

Leicester  
City Council

WARDS AFFECTED:

Corporate Management Team - Agree  
Audit and Risk Committee - Note

5<sup>th</sup> December 2018  
19<sup>th</sup> December 2018

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

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**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 & Health Safety data and an updated Risk Training schedule:

- **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 30<sup>th</sup> September 2017;
- **Appendix 6 – Health and Safety Data** - Number of Incidents by Incident Type;
- **Appendix 7**, informs of the training schedule for 2019, covering risk, business continuity and emergency volunteering.

## 2. Recommendations

### A&RC is asked to:

- Note the SRR and ORR as at 31<sup>st</sup> October 2018, subject to any changes made by the Corporate Management Team as reported to the meeting on 5<sup>th</sup> December;
- Note the Insurance Claims Data;
- Note the Health and Safety Data;
- Note the training timetable for 2019;
- Note the progress being 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 2018 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 1<sup>st</sup> April 2018 to 30<sup>th</sup> September 2018. **Paragraph 4.15** 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. A new risk has been added:

**Risk 17 - Free schools - Uncertainty over the delivery and timing of government free schools, together with risks around the impact of Brexit, leaves the city with either insufficient or a surplus of secondary school places.**

**16** risks were updated comprising of target dates, but **risk controls** were also amended to **risks 1,2,3,4,5,6,9,10,11,12,14,15,16**. 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			11	2,5,6,8,9,10,13,14,15,16,17	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, **21** existing risks have been amended, **38** deleted and **11** 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 31<sup>st</sup> October 2018. However, **risk 1, 3, 7, 12, 13, 15, 16, 17, 18, 19, 22 and 25** have further amendments other than target dates.

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. For the purpose of this report, there are too many deletions to highlight in this section so refer to **Appendix 4a** for further information. The same applies to the **11** new risks added this quarter.

The ultimate reason for the above change in numbers is that the Manager, Risk Management, REBR has been supported by Zurich Municipal Risk Consultants by facilitating discussions with Divisional Directors and their Heads of Service to review the risks faced by those Divisions. Divisional Risks form the traditional "middle tier" of risk management hierarchy which identifies and manages those risks which affect the wider division and/or need greater support from senior officers. During the process several historically identified divisional risks have been filtered to the Head of Service Risk Registers within the Division to be owned and managed by Heads of Service.

This 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.

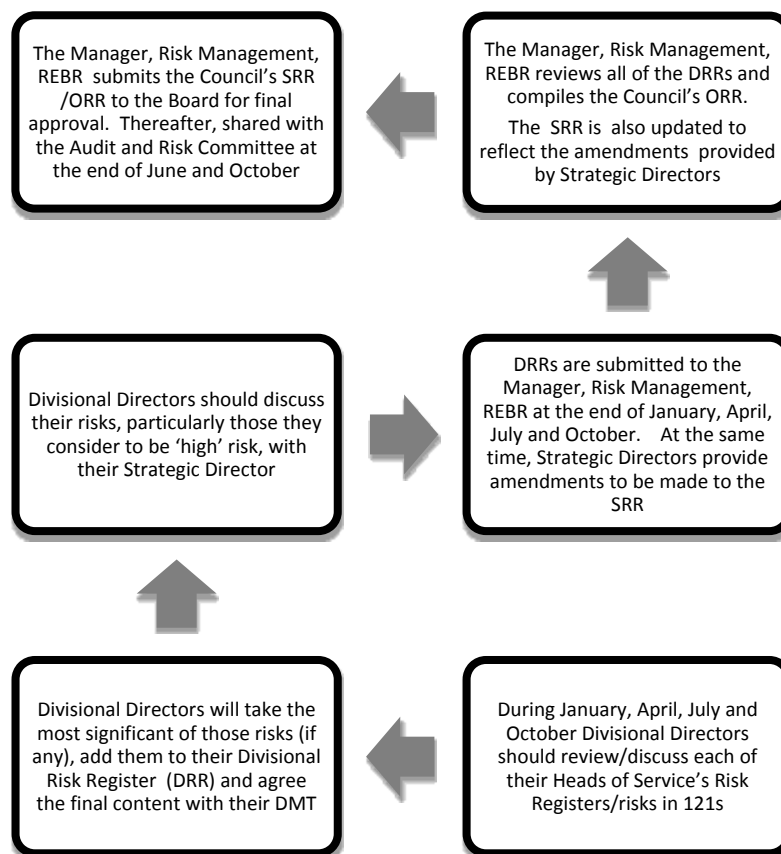
The summary table below provides an overview of the number of high risks ranging from risk rating of **15 to 25** detailed in the **ORR**:

<b>Risk Score</b>	<b>No of risks as at 30.04.2018</b>	<b>No of risks as at 31.07.2018</b>	<b>No of risks as at 31.10.2018</b>
25	1	1	0
20	25	22	6
16	20	20	16
15	14	15	10

- 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 is progressing well. This has been supported with commencing blank paper exercises of risk registers at

Divisional level. This work had been completed with Estates and Buildings Services, Children's Social Care, Adult Social Care, Learning Services, Housing, Public Health and ICT. **Legal, Neighbourhood and Environmental Services, Planning & Transport and Tourism, Culture & Investment are to be completed by January 2019.**

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 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 2**. 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."

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 **5% increase in overall incidents since Q2 2018**. However, compared to the same quarter in 2017 there has been very little change. Incidents of fire have been at their highest in **Q3 18 with 10 of those fires having occurred in Housing**. The increase in fire reports is probably due to an improved recognition that such incidents need to be reported on the database.

4.14 The REBR training programme for 2019, **Appendix 7**, has been issued to all Directors and Heads of Service to circulate as appropriate and is available on the intranet. These sessions help LCC staff and managers understand the importance of adhering to the Risk Management and Business Continuity Strategy and Policy and the implications of that for them. This allows them to understand the fundamentals of risk management and its possible outputs, business continuity and insurance. This is presented for the Committee's information and to provide assurance that a robust training programme is in place, to promote a proper understanding of risk and insurance across the Council.

4.15 Having attended a recent ALARM Risk Management event, the following were also highlighted at risks at other organisations:

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

4.15.4 **Financial Transactions** – cashless payments are posing problems where cash offices are closed;

4.15.5 **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.

## **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

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13<sup>th</sup> November 2018