting out the types of project that would qualify and expected governance and transparency framework. In summary:</p> <ul style="list-style-type: none"> ■ the flexibility is available from 1 April 2016 to 31 March 2019; ■ only capital receipts generated during that period can be used for the flexibility; ■ the Secretary of State’s direction will have the effect of allowing authorities to treat revenue expenditure on service reform as capital during the three year period; ■ authorities will not be allowed to borrow to fund revenue expenditure on service reform; and ■ authorities are required to have regard to a statutory code which contains certain transparency requirements when taking advantage of the flexibility. <p>We understand that DCLG’s aim is that the final signed direction will be issued with the final settlement in February 2016.</p> <p>A copy of the draft guidance can be found at www.gov.uk/government/uploads/system/uploads/attachment_data/file/486999/Capital_receipts_flexibility_-_draft_statutory_guidance_and_direction.pdf</p>	<p><i>The Committee may wish to seek assurances as to how the Authority is planning to use the new flexibility.</i></p>

Area	Level of impact	Comments	KPMG perspective
<p>Better Care Fund policy framework 2016/17</p>	<p>● Low</p>	<p>The Department of Health, in conjunction with the Department for Communities and Local Government, has recently published 2016-17 Better Care Fund planning guidance.</p> <p>The guidance introduces a number of changes, requiring local clinical commissioning groups (CCGs), councils and providers to establish risk sharing arrangements to fund unplanned emergency admissions. Local areas will also have to agree to 'stretching' local targets for cutting delayed transfers of care supported by an action plan.</p> <p>The guidance can be found here: www.gov.uk/government/publications/better-care-fund-how-it-will-work-in-2016-to-2017</p>	<p><i>The Authority is working with Leicester City CCG to provide a pooled fund. 80% of the Authority's contribution (£11.5 million out of £14.5 million) relates to adult social care.</i></p> <p><i>The Committee may wish to seek assurances as to how the Authority is developing these arrangements and whether there are measures in place to demonstrate whether the pooled fund arrangements are providing value for money.</i></p>

Area	Level of impact	Comments
PSAA update – VFM profiles March 2016 release	<p>●</p> <p>For Information</p>	<p>Public Sector Audit Appointments Ltd (PSAA) updated its Value for Money Profiles Tool (VFM profiles) on 3 February 2016.</p> <p>The VFM profiles have been updated with the 2014-15 data sourced from the Department for Communities and Local Government – General Fund Revenue Outturn Budget (RO). The values are adjusted with gross domestic product (GDP) deflators from HM Treasury's publication in November 2015. The profiles can be accessed through the PSAA website at www.psa.co.uk/</p>
Joint report by CIPFA and HFMA: The Better Care Fund – six months on	<p>●</p> <p>For Information</p>	<p>Authorities may wish to be aware of a recent joint report by CIPFA and the Healthcare Financial Management Association (HFMA) examining the progress that has been made six months into the implementation of Better Care Fund arrangements.</p> <p>The report is based on the results of an HFMA and CIPFA joint finance staff survey of NHS bodies and local authorities representing almost a third of BCF sites.</p> <p>The report can be found on the CIPFA website at www.cipfa.org/about-cipfa/press-office/latest-press-releases/better-care-fund-struggling-with-red-tape</p>
Care Act first-phase reforms – local experience of implementation	<p>●</p> <p>For Information</p>	<p>This report has been published by the National Audit Office and complements its earlier report on central government's approach to the Care Act first-phase reforms.</p> <p>This further report provides examples from local case study areas which show how different authorities are addressing risks arising from uncertainty in demand from carers and self-funders.</p> <p>The report was published on 3 August and is available from the NAO website at www.nao.org.uk/report/care-act-first-phase-reforms-local-experience-of-implementation/</p>

Area	Level of impact	Comments
<p>Cities and Local Government Devolution Act 2016</p>	<p>● For Information</p>	<p>Authorities will wish to note that the Cities and Local Government Devolution Act 2016 received Royal Assent on 28 January 2016. The Act provides the enabling legislation to:</p> <ul style="list-style-type: none"> ■ allow for the election of mayors for a combined authority area; ■ allow for the devolution of functions, including transport, health, skills, planning and job support; and ■ provide a power to establish sub-national transport bodies which will advise the Government on strategic schemes and investment priorities in their own area. <p>Most of the changes under the Act, including the implementation of 'devolution' deals, will be implemented by Orders to be made under the Act.</p>

Appendix 1 - 2015/16 Audit deliverables

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

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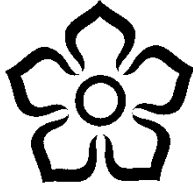
kpmg.com/app



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Leicester
City Council

WARDS AFFECTED
All

Audit & Risk Committee

15 June 2016

Invoice Payment Data – Half Yearly Update

Report of the Director of Finance

1. Purpose of Report

The purpose of this report is to provide the Audit and Risk Committee with an update on the timeliness of invoice payments the authority makes to its suppliers of goods and services.

2. Recommendations

Members of the Audit and Risk Committee are asked to note the content of the report and the measures put in place to meet the manifesto commitment to improve the payment terms for small local business.

3. Report

3.1 Background Information

The corporate exchequer team, part of the Business Service Centre (BSC), is responsible for processing payments to suppliers of goods and services in accordance with the payment terms agreed with the supplier. Before ordering goods and services it is the responsibility of the cost centre manager to raise a purchase order. A purchase order is a commercial document issued by the buyer of goods or services to the seller, indicating types, quantities and agreed prices for products or services.

When the goods or services are supplied the cost centre manager acknowledges this by 'receipting' the goods or services via the corporate finance system. The goods receipting process is a means of accepting the goods or services are fit for purpose and suitable in the sense that goods are not damaged and the quantity ordered is delivered, or the service is delivered to a satisfactory standard.

The next step is for the supplier to send an invoice and once this is received by the payments team the payment process can commence.

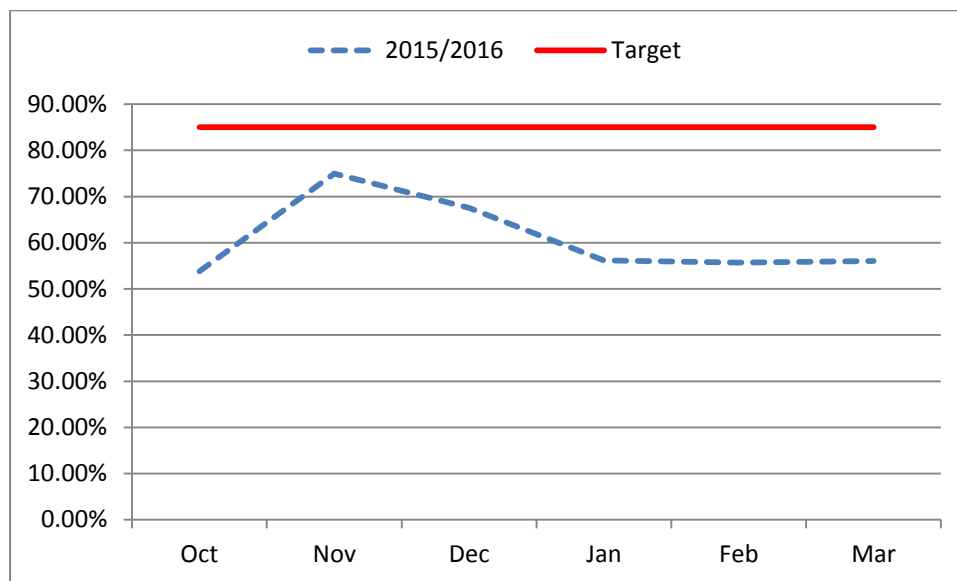
3.2 The authority makes on average 10,000 payments per month which equates to an average monthly spend of £50m.

4. Update since last report to Audit & Risk Committee in December 2015

4.1 Progress to meet the manifesto commitment to improve local small business payment terms continues to be monitored closely. The commitment reduced payment terms from 30 to 21 days meaning that those invoices get paid more quickly. The aim of this is to optimise cash flow for suppliers in our locality enhancing their financial stability.

The improved payment terms were introduced in October 2015 and affected some 765 suppliers (identified by an “LE” postcode). The following table shows the percentage of payments made to small businesses within the new payment terms.

Payment Performance



4.2 As demonstrated above since payment terms were changes for small local businesses last October, on average 60% are being paid on time. This is below the overall corporate performance for all supplier payments as detailed in **Appendix 1** and below the target set. Although it should be noted that average payment terms are 30 days rather than 21 therefore we are not actually comparing like for like.

4.3 **Investigations undertaken to identify why the targets are not been met**

- The delay in suppliers sending in their invoices for payment
- Invoices been sent to individual cost centre managers for payment then these having to be forwarded to the Business Service Centre (BSC) for the payment to be processed

- Some invoices being disputed and the need for resolution which in turn delays the payment
- The cost centre manager not raising a purchase order when ordering the goods or services from the supplier, again this delays payment
- The goods or services have not been signed off as 'received' by the cost centre manager.
- Delays in managers sending invoices to the BSC for payment
-

4.4 **Steps taken to improve performance included:**

- Identifying which invoices are paid late and challenging the relevant manager to establish why.
- In March 2016 we wrote to all suppliers setting out how Leicester City Council is improving how it processes supplier invoices to meet its obligation to pay invoices within the agreed terms. The letter included how supplier can assist in this, by means of:
 - Always obtain a Purchase Order Number before supplying goods or services to the authority
 - Ensuring the name of the person who placed the order is clearly shown on the invoice
 - Send invoices directly to the BSC for payment rather than a named individual or departments
 - Setting out the authority's preferred method of receiving invoices is via email directly to the BSC
 - Setting out that the authority's preferred method of paying supplier invoices is via BAC's rather than cheques

If managers and suppliers adhere to these improved changes we should expect to see an increase in payment performance.

5. **Additional performance data**

Appendix 2, shows the total volume of payments made each month over the past 3 financial years

Appendix 3, shows the total value of payments made each month over the past 3 financial years.

6. **Finance Implications**

There are no significant financial implications arising for this report

Colin Sharpe Head of Finance
Ext 37 4081

7. Legal Implications

There are no legal implications arising from this report but it should be noted that by making payment to local suppliers within 21 days the Council is meeting a higher standard than required under legislation.

*Emma Horton Head of Law (Contract, Property & Planning)
Ext 37 1426*

8. Report Author/Officer to contact:

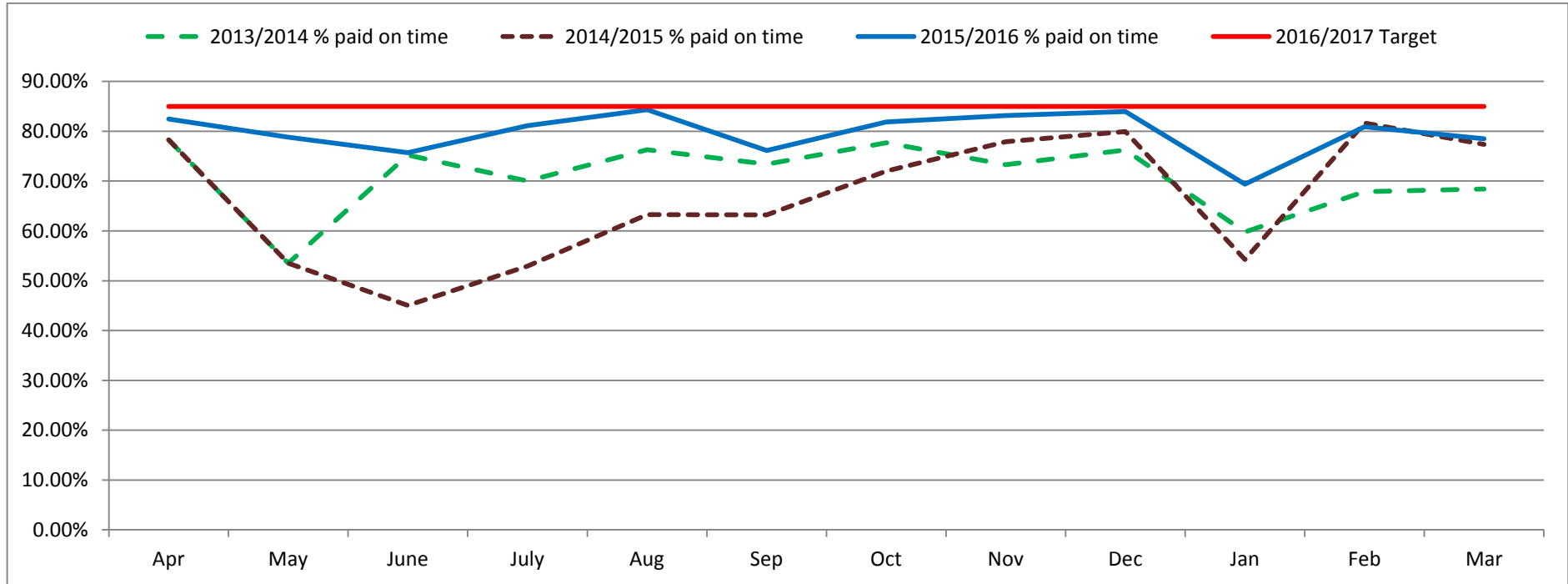
*Enid Grant
Head of Business Service Centre*

*Contact no: 4544401
Email address: Enid.grant@leicester.gov.uk*

Appendix 1

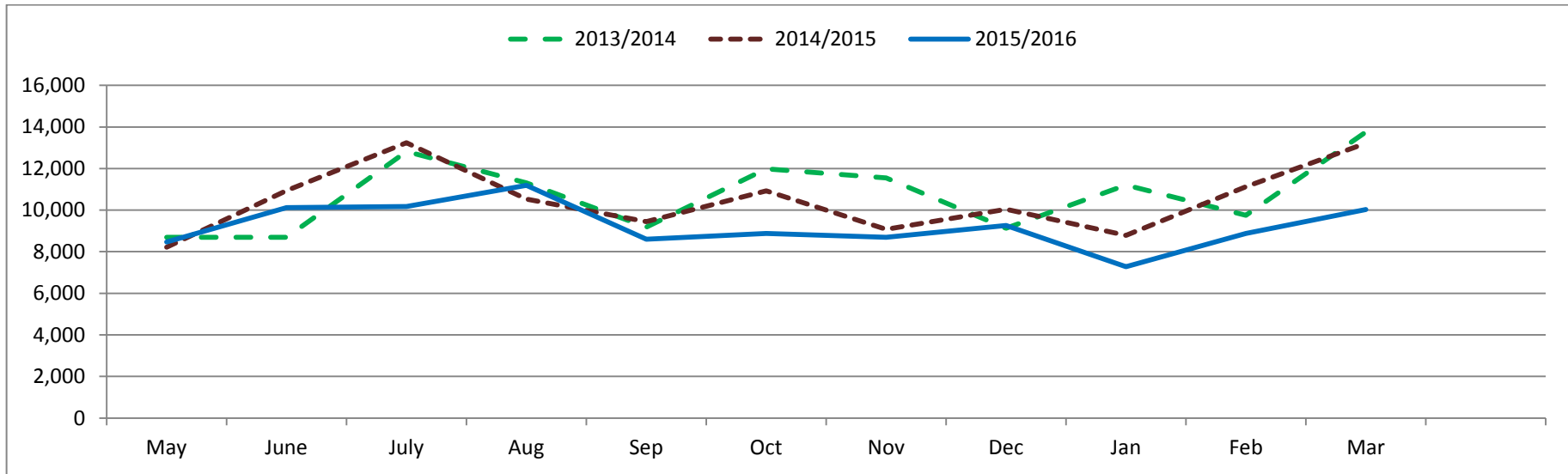
Invoices Paid on Time

33



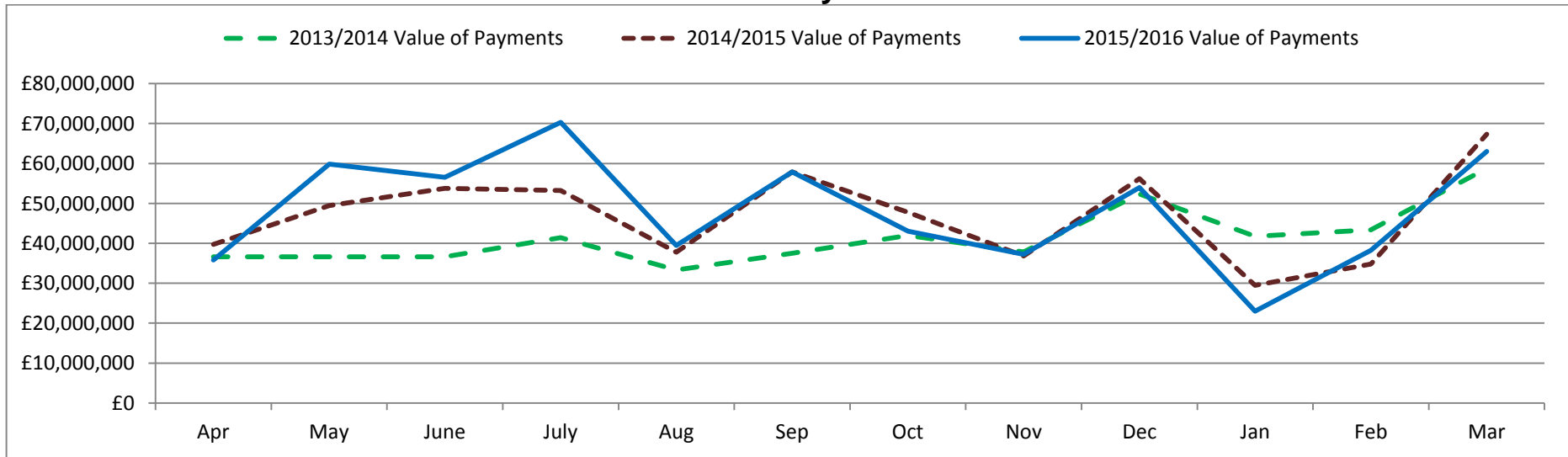
Appendix 2

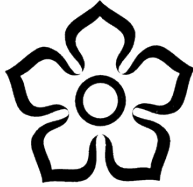
Volume of Payments



Appendix 3

Value of Payments





Leicester
City Council

WARDS AFFECTED
All

**FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:
Audit and Risk Committee**

15th June 2016

Review of the Anti-Fraud, Bribery and Corruption Policy and Strategy

Report of the Director of Finance

1. PURPOSE OF REPORT

- 1.1 The Terms of Reference of the Audit and Risk Committee include the requirement “To review and approve, on an annual basis, the Council’s anti- fraud and corruption and whistle-blowing policies and procedures”.
- 1.2 The purpose of this report is to present to the Committee a review of the Anti- Fraud and Corruption Policy and Strategy. The aim is to ensure that Members and Officers consider the provisions of the Bribery Act 2010, which came into force on 1 July 2011.
- 1.3 The revised Anti-Fraud and Corruption policy is supported by guidance notes for officers.
- 1.4 The purpose of the policy is to ensure that Members and Officers take the necessary steps to prevent, deter, detect and investigate fraud and that the Council has in place proper procedures to prevent corruption including bribery.

