

Leicester
City Council

WARDS AFFECTED:

Audit and Risk Committee - Note

6th March 2019

**Strategic and Operational Risk Registers/Health & Safety and Insurance
Claims Data/Risk Training Schedule 2019**

Report of the Director of Delivery, Communications and Political Governance

1. Purpose of the Report

To present to the Audit and Risk Committee (A&RC) an update on the Strategic and Operational Risk Registers, Claims data and Health & Safety data:

- **Appendix 1**, the Strategic Risk Register (SRR) providing a summary of the strategic risks facing the council affecting the achievement of the strategic objectives of the council;
- **Appendix 2**, supports appendix 1, which provides the detail in relation to the council's strategic risks;
- **Appendix 2a** to inform where changes have been made to the SRR since the last quarter;
- **Appendix 3**, the Operational Risk Register (ORR) exposure summary, provides a high-level summary of the operational risks, which affect the day to day operations of the divisions. Such risks are assessed by Divisional Directors with a risk score of 15 or above for consideration;
- **Appendix 4**, the ORR, supports Appendix 3, the summary of the ORR, which provides the detail in relation to the council's operational risks;
- **Appendix 4a**, provides details of where changes are made to the ORR since the last quarter;
- **Appendix 5**, Insurance Claims Data for the current financial year as at 30th December 2018;
- **Appendix 6 – Health and Safety Data** - Number of Incidents by Incident Type.

2. Recommendations

A&RC is asked to:

- Note the SRR and ORR as at 31st January 2019, subject to any changes made by the Corporate Management Team as reported to the meeting on 6th March;
- Note the Insurance Claims Data;
- Note the Health and Safety Data;
- Note the progress made with reviewing Divisional Risk Registers;
- Make any comments to the Director of Delivery, Communications and Political Governance.

3. Background

- 3.1 The Council's 2019 Risk Management Strategy requires the development, maintenance and monitoring of both the SRR and ORR.
- 3.2 Both the SRR and ORR process is owned and led by the Head of Paid Service. The Corporate Management Team support the strategic risk register process documenting the key strategic risks facing the council and help to ensure these are managed. It complements the operational risk register process which is supported and managed by the Divisional Directors and their divisional management teams. Both registers are populated and maintained by the Manager, Risk Management, Risk, Emergency & Business Resilience (REBR) for this group.
- 3.3 The insurance claims data is also provided to the A&RC and is a useful measure of performance (assessed by claims repudiated) and claims received from 1st April 2018 to 31st December 2018. **Paragraph 4.12** provides more detail.

4. Report

- 4.1 The SRR has been compiled following a review by all Strategic Directors and has been updated. The summary of the strategic risks is attached as **Appendix 1** and **Appendix 2** provides comprehensive detail of the risks. The **Strategic Risks** worksheet of **Appendix 2** is the final version of the SRR and **worksheet 'Appendix2a'** indicates where the amendments have been made indicated in bold and underlined where such alterations were made this quarter.

16 risks were updated comprising of target dates, but **risk controls** were also amended to **risks 1,2,3,4,6,8,9,10,11,14,15 and 16**. Refer to **Appendix 2a** which shows where changes have been made.

Risks ratings have remained constant which is not unexpected due to the nature of strategic risks, and the fact that changes in the external environment which

pose risks are being managed and mitigated within the appetite of the organisation.

Almost Certain	5				3	
Probable / Likely	4				1,12	
Possible	3			2,5,6,8,9,10,11,13,14,15,16,17	7	
Unlikely	2				4	
Very unlikely / Rare	1					
		1	2	3	4	5
		Insignificant/ Negligible	Minor	Moderate	Major	Critical / Catastrophic

The above matrix provides an indicator of the status of council's strategic risks in terms of likelihood and impact using the risk scoring from the SRR Register. Those risks in the **red quadrant require regular reviewing and monitoring** and consideration for further controls where appropriate. Those in the **yellow also require regular reviewing and monitoring** to ensure they do not escalate to a red risk.

4.2 The risks in the ORR (**Appendix 4**) are presented by:

- Strategic Area (in alphabetical order);
- Then by Divisional Area (again within alphabetical order);
- Then by 'risk score' with the highest first.

4.3 The summary of operational risks attached as **Appendix 3** indicates the number of high risks for each department/strategic area. **Appendix 4** provides comprehensive detail of the risks in **Appendix 3** facing the council. Both appendices have been compiled using divisional risk registers submitted to REBR by each Divisional Director. The significant risks (scoring 15 and above) identified within these individual registers have been transferred to the Council's ORR.

