



CORPORATE GOVERNANCE COMMITTEE

22 SEPTEMBER 2017

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

RISK MANAGEMENT UPDATE

Purpose of the Report

1. One of the key roles of the 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:
 - a. The Corporate Risk Register (CRR) – an update on risks;
 - b. Emerging Risks: -
 - i. Buildings fire risk management
 - ii. Ash dieback (Chalara)

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. Risk owners are engaged and have demonstrated a good level of awareness regarding their risks and responsibilities for managing them. The full CRR is attached as Appendix A.
4. 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.
5. The key changes since the CRR was last presented to the Committee on 26 May 2017 are detailed below:

Risks Removed:

- Risk 1.7 (C&FS) - If suitable placements are unavailable for unaccompanied asylum seeking children (UASC) who arrive in the County, either planned or unplanned, as a result of :
 - potential mandatory requirement to engage in the National Transfer Scheme;
 - resettlement of UASC from Calais in line with the requirements of Dublin III agreement and the Dubs amendment;
 - continuing response to spontaneous cases of UASC arriving in the County

...then there will be significant pressures on meeting the department's statutory duties to UASC as well as financial pressures in meeting their complex needs.

The UASC team is now established and the numbers of UASC are not as high as initially forecast. The current risk score has been reduced from 20 to 12. The risk will continue to be monitored as part of the Children & Families Services Departmental Risk Register.

- Risk 3.1 (CR) - If there is an outage and ICT systems are not restored quickly and effectively, then service delivery could be impacted upon.
The further mitigating actions have been completed and the current risk score has been reduced from 15 to 12. The risk will continue to be monitored as part of the Corporate Resources Departmental Service Risk Register.
- Risk 3.4 (CR) - If there is insufficient capacity to provide information technology solutions then service improvements and savings will not be achieved.
The current risk score has been reduced from 16 to 12 as a result of ongoing implementation of the New Target Operating Model and improved resource planning processes. The risk will continue to be monitored as part of the Corporate Resources Departmental Register.

Risks Added:

The details of the risks added are summarised below. Further details are shown in paragraph 8 (table):

Risk Ref	Risk Description
People	
7.1	If sickness absence is not effectively managed then staff costs, service delivery and staff wellbeing will be impacted.
7.2	If Children & Family Services is unable to recruit and retain skilled staff promptly (social workers and team managers) then some services will be over-reliant on the use of agency staff resulting in budget overspends and poor service delivery.

Business Continuity

- 8.1 If suppliers of critical services do not have robust business continuity (BC) plans in place then the Council may be unable to deliver services.

Health & Safety

- 9.1 If the Service is unable to recruit appropriate skills / resources to implement Internal Audit recommendations to undertake Special Educational Needs (SEN) Transport Risk Assessments then service users' safety is at risk as well as financial and reputation consequences.


Highways Network – Winter Maintenance




- 10.1 The absence of a depot in the North East of the County may impact on the delivery and the cost of the Winter Maintenance programme for 2019/20.






Risks reworded:



Risk Ref	Risk Description
People	3.5 Previously - Retention of children's case files beyond Data Protection Act (DPA) requirements (as a result of legal advice)
	It has been identified that the original issue with children's case files is wider, with other departments' files (and some electronic databases) that likely include personal and sensitive data being retained beyond their retention dates. A project team is to be convened to address the task. The risk is to be re-written to: -
	'If the Council fails to maintain robust records management processes to effectively manage information under its custodianship, personal data may not be processed in compliance with the Data Protection Act 1998 resulting in regulatory action and/or reputational damage'.
	It is proposed that the risk should be owned by the Council's designated Senior Information Risk Owner (the Director of Corporate Resources). The risk will be scored a minimum 3 'likelihood' based on the high numbers of files and the length of time it will take to evaluate whether they can be destroyed, and 'impact' of 5 based on the damage to reputation and fines that can be levied by the Information Commissioner's Office. Fines are due to increase from May 2018 with the introduction of the European General Data Protection Regulations and the risk will need to be revisited then.




6. At its meeting on 26 May 2017, it was agreed that as part of the Corporate Governance Committee meeting on 22 September 2017, there would be a presentation on the risks relating to :
- the risk that the County Council and partners do not have the capacity to meet expected increase in demand caused by the Welfare Reform Act 2012 and the Welfare Reform and Work Act 2016, as detailed in the Corporate Risk Register (Risk 2.3).
7. The most up-to-date position of the risks on the CRR is shown in the table below. The risks are numbered within each category. To maintain a full history of all risks, details of any risks removed are shown with their original risk reference number at the end of the CRR (Appendix A).
8. The arrows explain the direction of travel for the risk, i.e. where it is expected to be within the next twelve months after further mitigating actions, so that:
- a. A horizontal arrow shows that not much movement is expected in the risk;
 - b. A downward pointing arrow shows that there is an expectation that the risk will be mitigated towards 'medium' and would likely be removed from the register;
 - c. An upwards pointing arrow would be less likely, but is possible, since it would show that the already high scoring risk is likely to be greater.