2. RECOMMENDATIONS

- 2.1 The Audit and Risk Committee is recommended to:
 - a) Receive the report;
 - b) Approve the Anti-Fraud, Bribery and Corruption Policy; and,
 - c) Make any recommendations to the City Mayor and Cabinet or the Director of Finance.

3. SUMMARY

- 3.1 The Council has had an Anti-Fraud and Corruption Policy for a number of years and demonstrates its commitment to addressing fraud and corruption. The policy is reviewed annually and this latest review includes consideration of the new Bribery Act, introduced onto the Statute Book on 1 July 2011.
- 3.2 The amendments to the current Anti-Fraud, Bribery and Corruption Policy are to update the references to the Corporate Investigations Team.
- 3.3 The revised Anti-Fraud, Bribery and Corruption Policy are included as Appendix 1 and recommendations for management action to prevent and deter bribery are included as Appendix 2.

4. REPORT

- 4.1 The prevention, detection and investigation of financial irregularities including fraud and corruption (which may involve bribery) are an important activity for local authorities.
- 4.2 The current economic climate may lead to an increase in fraud as some individuals struggle with increasing debt and lower incomes. Evidence of increased threat is reflected in the fact that in May 2011 the Secretary of State for Communities and Local Government identified Ten Ways to Tackle Fraud in the Public Sector and shortly after that the Cabinet Office published a further report entitled Eliminating Public Sector Fraud.
- 4.3 Business areas at risk of fraud are to be provided with mandatory awareness and refresher training, together with assistance in developing and pursuing preventative measures.
- 4.4 There have been a number of attempted frauds against the Council from external organisations. These include a number of invoices being received for goods neither ordered nor received, in some cases followed up by demands made by telephone. Fraud Warning Notices are posted on INTERFACE and the School's Extranet to alert employees of the danger.
- 4.5 The Anti-Fraud, Bribery and Corruption Policy, attached as Appendix 1 to this report, sets out the Council's stance on fraud and corruption, including bribery. Members and officers need to ensure that processes and procedures are in place to prevent, deter, detect and investigate fraud. Where the Council suffers loss, procedures for sanctions and recovery also need to be in place.
- 4.6 Any act of fraud by, on behalf of or against the Council, e.g. theft of monies, could fall within the ambit of this policy.
- 4.7 For the purposes of this report the terms fraud, bribery and corruption are defined as follows:
 - a) Fraud – dishonestly making a false representation, failing to disclose information which there is a legal duty to disclose or abuse of position to make a gain for their self or another, or to cause loss to another or to

expose another to a risk of loss.

- b) Bribery - giving someone a financial or other advantage to encourage that person to perform their functions or activities improperly or to reward that person for having already done so.
- c) Corruption - Forms of corruption vary, but include bribery, extortion, cronyism, nepotism, patronage and embezzlement. By its nature corruption can be difficult to detect as it usually involves two or more people entering into a secret agreement.

5. THE BRIBERY ACT 2010

5.1 The Bribery Act received Royal Assent on 8 April 2010 and came into force on 1 July 2011.

5.2 The Act contains two general offences

- a. The offering, promising or giving of a bribe (active bribery); and;
- b. The requesting, agreeing to receive or accepting of a bribe (passive bribery).

5.3 It also sets out two further offences which specifically address commercial bribery. Section 6 creates an offence relating to bribery of a foreign public official in order to obtain or retain business or an advantage in the conduct of business, and section 7 creates a new form of corporate liability for failing to prevent bribery on behalf of a commercial organisation.

5.4 Only a 'relevant commercial organisation' can commit an offence under section 7 of the Bribery Act. Whilst the Act does not specifically identify local authorities as commercial organisations, guidance from the Ministry of Justice would suggest that public authorities are included. The following paragraph from the Ministry of Justice Guidance sets out the Government's intention as regards the application of the phrase:

5.5 "As regards bodies incorporated, or partnerships formed, in the UK, despite the fact that there are many ways in which a body corporate or a partnership can pursue business objectives, the Government expects that whether such a body or partnership can be said to be carrying on a business will be answered by applying a common sense approach. So long as the organisation in question is incorporated (by whatever means), or is a partnership, it does not matter if it pursues primarily charitable or educational aims or purely public functions. It will be caught if it engages in commercial activities, irrespective of the purpose for which profits are made."

5.6 The Council already has in place some measures to prevent bribery. Failure to have measures in place, or widespread failure to follow procedures, may leave the Council liable to criminal proceedings.

6. REVIEW OF THE CURRENT ANTI-FRAUD, BRIBERY AND CORRUPTION POLICY

6.1 The revisions to the Anti-Fraud & Corruption Policy and Strategy (Appendix 1

– changes are highlighted in italics) and the guidance on Managing the Risk of Fraud and Bribery (Appendix 2) are the starting point. However, the onus lies with Managers to ensure that they have in place processes that employees are aware of and follow, in order to ensure that the Council has in place sufficient measures to ensure compliance with the Bribery Act. Managers will need to carry out a fraud and bribery risk assessment to determine what steps they need to take.

- 6.2 The policy identifies the need to embed the risk of fraud and corruption, including bribery, into the culture of the organisation. Managers and employees are provided with advice and training to ensure that they consider ways to minimise the risks of fraud, bribery and corruption as part of their day-to-day duties. Guidance on this and further advice for managers is provided in documentation supporting the Policy as well as from the Corporate Investigations Team.
- 6.3 The Policy also identifies the need to provide adequate investigative resources to support managers in deterring, detecting and preventing fraud, bribery and corruption.
- 6.4 The Corporate Investigations Team considers cases of suspected fraud and irregularity other than Council Tax and Housing Benefit. There are no direct comparisons with staffing levels of other local authorities. In addition to undertaking specific investigations, the Corporate Investigations Team support managers by providing advice, fraud awareness training and carrying out proactive work. The team co-ordinates the National Fraud Initiative (NFI) data matching exercise and measures and assesses the risk of fraud and corruption and exception reporting using council systems, e.g. exception reporting of payroll data may identify individuals who regularly receive amounts in excess of their contracted salary, indicating potential excessive amounts of overtime. Such reports may also reveal excessive expense claims or processing errors.

7. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

7.1 Financial Implications

There are no direct financial implications arising from this report. However, theft, fraud and corruption, including bribery, are all offences of a financial nature and can cause significant financial loss to the Council.

Colin Sharpe, Head of Finance.

7.2 Legal Implications

The Bribery Act 2010 applies to the Council and/or senior Council personnel (Officers and/or Members) to the extent that it is covered by the offences of bribing another person, being bribed and bribing a foreign public official. Council Officers could be liable for offences committed with their 'consent or connivance'.

In addition, to the extent that it engages in commercial activities, the Council (and any company established by it) is also covered by an offence of failure to prevent bribery (subject to the defence that is available). A defence is available in respect of the offence of failing to prevent bribery if the Council (or company) can show that it had in place adequate procedures designed to prevent persons associated with the Council from undertaking such conduct (bribery).

Guidance about commercial organisations preventing bribery may be issued from time to time and there needs to be a mechanism in place for adopting such guidance as and when it is issued.

Kamal Adatia, City Barrister & Head of Standards.

7.3 Climate Change Implications

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

Louise Buckley, Senior Environmental Consultant (Climate Change), 372 293.

7.4 Equality Implications

There are no significant equality implications arising from the attached report.

Irene Kszyk, Corporate Equalities Lead.

8. OTHER IMPLICATIONS

OTHER IMPLICATIONS	YES/NO	Paragraph references within the report
Equal Opportunities	No	
Policy	Yes	
Sustainable and Environmental	No	
Crime and Disorder	Yes	
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	
Risk Management	Yes	

9. BACKGROUND PAPERS – LOCAL GOVERNMENT ACT 1972

10. CONSULTATIONS

Risk Management & Insurance Services,
 Legal Services, Revenues and Benefits,
 Regeneration, Highways & Transportation, Environment Section, Equality.

11. REPORT AUTHOR

Stuart Limb, Corporate Investigations Manager 0116 4542615

Appendix 1

Leicester City Council Anti-Fraud, Bribery and Corruption Policy

Content

Policy Statement

Aims of the Policy

Who this policy applies to

Introduction

Six Principles of Bribery Act 2010

Definitions

Summary of Bribery Act 2010

Role of Human Resources

Role of Employees (Individuals)

Role of Management

Regulatory framework

Reporting & Whistleblowing

Detecting

Receiving of reports and preventing, fraud, bribery and corruption

Courses of action

- Disciplinary action
- Prosecution
- Consequences

Awareness and training

Monitoring of this policy

Appendix 1 Measuring Success

Appendix 2 Internal Policy Links

- Gifts & Hospitality
- Discipline
- Employees Handbook

Policy statement

Preventing fraud is an integral part of ensuring that tax-payers money is used to protect resources for our services. The cost of fraud to local government is estimated at £2.2 billion a year. This is money that can be better used to support the delivery of our front line services and make savings for our tax payers.

Leicester City Council is totally committed to maintaining a zero tolerance towards fraud, bribery and corruption and to the prevention, deterrence, detection and the investigation of all forms of fraud, bribery and corruption affecting its activities.

Aims of the policy

This policy sets the standard and makes clear the council's zero tolerance against fraud, bribery and corruption and that ALL cases will be investigated thoroughly and dealt with in the appropriate manner.

Who this policy applies to

This policy applies equally to the City Mayor, Members and officers, agency staff, consultants, those contracted to deliver services for or on behalf of the Council and agents of the Council as well as to third parties including members of the public and third party organisations.

Introduction

Leicester City Council has a responsibility for the provision of effective and efficient services to clients and to ensure the protection of the public purse. The Council recognises that failure to implement effective anti-fraud measures can undermine the standards of our public services.

The council does not, and will not, engage indirectly in or otherwise encourage bribery, nor does it wish to be associated with any organisations that does or has done so. This extends to all third parties whether such conduct is associated with business on behalf of the Council or not.

The Council will not commit the offence of failing to prevent bribery, providing that we can show that we have adequate procedures in place to prevent bribery. We provide adequate investigative resources to support managers to deter detect and prevent fraud, bribery and corruption.

In an effort to establish and promote a culture of integrity, openness and honesty in the conduct of the Council's business, thereby reducing levels of fraud, bribery, corruption and financial irregularity, the council follows the key six principles as set out in the Bribery Act 2010.

Proportionality

Adequate bribery prevention procedures are proportionate to the bribery risks that the council faces.

The procedures & policies of the council are put in place to prevent bribery and are designed to mitigate identified risks as well as to prevent deliberate unethical conduct on the part of associated persons.

Top Level Commitment

Continued support from the Senior Managers fosters a culture of integrity where bribery is unacceptable. With this support from members and directors we can promote a zero tolerance culture and ensure that we make sure that our staff understand that bribery is not tolerated and to take the necessary action to address any risks.

Risk Assessment

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

The council will undertake to:--

1. Identify, manage and act on opportunities as well as risks to enable the council to achieve its objectives and integrate risk management into the culture and day to day working of the council.
2. Manage risks in accordance with best practices and comply with statutory requirements.
3. Ensure that a systematic approach to risk management is adopted as part of Service Planning and Performance Management.
4. Anticipate and respond to changing social, environmental and legislative requirements.
5. Keep up to date and develop our processes for the identification/management of risk.
6. Have in place a defined outline of individual roles and responsibilities.
7. Raise awareness of the need for risk management to those involved in developing the council's policies and delivering services.
8. Demonstrate the benefits of effective risk management by
 - Cohesive leadership and improved management controls;
 - Improved resource management – people, time, and assets;
 - Improved efficiency and effectiveness in service and project delivery;
 - Better protection of employees, residents and others from harm;
 - Reduction in losses leading to lower insurance premiums; and,

- Improved reputation for the council;
- 9. Ensure risk assessments (identification of, and plans to manage, risk) are an integral part of all plans and proposals to the Executive; Corporate Management Board and Strategic Directors.
- 10. Recognise that it is not always possible, nor desirable, to eliminate risk entirely, and so have a comprehensive insurance programme that protects the council from significant financial loss following damage or loss of its assets.

Due Diligence

We need to know exactly who we deal within the council and to protect our organisation from taking on people who are less trustworthy.

The council conducts Due Diligence on all third parties that they form a partnership with. It is encouraged that if there are any material changes to the business or relationship, Due Diligence is re-evaluated to ascertain if the relationship and its risk level have changed.

Communication (including training)

The council seeks to ensure that its bribery prevention policies and procedures are embedded and understood throughout the organisation through internal, including training, that is proportionate to the risks it faces.

The council will ensure that all levels of employees are aware of this policy via the internal processes.

We ensure that fraud and bribery and awareness training is conducted with new staff, existing and members.

Monitor and Review

We face the risk of the effectiveness of our procedures and these may change over time. We will measure the level of fraud and corruption across the Council and introduce and maintain measures ensuring that policies and procedures are kept up to date with any changes in the bribery risk by utilising the full range of integrated actions available to prevent, detect, sanction and seek redress for fraud, bribery and corruption.

We ensure that policies and procedures designed to prevent and deter fraud; bribery and corruption are adopted and consistently implemented across the Council.

For the purposes of this policy fraud, bribery and corruption are defined as follows:

Fraud – dishonestly making a false representation, failing to disclose information which there is a legal duty to disclose or abuse of position to make a gain for their self or another, or to cause loss to another or to expose another to a risk of loss.

Bribery - giving someone a financial or other advantage to encourage that person to perform their functions or activities improperly or to reward that person for having already done so.

Corruption - Forms of corruption vary, but include bribery, extortion, patronage and embezzlement. By its nature corruption can be difficult to detect as it usually involves two or more people entering into a secret agreement.

The Fraud Act 2006

The act defines fraud as being committed in three main ways:

Fraud by false representation

A person commits an offence when they dishonestly make a false representation and intends by making:

- A gain for himself or another
- Cause loss to another person
- Expose another to a risk

Fraud by failing to disclose information

The offence is committed where a person is dishonestly fails to disclose information where there is a legal duty and intends to do this by making:

- A gain for himself or another person
- To cause a loss or expose another to the risk of a loss.

Fraud by abuse of position

This offence is intended to prevent the dishonest abuse of those in a position who are considered being in a role of trust and safeguarding and not acting against the council financial interests and intends to abuse the position by:

- Making a gain for himself or another
- To cause a loss or expose another to the risk of a loss.

The following actions could constitute a fraud or corruption may include and is not limited to

- Forging or altering council documents or accounts
- Forging or altering cheques, bank drafts or any other financial documents
- Misappropriation of funds or other assets
- Receiving a financial gain from releasing inside knowledge or council activities
- Disclosing confidential information to outside parties
- Failure to declare an interest
- Giving and receiving of high end Gifts and Hospitality in the course of tenders or new business ventures and contracts.

The Bribery Act 2010.

Criminal

The introduction of this new corporate criminal offence places a burden of proof on companies to show they have adequate procedures in place to prevent bribery. The Bribery Act also provides strict penalties for active and passive bribery by individuals as well as companies.

Individuals found guilty can face an unlimited fine and imprisonment up to ten years. Where Leicester City Council itself is found guilty of any of the key offence then the penalty is an unlimited fine.

An employee of the council who performs the function or activity and is in a position of trust, even if it has no connection with the United Kingdom, and is performed in a country or territory outside the United Kingdom can still be prosecuted under this legislation.

Basic Definitions of Bribery:

- In order to secure or keep a contract
- To secure an order
- Gain an advantage over a competitor
- Giving of facilitation payments to government officials.

Section 1 of Bribery Act 2010

General Offence of offering, promising and giving

Section 2 of Bribery Act 2010

Agreeing, Receiving and Accepting

Function or activity to which bribe relates

Any function of a public nature,

Any activity connected with a business,

Any activity performed in the course of a person's employment,

Any activity that is expected to perform in good faith.

Performing a function or activity that is expected to perform it impartially.

Section 6 creates an offence relating to the bribery of a *foreign public official*. The definition applies to individuals who hold a position or exercise a public function.

Common examples include:

- Government ministers and civil servants
- Local government members and officials
- Police
- Security agencies such as immigration and border controls

Facilitation Payment

The definition of a facilitation payment is one where a payment is made to a public official intended to secure an official action. These types of payments are a particular form of bribery that may also be referred to as 'kickbacks' and 'backhanders'

Section 7

This section creates the corporate liability for failing to prevent bribery on behalf of the organisation. The council will be liable to prosecution if a person associated with it bribes another person intending to obtain or retain business or an advantage in the conduct of business for that organisation. The council will have a full defence if it can show that despite a particular case of bribery it nevertheless had adequate procedures in place to prevent persons associated with it from bribing.

Please note: **The timing of gifts & hospitality is most relevant shortly before, after or during a tendering process and is inappropriate as this can be construed as a bribe, offered with the intention to ‘close a deal’. Therefore staff should not accept any during this process**

Summary of Gifts & Hospitality

All employees must not receive any reward or fee other than their proper remuneration. As a general rule, you should tactfully refuse offers of gifts, hospitality or services from organisations or persons who do, or might, provide work, goods or services to the City Council or who require a decision from the City Council and/or within the tender process.

The full guidance can be found at 7.7 in the Code of Conduct for council employees.

The giving and receiving of cash is prohibited.

It is of vital importance that the possibility of you being deemed by others to have been influenced in making a business decision, as a result of accepting such hospitality, should be avoided at all costs, for your own protection.

All interests you may have must be declared to your line manager by recording them on MyView. If you are unable to access My View a ‘Register of Interests form’ can be obtained from your line manager and returned to the Employment Services Centre.

Responsibilities

Human Resources

Whilst most individuals appointed into positions within the council are on their own merit and experience, HR are responsible for ensure that all staff are screened and made aware of their responsibility and contractual obligations in relation to anti-fraud, bribery and corruption policies and procedures.

The council has in place a Contra Indicator Risk Assessment Process – Criminal Record Information policy that must be adhered to.

All applicants are required to complete an application form and must declare any criminal convictions. It is a requirement that the council conducts a police check under the Disclosure and Barring Service (DBS).

Further information can be found on this policy under HR Policies.

All Staff

Failing to prevent bribery is an offence on its own, so ALL staff have a requirement to report any suspicious fraud, theft, bribery or corruption. The penalties for not reporting a bribe are of the same level of receiving and giving of a bribe.

It is important that employees do not try to handle the issue themselves.

Poorly managed investigations or improper interference could potentially disrupt prospective criminal investigations/prosecutions. There are a number of procedures which have to be followed.

