

Leicester
City Council

Audit and Risk Committee

18th September 2019

Strategic and Operational Risk Registers/Health & Safety Data

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 and 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** informs 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 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 – Health and Safety Data** - Number of incidents by incident type.

2. Recommendations

A&RC is asked to:

- Note the Strategic Risk Register and Operational Risk Register as at 31st July 2019

- 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 collectively support the strategic risk register process documenting the key strategic risks facing the council and help to ensure these are managed and the SRR is then submitted to the Executive for their consideration. It complements the operational risk register process which is supported and managed by the Divisional Directors in conjunction with their divisional management teams. Both registers are populated and maintained by the Manager, Risk Management for this group.

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 July 19** 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.

1 new risk was added, **1** deleted and **16** risks were updated comprising of target dates but **risk controls and scores** were also amended to **risks 1,2,3,4,5,6,8,9,10,12,13,14,15 and 16**. Refer to **Appendix 2a** which shows where changes have been made.

A new risk added:

Risk No 17 – Support for Pupils with SEND at a time when there are significant financial pressures on the high needs block.

A risk deleted as below:

Risk No. 13 – National Agenda/changes in legislation/government as this seems largely business as usual at this current time (around legislative change) and if such changes become significant then they become a strategic risk in themselves (e.g. Brexit) or if at a lower level are captured in divisional registers.

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

However, the Director of Political Governance and the Manager, Risk Management undertook a detailed and robust review of the strategic risk register this quarter, challenging hard the scores using the risk assessment scoring guide. This resulted in a number of changes particularly reflecting that a number of risks were felt less likely to occur than had previously been scored recognising they were long standing risks.

The above matrix provides an indicator of the status of the 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 and most challenge. Those in the **yellow also require regular reviewing and monitoring** to ensure they do not escalate to a red risk and there are a number of these with a major impact.

For comparison purposes, the risk matrix for the SRR is below from the last quarter (**30th April 2019**). Several risks have moved from a major impact to moderate this quarter. This reflects the risk challenge process that was undertaken.

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

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, **25** existing risks have been amended and **4** deleted. No new risks were added to the ORR this quarter.

Appendix 4a indicates where amendments have been made. Many amendments relate to target dates reflecting the next quarterly review deadline date of 31st October 2019. **1, 2, 5, 8, 9, 11, 14, 15, 23, 24 and 25** have further amendments other than target dates. The **4** risks that were deleted are detailed in the worksheet '**Appendix 4a**':

Risk 3 (in Aprils ORR) - Care Services & Commissioning – DOLS
but is now amalgamated with **risk 1 (July19)**;

Risk 10 – Tourism – Investment Project- score now 12;

Risk 15 – Finance – Corporate Fraud – score now 9;

Risk 25 – Strategic Commissioning and Business Development - this is historical.

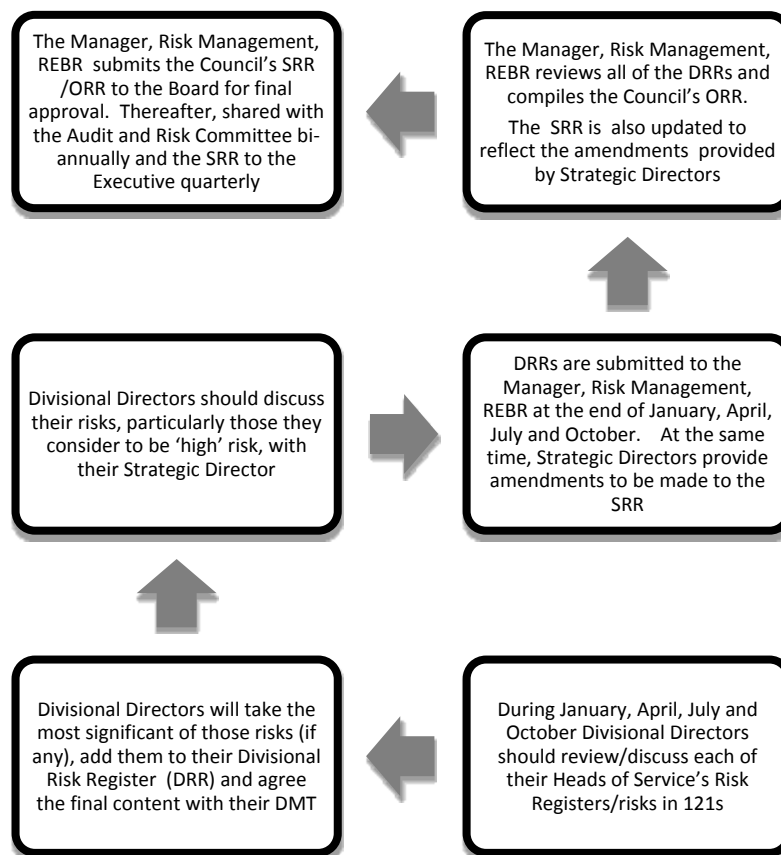
As a reminder, where a risk is '**deleted**' does not always elude to the risk being eliminated. It refers to the risk score no longer being 'high' and it may well remain within the individual divisional register with a score below 15.