4.4 With regards to the ORR, **28** existing risks have been amended, **4** deleted and **5** new risks added.

Appendix 4a indicates where amendments have been made. Many amendments relate to target dates reflecting the next quarterly review deadline

date of 31st March 2019. **1, 2, 3, 5, 7, 8, 9, 10, 11, 13, 14, 15, 19, 29, 30 and 32** have further amendments other than target dates. The **4** risks that were deleted are detailed in the worksheet '**Appendix 4a**':

Risk 10 - Neighbourhood and Environmental Services – Resource & Capacity – Age Profile

Risk 11 - Neighbourhood and Environmental Services – Asset Condition

Risk 13 - Planning and Transportation - Transport Strategy

Risk 27 - Legal - Key areas of risk are: flexible working practices which expose data to new risks.

5 new risks added to the ORR this quarter are as follows:

Risk 23 - Legal - Workloads & Pressure

Risk 26 - Learning Services - School Financial Deficits

Risk 27 - Learning Services - External Market

Risk 31 - Public Health - Technology

Risk 33 - Public Health - Contract Management

As a reminder, where a risk is '**deleted**' does not always elude to the risk being eliminated. It refers to the risk score no longer being 'high' and it may well remain within the individual divisional register with a score below 15.

The reduction on the number of risks from the previous 2 quarters allows time and effort to be focussed on the risks which require the management of the Divisional Management Team. This can only be successful if the management of the Head of Service Risk Registers remains in place and is regularly reviewed by them in line with reporting structures, (as stated in the Risk Management Policy and Strategy), and some operational risks may require escalating in the future.

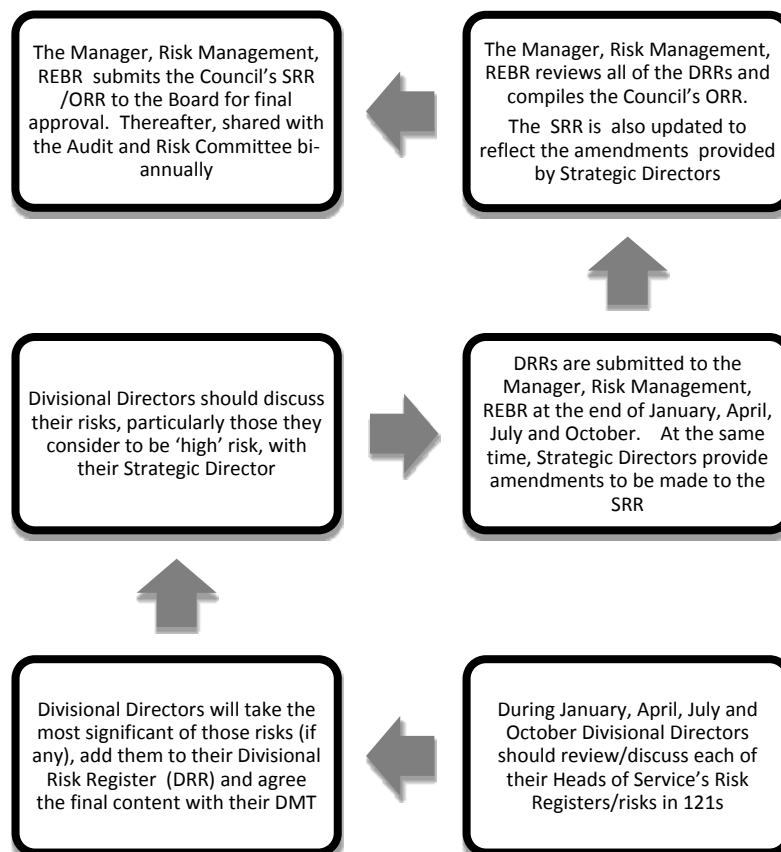
Risk management in this way is regarded as best practice. The comment from the Zurich Municipal Risk Consultant is that it has been refreshing to find colleagues at Leicester City Council open to this methodology and willing to accept challenge of historic risk reporting.