The council encourages all staff to report any suspicious activities and will be treated seriously and in confidence and will protect those who have done so (even if the suspicion is unfounded and not made maliciously.) This is set out in the Whistleblowing policy.

Management

Managers are in the best position to promote and encourage the reporting of all suspicious activity and provide support to employees.

Managers are responsible for maintaining their own internal controls and identify risks that are exposed and conduct risk assessments where required and all controls are being complied with.

Internal Audit

Internal Audit is an independent and objective department is there to help the city council achieve its objectives by providing assurance on the management of its risks.

They see how well the procedures and controls in place within the system or process prevent the risk occurring or lessen its potential impact. They do this by testing to see whether the procedures are operating effectively. They report to managers and Members on whether risks have been identified and whether they are being well managed.

Corporate Investigation Team

The Corporate Investigation Team can and will conduct criminal investigations of any internal and external allegation when it is deemed applicable. This is achieved through criminal and/or civil courts. The council will also look to take the appropriate actions of the retrieval of any goods or money.

Avenues for reporting any suspicious activity.

You can report your concerns in a number of ways:

- Contacting Corporate Investigations directly by means of email to the

Investigation mailbox or contacting us directly on 454 6490

- Using the Whistleblowing line. This procedure is set out in the council policy.
- Reporting to their line manager or the most appropriate employee.

Detecting

The council has in place numerous measures in detecting and preventing fraud, bribery and corruption. The CIT coordinates the National Fraud Initiative (NFI) data matching exercise which is a mandatory exercise as required by the Cabinet Office. The NFI measures and assesses the risk of fraud and corruption using council systems, e.g. exception reporting of payroll data may identify individuals who regularly receive amounts in excess of their contracted salary, indicating potential excessive amounts of overtime and expenses.

The council is currently leading a group of 10 Local Authorities in a project funded by the Department for Communities and Local Government (DCLG) to identify, isolate multiple potential frauds being committed against members in other Local Authorities by verifying applications and also to identify potential irregularities. This project looks to share best practice and create a single intelligence hub which will hold hundreds of thousands of records which can be interrogated.

All other irregularities, including those reported via the Whistleblowing process will be investigated by the Corporate Investigation Team.

Whistleblowing

Leicester City Council is committed to conducting its business with honesty and integrity and it expects all staff to maintain high standards of conduct. All organisations, however, face the risk of things going wrong from time to time, or of unknowingly harboring illegal or unethical conduct. A culture of openness and accountability is essential in order to prevent such situations occurring or to address them when they do occur.

The whistleblowing policy sets out the parameters of reporting any illegal and unethical conduct

The staff is encouraged to report suspected wrongdoing as soon as possible, in the knowledge that their concerns will be taken seriously and investigated as appropriate and that their confidentiality will be respected.

Management are to reassure staff that they should be able to raise genuine concerns without fear of reprisals, even if they turn out to be mistaken.

The whistleblowing policy however is NOT to be used to raise concerns with personal circumstances, such as the way staff member is treated at work or if they have a grievance against another member of staff.

If a member of staff prefers not to approach their manager, staff can report their concerns directly with the Monitoring Officer.

- External disclosure – The law recognises that in some circumstances it may be appropriate for you to report your concerns to an external body such as a regulator. It will very rarely if ever appropriate to alert the media.

Courses of Action

Under their work section 7.4 of the City Council's Finance Procedure Rules, the Corporate Investigation Team have authority and access at all times to:

- Any City Council property
- Access to all data, records, documents and correspondence relating to any financial or any other activity of the City Council.
- Access to any assets of the City Council
- Require from any member, employee, agent, partner, contractor or persons engaged in City Council business any necessary information and explanation.

Disciplinary

The CIT will make recommendations of disciplinary action as and when it is required to do so.

Prosecution

The Corporate Investigation Team can and will conduct criminal investigations of any internal and external allegation when it is deemed applicable. This is achieved through criminal and/or civil courts

Consequences

Failing to comply and prevent under the Bribery Act 2010 could result in an unlimited fine or imprisonment for an individual and for the council, an unlimited fine.

Failure to adhere to the internal policies and procedures may lead to gross misconduct and the dismissal of the employee.

Desired outcomes of the policy

- A high profile and awareness of fraud, bribery and corruption throughout the Council.
- Greater management awareness of the risk of fraud, bribery and corruption.
- Improved management controls arising from better risk assessments.
- Improved compliance with Council policy, procedures and practices, for example Finance Procedure Rules and Contract Procedure Rules as

evidenced by on-going management monitoring, Internal Audit reviews and the level identified fraud and irregularity.

Measuring success

The following indicators will be used to monitor the effectiveness of the Anti- Fraud and Corruption Policy and Strategy:

- The number of suspicions of fraud identified by, or referred to, the Corporate Investigations Team.
- The number of cases investigated in which fraud or corruption is proven.
- The value of amounts misappropriated (of all kinds including employee time), both in absolute terms and as a proportion of the Council’s annual budget.
- Periodic surveys by the Corporate Investigations Team to ascertain the level of management’s awareness of fraud, bribery and corruption.
- The number of employees disciplined for offences involving fraud, bribery or corruption

Review & monitoring of the Policy

The revisions to the anti-fraud, bribery and corruption policy and the guidance on managing this policy are held with the Audit and Risk Committee.

However, the onus lies with Managers to ensure that they have in place processes that place sufficient measures to ensure compliance with the Bribery Act.

Conclusion

The council is committed to the high profile and awareness of fraud, bribery and corruption. Improved compliance within Council policies and practices, for example Finance Procedure Rules and Contract Procedure Rules, as evidenced by on-going management monitoring , Internal Audit reviews and the level of identified fraud and irregularity and promote its zero tolerance on fraud, bribery and corruption.

Appendix 2

Managing the Risk of Fraud and Bribery

Comprehensive advice on managing risk is available on INSITE. This guidance is intended to help Directors and managers manage the risk of fraud and bribery so avoiding the loss of public funds, the risk of prosecution and reputational damage.

1. Identify the risk

Do you or your team handle cash?

Do you or your team award contracts, procure goods or services, approve grants, deal with schools admissions, grant licenses, allocate tenancies, approve planning applications, have access to payroll, Housing Benefit and other payment systems?

Are there any areas within your work area that may face the risk of bribery?

2. Assess the risk

What is the likelihood of fraud or bribery occurring?

What would be the impact if it did happen – what losses would the Authority suffer and what consequences might the Authority face?

3. Manage the risk

There are four options available to you once you have completed the steps above.

- Tolerate the risk, in other words accept it
- Treat the risk, take steps to introduce controls to prevent or deter fraud or bribery, and measures to ensure that any fraud or bribery committed is swiftly identified, including those responsible
- Transfer the risk
- Terminate the risk

4. Monitor the Risk

Have you implemented the chosen control measures?

Are the controls working?

Are there any new problems?

5. Reviewing and Reporting

All information relating to the identified risk should be recorded on a risk assessment form or risk register and a named individual should be identified who will be responsible for introducing, implementing and managing the effectiveness of each control measure.

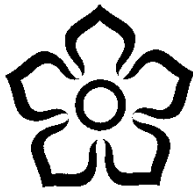
Appendix 2

<http://interface.lcc.local/our-organisation/corporate-resources-and-support/hr-employment-and-organisational-development/human-resources-employment/employee-policies-procedures-and-guidelines/all-policies/appendices/appendix-v/>

Disciplinary

<http://interface.lcc.local/our-organisation/corporate-resources-and-support/hr-employment-and-organisational-development/human-resources-employment/employee-policies-procedures-and-guidelines/all-policies/appendices/appendix-x/>

For further details on the initial assessment and investigation can be found at <http://interface.lcc.local/our-organisation/corporate-resources-and-support/hr-employment-and-organisational-development/human-resources-employment/employee-policies-procedures-and-guidelines/all-policies/appendices/appendix-v1/>



Leicester
City Council

WARDS AFFECTED
All

Appendix F

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:
Audit and Risk Committee

15th June 2016

Annual Report on the National Fraud Initiative (NFI)

Report of the Director of Finance

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide information to the Audit and Risk Committee on the National Fraud Initiative (NFI) exercises currently underway.

2. RECOMMENDATIONS

- 2.1 This report is for information only.

3. SUMMARY

- 3.1 There are two separate NFI exercises that the Authority participates in. One involves data matching with external organisations, including other Councils and the second involves matching data held within the Council.
- 3.2 A progress report on the 2013/14 NFI exercise was presented to this committee in November 2014. The current position is reported below.
- 3.3 Data for the 2014/15 external NFI exercise was submitted to the Audit Commission on 6 October 2014 and data was available for checking from February 2015.

4. REPORT

- 4.1 The Council has participated in the National Fraud Initiative since it was introduced in 1996. The exercise has evolved over the years and is now web based. Since the abolition of the Audit Commission, the exercise is managed by the Cabinet Office. The project involves electronically matching data from a number of sources in order to identify possible fraud or irregularity.

The Cabinet Office identifies recommended matches and officers are expected to examine these first. There is no requirement to examine all of the remaining matches and officers are encouraged to select a sample where there are large volumes of data for checking.

4.2 Examples of the different matches include

- Housing Benefit Claimants who are not entitled to claim because they are in receipt of Student Loans
- Housing Benefit Claimants who are tenants at a different address
- Housing Benefit claimants who are also licensed taxi drivers or hold a personal alcohol licence
- Housing tenants who appear to be resident at two addresses
- Blue Badge Parking Permits, Concessionary Travel passes and Private Residential Care Home residents where the individual is recorded as deceased on the Disclosure of Death Registration Information (DDRI) or Department for Work and Pensions list of deceased persons
- Duplicate Creditors or duplicate payments to creditors
- Housing Benefit Claimants who also appear on a local authority payroll

4.3 With effect from 1st March 2016 all benefit fraud is investigated by the Department for Work and Pensions.

4.4 Work on the 2014 matches has continued and the latest results are as follows

Matches undertaken by 1st June 2016

Cleared no Fraud/Error	Frauds Identified	Errors Identified	Total Matches Processed	Identified overpayments	Still under Investigation
6396	0	255	6651	£257,687.89	700

4.5 In addition to the NFI exercise the Revenues and Benefits Section also undertakes data matching using a company called Datatank Limited. Datatank provide a fully managed service. Single Person Discount (SPD) caseload data is sent to Datatank and matched against a number of different datasets. Where there is a likelihood of a second adult in the property, letters are issued to the household requesting confirmation of occupancy. The results are then screened by Datatank and those accounts requiring amendment are notified to the council. Where there is no response after a reminder the discount is cancelled by the council.

4.6 The 2014/15 SPD review exercise using Datatank resulted in 2525 SPD discounts being cancelled and generated additional collectable charges of £639,788.44 in the financial year 1 April 2014 to 31 March 2015. Additional collectable income of £377,829.36 was generated using Datatank matching in the financial year 2013/2014.

4.7 The exercise was repeated during the financial year 2015/16, ten months after the 2014/15 review. At that time, 1243 SPD discounts were cancelled generating additional collectable income of £340,438

4.7 In order to avoid duplication of effort the matches generated by the NFI has been was postponed until early 2016 when the new data was made available. These matches have recently been received and will be reviewed in due course.

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1. Financial Implications

There are no direct financial implications arising from this report. However, the initiatives described in this report are intended to detect fraud (which is an offence of a financial nature) and error, which can cause significant financial loss to the Council.

Colin Sharpe, Head of Finance.

5.2 Legal Implications

The National Fraud Initiative is undertaken by the Audit Commission under specific statutory powers including Part 2A of the Audit Commission Act 1998. Participation by local authorities is mandatory and all parties must comply with the Audit Commission's Code of Data Matching Practice and the Data Protection Act so far as these apply.

Kamal Adatia, City Barrister & Head of Standards.

5.3 Climate Change Implications

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

Louise Buckley, Graduate Project Officer (Climate Change).

6. OTHER IMPLICATIONS

OTHER IMPLICATIONS	YES/NO	Paragraph references within the report
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Crime and Disorder	Yes	Whole report
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	
Risk Management	Yes	This report is concerned with the prevention, detection and sanctioning of fraud. Fraud is one of the risks faced by the Council

7. BACKGROUND PAPERS

None – Information on the National Fraud Initiative is available at <http://www.audit-commission.gov.uk/national-fraud-initiative/>

8. CONSULTATIONS

None

9. REPORT AUTHOR
Stuart Limb
Corporate Investigations Manager
0116 4542615

From the LGA's Chief Executive

Dear colleague,

Sector-led body for the appointment of external auditors – opt-in sought

You will recall that the LGA established an independent company, Public Sector Audit Appointments Ltd (PSAA), to take on the management of the external audit contracts for local public bodies following the closure of the Audit Commission. We also secured the extension of contracts by an additional year which maintains the reduction in fees of 55 per cent for every single council achieved in the last few years and by doing so saves a further £24 million.

The LGA has successfully lobbied for the legislation to include provision for the establishment of a sector-led body to procure future audit contracts. We intend to support the appointment of PSAA as the sector-led body for local government. Our analysis indicates that this would be far cheaper for councils than every council procuring their external auditor separately. It would avoid the need for hundreds of separate procurement exercises and also has the advantage for councils making use of this procurement vehicle that it saves the time and costs which would otherwise be required to establish an Independent Auditor Panel.

Our survey of directors of finance last year indicated a significant majority in favour of our proposal and we now need to move forwards towards the process of signing councils up. For this to be a success we need councils to opt-in to the sector-led body approach.

So that we can continue to progress our efforts on behalf of the sector to secure efficient, cost effective and good quality arrangements we would like your council to express an interest by 30 April 2016. This is not a binding commitment and we hope to be able to issue formal invitations later in the year.

The [LGA website](#) will feature regular updates on the development of PSAA's proposed sector-led body role. However, if you would like further information or have any feedback on how this approach would work best for councils please contact Fiona Daley on fiona.daley@local.gov.uk.

Best wishes,

Mark Lloyd
Chief Executive,
Local Government Association

[@MarkLloydLGA](#)





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FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Audit & Risk Committee

15 June 2016

Annual Approval of the Policy for Engagement of External Auditors for Non-Audit Work

Report of the Director of Finance

1. Purpose of Report

- 1.1. To seek the Audit and Risk Committee's approval of the *Policy for Engagement of External Auditors for Non-Audit Work*.

2. Recommendations

- 2.1. The Committee is recommended to approve the attached *Policy for Engagement of External Auditors for Non-Audit Work*.

3. Summary

- 3.1. At its meeting, on 1 July 2015, the Audit and Risk Committee approved the *Policy for Engagement of External Auditors for Non-Audit Work*. This was the third occasion this policy had been presented to this Committee.
- 3.2. The Audit and Risk Committee's Terms of Reference (and this policy itself) require this policy to be reviewed and approved annually.

4. Report

- 4.1 The policy for Engagement of External Auditors for Non-Audit Work is attached at **Appendix 1**. The purpose of this is:
 - To protect the Council's interests by ensuring that any such work is properly arranged and approved
 - To protect the external auditor's independence and objectivity.
- 4.3 This policy does not replace the Council's existing Procurement processes, but adds an extra layer of security into that process where the External Auditors are concerned. The Policy outlines the approval processes and corporate reporting mechanisms that will be put in place for any non-audit work that the External Auditors are asked to perform.

- 4.4 The role of the Committee in the approval process for non-audit work by the external auditor is included in the Terms of Reference for the Committee. These are also reviewed and approved annually.
- 4.5 The policy has been reviewed and there are no changes proposed to this policy this year (as last year).
- 4.6 The Committee are advised that there was no work undertaken by KPMG in the past Financial Year that was not directly linked to their audit.

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1. Financial Implications

None specific beyond the statutory duties to maintain effective arrangements for financial administration, prepare and publish financial statements and submit them for audit.

5.2. Legal Implications

KPMG’s responsibilities as the Council’s external auditors are set out in the Audit Commission Act 1998 and the Audit Commission’s *Code of Audit Practice*. The Council’s requirements for preparing and publishing its financial statements and annual governance statement, which are subject to external audit, are set out in the Accounts and Audit (England) Regulations 2011.

6. Other Implications

Other Implications	Yes/No	Paragraph or references within the report
Equal Opportunities	No	
Climate Change	No	
Policy	No	
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	
Risk Management	Yes	The report concerns the Council’s governance and assurance processes, a purpose of which is to give assurance that risks are being managed appropriately by the business.

7. Report Author

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

Policy for Engagement of External Auditors for Non-audit Work

1. Introduction and purpose of this policy

It is important that the independence of our external auditors in reporting to those charged with governance and to management of Leicester City Council (the Council), does not appear to be compromised but equally the Council should not be deprived of expertise where it is needed and can be leveraged from KPMG as a whole.

This policy therefore seeks to set out what threats to audit independence theoretically exist and thus provides a definition of non-audit work which can be shared by the Council and KPMG. It then seeks to establish the approval processes and corporate reporting mechanisms that will be put in place for any non-audit work that KPMG is asked to perform.

2. Threats to independence

The Institute of Chartered Accountants in England and Wales sets out threats to independence as:

Self interest	Where an interest in the outcome of their work or in a depth of relationship with the Council may conflict with the auditors' objectivity
Self-Audit	where the auditors may be checking their own colleagues work and might feel constrained from identifying risks and shortcomings
Advocacy	may be present in an engagement but could become a threat if an auditor becomes an advocate for an extreme position in an adversarial matter
Familiarity	where the level of constructive challenge provided by the auditor is diminished as a result of assumed knowledge or relationships that exist

3. Defining types of non-audit work and the associated approval process

In order to provide the Council with a transparent mechanism by which non-audit work can be reviewed and progressed without too great an administrative burden falling on the Council, the following three categories of work have been agreed as applying to the professional services available from KPMG:

3.1. ***Statutory and audit related work not requiring Audit and Risk Committee approval***

There are certain projects where the work is clearly audit related and the external auditors are best placed to do the work e.g. acting as agents to the Audit Commission for grants certification work.

Policy for Engagement of External Auditors for Non-audit Work

It is proposed that such assignments do not require Audit and Risk Committee approval. However, recognising that the level of non-audit fees may also be a threat to independence, a limit on individual fees of £97,200 is set, above which prior Audit and Risk Committee approval should be sought for such work.

3.2 *Audit related and advisory services requiring prior Audit and Risk committee approval*

There are projects and engagements where the auditors are best placed to perform the work:

- Due to their network within and knowledge of the business (e.g. taxation advice, due diligence and accounting advice);
- Due to their previous experience or market leadership.

It is proposed that prior Audit and Risk Committee approval is sought for projects of this nature.

3.3 *Projects that are not permitted*

There are some projects that are not to be performed by the external auditors. These projects represent a real threat to the independence of the audit team such as where the external auditors would be in a position where they are auditing their own work (for example, systems implementation).

