



CORPORATE GOVERNANCE COMMITTEE - 10 MAY 2019

RISK MANAGEMENT UPDATE

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of Report

1. One of the key roles of the Corporate Governance Committee is to ensure that the Council has effective risk management arrangements in place. This report assists the Committee in fulfilling that role by providing a regular overview of key risk areas and the measures being taken to address them. This is to enable the Committee to review or challenge progress, as necessary, as well as highlight risks that may need to be given further consideration. This report covers:
 - The Corporate Risk Register (CRR) – summary of risks. An update on each risk is provided in Appendix A.
 - Updates on:
 - Risk Management Maturity Health Check
 - Counter Fraud

Corporate Risk Register (CRR)

2. The Council maintains Departmental Risk Registers and a Corporate Risk Register (CRR). These registers contain the most significant risks which the Council is managing and which are 'owned' by Directors and Assistant Directors.
3. The CRR is designed to capture strategic risk that applies either corporately or to specific departments, which by its nature has a long time span. The CRR is a working document and therefore assurance can be provided that, through timetabled review, high/red risks will be added to the CRR as necessary. Equally, as further mitigation actions come to fruition and current controls are embedded, the risk scores will be reassessed and this will result in some risks being removed from the CRR and reflected back within the relevant departmental risk register.
4. There have been no movements (in terms of risks added or deleted) since the CRR was last presented to the Committee on 18 January 2019. Risk 1.3 has been slightly reworded.

5. The table below is a summary of all the risks on the CRR. The risks are numbered within each category and the most up to date position of each risk is shown in Appendix A attached to this report.
6. Detailed updates to risks recorded in the CRR is attached in Appendix B. Members are asked to consider whether in view of the detailed update now provided in Appendix A, whether they still require the full CRR as set out in Appendix B.

Ref	Department	Risk Description	Current risk Score - April 2019	Target risk over next 12 months	Change in Current Risk Score
1. Medium Term Financial Strategy					
1.1	All	MTFS Delivery	25	25	
1.3	CE	Failure to maximise developer contributions	16	12	
1.4	CR	Claims for uninsured risks put pressure on reserves	16	16	
1.5	C&FS	Child placements demand creates budget pressures	25	20	
1.6	C&FS	Failure to achieve savings (high needs pupils)	20	16	↓
1.7	CR	Failure to comply with IR35 regulations (self-employment)	20	12	
1.8	CR	Partner financial difficulties impact Council services	16	16	
1.9	C&FS	Failure to resolve immigration status of UAS children increases costs	20	12	↑
2. Health and Social Care Integration					
2.2	A&C	Inability to deliver improved outcomes and financial stability	16	16	
2.3	All	Failure to meet demand from Welfare Reform Act	16	16	
3. ICT, Information Security					
3.2	All	Failure to meet information/cyber security governance requirements	16	12	
3.5	All	Failure to maintain robust records management	15	10	
3.6	CR	(ERP) system not implemented successfully	20	10	
3.7	C&FS	Quality of C&FS MI data is too low	16	12	
4. Commissioning					
4.1	All	Contractor/Supplier performance not obtained	15	12	
4.2	E&T	Arriva are successful in concessionary travel appeal	15	10	
5. Safeguarding					
5.1	C&FS	IICSA– seriously unknown historic issues identified	25	20	
6. Brexit					
6.1	All	Impact of Brexit on public services	16	16	
7. People					
7.1	CR	Sickness absence is not effectively managed	16	12	
7.2	All	Failure to recruit & retain staff (E&T, A&C and C&FS)	15	15	↓
7.3	A&C	Lack of sustainable external social care workforce	16	9	
8. Business Continuity					
8.1	CR	Critical suppliers fail on business continuity planning	15	15	
9. Environment					
9.1	E&T	Impact of Ash Dieback disease	15	10	
9.2	E&T	Failure to hold/dispose of waste due to major incident	15	8	
10. Partnership					
10.1	C&FS	Failure to secure confidence in mainstream SEND provision	16	6	

7. Following this meeting of the Committee, during the next quarter it is proposed to further challenge all risks on the CRR and introduce Action Plans for departments to monitor progress against implementing further actions/additional controls and ultimately move the risk towards its target score. Each quarter, Heads of Service will be required to review their service area risks and status on the completion of the further actions/additional controls identified with their relevant Assistant Director/Director. Action Plans will be presented to departmental management teams for consideration and further challenge if necessary. Members are asked to support this proposal.
8. In accordance with the Committee's request at its meeting on 18 January 2019, a presentation will be provided as part of this item on Risk 10.1 - If the Local Authority and partners do not succeed in developing an inclusive culture across all schools, education providers and partner agencies (including the Parent Carer Forum), then it will be difficult to secure parental confidence in the ability of the 'whole system' to meet the needs of the large majority of children with SEND in a mainstream school context.

Risk Management Maturity Health Check Update

9. Risk Management Partners who undertook the risk management health check in October last year have produced their final report and attended a scheduled meeting of the Corporate Risk Management Group (7 February 2019) to discuss the findings and recommendations made. An action plan is being prepared for Chief Officers who will consider the report and the actions proposed and a detailed report on this will be provided to this Committee in July 2019. A copy of the consultant's report is attached as Appendix C for Members' information.

Counter fraud update

Local Government Transparency Code (LGTC)

10. Under the Local Government Transparency Code 2015, the County Council is required to publish, annually, summary details of fraud investigations including the total number of frauds investigated and the total amount spent by the authority on the investigation and prosecution of fraud. Details for 2018/19 were published by the deadline date of 30th April 2019 and can be viewed via the link below:

<https://www.leicestershire.gov.uk/about-the-council/council-spending/accounts-and-payments>

National Fraud Initiative

11. Output from the 2018/19 National Fraud Initiative (NFI) was released to local authorities at the beginning of February. NFI is a mandatory data-matching exercise co-ordinated by the Cabinet Office which seeks to identify potential anomalies and fraud through matching the Council's data sets, e.g. payroll, pensions, creditors, concessionary travel, etc., with those of other mandatory participants, including the Department for Work and Pensions deceased persons data.

12. Work continues investigating potential anomalies and a full report will be provided to the Committee later in the year once investigations are concluded.

Recommendations

13. It is recommended that the Committee:
 - a) Approves the current status of the strategic risks facing the County Council;
 - b) Makes recommendations on any areas which might benefit from further examination and identify a risk area for presentation at its next meeting;
 - c) Considers whether attachment of the full Corporate Risk Register (Appendix B) is required for future meetings;
 - d) Supports the proposal set out in paragraph 7 above, to further challenge risks on the CRR in an attempt to move risks to their target score and potentially reduce the number reported in the CRR;
 - e) Notes the final report provided by Risk Management Partners attached as Appendix C to this report, noting that a more detailed update will be provided at the next meeting of the Committee;
 - f) Notes the update provided on counter fraud.

Resources Implications

None.

Equality and Human Rights Implications

None.

Circulation under the Local Issues Alert Procedure

None.

Background Papers

Report of the Director of Corporate Resources – ‘Risk Management Update’ – Corporate Governance Committee, 19 February, 13 May, 23 September and 25 November 2016; 17 February, 26 May, 22 September and 17 November 2017; 29 January, 23 April and 25 July 2018, 24 October 2018, and 18 January 2019.

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Appendices

Appendix A - Corporate Risk Register Update

Appendix B - Full Corporate Risk Register

Appendix C – Risk Management Health Check Report by Risk Management
Partnership Consultant

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