

Leicester
City Council

WARDS AFFECTED:

Audit and Risk Committee

25th March 2020

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 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 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 5**, the Brexit Risk/Impact Assessment as at 31st January 2020.

2. Recommendations

A&RC is asked to:

- Note the Strategic Risk Register and Operational Risk Register as at 31st January 2020
- Note the Health and Safety Data;
- Note the Brexit Risk/Impact Assessment as at 31st January 2020;
- Make any comments to the Director of Delivery, Communications and Political Governance.

3. Background

- 3.1 The Council's 2020 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.

17 risks were updated comprising of target dates, but **risk controls and scores** were also amended to risks **1, 2, 3, 4, 5, 6, 7, 10, 11, 13, 14 and 15**.

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

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

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.

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, **20** existing risks have been amended and **6** deleted. No new risks were added to the ORR this quarter.

Many amendments relate to target dates reflecting the next quarterly review deadline date of 31st May 2020. However, risk **10, 11 and 12** have further amendments (controls) other than target dates. The **6** risks that were deleted are **(these risks have reduced to risk rating of 12 apart from the risk relating to the Introduction of Universal Credit which is now scored at 9):**

Tourism, Culture & Investment – Markets – Anti social behaviour

Delivery, Communications and Political Governance –
Unplanned Election Event

Finance - Corporate Fraud

Finance - Tactical Decision Making

Finance - Introduction of Universal Credit (UC)

Learning Services - Financial Deficit

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 see below diagram), and some operational risks may require escalating in the future. Risk management in this way is regarded as best practice.

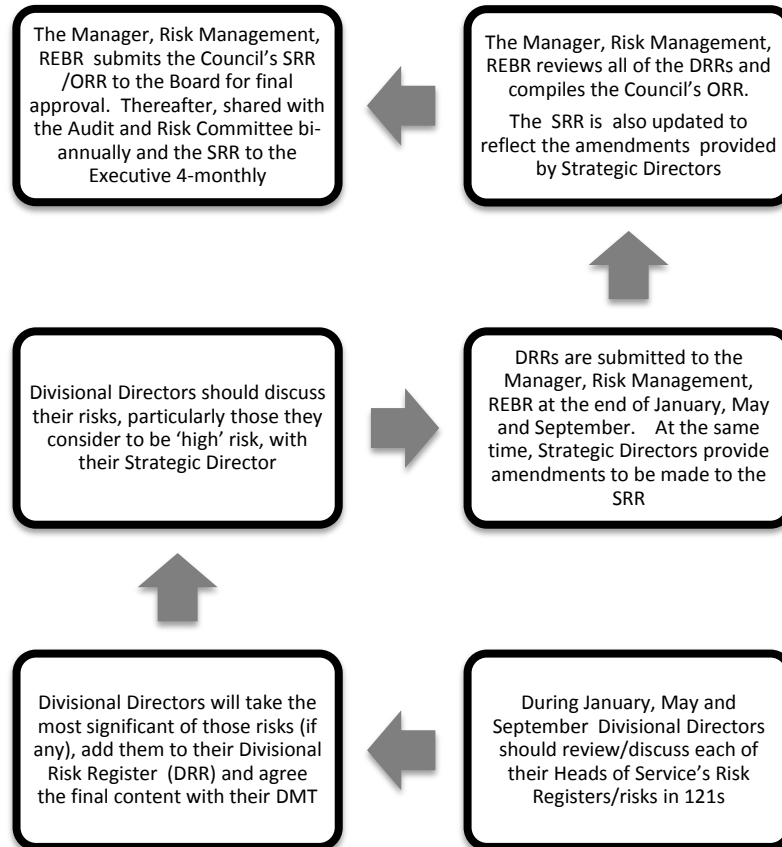


The summary table below provides an overview of the number of high risks ranging from risk rating of **15 to 25** detailed in the **ORR**:

Risk Score	No of risks as at 30.04.2019
25	0
20	5
16	17
15	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, is as per the following flowchart:



4.9 It is imperative to keep in mind that these risk registers should be 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. 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 Health and Safety have provided data 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.

There has been a 9% decrease in overall incidents since the last quarter. When compared to the same quarter in 2018-19 there has been an 11% decrease overall.

4.13 The Brexit Impact/Risk Assessment (**Appendix 5**) has been revised and will be revisited periodically as and when changes take place in the external environment. Attention is currently being given on the **Coronavirus** corporately. Significant corporate attention is currently being given to the fast developing implications of the **Coronavirus**. This has been added to the working copy of the Strategic Risk Register. A verbal update will be provided to the Committee at its meeting.

4.14 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. The resultant outcome from this Audit led to a **substantial assurance** rating.

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

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

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

4.15.3 **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;

- 4.15.4 **Climate Change** – adverse weather conditions impacting adverse financial impact due to worsen in years to come;
- 4.15.5 **Financial Transactions** – Supporting customers/clients to move to cashless payment methods, as opportunities to pay by cash reduce;
- 4.15.6 **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, Deputy Director of Finance, Ext. 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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3rd March 2020