The Audit and Risk Committee is responsible for approving all non-audit work undertaken by the external auditors and reporting any instances to the Council. These proposed categories of non-audit work along with the related approval levels are set out below. More detail on each type of work is set out in Appendix A.

For the avoidance of doubt, seeking approval from the Audit and Risk Committee involves the business sponsor of the proposed work obtaining a proposed scope and fee estimate from KPMG before the work commences. If the fee exceeds the proposed limits or falls into a category of work that requires approval, details of the scope and fee proposal should be submitted to the Audit and Risk Committee Chairman and Director of Finance. If approved, the project should be logged by the Audit and Risk Committee secretary to be raised at the next Audit and Risk Committee meeting in order that a schedule of non-audit fees can be maintained and Council updated.

In cases where it is undecided which category services fall into they will default to the category that requires Audit and Risk Committee approval and be expected to take that route until such as time as this policy is reviewed and updated by the Audit and Risk Committee.

Policy for Engagement of External Auditors for Non-audit Work

4. Reviewing and updating this policy

KPMG will include within our annual ISA 260 report (report to those charged with governance) an appendix that summarises any additional work that they have performed for the Council and a review of the effectiveness of this policy.

The Audit and Risk Committee will formally agree on an annual basis that it is content with the structure, content and operation of this policy.

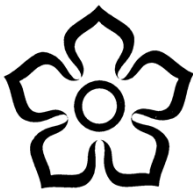
Examples of Work Types

The table below sets out examples of the different work types that could be requested from KPMG. As it would not be practical to consider all the services provided by KPMG we have documented the characteristics that drive the classification of services into the different work steams. This table is intended to provide illustrative examples of how the implementation of this policy would be approached should the Council request assistance from KPMG.

	Statutory and audit related (Not requiring Audit and Risk Committee approval, unless fee is in excess of £97,200)	Audit and assurance related and non-audit advisory services (Sensitive projects requiring referral without de minimis)	Projects that are not permitted
Characteristics	<ul style="list-style-type: none"> Advice on areas core to the financial statements audit 	<ul style="list-style-type: none"> Requiring independent objective assessment of information or procedures Staff secondments Other advisory services 	<ul style="list-style-type: none"> Participation in management
Acquisitions / Disposals	<ul style="list-style-type: none"> Accountants reports Reporting on financial assistance Audit of carve out financial statements 	<ul style="list-style-type: none"> Due diligence and related advice Completion accounts audit Agreement of price adjustment as a result of completion accounts Advice on integration activities Preparation of forecast of investment proposals 	
Internal Audit and Risk Management Services	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Provision of specialist skills / training Advice on methodology and systems Co-sourcing Advice and design of policies, systems or procedures. 	<ul style="list-style-type: none"> Full outsourcing Systems implementation
Taxation	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Preparation of draft returns Submission of returns and correspondence with tax authorities Advice on tax matters Transfer pricing Valuation for the purposes of taxation 	<ul style="list-style-type: none"> Preparation of accounting entries for tax Handling taxation payments

Examples of Work Types

	Statutory and audit related (Not requiring Audit and Risk Committee approval, unless fee is in excess of £97,200)	Audit and assurance related and non-audit advisory services (Sensitive projects requiring referral without de minimis)	Projects that are not permitted
General Accounting	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • Advice on accounts preparation and application of accounting standards • Training for accounting and risk management projects • Booking keeping services 	<ul style="list-style-type: none"> • Preparation of accounting entries • Preparation of financial information



Leicester
City Council

WARDS AFFECTED
All

Appendix I

FORWARD TIMETABLE OF CONSULTATION AND MEETING

Audit and Risk Committee

15 June 2016

Schedule of Meetings for the Financial Year 2016-17

Report of the Director of Finance

1. Purpose of Report

- 1.1. To present to the Committee its scheduled meetings and suggested agendas for the Financial Year 2016-17.

2. Recommendations (or OPTIONS)

- 2.1. The Committee is recommended to:-
 - Note the 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. That report for the Committee meetings for the Financial Year 2016/17 was presented and approved at the Committee meeting held on 23 March 2016. The plan is presented here for the benefit of newly elected members of the Committee.

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 meetings agenda.
- 4.4. The timing of this process 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 plan that was agreed at the March meeting is attached as Appendix 1.

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

AUDIT & RISK COMMITTEE 2016-17 - ANNUAL TIMETABLE (OUTLINE) This version 19/5/2016 - Provisional Meeting and Papers Dates

Grey shaded = meeting passed			
	Author	Notes, frequency	Purpose
15 June 2016			
Theme: Setting the scene for the forthcoming year			
Training Session Prior to Main Meeting: What Makes an Effective Audit and Risk Committee, including Difference between an Audit and Risk and a Scrutiny Committee.	Head of Internal Audit and Risk Management		Training
Annual Audit Fees Letter setting out the proposed Audit Work and draft fee for the 2016/17 Financial Year	External Auditors	Annual	Committee to Note
Progress report/technical update	External Auditors	Periodic	Committee to Note
Invoice Payment Data - Half Yearly Update (requested at 2/12/2015 meeting)	Head of Business Service Centre	One-Off	Committee to note
Anti-Fraud, Bribery & Corruption Strategy and Policy - annual review and update.	Head of Revenues and Customer Support	Annual	Approve
Annual Report on the National Fraud Initiative	Head of Revenues and Customer Support Corporate Investigations Manager	Annual	Committee to note
Local Government Association's Chief Executive's letter re external auditors appointment	Director of Finance	One-Off	Committee to note
Annual Approval of the Policy covering non-audit Work undertaken by the External Auditors	Head of Internal Audit & Risk Mgt	Annual	Approval
Confirmation of A&RC Planned Agendas for 2016/17	Head of Internal Audit & Risk Mgt	Annual	Committee to note
Risk Management and Insurance Services - Update report including April RRs	Head of Internal Audit & Risk Mgt	Quarterly	Committee to note
Internal Audit Plan Q2 2016/17	Head of Internal Audit & Risk Mgt	Quarterly	Committee to note

Papers - 2/6. Agenda date - 26/5. Agenda papers by 23/5

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AUDIT & RISK COMMITTEE 2016-17 - ANNUAL TIMETABLE (OUTLINE) This version 19/5/2016 - Provisional Meeting and Papers Dates

Grey shaded = meeting passed

3 August 2016 Theme: The Council's draft accounts and reporting back on the last financial year			
Training Session Prior to Main Meeting: The Council's Statutory Statement of Accounts	Principal Accountant		Training
Progress report/technical update	External Auditors	Periodic	Committee to Note
Update on RIPA Stats and Performance Report covering period 1 January 2016 to 30 June 2016	Information Governance Manager	Annual	Committee to note
Counter-Fraud/Housing and Council Tax Fraud Annual Report for the Financial Year 2015-16	Principal Investigations Officer Head of Revenues and Customer Support	Annual	Committee to note
Benefits Quality Assurance Team (requested at meeting 10/2/2016)	Head of Revenues and Customer Support	One-Off	Committee to note
Draft Statutory Statement of Accounts for the financial year 2015-16	Director of Finance	Annual	Committee to note
Review of the Effectiveness of System of Internal Audit in 2015-16	Director of Finance	Annual	Approval
Risk Management and Insurance Services - update report	Head of Internal Audit & Risk Mgt	Quarterly	Committee to note
Internal Audit Update Report for Q4 2015-16 (Outcomes only. Plan delivery etc will be in IA annual report.)	Head of Internal Audit & Risk Mgt	Quarterly	Committee to note

Papers - 21/7. Agenda date - 18/7. Agenda papers by 14/7

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AUDIT & RISK COMMITTEE 2016-17 - ANNUAL TIMETABLE (OUTLINE) This version 19/5/2016 - Provisional Meeting and Papers Dates

Grey shaded = meeting passed

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

Papers - 14/9. Agenda date - 6/9. Agenda papers by 1/9

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AUDIT & RISK COMMITTEE 2016-17 - ANNUAL TIMETABLE (OUTLINE) This version 19/5/2016 - Provisional Meeting and Papers Dates

Grey shaded = meeting passed

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

Papers - 3/11. Agenda date - 25/10. Agenda papers by 20/10.

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AUDIT & RISK COMMITTEE 2016-17 - ANNUAL TIMETABLE (OUTLINE) This version 19/5/2016 - Provisional Meeting and Papers Dates

Grey shaded = meeting passed

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

Papers - 26/1. Agenda date - 17/1. Agenda papers by 12/1.

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AUDIT & RISK COMMITTEE 2016-17 - ANNUAL TIMETABLE (OUTLINE) This version 19/5/2016 - Provisional Meeting and Papers Dates

Grey shaded = meeting passed

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

Papers - 9/3. Agenda date - 28/2. Agenda papers by 23/2.

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Leicester
City Council

WARDS AFFECTED: ALL

Audit and Risk Committee

15 June 2016

Risk Management and Insurance Services Update Report

Report of the Director of Finance

1. Purpose of Report

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

2. Summary

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

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

3. Recommendations

The Committee is recommended to:

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

4. Report

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

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

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

4.2.1 Risk Management Support and Advice

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

The Risk Registers as at the 30 April 2016 are presented here – Strategic Risk Register – Appendix 1 and Operational Risk Register – Appendix 2. For the benefit of members, the risk scoring chart is attached as Appendix 3.

The submission of risk registers to RMIS was, once again, 100%, with a total of 7 changes within the Strategic Risk Register and 25 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.

The review of the Council's Operational and Strategic registers by the Risk Management team with responsible Strategic Directors has been delayed and will take place in Q3 and Q4 this financial year now the recruitment of a Risk Management Officer has successfully concluded. This work will be a 'sense check' of risks being reported to ensure that descriptions allow the 'uninitiated' to know what the risk actually is and to ensure risks are not over scored. Directors whose registers are affected will be sent those registers that require clarity or amendments.

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

4.2.2 Insurance and Claims

A summary report of claims against the Council received in the current financial year, 1 April 2016 to 31 May 2016 is attached as Appendix 4. As this is the first meeting of the new financial

year, the year-end report showing claims against the Council received in the whole of the previous financial year, 1 April 2015 to 31 March 2016 is attached as Appendix 5.

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 those areas in the same period last year. The figures for the whole of the last financial year continue to reflect a declining trend with numbers of claims down by 10%, and the amount paid out significantly lower by 48.5%. This continues to demonstrate the benefits of handling these claims in-house with fewer are being paid and those that are paid are being settled, on the whole, at lower levels and much quicker – hence avoiding inflated Legal fees.

Since the last report to the Committee, the Council has had one case go to Court. Regrettably in that case the judge found against the Council on the strength of the evidence given by one of our witnesses which the judge felt was unreliable and contradictory. However, the judge did reduce the claimed £3,500 down to an award of £2975 and there were costs of around £10,000.

Loss Reduction Fund – For the period 1 April 2016 to 31 May 2016 RMIS received 4 bids for assistance from the fund for a total of £29,424.58. Of these bids, 2 applications were approved and the fund provided an amount of £7,253.40 to business areas. There are no bids currently held awaiting further information.

Once again, as this is the first meeting of the new financial year, the year-end data from the previous financial year 1 April 2015 to 31 March 2016 showed 33 bids for assistance from the fund for a total of £201,485.80. Of these 21 bids, applications were approved and the fund provided an amount of £119,211.02 to business areas. Attached as Appendix 6 are a few of the successful bids supported by this fund last year.

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 team were heavily involved in the planning for, and delivery of, the Leicester City Football Club's championship winning parade that took place on 16 May.

The Committee may recall that the RMIS team had been shortlisted in September for an award at the Institute of Risk Management Global Risk Awards. The awards have now been judged and regrettably RMIS didn't win. However the winner was Arcelor Mittal with the runner up being the Nigerian Aviation Handling Company plc, so the team were up against some much larger organisations.

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 lessens as we enter the summer period.

The Head of Internal Audit and Risk Management continues to Chair meetings of the Leicestershire Multi-Agency Business Continuity Group (the Leicester and Leicestershire regional business continuity network group) where the risks for group members arising from any strike action, and the group member's response to deal with these incidents, are reviewed. He shall, again, co-ordinate the Council's response with the support of the Chief Operating Officer.

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

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

The 2016 'Global Encryption Trends Study' by the Ponemon Institute (an influential USA based research company) advises that the use of encryption continues to grow in response to cyber-attacks, privacy compliance regulations and consumer concerns. The report also suggests that the majority of organisation plan to transfer sensitive data to the cloud within the next two years. The Committee may not be aware that our IT team are currently examining cloud solutions for LCC.

Staying on the cyber theme, Chubb have announced that they have launched a cyber risk solution – Cyber Enterprise Risk Management – an end to end risk management solution. This includes a wide range of cyber risk assessment; post event

crisis management and risk transfer solutions. This has been shared with the IT team so that they may decide if this tool may be used to supplement their existing processes.

The Business Continuity Institute has released its fifth Horizon Scan report which is the association's annual analysis of the top threats as perceived by business continuity managers. This year's findings, unsurprisingly in view of the above, suggest cyber-attack is the greatest concern (85% of respondents voting this in their top three) with data breaches next (80%) and supply chain disruption third (66%).

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

5. Financial, Legal Implications

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

6. Other Implications

7.

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

Report Author/Officer to contact:

Tony Edeson, Head of Internal Audit and Risk Management, Financial Services - Ext 37 1621
19 May 2016

Appendix 1 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 30 April 2016

RISK <i>What is the problem; what is the cause; what could go wrong? What</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			FURTHER MANAGEMENT ACTIONS/CONTROLS	TARGET SCORE WITH FURTHER			COST	RISK OWNER	TARGET DATE
			Impact	Probability	Risk		Impact	Probability	Risk			
<p>1. FINANCIAL CHALLENGES</p> <p>The Council fails to respond adequately to the cuts in public sector funding over the coming 2 - 3 years.</p>	<ul style="list-style-type: none"> - Council is placed in severe financial crisis by not delivering the required budget savings for 2015/16 onwards. - Reputational damage to the Council. - Potential to destabilise the Council and difficult industrial relations. - Mismatch between service demand and budget availability may lead to an increase in financial instability in some instances. - Pressure may be created between 'demand led services' (social care) and other priorities. - Reduction in services, budgets etc may impact on the health and wellbeing of the City. 	<ul style="list-style-type: none"> - Budget approved to 2015/16, and balanced on paper to 16/17. - Work commenced on spending review programme which takes into account the Government's spending intentions as at July 2015. - The first spending review has now concluded. Corporate Management Team and Executive monitoring closely implementation of the existing agreed savings. Capital Advisory Board to review profile and management of capital programme to minimise slippage and overspending. Further savings will be required- the full extent will not become clear until the Government publishes spending plans in October 2015. The council is extending the remit of the spending review programme. 	5	4	20	<ul style="list-style-type: none"> - Continued development of savings proposals for future years beyond the three year strategy, reflecting the Council's strategic service priorities and on-going modelling of the Council's potential future income and cost streams, recognising the significant reviews of Local Government funding and service delivery responsibilities at national level. - Continuation of the spending review initiatives and delivery of the programme. - Consideration and forward planning for the long term savings strategy for 2018/19. Appropriate change management/ project management arrangements to be put in place for major review areas 	5	2	10		<p>Andy Keeling Alison Greenhill</p>	<p>31/03/2019 /2020 and On-going</p>

Appendix 1 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 30 April 2016

RISK <i>What is the problem; what is the cause; what could go wrong? What</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			FURTHER MANAGEMENT ACTIONS/CONTROLS	TARGET SCORE WITH FURTHER			COST	RISK OWNER	TARGET DATE
			Impact	Probability	Risk		Impact	Probability	Risk			
<p>2. STAKEHOLDER ENGAGEMENT The Council fails to further develop and improve the way it works with its stakeholders (partners, neighbouring Councils, NHS etc.). Key partners and stakeholders fail to support the council in delivery of its strategy as a result of tensions and strained relationships due to financial and other pressures. Council fails to identify tensions arising in the city (particularly as the financial challenges impact on communities) leading to unrest in specific communities/areas of the city.</p>	<ul style="list-style-type: none"> - Failure of local agreements and stakeholder arrangements to deliver agreed levels of performance, the impacts of which may reflect negatively on the Council adversely affecting its reputation. - Potential litigation where it impacts on formal contractual relationships. - Financial risk if Integration Transformation Fund plans are inadequate or not agreed. - Partnership working will be an expensive bureaucracy and fail to add value to improving outcomes for the citizens of Leicester. - Reputational damage to the Council/City from the perspective of stakeholders. - Partnership working fails to take into account the needs of all communities. 	<ul style="list-style-type: none"> - Mechanisms in place for regular dialogue including formal partnerships e.g. Health and Wellbeing Board. - City Mayor Faith and Community Forum in place to engage specifically with faith and non-faith communities. - Arrangements for engagement of, and support to, the Voluntary Community Sector (VCS) have been commissioned and contracts are in place. - Cllr Sood has partnership working within her portfolio. - Close involvement of City Mayor and Members in key partnerships. - Democratic Services working with the LLEP to strengthen their governance and accountability framework 	4	3	12	<ul style="list-style-type: none"> - Regular review and evaluation of the current position by Strategic Management Board. - Continue to develop and embed the approach to working strategically with the VCS. - Develop stakeholder communications/engagement plan of all critical and large partners to ensure that these relationships are given full consideration and priority, where needed. - Key aspects of partnership working being reviewed in the light of OfSTED findings eg LSCB 	4	2	8		Miranda Cannon / All Strategic Directors	30/06/16 and ongoing

Appendix 1 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 30 April 2016

RISK <i>What is the problem; what is the cause; what could go wrong? What</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			FURTHER MANAGEMENT ACTIONS/CONTROLS	TARGET SCORE WITH FURTHER			COST	RISK OWNER	TARGET DATE
			Impact	Probability	Risk		Impact	Probability	Risk			
3. 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 - Business Continuity Secure Site (web based) holds BCP and all Business Critical Activities BCPs and is securely accessed by members of the CBCT - Communications on-call arrangements working more effectively and recent training run for all staff involved	4	3	12	- Further embedding of business continuity management approach. - Further completion of Business Continuity tests. - Completion of all Service Business Continuity Plans. - Further communication/training and awareness for staff on continuity arrangements. - Annual review of Critical Service Business Continuity Plans initiated by Risk Management and Insurance Services	4	2	8		Alison Greenhill/Miranda Cannon	30/6/2016 and On-going

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Risk Register Owner: Andy Keeling, COO

Date completed: 30 April 2016

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			Impact	Probability	Risk		Impact	Probability	Risk			
4. INFORMATION GOVERNANCE Information Governance/Security/Data Protection policies/procedures/protocols are not followed by staff and members.	- 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.	- 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. - Programme underway to reinforce to staff the need to manage email data and storage appropriately - Manadatory e-learning module for staff	4	3	12	- Clear and on-going communications to staff to reinforce policies and protocols. - Regular review and monitoring of arrangements across services by Service Managers supported by Information Security/Governance Teams. - Ensure that the policy in place around the management of electronic data and disposal of data is in the awareness of staff - Ongoing review and updating of appropriate information sharing agreements.	4	2	8		Andy Keeling	30/09/2016 and On-going