The summary table below provides an overview of the number of high risks ranging from risk rating of **15 to 25** detailed in the **ORR**:

Risk Score	No of risks as at 30.04.2018	No of risks as at 31.07.2018	No of risks as at 31.10.2018	No of risks as at 31.01.2019
25	1	1	0	0

20	25	22	6	5
16	20	20	16	19
15	14	15	10	9

- 4.5 Both risk registers present the most significant managed/mitigated risks. Whilst there are other key risks, it is the view of Directors that these are sufficiently managed/mitigated for them not to appear in these registers. More detailed registers of operational risks are owned and maintained by individual Divisional Directors and their Heads of Service (and where appropriate their managerial and supervisory staff) as detailed in the Risk Management Strategy and Policy.
- 4.6 Audit and Risk Committee are reminded that the Council's Risk Management Strategy refers to the process of embedding risk management within business areas. The risk registers allow this to be evidenced, but if this process is to be demonstrated as a method by which the Council manages its risk profile, it has to be more than a quarterly exercise of submission of a register to REBR. The number of updates/changes to the risk registers each quarter is a positive indication of this, but the process of risk management must become a daily activity throughout the authority to be truly embedded indicating the Council is managing its risk exposure.
- 4.7 Risk registers need to be working documents that can be sent to REBR for advice or discussed with line management and/or members at any time.
- 4.8 For clarity, the process for reviewing and reporting operational risks, in line with the Council's Strategy, should be as per the following flowchart:



4.9 It is imperative to keep in mind that these risk registers should be seen as the 'top tier' within a structured risk process in each Division. It may be necessary to demonstrate that the Council has an embedded process of risk management and that this can be evidenced.

4.10 A planned review of the Council's ORR by REBR has been completed. This was supported with commencing blank paper exercises of risk registers at Divisional level.

This exercise is a '**sense check**' of risks being reported to ensure that descriptors allow the 'uninitiated' to understand alignment is taking across the division, to ensure risks are not over scored and department issues are not mistaken for risks.

4.11 Audit and Risk Committee are reminded that Directors and Officers are informed it is crucial to monitor changes in risks over a period. Where the change is gradual and over a longer period of time, it may easily be overlooked even though it may be a significant change. Where risks change suddenly, these are easier to notice.

4.12 **Appendix 5** shows the claims data for Quarter 3. There is often a significant time-lag between incidents occurring and a claim being recorded. Claims received in the quarter will often relate to events in previous quarters and, in some cases, earlier years. Therefore, it will take some time for operational risk management improvements to be reflected in reduced claims numbers. There have been no individual large claims received in the quarter. Work is ongoing to minimise the cost of all claims.

4.13 Health and Safety have provided data, **Appendix 6 - Incidents by Incident Type** - of the main types of incidents reported on the SO2 online database, classed as:

- **Near Miss or Non-Injury Incident:** those which had potential to cause injury but in this instance did not. Many of these are threats and abuse of Council employees.
- **Injury Incident:** An event causing an injury to a person.
- **Work Related Ill Health:** Many of these tend to be work related stress but more rarely hand arm vibration, dermatitis, musculoskeletal problems, etc.
- **Fire:** both minor and major fire incidents reported.

The data over the past two years shows a consistency in reporting throughout the Council. More than half of all incidents reported are near misses so the culture of reporting such incidents has been largely adopted by employees. Whilst the number of injury incidents fluctuates slightly there is no recognisable pattern to that variation although the causes of those incidents are consistent. The number of work related ill health reports are comparatively small and there is suspected under-reporting of stress.

There has been a 2% increase in overall incidents since Q3 2018. Additionally, when compared to the same quarter in 2017 there has been an 11% increase overall. Incidents of Fire are down slightly on last quarter with 7.

4.14 A reminder that the following have been highlighted as risks at other organisations for directors to consider in updating their DRR:

4.14.1 **Cyber attacks and Data Fraud** – exposure due to data breaches likely impacting the public purse, reputation and liability;

4.14.2 **Ageing Population** – could be linked to various risks such as poverty and Welfare Reform, Budgets/demand, Workforce Planning;

4.14.3 **Brexit/Future EU Funding** – many funding streams are being turned off post Brexit and there is little detail around UK Central Government funding replacements or awarding bodies;

4.14.4 **Climate Change** – adverse weather conditions impacting adverse financial impact due to worsen in years to come.

Directors are informed of these risks to consider as part of their quarterly risk reporting. In addition the Council has a separate Brexit impact/risk assessment which is being reported also to this Committee.

5. Financial, Legal Implications

5.1 **Financial Implications**

‘There are no direct financial implications arising from this report’
Colin Sharpe, Head of Finance – 37 4081

5.2 **Legal Implications**

‘There are no direct legal implications arising from this report’
Kamal Adatia, City Barrister – 37 1401

6. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting Information
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Climate Change	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	

Risk Management	Yes	All of the paper.
-----------------	-----	-------------------

7. **Report Authors**

Sonal Devani – Manager, Risk Management, REBR – 37 1635
12th February 2019