The reduction on the number of risks from the previous 3 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 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 31.01.2019 | No of risks as at 30.04.2019 | No of risks as at 31.07.2019 |
|-------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| 25 | 0 | 0 | 0 |
| 20 | 5 | 5 | 2 |
| 16 | 19 | 17 | 15 |
| 15 | 9 | 7 | 8 |

- 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 The planned review of the Council's ORR by REBR has been completed which has seen a positive outcome. Historical risks were deleted where appropriate, some were consequences of a wider risk, others were business as usual and issues rather than risks. This exercise had commenced with blank paper exercises of divisional risk registers. This '**sense check**' allowed 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.

The comment from the Zurich Municipal Risk Consultant who facilitated this process with the Manager, Risk Management is that it has been refreshing to find colleagues at Leicester City Council (LCC) open to this methodology and willing to accept challenge of historic risk reporting. In their opinion, LCC has transitioned from a historically risk adverse culture into one which is embracing risks which occur across the organisation. This change in culture was apparent during conversations with managers within the Divisions, who were identifying risks / threats alongside opportunities and benefits to the organisation. This approach will help the council to make risk-based decisions to support the corporate plan.

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, it may easily be overlooked even though it may be a significant change. Where risks change suddenly, these are easier to notice.

4.12 Previous quarterly reports have included an overview of insurance claims data, however as there is often a significant lag time between claims being made and the outcome of these it is recognised that there are limitations in terms of how useful this is. Insurance Services will instead be producing an annual report on claims and trends, therefore, the insurance data is no longer being provided as part of this report. A report on this subject came to this Committee on 24th July 2019.

4.13 Health and Safety have provided data, **Appendix 5 - 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 11% decrease in overall incidents since the last quarter. However, when compared to the same quarter in 2018-19 there has been an 9% increase overall.

4.14 It is worth noting to this committee that LCC won an award for the '**Council's Response to the Hinckley Road Explosion**' and was shortlisted for 3 other awards. This recognition was through ALARM (a professional Risk Management Organisation) which the Manager, Risk Management is a member of.

4.15 An independent health check assessment of the Council's risk management arrangements was undertaken in July 2019 by Leicestershire County Council as part of the Internal Audit Plan (2019-20) for Leicester City Council. A draft

report has been produced which overall is positive with a **substantial assurance** rating.

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

4.16.1 **Cyber and Data Protection** – exposure due to data breaches likely impacting the public purse, reputation and liability;

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

4.16.3 **Brexit/Future EU Funding** – funding streams could be turned off post Brexit and there is little detail around UK Central Government funding replacements or awarding bodies. **In addition, the Council has a separate Brexit impact/risk assessment which has been submitted to this Committee;**

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

4.16.5 **Financial Transactions** – Supporting customers/clients to move to cashless payment methods, as opportunities to pay by cash reduce;

4.16.6 **Technology** – advancements in technology, Directors are informed of these risks to consider as part of their quarterly risk reporting.

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

5.3 Equalities Implications

‘Under the Equality Act 2010, public authorities have statutory duties, including the Public Sector Equality Duty (PSED) which means that, in carrying out their functions they have to pay due regard to the need to eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity between people who share a protected characteristic and those who don’t and to foster good relations between people who share a protected characteristic and those who don’t.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

The Council also has an obligation to treat people in accordance with their Convention rights under The Human Rights Act, 1998.

The ability of the Council to meet its duties under the Equality Act 2010 is specifically accounted for in the strategic risk register. However, equalities and human rights considerations cut across all elements of risk management, including strategic and operational risk management.

Effective risk management plays a vital role in ensuring that the Council can continue to meet the needs of people from across all protected characteristics and, in some circumstances, will be particularly relevant to those with a particular protected characteristic. For example, some risks included in the operational risk register (Appendix 3) relate to people with specific protected characteristics such as disability (children with special educational needs, people with mental ill health).

Some of the risks identified in the strategic risk register (Appendix 1) would have a disproportionate impact on protected groups should the Council no longer be able to effectively manage them and, therefore, the mitigating actions identified in the strategic risk register support equalities outcomes. For example, should the Council fail to safeguard effectively, this would have a disproportionate impact on the human right (prohibition of torture, inhuman or degrading treatment) of those from protected groups, such as age and disability. Likewise, a failure to engage stakeholders could lead to a failure 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. This, in turn, would have an impact on the Council's ability to meet the general aim of the PSED to foster good relations between people who share a protected characteristic and those who don't.

Therefore, the on-going work to update and consider risk management implications in making decisions and assess of the effectiveness of the controls/ mitigation actions for the risks identified in the report and appendices, will support a robust approach to reducing the likelihood of disproportionate equality and human rights related risks, provided the mitigations/ controls themselves are compliant with the relevant legislation.'

Hannah Watkins, Equalities Manager - 37 5811

5.4 Climate Change Implications

The risks associated with climate change such as increased flooding, heatwaves and droughts, and the council's management of these risks, are highlighted within the Civil Contingency/Incident Response risk. This area has been updated to reflect the Leicester City Council's declaration of a Climate Emergency in 2019, and it's identification as one of the council's top three priorities to tackle. Further detail on the risks and impacts of climate change for the UK can be found in the official 2018 Met Office UK Climate Projections (UKCP18).

Aidan Davis, Sustainability Office – 37 2284

6. Other Implications

| OTHER IMPLICATIONS | YES/NO | Paragraph References Within Supporting Information |
|-------------------------------|--------|--|
| 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

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16th August 2019