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Risk Register Owner: Andy Keeling, COO

Date completed: 30 April 2016

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<p>5. BREACHES IN 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. 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 is underway - 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. - Strategic monitoring and reporting in relation to Health & Safety being reviewed to raise profile and ensure responsibilities are reinforced from the top. - Consider the creation of a policy schedule to maintain an overview of all Council policies. - New Head of HR when appointed to take a fundamental look at sickness absence management including the policy and procedure 	4	2	8		Kamal Adatia / Miranda Cannon	30/6/2016 and On-going

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Date completed: 30 April 2016

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6. SAFEGUARDING Weak Management oversight of safeguarding processes in place leads to the Council failing to adequately safeguard vulnerable groups e.g. children and young people, elderly, those with physical and learning disabilities.	<ul style="list-style-type: none"> - Death or serious injury. - Serious case reviews initiated. -Reputational damage to the Council. - Citizens lose confidence in the Council. - Negatively impacts on relationships with stakeholders. - Impacts severely on staff morale - Leads to high turnover of social workers and managers. 	<ul style="list-style-type: none"> - Safeguarding Adults and Children's Boards in place. - Regular reviews of policies/procedures and close supervision of staff. - Range of quality assurance processes exist within the Divisions. - Range of developments, including corporate training, exist within the Divisions to manage, support recruit and retain staff. - Improvement Board established following the Ofsted inspection and other arrangements eg Performance Board set up -24/7 Duty and Advice Service in place (and identified as a strength by OFSTED). 	5	3	15	<ul style="list-style-type: none"> - Board performance and framework development. - Chair of Board has direct accountability through Chief Operating Officer. - Regular bi-annual meetings with Mayor and Adults and Children's Lead Members. - Full implementation of all necessary improvements identified via the Ofsted inspection of Children's Services - Review of assessments and plans following OFSTED to ensure all are 'good enough quality', to include training of staff as appropriate. -Social work electronic recording system will be developed. 	5	2	10		Frances Craven/Steven Forbes	30/09/2016 and On-going

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7. SCHOOL IMPROVEMENT	Poor OFSTED outcome for schools Increased risk of schools going into category of special measures Poor outcome for Local Authority if inspected under the OFSTED framework for LA School Improvement effectiveness	Revised desk top analysis to identify potential underperformance in individual schools and settings Revised School Improvement Framework Regular reporting to DMT and LMB on schools causing concern and targeted work Self evaluation against OFSTED framework for inspection completed At risk schools discussed and warning notices considered Inspection file being collated to evidence effective and good practice in targeted work with schools	4	4	16	Targeted visits by Director of Learning Revised support packages Single plan implementation for RI schools Local Authority Reviews of individual schools to be negotiated Preparation for inspection to include briefing to all schools	4	2	8		Frances Craven/Steven Forbes	30/09/2016 and On-going

Appendix 1 - LCC Strategic Risk Register

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<p>8. CIVIL CONTINGENCY RESPONSE/INCIDENT RESPONSE</p> <p>Council resources may not be adequate or sufficient to respond should an external incident/disaster occur (for example, the impact of climate change leading to floods placing responsibility to the Council to house evacuees from other counties/areas) .</p>	<p>- An increase in inclement weather (flood, heat, waves, drought, windstorm, increased snow fall etc.) building the right infrastructure and new statutory flood and water risk management duties.</p> <p>- Having sufficient financial resources and flexibility to address these challenges becomes increasingly difficult.</p> <p>- Having sufficient assets/contingency arrangements.</p> <p>-Lack of resources could lead to inadequate response .</p> <p>- Impact on the publics health and wellbeing, safety/housing needs etc. - Adverse impact on budget</p> <p>- Reputational impact</p> <p>- Death/injury</p> <p>- Potential for increase in the number of insurance claims</p> <p>- negative relationships with stakeholders</p>	<p>- Corporate Management of this is outlined in the carbon action plan which covers all areas of management activity across the Council and its partners to reduce carbon.</p> <p>- Implementation is monitored through a carbon management board. Day to day management of climate change responsibility rests with the Operational Directors and their Heads of Service.</p> <p>- Risk is reported and controlled through the Divisional Directors Operational Risk Registers (presented to Corporate Management Team each quarter) and these are underpinned through regular reviews as part of the revised Eco-Management Audit Scheme (EMAS) system.</p> <p>- Local Resilience Forum (LRF) county wide partnering arrangement.</p> <p>- Leicester City Council (LCC) is part of the Resilience Partnership of local authorities in LLR LLR Health Protection Committee coordinates health protection response across LA/PHE/NHS</p>	4	3	12	<p>- Public engagement and city wide flood defence programmes are being developed jointly with the Environment Agency. This provides a two -pronged approach to manage the risk of severe flooding arising from climate change.</p> <p>- LRF and Resilience Partnership arrangements continue to be reviewed. Robust schedule of plan reviews and training in place and agreed via the LRF LLR-wide Health Protection Committee arrangements under review to provide assurance around management of health protection risks/ incidents and outbreaks</p> <p>- Exercise being planned for 2016 to test SCG/TCG arrangements using City Hall as the control centre</p>	4	2	8		<p>Miranda Cannon / Alison Greenhill/ Ruth Tennant</p>	30/6/2016 and ongoing

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			Impact	Probability	Risk		Impact	Probability	Risk			
8. CIVIL CONTINGENCY RESPONSE/INCIDENT RESPONSE (Continued)	<ul style="list-style-type: none"> - 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. -New emergency control room now fully equipped and operational at City Hall and provides a facility for both local management of emergencies and use by the LRF as a SCG venue										

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<p>9. RESOURCE: CAPACITY, CAPABILITY, RETENTION & DEVELOPMENT</p> <p>Lack of workforce planning and appropriate development of managers and employees leaves the Council exposed to service failure. The Council does not have the capacity/resilience in resources, should an event/incident occur, may significantly increase the demand on front line services. Changing market conditions gives rise to the council not being seen as first choice for employment as private sector may be perceived as offering better reward.</p>	<ul style="list-style-type: none"> - The Council does not have the right skills, behaviours and competencies in terms of the workforce to deliver the city's vision and priorities. - The Council fails to maximise the potential of its key resource. - Staff become demotivated/are under pressure which has an impact on productivity and delivery across the Council. - Disruption to service delivery. - Impacts on continuity of services. Creates risks in delivery because information on processes/procedures etc is lost - Service demands may not be met. - Reputational damage. - Financial impacts. - Drain on resources 	<ul style="list-style-type: none"> - Talent match (internal jobs market) rolled out across the Council, learning captured and acted on from initial pilot period and pilot will continue for a full 12 months - OD Team 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 - TSI Team 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 	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 - Appoint a new Head of HR and develop a new Strategic HR work-plan. - Act on lessons from initial Talent Match pilot and continue to run and evaluate the pilot. 	3	3	9		Miranda Cannon	30/06/16 and ongoing

Appendix 1 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 30 April 2016

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			Impact	Probability	Risk		Impact	Probability	Risk			
<p>10. CONTRACT MANAGEMENT & PROCUREMENT</p> <p>Contract management protocols/procedures are not robust and there is lack of understanding/awareness within the Council. Service areas may exercise partnership arrangements/ collaborative agreements where formalised/legal contracts are not in place and possibly these may not be legally binding.</p>	<ul style="list-style-type: none"> - Reputational damage. - Financial impacts; valuable funding is used for rectification of issues. - Increase in staff resources to defend a challenge. - Potential for litigation and fines being incurred. - Contract service level agreements may not be adhered too. - The Council does not receive value for money for the services it procures. - The Council is challenged in the reduction of contracts when re-tendered. - Discouraged providers may not tender for the contract in the future, potentially reducing the portfolio of providers and even reducing the availability of high quality providers. 	<ul style="list-style-type: none"> -Revised and improved Contract Procedure Rules now in place along with associated guidance. -Policy that all procurement over a deminimis threshold must be carried out by one of the specialist procurement teams. -Professional procurement staff recruited and now in post -Contract Risk Management training available from RMIS -Engagement with local supplier groups 	3	3	9	<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. 	3	3	9		Alison Greenhill	30/09/16

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			Impact	Probability	Risk		Impact	Probability	Risk			
11. 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. -Annual Planned Maintenance Programme is in place to cover the most urgent health and safety issues in the estate. -Central Maintenance Fund is available to address urgent repair items in the estate. -Phases one and two of the central accommodation strategy have been effectively implemented which has significantly reduced the backlog maintenance issues in the estate. -Transforming Neighbourhood Services review in place to reduce the level of backlog maintenance issues in the neighbourhood estate. -Building Schools for the Future (BSF) and Primary programmes are proceeding on course with a new Hard Facilities Management Offer for BSF Phase 3-6 using local contractors being concluded. -Condition surveys have now been completed for all neighbourhood and leisure assets -Using Buildings Better (UBB) programme running 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"> -Establishment of a corporate asset management group. - Continued development of effective planned maintenance programme - performance measurement in place to provide assurance regarding compliance-concerto being established and populated to work as the single corporate asset management system - Continue delivery of the UBB programme 	5	3	15		Frank Jordan/Miranda Canon	30/06/16

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			Impact	Probability	Risk		Impact	Probability	Risk			
12. 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. 	Directors keep abreast of policy change and development in their portfolios. The implications of change described and discussed. Including political briefings if required. Budgeting takes account of national changes. Staff are trained in new requirements.	4	3	12	Examine options for service integration; improved leadership development; manage demand better; have honest conversations with the public about what can be expected from us; improve commissioning activity across the Council.	3	2	6		Andy Keeling	30/09/16

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 30th April 2016

Risk What is the issue: <i>what is the root cause/ problem – what could go wrong</i>	Consequence /effect: <i>what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures			Further management actions/controls required	Target Score with further controls			Cost	Risk Owner	Review Date	
			(See Scoring Table)				(See Scoring Table)						
			Impact	Likelihood	Risk		Impact	Likelihood	Risk				
STRATEGIC AREA - Adult Social Care													
103	1. Adult Social Care & Safeguarding - Integration agenda. Risks associated with large programme of change in challenging financial context.	Failure against national commitments on integration. Services are not aligned; Financial risk; Conflict between priorities of organisations; Transformation programme targets are not met.	High visibility at partnership forums; Support to frontline staff to maintain operational relationship management; Communication strategy for transformation in context of integration includes partners.	4	4	16	Establish clear partnership arrangement to agree and deliver Integrated Care in Leicester; maximise Better Care Fund (BCF) opportunity.	3	3	9		Ruth Lake	BCF plan submit April 2016 on track
	2. Adult Social Care & Safeguarding - Meet Health & Safety (H&S) expectations in regulated provision. Fail to maintain safe water systems in all units; Failure to maintain essential health and safety in intermediate care provision.	Ill health or death to residents and/or staff or visitors from water borne infections or poor H&S practices.	Water hygiene monitoring practice in place	5	3	15	Ensure all registered managers go on required training and fully understand the requirements for temperature checking, flushing regimes, tap cleaning etc. and can closely monitor those carrying out these tasks.	5	2	10		Ruth Lake	31.03.2017 Ongoing
	3. Adult Social Care & Safeguarding - Failure to meeting statutory need; keeping people safe - Difficult financial climate; complexities with funding arrangement; integration and pooled budgets - risk of inadequate resources to meet need	ASC overspends; Insufficient resources to meet need; Vulnerable people not receiving sufficient care packages resulting in legal challenge and increase in complaints.	Robust mechanisms (such as Resource Allocation System) to ensure resources matched to eligible needs to protect funding; budget monitoring; demand monitoring; use of Better Care Fund (BCF) programme to plan for new funding arrangements and requirements.	3	5	15	Further work on BCF to protect social care services and promote efficiencies across the Health & Social Care system. Work to review packages of care to maximise resources for those at greatest need. Delivery plan now in place - to be progressed over 15/16.	3	4	12		Ruth Lake	31.03.2017 Ongoing

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 30th April 2016

Risk What is the issue: <i>what is the root cause/ problem – what could go wrong</i>	Consequence /effect: <i>what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures (See Scoring Table)			Further management actions/controls required	Target Score with further controls (See Scoring Table)			Cost	Risk Owner	Review Date
			Impact	Likelihood	Risk		Impact	Likelihood	Risk			
104	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.	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. Judicial review found in favour of Leicester City Council.	4	3	12	Pot Multi £M	Tracie Rees	31.05.2016 and ongoing
5. Care Services & Commissioning (ASC) Quality of care in the Independent regulated services including; residential homes, domiciliary care and supported living providers falls below standards	Detriment (harm) to individuals, groups or the Council (financial or reputational)	High level Audit processes in places via Adult Social Care contracts and assurance team. This is in addition to Care Quality Commission inspections.	5	4	20	Quality Assurance Framework to be used to support identified failing providers. Risk Management process in place to identify appropriate action to be taken in the event of failing providers.	5	3	15		Tracie Rees	31.06.2017 Ongoing
6. Care Services & Commissioning (ASC) - Implementation of the 5 Year Leicester, Leicestershire and Rutland (LLR) Better Care Together Plan carries high financial and political risk	Financial impact/legal challenge	An LLR Programme Board has been established that includes health and social care chief officers	5	4	20	An LLR Programme Board has been established that includes health and social care chief officers	3	3	9		Tracie Rees	01.01.2019

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 30th April 2016

Risk What is the issue: <i>what is the root cause/ problem – what could go wrong</i>	Consequence /effect: <i>what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures (See Scoring Table)			Further management actions/controls required	Target Score with further controls (See Scoring Table)			Cost	Risk Owner	Review Date
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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 of capacity to effectively scope the new DoLs cases; challenge from practice in care homes in applying DoLs via urgent applications in inappropriate circumstances	Breach of legislation; financial liability re ICO; breach of confidence in the Council	Manager briefings to ensure legal requirements understood; scoping of high risk cases to understand new DOLS cases; prioritisation of action on cases; monitoring of incoming pressures for DOLS team and use of independent Best Interest Assessor capacity; engagement with legal services re Court Of Protection applications and pressures. Additional resources agreed for recruitment via budget setting	4	4	16	Tracking of anticipated legal guidance on application of case law in practice; consideration of additional resources to support scoping exercise as this has not been completed due to lack of resources / competing priorities. Meeting with legal services to assess position / agree actions to mitigate risk 24 March. Issue to be escalated to Leadership Team. Further work via NHS England Mental Capacity Act project and HOS to address care home practice which is exacerbating the volume and timescales risks	4	3	12		Tracie Rees	31.03.2017 Ongoing
8. Care Services & Commissioning (ASC) Review of Residential Care. Financial risk - largest area of spend and danger of inappropriate models of care.	Continued escalation of spend; inappropriate placements	Project Board in place; extensive research, analysis and engagement	4	4	16	Robust governance through project board, Commissioning Board and Lead Member Briefing	3	3	9	Current spend £44M gross	Tracie Rees	TBC

Appendix 2 - Leicester City Council Operational Risk Register

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Risk What is the issue: <i>what is the root cause/ problem – what could go wrong</i>	Consequence /effect: <i>what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures			Further management actions/controls required	Target Score with further controls			Cost	Risk Owner	Review Date
			(See Scoring Table)				(See Scoring Table)					
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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 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		31.07.2016
10. Care Services & Commissioning (ASC) - Supported Living Procurement Potential challenge from the market in relation to the rates offered and ability to meet National Living Wage (NLW) requirements.	Potential high court challenge and reputational risk to the authority.	Discussion and agreement with Legal, Procurement and Finance approach to pricing envelope is robust and in line with NLW.	4	4	16	To mitigate through the procurement exercise with specific reference to the NLW in the documentation.	3	3	9	Cost of possible JR damages	Tracie Rees	31.10.2016
11. Care Services & Commissioning (ASC) Non compliance with our duties under the Equalities Act. Failure to adequately identify and address (where possible) equality impacts of proposed actions.	Council could face legal challenge through judicial review	Equality impact assessments (EIA) are built into service reviews, strategy developments and decision making which help to identify equality impacts and actions to be taken.	5	3	15	Ensure all staff are fully aware of when to use EIA's and build this into their routine work (when necessary). Training to be offered through Better Care Together.	5	2	10	Pot Multi £M	Tracie Rees	31.03.2017 and ongoing
STRATEGIC AREA - City Development and Neighbourhoods												

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<p>12. Housing - Impact of Welfare Reform on Housing Rents Account (HRA) rental income collection and supported housing. Universal Credit (UC) is to be fully implemented in 2017 .</p> <p style="font-size: 2em; font-weight: bold; margin-left: 10px;">107</p>	<p>Under UC, claimants will receive all their benefits, including housing costs element the, directly themselves, monthly in arrears. They will have to pay their FULL rent out of this. The biggest challenge to the HRA will be to collect the full rent from those working age claimants whose housing costs are no longer paid directly to the Landlord (LCC) as they are now. Higher numbers of tenants in rent arrears leading to loss of rental income will adversely affect the HRA income. Could lead to greater number of evictions. Further welfare cuts in 2015. Summer budget will reduce tenants income. Impact of welfare reform on supported housing will mean less income to the general fund. Also affects adults social care support to sheltered housing. Reduced income to the general fund. Will affect all new tenancies after 2016</p>	<p>On-going promotion of Clockwise accounts with tenants. Focus STAR team support on those affected. maximise the number of tenants claiming DHP for bedroom tax affected cases. Identified tenants who are over-occupying in order to help with down-sizing. Promotion/awareness to tenants of Discretionary Housing Payments (DHP). Income Management team strengthened.</p> <p>Amended Allocations policy to assist downsizing</p>	4	4	16	<p>Development of Northgates IT system (phase 2) to support paperless direct debits.</p> <p>Mandatory direct debits or Clockwise accounts for New tenants has been implemented.</p> <p>Introduced pre-tenancy determinations interviews to collate financial information prior to tenancy sign up. This is a risk mitigation exercise to help identify tenants that require extra help to manage their finances /budget</p> <p>Smarter ways of working being developed including self serve , use of QR scanning, mobile technology to help mitigate risk to reduction in rent collection due to welfare cuts.</p>	4	3	12		Chris Burgin	31.07.2016 and ongoing

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13. Housing - Risk of Legal challenge, liability and reputational consequence if properties are not adequately maintained. Greater financial investment needed in the future. Rent reduction of 1% per annum for next 4 years will threaten budget for maintenance.	Poor living conditions, H&S risks to tenants, properties falling into disrepair. Reputational risk	On-going capital investment (25 year strategy and planned maintenance programmes). On-going day to day responsive repairs service. Minimum standard for property re-letting. In house Quality Control team. Continue to review more effective ways of maintaining the stock.	5	3	15	Reviewed Jan 2016. No further actions/controls required. Spending review phase 3 will identify how to keep spending within reduced budgets.	5	3	15		Chris Burgin	31.03.2017
14. Estates & Building Services - Lift Condition Assessment - Asset Capture	Continued failure of assets - run to failure - ad hoc capital required to make good - less reliable assets and more entrapments. Lift users may be compromised in terms of access/egress/mobility - as per the Beatty Ave experience	formatting a proposed capital programme of works - based on engineers submissions - (Zurich and LES) - ready in December 2015. Lack of internal staffing resource and excessive external consultative cost are prohibiting progress	5	5	25	Budget being sought to recruit an internal engineer to form a capital programme. Housing capital scheme (£900k) being managed by FM staff. New tender to be posted for a further scheme.	5	5	25	Staffing (£40k per annum) on revenue budget in M/E team	Wayne Antoine	3 year plan

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109												
15. Estates & Building Services - Delay and compensation event claims are received leading to extensive costs.	Contingency held to address unforeseen issues may be overspent	All claims are monitored and are challenged using internal and external resources. Continued dialogue with the Finance Team to monitor the financial position.	5	4	20	Review meeting established with the contractor and information being sought to substantiate claims with the assistance of a programme analyst and specialist advisors. To date claims have been settled where they are justified and claims with inadequate information or inaccuracy rebutted. Information is still not forthcoming from GT.	4	3	12	Contingency provision is over subscribed	Wayne Antoine	31.03.2017
16. Estates & Building Services - Raising educational achievement -The discontinuation of PCP (reduction in capital investment) and the continuing need to accommodate pupil increases	A Statutory duty is not met	Delivery of Basic Need Programme to address pupil placements required by September 2015.	4	4	16	Continued assessment & development across the Primary School estate.	4	3	12	Staff time	Wayne Antoine	30.09.2016 then review 6 monthly

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110												
17. Estates & Building Services - Schools Capital. Raising educational achievement.	Reduction in capital investment in schools with ageing school stock and deteriorating condition Potential to not meet statutory building requirements. Reputational damage to the council.	Develop long term strategy across the Primary School estate	4	4	16	Develop long term strategy across the primary and retained secondary school estate is now underway, Condition surveys being undertaken in order to formulate a 3 year programme of works for Planned Capital Maintenance which is to be reviewed on an annual basis in accordance with priority/need.	4	2	8	Staff time	Wayne Antoine	30.09.2016 then review 6 monthly
18. Estates & Building Services - Maintaining Income (Capital and Revenue) on behalf of the Council -Schools gaining Academy status	Reduction on Capital & Revenue funding as schools receive monies directly from central government.	Help manage and support the schools through this process.	4	4	16	Look to provide traded services for schools to opt into as a long term strategy.	4	4	16	Staff time	Wayne Antoine	31.03.2017
19. Estates & Building Services - Loss of use of Asset	Closure of buildings due to asbestos	1. Findings of asbestos action plan being implemented. 2. Asbestos monitoring returns to be reported to DivMT and Heads of Property monthly. To Corporate Management Team if cause for concern. 3. Action plan works now completed, signed off by Health & Safety and now being monitored.	5	3	15	1. Ensure 100% compliance with asbestos returns with accurate data by holding Building Responsible Officers to account. 2.Ensure all buildings have an asbestos register	3	2	6	Staff time	Wayne Antoine	31.03.2017

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<p>1 1 1</p>	Closure of buildings due to poor water hygiene standards	<p>1. Implementation of control regime comprising ongoing regular monitoring, reports, risk assessment reviews and maintenance with allocated budgets.</p> <p>2. Water hygiene monitoring returns to be reported to DivMT and Heads of Property monthly. To Corporate Management Team (CMT) if cause for concern.</p> <p>3. Spend of allocated capital budget for water hygiene and production of ongoing prioritised schedule of works ongoing.</p> <p>4. Water hygiene responsibilities in non-op estate have been confirmed and necessary action</p>				<p>1. Seek 100% compliance with water hygiene returns with accurate data.</p> <p>2. Further budget for 13/14 works approved in capital programme subject to Corporate Management Team decision.</p> <p>3. More rigorous audit of Building Responsible Officer monitoring to be undertaken.</p>						

Appendix 2 - Leicester City Council Operational Risk Register

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<p>20. Local Services and Enforcement - LACK OF ADEQUATE RESOURCE CAPACITY</p> <p>Increase in the demand led services, along with the reduction in head count could mean that there are insufficient resources to deliver the required service levels.</p> <p>During times of change, staff are not always aware of the changes being made, such as the recent relocation requirements, needs and</p>	<p>- Teams already at a minimum and extra workloads are unsustainable.</p> <p>- As demand-led services increase, workload and public expectations increase.</p> <p>- Likelihood of key person dependency as teams reduce further (fewer people in key roles).</p> <p>- Potential risk of non-compliance or breaches/lack of a substantial control environment.</p> <p>- Service delivery requirements not met.</p> <p>- Staff wellbeing may be harmed.</p>	<p>- Existing prioritisation arrangements are in place.</p> <p>- Policies and procedures are in place.</p> <p>- Processes are in place.</p>	4	4	16	<p>- Review of succession planning is to be conducted.</p> <p>- Need to assess the service demand against the resource availability to understand impacts and generate action plans.</p> <p>- Develop further prioritisation arrangements.</p> <p>- Continually assess through performance appraisals and individuals one-to-ones.</p>	3	4	12		John Leach	31.03.2017

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<p>21. Local Services and Enforcement REDUCTION IN INCOME GENERATION PROGRAMMES With reductions in public demand in building, parking, licencing, income generated by the Council may be significantly reduced and income generation/revenue targets may not be met. Also, 'one off' income programmes are set as recurring within the budgets/accounts; impacting further on future financial targets.</p>	<ul style="list-style-type: none"> - Budgets are not adhered to. - Income streams continue to reduce (e.g. Building Regs) due to the economic climate. - Targets remain the same or increase, against income sources and staff reductions. - One off income is disclosed as recurring, increasing the savings gap. 	<ul style="list-style-type: none"> - Budgets are in place and alternative savings option appraisals are performed and saving plans are implemented. - Policies and procedures are in place. - Adhoc business development arrangements are in place. 	3	5	15	<ul style="list-style-type: none"> - Need to review income targets for recurring and 'one off' income with finance to resolve on-going issues. - Enhance the business development resources/opportunity. - Budget strategy review. - Service review/impacts. - Further marketing and promotional projects. 	3	4	12	N/A	John Leach	31.03.2017 Ongoing

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22. Local Services and Enforcement RESOURCE & CAPACITY - INCREASED WORKFORCE AGE PROFILE Specialist skills and knowledge within the team may be lost due to future retirement programmes. Furthermore, national surveys have identified a lack of aspiration in individuals (younger generation, female workforce and some ethnicities) wishing to join the Council within these roles.	<ul style="list-style-type: none"> - Teams already at a minimum number and extra workloads may be unsustainable. - Likelihood of key person dependency as teams reduce further (fewer people in key roles). - Potential non-compliance with legislation/regulation. - Potential stress-related absence/claims. - Quality of service delivery may be affected. 	<ul style="list-style-type: none"> - "Step up" - work experience utilise. - Graduate project officers. - Training & Mentoring - Knowledge sharing 	3	5	15	<ul style="list-style-type: none"> - Succession planning review is required. - Continue to enhance and develop the apprenticeship scheme. - Commence positive promotion of the work/career in this area. - Seek funding for apprenticeship. - Ensure knowledge sharing takes place. - Training/ Mentoring/ Structuring. 	3	4	12	N/A	John Leach	31.03.2017 Ongoing
23. Local Services and Enforcement ASSET CONDITION Condition of buildings creating risks to service delivery and individuals (in certain circumstances)	<ul style="list-style-type: none"> Building/service closures Insurance claims against the council Reputational damage to LCC 	<ul style="list-style-type: none"> - On going review and inspection of building in-house and is liaison with Property services - Building conditional surveys reviewed under the TNS Programme 	5	3	15	<ul style="list-style-type: none"> Building reviewed under TNS Condition surveys commissioned and review to address key issues 	3	3	9		John Leach	
STRATEGIC AREA - Corporate Resources and Support												

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<p>24. Delivery, Communications and Political Governance - UNPLANNED ELECTION EVENT</p> <p>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.</p>	<ul style="list-style-type: none"> - 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. 	<p>Returning officer and nominated deputies are in place.</p> <ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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. <p><i>(Actions required to maintain risk score).</i></p>	4	4	16		Miranda Cannon	31.03.2017 Ongoing

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<p>25. Delivery, Communications and Political Governance - LEGAL CHALLENGE Increased legal challenges may heighten the need to ensure that processes are effective, efficient, communicated in a uniform manner and that managers and staff follow explicit guidance. Equalities Impact Assessments (EIAs) are likely to become an increasingly targeted area for Legal Challenge.</p>	<ul style="list-style-type: none"> - Communications are not appropriate (present the right information, performed in a uniform manner, not consistently worded, communicated or the tone are appropriate), leading to legal challenge. - Equalities Impact Assessments cannot address all potential areas of legal challenge on Public Sector Equality Duty grounds. - Lack of legal expertise/appropriate resources. - Potential for legal challenge/judicial review by providers, staff, service users, etc. - Reputational damage/media exposure. - Unplanned adverse effect on budget/finance - Resource intensive to defend legal challenges/judicial reviews. 	<ul style="list-style-type: none"> Equality Impact Assessments (EIAs) are performed to help ensure the Council meets the Public Sector Equality Duty (PSED). - On-going reviews of outcomes of other PSED challenges inform our approach to demonstrating compliance with our PSED, and lessons from these shared / communicated and used to revise our approach where appropriate. - Processes and procedures in place. - Staff are aware of duties, responsibilities and relevant considerations required to demonstrate compliance with PSED. - Expert support e.g. HR, equalities, consultation, CPMO in place with supporting guidance. Equalities e-learning module developed and being rolled out. - EIA process (what needs to be considered when) and EIA templates recently reviewed and revised. 	4	4	16	<ul style="list-style-type: none"> - Continue to review external practice e.g. from other Local Authorities and partners, which have been deemed as best practice and implement locally as appropriate. - Ensure the correct resources, with the relevant skills and experience are allocated to roles. - Ensure HR support is available. - Implement agreed actions in relation to strengthening evidence based decision making including use of data and research 	4	3	12		Miranda Cannon	31.06.2016

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25. Delivery, Communications and Political Governance - LEGAL CHALLENGE - Continued <div style="text-align: center; font-size: 2em;">117</div>	<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. - Work underway to further develop internal skills and capacity in relation to robust evidence based decision making 										
26. Finance - 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 16/17. Work taking place on spending review programme which aims to save up to £45M per annum. Further savings will also be required. £8m service transformation fund.	5	4	20	Budget strategy being revised to meet expected budget gap in 2019/20. Heavy involvement of City Mayor in ensuring spending review programme delivers. Additional contribution to service transformation fund in 2016/17 budget.	5	2	10		Alison Greenhill	31.03.2017 and every year end.

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<p>27. Information and Customer Access Staff: Capacity, capability and recruitment Capacity: There are insufficient resources to meet increase in demands, such as business application outage, application failure etc., due to an already lean structure. Teams are being worked increasingly hard including weekends and out of hours. Staff Retention: With a buoyant market place for the team's skills, staff may seek career progression outside the Council. Formal career progression opportunities may not be available internally. Recruitment: Department requires highly skilled people but applicants may be less likely to apply for jobs at the Council as it may not be seen as the employer of first choice.</p>	<p>Unable to attract high calibre, skilled individuals. - Lack of adequate succession planning in some areas, leading to increased key person dependency vulnerability. - Vital skills and expertise are lost e.g. Lync, data warehouse. - Use of available business tools limited by rollout capacity e.g.. the corporate EDRMS. - Vacancies create more workload pressures and impact on the wellbeing of the remaining staff. - Staff more likely to elsewhere as the market picks up, especially as Job Evaluation means people are already being asked to do more for less. - Unable to meet service demand and service Level Agreement and to deliver core services. Reputational damage.</p>	<p>- On-going review with HR to ascertain options. Options such as graduate recruitment being investigated and implemented where appropriate. - Training, motivation, internal career development to retain and develop staff. - Market increments for key posts (although this hasn't helped to attract applicants to recent posts). - Undertaking succession planning and knowledge sharing as much as possible. - Documentation to reduce dependency on key individuals - Approval to recruit two apprentices and another graduate. - Recruited a Graduate. - Overtime payment and TOIL where appropriate. - Third party support contracts - Application made for De Montford Uni interns for Info Mgt.</p>	4	4	16	<p>Consider up skilling/cross skilling the Team to increase scope of roles etc. - Work with HR to address particular concerns. - succession planning, shaped by skills matrix. - Apprenticeships and graduate schemes for regular input of new talent/skills. - Capture and more proactively manage service demand. - Implement formal out of hours procedure. - review technology architecture to remove any unnecessary complexity and reduce dependency on hard to source skills</p>	3	4	12		Alison Greenhill	31.12.2016

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

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Risk Register Owner: Andy Keeling, COO

Risks as at: 30th April 2016

Risk What is the issue: <i>what is the root cause/ problem – what could go wrong</i>	Consequence /effect: <i>what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures (See Scoring Table)			Further management actions/controls required	Target Score with further controls (See Scoring Table)			Cost	Risk Owner	Review Date
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<p>28. Information and Customer Access Information Security</p> <p>The information and IT security environment is changing rapidly, altering the risk profile and requiring constant adjustment of controls e.g. Challenges of cloud computing, use of mobile devices for flexible working, bring your own device). It is challenging for central IT and information services to evolve infrastructure, policy, practice and guidance to keep up, and for the wider employee base to adapt their working practices to keep the organisation's information secure. In addition, requirements for national Code of Connection compliance also change over time, placing new security demands on the organisation. Failure to stay on top of security risks presents the risk of information security breaches</p>	<ul style="list-style-type: none"> - Information security breaches in which personal and/or sensitive Information is compromised. - potential for Data Protection monetary penalties, negative press coverage, reputational impact. - Impact on individuals (employees, service users, citizens) of their Information being compromised, including distress or damage such as identity theft and reputational impact. - Reduced trust in the Council, impacting on its ability to deliver key services - Lost productive time due to IT downtime 	<ul style="list-style-type: none"> - IT security provisions - encryption, firewalls, virus protection, Secure Socket Layer connections where needed, access control. - Security standards, policies and procedures, maintained, proactively communicated and published for universal access. - Dedicated security roles undergoing professional development. - Assurance routes via 1. Work to obtain and maintain Public Service Network accreditation, 2. Internal audit, 3. Information Governance Toolkit. - Information and IT security are integral to IT procurement exercises, to ensure that software and hardware offer good security. - Technical Information Security Group to raise security issues, address concerns, track implementation of internal audit recs. - New approach to report on uptake of Data Protection training to support managers in compliance - targeting Children's Services first 	4	4	16	<ul style="list-style-type: none"> - Keep controls up to date to respond to evolving threats. - Increase manager awareness of the negative impact of staff change etc. on security awareness and capabilities. - Adjust security provisions to meet the next year's Public Service Network requirements. - Invest in SIEM toolset 	4	3	12		Alison Greenhill	30.06.2016

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 30th April 2016

Risk What is the issue: <i>what is the root cause/ problem – what could go wrong</i>	Consequence /effect: <i>what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures (See Scoring Table)			Further management actions/controls required	Target Score with further controls (See Scoring Table)			Cost	Risk Owner	Review Date
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29. Information and Customer Access Capacity and Service Reporting Across the estate, the utilisation of application and network related hardware may not be fully understood.	<ul style="list-style-type: none"> - Reputational damage - Service delivery may not be met - Effect on available resources i.e. budget and staff if unplanned upgrades required - Negative effect on productivity - Affects ability to plan 	- none noted currently (Tools are available but not being used)	3	5	15	<ul style="list-style-type: none"> - Maximise use of available tools - Develop framework/guidelines for operating procedures 	2	4	8		Alison Greenhill	30.06.2016

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<p>30. Information and Customer Access Demand and change management</p> <p>There is no clear demand pipeline especially around project related activity, which means it is difficult to plan staffing, prioritise and manage workloads etc. There is no Target Operating Model, so that service level expectations/outputs and deliverables are not always clear and not delivered upon under a uniform agreement across the business. In some instances, the least relevant priority is dealt with rather than the most significant. This is exacerbated as there is currently no consistent way to capture and manage Business Application support and demand. ICT cannot provide the additional flexibility, complexity and time/resources required by rising customer expectations.</p>	<ul style="list-style-type: none"> - Improvements are not made to processes and procedures. - Inefficient and/or ineffective operations are in place. - Internal reputation impacts. - Demand may not be met. - Service delivery affected. - Incidents are not appropriately identified and rectified. - Increased reliance on IT staff rather than departmental self-sufficiency. - Increased demand on ICT resources. - Supplier response times and deadlines to rectify fixes/changes are lengthy and not always a priority. 	<ul style="list-style-type: none"> - Tactical improvement actions and plans have been identified and are in the process of being implemented. - Gateway process in place - Organisational restructure has been suggested and is being considered. - Business Continuity Management arrangements under review. 	3	5	15	<ul style="list-style-type: none"> - Implement holistic Disaster Recovery Plan. - Confirm roles and responsibilities. - Ask services to involve the customer services team in the planning/phasing/releasing of information etc. - Intended focus on more long term and forward planning. - Consider establishing a demand team (as part of the Methods review) 	3	5	15		Alison Greenhill	30.09.2016

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30. Information and Customer Access Demand and change management - Continued <div style="text-align: center; font-size: 2em; font-weight: bold;">123</div>	<ul style="list-style-type: none"> - Contract arrangements do not include performance targets, turnaround times SLA information etc., the Council is unable to hold them to account. - Data could be lost/unable to be restored - Delays in projects, tasks and assignments. - Adverse effect on budget. 					<ul style="list-style-type: none"> - Unlikely to be able to influence this risk in the near future as fundamental organisational change is required, so management actions are to maintain status quo and prevent the risk worsening. 						

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31. Legal - Key areas of risk are: flexible working practices which expose data to new risks, inappropriate disclosure of personal data, insecure and excessive information sharing externally and internally, lack of universal participation in Information Governance training, lack of awareness of the compliance and enabling role of Information Governance and failure to comply with the Regulation of Investigatory Powers Act 2000. (Also see corresponding risks around Data Protection and Freedom of Information compliance.)	- Data may be lost or shared inappropriately. - Potential legal challenge. - Breaches in regulation/legislation, which may incur fines, reputational damage and negative media coverage. - Local breaches are not reported to the Information Governance Team until a complaint arises. There may be a number of unreported information governance breaches which are unreported and being managed at a local level. - Subject Access Requests: this area has failed in compliance in 2013, and could fail again in the future.	- Policies and procedures in place e.g. security, retention and disposal. - Devices are encrypted. - Staff briefed on Information Governance (IG) compliance and asset mgmt. - Improvement plan identifies necessary procedural updates etc. - Good liaison with Information Commissioners Office (ICO) and increased visibility and compliance. - Regular reports to Directors on the importance of IG compliance. - Staff are required to complete IG training on induction and all staff were asked to complete training in 2013. - Leicester City Council submissions to the NHS Information Governance Toolkit provide a health check on IG policies and systems.	4	5	20	- Requirement for all to complete annual IG awareness training should be enforced. - Introduce a self-service IG health check for Managers to check their team's compliance and identify their own improvement actions. - IG issues to be addressed more consistently in contracts outside IT Procurement (where this is systematic). - Need for services facing high staff turnover to prioritise Data Protection and security training to maintain capability levels. NB: in a changing context, controls need to evolve and be constantly refreshed to maintain the risk exposure at the current level and prevent it from increasing.	4	3	12		Kamal Adatia	31.03.2017 Ongoing

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

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			(See Scoring Table)				(See Scoring Table)						
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126	Requirements to reduce public sector funding affect the Council's ability to fund key areas of improvement work	Workforce continues to be in flux and subject to high turnover, which impairs consistent service and increases risks for vulnerable children and young people. Insufficient funding in local authority and partner services to deliver improvement work and maintain level of Early Help and statutory services.	Priorities for short and long term funding of improvement work are being considered by senior managers and elected members. Proposed savings in Early Help services are currently being developed in consideration of Leicester City Council 20156/18 budget. Impact on services to Children young people and families is being assessed as part of savings proposals. Pressures on the Out of Authority placement and increase in Looked After Children (LAC) numbers beyond allocated budget. Funding of two PA's for over 16's and retention payments for social workers and team managers in front line teams already agreed. Advanced Practitioners appointed	5	4	20	Further consideration of other identified improvement areas to be discussed. Further areas of the Resource Plan under consideration Quality Assessment post to be advertised in September	4	4	16		Caroline Tote	31.03.2017
	Increase in number of children looked after results in overspend, compensatory savings have to be made in other services	Reduced Early Help Services, resulting in less early intervention and higher numbers of children and families escalating to higher levels of need, putting additional strain on Children's Social Care budget.	Targeted work to safely and appropriately reduce the numbers of children in care and monitor the numbers of children requiring high cost externally commissioned placements. Further work to be carried out to consider future commissioning arrangements for young people who are victims of CSE.	5	4	20	Examination of existing controls, including social work practice, decision making, work to address young people on the 'edge of care', placement commissioning and exits from care.	4	4	16		Caroline Tote	31.03.2017

Appendix 2 - Leicester City Council Operational Risk Register

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Cost of agency social workers, including staffing over capacity, and interim staff working on improvements results in overspend, compensatory savings have to be made in other services	Increase in overspend, due to the higher costs of agency workers; and additional staff to carry out improvement work, reduce caseloads and ensure capacity to carry out key jobs is in place	Workforce Strategy sets out plans to attract permanent staff to Leicester and retain incoming and existing staff. Strategy includes progression and workforce development. Regular monitoring of staff appointments to agency posts.	5	4	20	Continued work on recruitment, retention and induction. Focus on recruitment of permanent Team Managers.	4	4	16		Caroline Tote	31.03.2017
Permanent staff absence (sick leave, maternity leave, disciplinary action) results in higher costs because of the need to pay agency worker	Regular monitoring of staff performance, and absence.	Continuing to take a robust approach to managing staff absence and reduce the amount of time that is lost due to sickness.	4	4	16	Children in Need (CIN) Attendance management-briefings for all CIN managers at induction and dedicated HR support put in place to support management of absence management	4	4	16		Caroline Tote	31.06.2016
Staff leave, resulting in the need to fill posts with agency workers	Additional expenditure on agency staff. Loss of experience and continuity.	Workforce Strategy developed and being implemented. Use of agency staff to fill vacant positions while permanent recruitment takes place. National and regional problem of availability of experienced social workers and Team Managers is impacting on LCC.	4	4	16	Ensure progression in place for experienced workers following appointment of new Team Managers. Individual discussions with staff wanting to progress, or dissuade them from leaving.	4	4	16		Caroline Tote	30.09.2016 ongoing

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33. Children's Social Care and Early Help - Safeguarding Publication of Serious Case Reviews for cases that occurred in 2013/14 <div style="text-align: center; font-size: 2em; font-weight: bold;">128</div>	Impact on staff morale, engagement with vulnerable families, partner confidence and public reputation	Serious Case Reviews not yet published, first set due for approval December 2015; second set in January/February 2015. LSCB partner agreement and media engagement about the messages to be released. Themes and actions arising from pre-publication messages already included in Improvement Plan, or being communicated separately to staff.	4	5	20	Work through LSCB groups to disseminate messages from the Serious Case Reviews.	5	4	20		Caroline Tote	24.06.2016
Abuse or injury to children in a range of care placements	Children would be unsafe and have experienced significant harm while in the Council's care.	Ensure maintenance of robust safer recruitment processes and Local Authority Designated Officer arrangements.	5	4	20	No further controls identified. Compile and monitor critical Young people identified as being at risk of CSE	5	4	20		Caroline Tote	30.09.2016 ongoing

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129	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.	<p>Agreed improvement plan in place, being implemented and monitored, including all Ofsted recs</p> <ul style="list-style-type: none"> • Additional short term CIN Team in place to increase capacity • Early Help Offer re-launched with training for staff/ partners • Thresholds documents re-launch • Weekly CIN Performance meetings to look at key performance areas and spot checks on identified areas • Team Manager training to reinforce management oversight • Distribution of agreed Service Standards across the Children's Workforce • External audit of Ofsted cases • Workforce Development Programme with aim of attracting workers to Leicester City, retention programme, growing own social workers and stabilising workforce • Revised supervision and case recording policies <p>* External auditors feedback on cases with recommendations for improvement</p> <p>* Feedback to CIN Service about outcomes of Ofsted support visit with actions to address</p>	3	5	15	<p>Further Implementation of the Leicester City Children's improvement plan including:</p> <ul style="list-style-type: none"> • Quality Assurance work by external auditors used to drive up practice and management standards, and enable managers to carry out realistic, robust audits • Principal Social Worker to be appointed to improve practice standards • Outcomes of, and learning from, Serious Case Reviews to be communicated to staff, including recommendations on practice and management work with partner organisations to ensure application of the LLR thresholds, reduce inappropriate contacts and referrals and ensure sufficient detail is given to enable robust decision making. * Appointment of 9 Advanced Practitioners (non-case holding) to take on supervisory and quality assurance functions across CIN and LAC 	3	4	12		Caroline Tote	31.09.2016 and ongoing

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130	Poor quality, inconsistent service to children, young people and their families, and increased risk of significant harm	Weekly performance meetings in CIN • Quality Assurance work by external auditors in conjunction with social workers and team managers, with immediate corrective action for cases identified. • Reports produced on 'Practice Analysis with results of the Quality Assurance work. • Workshops for all social workers and team managers on the outcome of the Practice Analysis in June 2015 • Workforce Development Programme in place * Briefings and rollout implementation of the Service Standards, Supervision Policy and Guidance and the Performance and Quality Assurance Framework * External auditors feedback on cases with recs for improvement * Feedback to CIN Service about outcomes of Ofsted support visit with actions to address areas needing improvement *Induction 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 • Continued implementation of the Workforce Improvement Plan including recruitment, retention and induction of agency and permanent staff and action to reduce imbalance of agency Team Managers to permanent Team Managers * Equipping social workers with appropriate mobile technology * Business Analysis of the critical area (CIN teams)	3	4	12		Caroline Tote	30.09.2016

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131	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	30.09.2016

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Child Sexual Exploitation: Non-recent cases of CSE where police investigation and/or victims statements demonstrate local authority involvement or culpability in failing to protect victims. Current work on CSE where local authority/partnership working have failed to protect young people from perpetrators	For non-recent and current Reputational risk in a high profile area Allegations against staff or former staff Media coverage Claims against the Council	For non recent cases. Local authority engagement with police in non-recent investigations. For current work. CSE Strategy and Action Plan in place across Leicester, Leicestershire and Rutland Leicester Safeguarding Children Board (LSCB). Training for local authority and partner agency staff provided through the LSCB and single agency training. Communications Planning. Liquid Logic workspace in place from July 2015. Problem profile (perpetrator information) being put into place by the police. Performance Framework being established. LCC considering budget allocation to establish a CSE team in conjunction with Leicestershire.	3	5	15	CSE Team to be established. Audit work being carried out on young people who are 'missing' or subject of CSE, to be completed by October 2015 and actions considered. Plans for a multi-agency team across Leicester, Leicestershire and Rutland to work on CSE Work to ensure more robust approach	3	5	15		Caroline Tote	30.09.2016
Increased demand for service following the publication of the Ofsted report; or due to increasing population of the City	Higher numbers of contacts and referrals diverts core role of social workers to increase time pressures to potentially affect quality of work with children at higher risks of neglect and/or abuse.	Regular checks on demands for Early Help and Children's Social Care through performance information	3	5	15	Continue to monitor, raise with partners through LSCB Examine through Children's Trust and consider multi-agency solutions Encouraging schools to buy in Family Support work	3	5	15		Caroline Tote	30.09.2016 ongoing

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34. Children's Social Care and Early Help - Workforce - Staff fail to recognise and act to safeguard and mitigate the risks of significant harm to children -Insufficient high quality workforce at practitioner and manager level including: <ul style="list-style-type: none"> • Turnover/retention of agency staff • Poor quality agency staff • Current Permanent staff leaving • Difficulty in recruiting permanent staff to Service Manager, Team Manager and Social Worker posts due to pressure to perform to required standards • Practical problems that affect day to day work • Leicester not able to attract staff while 'inadequate' 	De-stabilisation of workforce and a ripple effect from CIN Teams to other teams in social care. New agency staff struggle to pick up cases that have been through several interim social workers causes stress to new staff	Retention package has been approved <ul style="list-style-type: none"> • Additional CIN team in place to reduce pressure points across the 9 CIN teams • Workforce Improvement Plan in place • Implementation of recruitment and retention aspects of the Workforce Strategy and Improvement Plan • Health check by Liquid Logic Original Suppliers • Contact with Other LAs successfully using Liquid Logic *Workforce Project Officer working in collaboration with the service to recruit agency and permanent staff *Non-compliant or poor quality agency staff asked to leave *Capability/disciplinary action in relation to permanent staff *Exit interviews with departing staff *Dedicated HR support to CIN to progress capability/disciplinary action Mobile phones and laptops being supplied to staff. Search for new accommodation under way.	5	4	20	Continued work to implement Service Standards, address key areas of staff performance through management action, follow up findings from Performance and Quality Assurance reports	4	4	16		Caroline Tote	31.03.2017

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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	30.06.2016

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35. Children's Social Care and Early Help - Liquid Logic - Liquid Logic's children's recording system does not work effectively to ensure business processes, support good practice or evidencing children are appropriately safeguarded	Practitioner/manager training does not enhance system use Resistance among some staff hampers the use of the system Due to increased demand for social care requirements from the BAS team (ICT for Liquid Logic), the early help reporting roll out in September is at risk. Change is not embedded and the system is unable to discover where things are going wrong & progress is not being maintained * Turnover of staff prevents effective use of the system * Shortage of training not enabling effective use of system * ICT support for use of system is hampered by insufficient report writers and trainers * Inconsistent use of system leads to errors in recording and performance of system	<ul style="list-style-type: none"> • Health check by Liquid Logic in August 2015 with recommendations communicated in September 2015 * Consequence of Healthcheck remedies will be delayed implementation of LL Version 11 to February 2016 * POD group meets monthly and focusses on LL issues raised by front line staff and managers * Aide memoires issued to staff to assist with use * Training and helpline in place * Priority list in place for LL reports • Contact with Other LAs successfully using Liquid Logic * New staff undergo induction programme including Liquid Logic training. * Floorwalker support ended in May 2015 	5	4	20	<ul style="list-style-type: none"> • Actions taken with provider: <ul style="list-style-type: none"> - Prioritisation and implementation identified through the Health check and for V11 High level project plan to be developed. Recruitment of Liquid Logic report builders and training of others in Performance team to undertake query and report building in Liquid Logic • Task and finish group for Care Plans • Communication Strategy and plan is being developed and used Health check and Implementation of V11 need to be linked to drive efficient use of the system. Single route for agreement of all future work. Trainers under single management. Role of champions to be reviewed. 	4	4	16		Caroline Tote	31.07.2016

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Risk What is the issue: <i>what is the root cause/ problem – what could go wrong</i>	Consequence /effect: <i>what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures (See Scoring Table)			Further management actions/controls required	Target Score with further controls (See Scoring Table)			Cost	Risk Owner	Review Date	
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136	Early Help module system implementation is delayed with governance arrangements not in place, training not available, partners not participating.	Lack of confidence in Early Help Assessment (EHA). Partners not engaging in Liquid Logic training or using the system. Partners not signing Information Sharing Agreement therefore information cannot be shared or partners do not take on the LP role.	Project board meets fortnightly reviewing risks and progress, Risk Assessment in place, data protection guidance drafted, options being explored to include EHA as part of the ISA for LSCB partners.	5	4	20	Allocation of trainers and BAS report writers to the Early Help system through deployment of existing resources and temporary recruitment of additional staff. Discussion at the LCCIB and the Early Help Group of the Children's Trust Board about how to increase the allocation of Lead Practitioners in partner agencies due to take place October 2015.	4	4	16		Caroline Tote	31.07.2016
36. Children's Social Care and Early Help - Inspections Impact of poor outcomes from Ofsted Inspections.	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.	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	31.07.2016 ongoing	

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 30th April 2016

Risk What is the issue: <i>what is the root cause/ problem – what could go wrong</i>	Consequence /effect: <i>what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures (See Scoring Table)			Further management actions/controls required	Target Score with further controls (See Scoring Table)			Cost	Risk Owner	Review Date
			Impact	Likelihood	Risk		Impact	Likelihood	Risk			
37. Children's Social Care and Early Help - Early Help - Failure of services and processes to identify and meet the needs of vulnerable young people. Extent and gearing of department budget cuts for 2012-15 compromises operations and generates a high safeguarding failure.	<ul style="list-style-type: none"> The number of children and young people vulnerable to poor outcomes increases resulting in reduced life chances, subsequent high reliance on specialist high cost services and potentially death. Poorer outcomes overall, children's plans priorities compromised, loss of education, reliance on higher cost services, death etc. Reduced management and admin cover will reduce the capacity of existing staff to complete the data analysis required to identify and track families/children at risk of poor outcomes. * Partners are not engaged with Early Help or contribute to the offer 	<ul style="list-style-type: none"> Early Help and Prevention protocol in place underpinned by the Early Help and Prevention Strategy. Launch of the Early Help Assessment, resources and website (Mar 15) Training programme and comms plan in place Initial stakeholder analysis completed (Jan 15), more detailed one underway (May 15) Partnership Performance Framework drafted and Early Help reports for Safeguarding Effectiveness Group that evidence impact and progress Childrens Centre & Family Support Business Care Project group meets fortnightly to ensure the implementation of recommendations are on track Health Check underway with CYPS, families, staff and partners (May/June) results to be published Aug 15 Increase Traded Family Support services within schools 	5	4	20	Embedding the Early Help Assessment with all service providers including schools. Deployment of newly redesigned Family Support role. Complete identified work post implementation of the review . Task and Finish group to be set up to oversee the implementation of the recommendation of the Business case	4	4	16		Caroline Tote	31.09.2017 and ongoing

Appendix 2 - Leicester City Council Operational Risk Register

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Risks as at: 30th April 2016

Risk What is the issue: <i>what is the root cause/ problem – what could go wrong</i>	Consequence /effect: <i>what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures (See Scoring Table)			Further management actions/controls required	Target Score with further controls (See Scoring Table)			Cost	Risk Owner	Review Date
			Impact	Likelihood	Risk		Impact	Likelihood	Risk			
38. Children's Social Care and Early Help - Placements for children and young people who are looked after - Inability to recruit and retain foster carers	Insufficient internal foster care placements leading to greater use of Independent Fostering Agencies and greater cost to the Council.	Targeting resources to focus on mainstream foster carers. Foster carer allowances report to be considered by DMT to review payment. Foster carer scheme for teenagers to be considered as part of an 'invest to save' bid.	4	4	16	Consideration of raising foster care allowances to national requirement. Consideration of teenage fostering scheme.	3	4	12		Caroline Tote	30.06.2016
39. Learning Services - Leicester City Council reputation / relationships with schools are hindered by the delay in resolving snags and defects items with schools.	Low school engagement in sharing and / or celebrating impact of Building Schools For Future (BSF). Complaints from schools are likely to increase. High project staff turn over impact on schools confidence in LCC resolving snags and defects.	BSF School's in phase 3 to 6 identified as high risks are indicated on internal CPMO report with mitigating actions.	5	5	25	Resource management between property and education to be agreed. Children's Capital Governance to be reviewed to ensure resolution to snags and defects is reported and managed through the system. Clarity to schools provided on escalation route for snags and defects concerns.	5	5	25	staff time	Ian Bailey	31.06.2016 and ongoing

Appendix 2 - Leicester City Council Operational Risk Register

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Risks as at: 30th April 2016

Risk What is the issue: <i>what is the root cause/ problem – what could go wrong</i>	Consequence /effect: <i>what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures (See Scoring Table)			Further management actions/controls required	Target Score with further controls (See Scoring Table)			Cost	Risk Owner	Review Date
			Impact	Likelihood	Risk		Impact	Likelihood	Risk			
40. Learning Services - Leicester could be subject to a targeted Ofsted inspection with multiple inspections across schools followed by Local Authority (LA) inspection. 139	LA can provide evidence to support positive outcome but resource demands would be significant. Major issue about credibility of service which could increase the number of schools changing to academy status	School improvement reserve budget	4	4	16	Positive response to recommendations identified in peer review completion of a detailed Self Evaluation Form (SEF) leading to a revised school improvement Framework Close work between LA Officers, Department of Education & Ofsted representation to manage RI/SM schools Action plans in place for new teams in the raising achievement service linked to SEF	3	4	12		Ian Bailey	31.06.2016
41. Learning Services - Children's Capital Investment Delayed capital projects disrupts educational improvements in schools	The schools overall time and capacity to focus on educational improvements is reduced and/or comprised building issues and disruption.	LQP services to be targeted where necessary to provide additional educational support and guidance in build delay works. Resolution to relationship and reputational management with BSF schools yet to be finalised.	4	4	16	CPMO reporting to be re-established between property and children's to provide regular update to resolve issues.	3	2	6	Staff time	Ian Bailey	31.06.2016 and ongoing
42. Learning Services School closure required due to significant health and safety snags and defects works incomplete in capital projects. i.e. heating, ventilation, water and fire system failures	Statutory education days in schools for Children and Young People not met	Building Review Groups (BRG) have now ended with BSF schools - further clarity on contract management to be discussed with property.	4	4	16	Resource management plan of snags and defect resolution to be supported in BSF post handover.	4	4	16	Staff time	Ian Bailey	31.03.2016 and ongoing

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 30th April 2016

Risk What is the issue: <i>what is the root cause/ problem – what could go wrong</i>	Consequence /effect: <i>what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures (See Scoring Table)			Further management actions/controls required	Target Score with further controls (See Scoring Table)			Cost	Risk Owner	Review Date
			Impact	Likelihood	Risk		Impact	Likelihood	Risk			
43. Learning Services - Loss of contractual BSF knowledge and Intelligence through high staff turnover in project teams leading to poor decisions and non contractual compliance	Resolution to issues delayed. Reactive handover with no record of change, agreement or clarity for schools. BSF staff now in redundancy process and to be brought to an end by March 16.	School have been asked to request BRG reports from BSF project team so that they can take ownership in prioritising issues / actions against education needs. Awaiting final list of issues and snags from property.	4	4	16	Resource management plan of how schools will be supported in BSF post handover to be developed between property and education.	4	5	20	staff time	Ian Bailey	31.06.2016 and ongoing
44. Learning Services - Schools in Ofsted categories or below floor standard converted to academies by order of the secretary of state.	Schools no longer Local Authorities (LA) schools; impact on overall schools budget and reputation of authority. Difficult to maintain an overview of Children /young people that the LA continue to be responsible for.	School improvement strategy and LA support plans. School2School partnership are in place. Performance dialogue meeting between School Improvement Advisor and school leadership teams for every school in the City. Support and challenge is provided in inverse proportion to need.	3	5	15	Targeted support packages in place for schools in scope for conversion. Half termly progress checks through team around the school meetings Whole school reviews for those schools that are Requires Improvement or in Special Measures - Regular reports submitted to Divisional Management Team re current position	3	4	12		Ian Bailey	31.06.2016

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 30th April 2016

Risk What is the issue: <i>what is the root cause/ problem – what could go wrong</i>	Consequence /effect: <i>what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures (See Scoring Table)			Further management actions/controls required	Target Score with further controls (See Scoring Table)			Cost	Risk Owner	Review Date
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45. 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.gov.uk supporting wellbeing Learning Training & Development Plan refreshed – new Department priority and focus on qualification and safeguarding training.	4	4	16	Management to implement health and safety and wellbeing policies and seek advice and support to mitigate risk of undue stress in the workforce New corporate team to actively engage in implementing workforce strategy and limited strategy and plans.	4	3	12		Frances Craven	31.03.2017
STRATEGIC AREA - Public Health												

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 30th April 2016

Risk What is the issue: <i>what is the root cause/ problem – what could go wrong</i>	Consequence /effect: <i>what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures (See Scoring Table)			Further management actions/controls required	Target Score with further controls (See Scoring Table)			Cost	Risk Owner	Review Date
			Impact	Likelihood	Risk		Impact	Likelihood	Risk			
46. 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 142	Service quality could be compromised due to unreliable clinical coding Performance management could be compromised by inaccurate count data Provider loss of confidence in the payment system where there is a disparity between claims and payment Potential financial, legal and reputational risk to the Council	Alternative spread sheet based payment claim system has been introduced Working with contracts team and CCG to provide a verification system for claims External audit of clinical services delivered by GP practices underway for the NHS Health Check Programme	4	5	20	Continue with the audit of specific cases and involve NHS and city council audit and risk staff as necessary; Ensure all steps and actions are documented; Issue of letter to particular 'problem' practices and inform practices in general warning of claiming accuracy and the city councils stance on this Bring forward plan for routine programme of audits; DMT to ensure that there are adequate resources for audit longer term; Regular reports to DMT and DPH. Continue to work with LCCCG and LCC contracts team to support the implementation of robust claiming mechanisms	4	4	16		Ruth Tennant	31.05.2016

Appendix 2 - Leicester City Council Operational Risk Register

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Risks as at: 30th April 2016

Risk What is the issue: <i>what is the root cause/ problem – what could go wrong</i>	Consequence /effect: <i>what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures (See Scoring Table)			Further management actions/controls required	Target Score with further controls (See Scoring Table)			Cost	Risk Owner	Review Date
			Impact	Likelihood	Risk		Impact	Likelihood	Risk			
47. Public Health - Data Access and Sharing - 1. Unresolved issues in national guidance on this matter. 2. Pseudominised Hospital Episode Statistics data for 10 years has not yet been released to us. 3. Current access to GEM (SUS Impatient Data) 4. 4)Data from GP (SystemOne)	If unresolved only able to offer a limited services in terms of core offer and other analyses required	Division of Public Health is at Information Governance Toolkit Level 2. Audit Information Governance within Division to support move to IG Toolkit Level 3. Application made and authorisation received from HSCIC for access to HES (liaising with GEMCSU on details). Technical issues of N3 access to GEM/GEMIMA have not been resolved. Data agreement has been signed to make data available via the Risk Stratification project (Adjusted Clinical Groups).	4	4	16	More timely data being released nationally on line (aggregated - does not support analysis at lower level). Maintain Information Governance Toolkit Level 2 and work to Level 3. Awaiting national decisions N3 issues followed up with IT. There has been partial progress with this but will need escalating. Adjusted Clinical Groups project team established with CCG. Information agreements being drawn up for specific projects (for primary care data).	4	3	12		Ruth Tennant	31.05.2016

Appendix 2 - Leicester City Council Operational Risk Register

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Risks as at: 30th April 2016

Risk What is the issue: <i>what is the root cause/ problem – what could go wrong</i>	Consequence /effect: <i>what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures (See Scoring Table)			Further management actions/controls required	Target Score with further controls (See Scoring Table)			Cost	Risk Owner	Review Date
			Impact	Likelihood	Risk		Impact	Likelihood	Risk			
144	<p>insufficient capacity to deliver on current and future plans</p> <ul style="list-style-type: none"> - inability to recruit the required specialist staff - less effective commissioning of specialist programmes which could lead to increased health inequalities <p>incurring additional cost pressures through a need for agency and temporary staff to provide cover for key work areas</p> <ul style="list-style-type: none"> - 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. 	<p>Close monitoring and review of current PH budget</p> <p>Job description written in a relevant way to attract target applicants</p> <p>Planning for the announced future reductions in the PH budget</p> <p>Adherence to Local Government Association/Public Health England Guidance relating to recruitment of staff.</p> <p>Pay scales broadly similar to NHS/ market forces</p> <p>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</p> <p>Job evaluation complete</p> <p>An interim a market supplement will be applied for to ensure posts can be advertised closer to former NHS levels. In the longer term a higher substantive banding or the role will be sought.</p>	4	4	16	<p>Divisional and staffing review</p> <p>Seek grading scheme beyond market supplements.</p>	4	3	12		Ruth Tennant	31.05.2016

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

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Risk What is the issue: <i>what is the root cause/ problem – what could go wrong</i>	Consequence /effect: <i>what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures (See Scoring Table)			Further management actions/controls required	Target Score with further controls (See Scoring Table)			Cost	Risk Owner	Review Date
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49. Public Health - Integrated Sexual Health Service There is a continuing risk that the increasing volume will exceed the budget allocation 145	Could cause financial pressures to PH budget Quality of service could be compromised Potential financial, legal and reputational risk to the Council	Leicester City and Leicestershire and Rutland County Councils have a joint partnership management group who are work closely with the provider. Public Health to analyse reasons for increases and work with CCG to ensure correct treatment and provision in primary care to reduce referral Chlamydia screening programme to be greatly reduced in volume , processes and procedures to be followed may cause issues in primary care	4	4	16	Continued meetings with other commissioners, legal advice sought, action plan to be developed Data awaited from provider	3	3	9		Ruth Tennant	31.05.2016

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 30th April 2016

Risk What is the issue: <i>what is the root cause/ problem – what could go wrong</i>	Consequence /effect: <i>what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures (See Scoring Table)			Further management actions/controls required	Target Score with further controls (See Scoring Table)			Cost	Risk Owner	Review Date
			Impact	Likelihood	Risk		Impact	Likelihood	Risk			
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.	Possible reputational risk through the LA being forced to reduce service levels to meet budget cuts	<p>Procurement options considered and taken to Executive Briefing for decision.</p> <p>Healthy Child Programme Assurance and Development Group established.</p> <p>Appropriate budget and core-offer determined.</p> <p>Healthy Child Programme Review undertaken.</p> <p>Healthy Child Programme Procurement Group established. Extended review with Early Help commenced. Extended discussions with CCG and schools undertaken. Estate costs reviewed. Adequate workforce numbers calculated.</p>	4	4	16	<p>Appropriate budget and core-offer to be determined</p> <p>Safeguarding assurances from provider and CCG needs to be agreed</p> <p>Co-commissioning on certain aspects with CCG to be explored</p> <p>Joint working/integration with Early Help to be agreed</p>	4	3	12		Ruth Tennant	30.09.2016

Appendix 2 - Leicester City Council Operational Risk Register

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Risk What is the issue: <i>what is the root cause/ problem – what could go wrong</i>	Consequence /effect: <i>what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures (See Scoring Table)			Further management actions/controls required	Target Score with further controls (See Scoring Table)			Cost	Risk Owner	Review Date
			Impact	Likelihood	Risk		Impact	Likelihood	Risk			
147	1) Death or serious injury. 2) Unlimited fines under corporate manslaughter legislation. 3) Suspension/loss of Goods Vehicle Operator's Licence resulting in severe disruption to several service areas, reputational damage and cost of tribunal. 4) Prosecution/fines under road transport/traffic and/or H & S legislation	1) Employment of an appropriately resourced professional fleet management team. 2) Fleet maintenance procedures/schedules in place and monitored. 3) Appropriate compliance monitoring procedures in place and monitored ink regular contract meetings and FTA inspections. 4) Fleet replacement policy/programme in place 5) Fleet Forum meetings	5	3	15	1) Introduction of a drivers handbook 2) Introduction of the use of tachographs for certain categories of vehicles 3) Introduction of trackers on all fleet vehicles	5	2	12		Jan Dudgeon	31.09.2016 Ongoing

Appendix 3 – Risk Assessment Scoring Guide and Matrix 2016

	IMPACT	SCORE	BENCHMARK EFFECTS
CRITERIA 149	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)						

Insurance Claims Data

LEICESTER CITY COUNCIL - Insurance Claims Received 1 April 2016 - 30 April 2016

Claims received 2015 and being dealt with

Incidents	Total Claims	Repudiated	In Progress	Paid	Amount Paid
5 (5)	53 (64)	10 (10)	52 (50)	1 (4)	£70 (£6,173)

Breakdown by Area and Type of Claim

Division	Responsible Director	Claim Type					Total Number	£ Value
		Employers Liability	Public Liability	Prof/Officials Indemnity	Personal Injury	Motor		
Passenger and Transport Services	Frank Jordan					3	3	
Neighbourhood and Environmental Services	John Leach		1			5	6	70
Plan, Trsport & Economic Dev.	Andrew L Smith		10			2	12	
Children, Young People and Families	Caroline Tote						0	
Housing	Chris Burgin		13		5	7	25	
Adult Soc Care & Safeguarding	Ruth Lake						0	
Del, Comms & Pol Governance	Miranda Cannon						0	
Information & Cust Access	Alison Greenhill						0	
Estates and Building Services	Wayne Antoine						0	
Comm and Business Dev	Vacant						0	
Learning Services (incl Schools)	Ian Bailey						0	
Finance	Alison Greenhill						0	
Legal Services	Kamal Adatia						0	
Tourism, Culture & Investment	Mike Dalzell						0	
City Public Health & Health Imp	Ivan Browne						0	
Care Svcs & Commissioning	Tracie Rees						0	
Total		0	24	0	5	17	46 (54)	70

Last 12 months rolling repudiation rate - 77% (77%)

Last 12 months year on year numbers - down 17%

Last 12 months year on year values - down 88%

Insurance Claims Data

LEICESTER CITY COUNCIL - Insurance Claims Received 1 April 2015 - 31 March 2016

Claims received 2015 and being dealt with

Incidents	Total Claims	Repudiated	In Progress	Paid	Amount Paid
45 (266)	642 (705)	330 (360)	208 (178)	104 (91)	£142949 (£355,260)

Breakdown by Area and Type of Claim

Division	Responsible Director	Claim Type					Total Number	£ Value
		Employers Liability	Public Liability	Prof/Officials Indemnity	Personal Injury	Motor		
Neighbourhood and Environmental Services	John Leach	4	47		16	56	123	69000
Plan, Trsport & Economic Dev.	Andrew L Smith	1	118	1	78	47	245	33521
Children, Young People and Families	Caroline Tote		1	4	1	3	9	6047
Housing	Chris Burgin	7	133		56	107	303	29765
Adult Soc Care & Safeguarding	Ruth Lake	1	1		1	1	4	
Del, Comms & Pol Governance	Miranda Cannon	1	2		2		5	838
Information & Cust Access	Alison Greenhill						0	
Estates and Building Services	Mark Lloyd	1	3		1	4	9	3378
Comm and Business Dev	Vacant							
Learning Services (incl Schools)	Ian Bailey	1	8	1	8	1	19	50
Finance	Alison Greenhill	2			2		4	
Legal Services	Kamal Adatia						0	
Tourism, Culture & Investment	Vacant		5		6	1	12	350
City Public Health & Health Imp	Ivan Browne						0	
Care Svcs & Commissioning	Tracie Rees					1	1	
	Total	18	318	6	171	221	734 (809)	142949

Last 12 months rolling repudiation rate - 77% (77%)

Last 12 months year on year numbers - down 10%

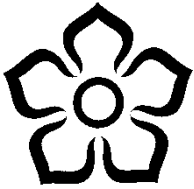
Last 12 months year on year values - down 48.5%

Appendix 6 – Examples of Successful Bids 2015-2016

Bidder	Cost	What for	What was risk	Previous Claims Paid	Claims repudiated	Potential Impact
Mayfield Children's Centre	£4,270.50	CCTV cameras/secure door and fob system	Break ins and anti-social behaviour Attacks on members of staff	Nil - below excess	Nil	Property Damage £12,000 Personal Injury £30,000 Total £42,000
Saffron Hill Cemetery	£3,821.99	Adjustments for vehicular access to site following introduction of using heavier machinery causes issues on site due to blind spots in vehicular access points	Damage to vehicles/property and injury to pedestrians and employees	£2,000 9 other claims all below excess	Nil	As per claims paid plus potential personal injury claims Total - £50,000
Mellor Primary School	£1,990.00	Access door to roof of school to allow for visual inspections/repairs to be carried out	Risk of falling from height or objects being dropped on pupils/staff below. Also lack of inspections could lead to water leaks to property	Nil	Nil	£500,000 - due to minors and potential care claims due to head injuries
Belgrave Library	£10,341.00	To install a safe system of window opening following a number of near misses	Manual handling of heavy windows could lead to risk of injury to members of staff and service users	£28,000	Nil	Would be personal injury claims of around £5,000 per incident.

Appendix 6 – Examples of Successful Bids 2015-2016

Parks Services	£3,425.00	To remove a dangerous trip hazard and install hand rails across a bridge used by disabled Pedestrians	Trip hazard and lack of hand rail would lead to personal injury to users of the park	Nil	Nil	Personal Injury - £25,000
St Matthews Children's Centre	£920.00	To install lights along a fire escape route	Risk of injury to employees/visitors whilst evacuating the property	£135,000	Nil	



Leicester
City Council

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Audit and Risk Committee

15 June 2016

Internal Audit Plan – Quarter 2 2016-17

Report of the Director of Finance

1. Purpose of Report

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

2. Recommendations

- 2.1. The Audit & Risk Committee should note the plan for the second quarter of 2016-17, attached at Appendix A.

3. Report

- 3.1. Rather than presenting a detailed list of specific audits, the annual audit plan is grouped into areas of audit. The intention is that, given the continuing uncertainties the Council faces, the audit plan can be readily adjusted to reflect changes in risks and priorities while maintaining a sufficiency of audit coverage for each of the relevant areas.
- 3.2. The generic annual plan then becomes detailed quarterly plans as the year progresses, setting out Internal Audit's intended work for each forthcoming quarter. These plans take into account emerging risks and requests for audit involvement alongside seasonal or other external factors that influence the timing of audit work.
- 3.3. The plan for the second quarter of 2015-16 is attached at Appendix A. It should be noted that one audit 'Creditors' has slipped from Q1 into Q2 as Internal Audit lost 28 days throughout Q1 to sickness.
- 3.4. It should be borne in mind that the quarterly plans refer to audits due to be started. Inevitably, they are not all completed within the quarter so there will be residual work to complete audits started in previous quarters.

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

4. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

4.1. Financial Implications

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

Colin Sharpe, Head of Finance, x37 4081

4.2. Legal Implications

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

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

5. Other Implications

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

6. Consultations

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

7. Report Author

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

Appendix A

Quarter 2: plan

Quarter	Type	Title	Notes
Q2	Contract	Contracts below the thresholds £75k	Controls to prevent misuse of multiple low value contracts
Q2	Grant cert	Local Transport Plan (LTP)	Transport grant certification
Q2	Grant Cert	Troubled Families - 1st audit	Verification of results from claims with reference to Financial Framework for the programme
Q2	IT audit	Network Security	Perimeter defences against malware and intrusion. The scope of this review may include firewall rules.
Q2	IT audit	ICT Asset Management	The audit will cover controls to record and account for ICT Assets and their location.
Q2	IT audit	Shared drives and email	Impact on record-keeping from use of shared drives and email. This was identified as a risk in Information Services operational risk register.
Q2	System	Creditors	MOVED FROM Q1. Overdue, not covered by SFS; includes amendments to supplier bank details.
Q2	System	Agency staff	Controls over expenditure on agency staff when establishment posts are being cut
Q2	System	Fostering Placements Payments	Payments to foster carers. Possible areas of focus: commissioning, assessments of financial assistance, payments controls
Q2	System	Housing Options	Compliance with the Housing Allocations Policy
Q2	System	Public Health – compliance with NICE Guidance - Managing Obesity	Compliance with NICE (National Institute for Health and Care Excellence) guidelines
Q2	System	Ward funding	£400K budget, £18K per ward, no previous audit;
Q2	General	Audit Lincolnshire General audit	Scope to be agreed with the client
Q2	IT (ext)	Audit Lincolnshire IT audit	Scope to be agreed with the client
Q2	IT (ext)	Rotherham Met Bor Council IT audit	Scope to be agreed with the client