Dept./ Function	CRR Risk No	Risk Description	Current Risk Score (incl changes)	Update Based on risks discussed at department's management teams during August 2017	Direction of Travel (Residual Risk Score over the next 12 months)
1. Medium Term Financial Strategy (MTFS)					
All	1.1	Risk around the MTFS including the ability to deliver savings through service redesign and Transformation as required in the MTFS, impact of the living wage and other demand and cost pressures.	25	<p><u>MTFS</u> The council's financial position has worsened as a result of the forecast overspends within C&FS. Recovery plans are under development but it seems likely additional growth will be required when the MTFS is updated. This will inevitably increase the savings forecast.</p> <p>Over the medium and longer term the extremely difficult financial position is expected to continue, or even worsen.</p> <p>Work continues on the fair funding campaign, delivery of the MTFS savings and identification of savings to reduce the gap.</p>	 Expected to remain high/red



				<p><u>Transformation</u></p> <p>The Transformation Unit is continuing to focus on developing emerging savings initiatives by supporting Departments to develop Business Cases in order to secure savings and other associated benefits.</p>	
CE	1.3	If S106 monies for the Council as a whole are not managed properly then there could be financial risks as well as legal challenges.	16	<p>Mastergov system (Local Government Planning Software) is currently being implemented with Go Live target date of December 2017.</p> <p>The Planning Obligations Policy Review is progressing.</p>	 Expected to move to medium/amber
CR	1.4	If claims relating to uninsured risks materialise or continue to increase then LCC will need to find increased payments from reserves, impacting on funds available to support services	16	<p>The County Council was insured with the Independent Insurance Company Ltd (IICL) between 1993 and 1997. In June 2001 IICL was placed in provisional liquidation and declared insolvent. A scheme of arrangement entailing the payment of a final settlement to creditors was sanctioned by the High Court on 9th July 2015</p> <p>IICL. has made a final settlement but there could be unknown "incurred but not recorded" claims that the Council would be liable 100% for.</p>	 Expected to remain high/red
C&FS	1.5	<p><u>Social Care:</u></p> <p>If the number of high cost social care placements (e.g. external fostering, residential and 16+ supported accommodation) increases (especially in relation to behavioural and CSE issues) then there may be significant pressures on the children's social care placement budget, which funds the care of</p>	<p>25</p> <p>(Increased from 15)</p>	<p>The budget is under increasing pressure as the overall number of looked after children continues to rise.</p> <p>There has been an increase (as evidenced over 3 month period May-July 2017), in residential placements which have increased to 56 in total (16 additional young people have entered residential care during this period).</p> <p>The work of the Designated Support Service continues including panel oversight. There has been a small number of young people at risk in residential placements, who have now been placed in 16+ supported accommodation.</p>	 Expected to remain high/red



		vulnerable children.			
C&FS	1.6	<u>Education:</u> If the provision of support to high needs pupils (including SEN placements) cannot be reduced, then required savings against this budget will not be achieved	20	Project team has been established and work is progressing. Significant reductions have been made on placement costs. The review of Specialist Teaching Services, Behaviour Partnerships continues with the inclusion of Children with Medical Needs. This work is within the projects scope.	 Expected to remain high/red
2. Health & Social Care Integration					
All	2.2	LLR Sustainability and Transformation Plan (STP) does not lead to the improved outcomes for health and wellbeing of residents, better care and quality of services, and financial sustainability. Sub risk: Impact on County Council as a result of the left shift initiative	16	A review of STP has been undertaken during the summer. This has highlighted further concerns regarding the financial position which is being addressed through additional bed capacity planning and consideration of funding solutions. Consideration is also being given to the development of an Accountable Care System to increase integration across partners, reduce duplication and enhance decision making. No change to previously reported position	 Expected to increase  Expected to move to medium/amber
All	2.3	Challenges caused by the Welfare Reform Act 2012 and the Welfare Reform and Work Act 2016.	16	A report (Director of A&C) on the impact of the Welfare Reform was presented to Corporate Management Team on 31 August 2017. The purpose of the report was to highlight the main changes and risks associated with the implementation of the Welfare Reform Act for each Department and the Council as a whole. A significant impact is likely to be increased pressure on A&C and C&FS budgets.	 expected to remain high/red
CR & A&C	2.4	<u>Help to Live at Home (HTLAH)</u> If the domiciliary	20	A summary of the lessons learned report completed in May 2017, and an overview of the implementation of the	 Expected to

		care market does not have the capacity to provide high quality services to local residents within the county, then people may not receive services to meet their needs		<p>HTLAH service, following its launch in November 2016 has been provided to the A&C Overview & Scrutiny Committee on the 20 June 2017. In the main, although there were initial difficulties associated with the service, and the key learning, progress had been made over the last six months, and this had had a positive impact on people accessing packages of care.</p> <p>Work is underway to produce a post implementation review which would be available towards the end of the year.</p> <p>The third round of procurement is continuing but new providers are not yet in place (November 2017).</p>	move to medium/amber
3. ICT, Information Security					
CR	3.2	If the Council fails to meet the information security and governance requirements then there may be breach of the statutory obligations	16	<p>Further work on perimeter security is ongoing and scheduled to be completed by September 2017.</p> <p>Training on Information Security and Data Protection is being actively rolled out and monthly reports are being reviewed by the Information Assurance Group.</p> <p>Work is progressing towards compliance with the new European Union General Data Protection Regulation (effective - May 2018).</p> <p>Stock take is underway to assess areas for improvement ahead of the Information Commissioner's Office (ICO) Audit in September 2017. A Final ICO report will be available in November detailing improvement actions required.</p>	 Expected to move to medium/amber
All	3.3	If there is a failure to provide business intelligence required to support transformation, inform commissioning, and strategic planning and to complete statutory returns then policy will	15	The go live date for the upgrade from Fwi* to Mosaic was moved to September 2017 due to issues with third party suppliers. For this reason an interim solution has been developed before the revised 'go live' date. Furthermore it has not been possible to fully implement the new reporting arrangements. Fortnightly meetings continue to monitor progress. In developing the Statutory Returns for C&FS a high number of data quality problems	 Expected to move to medium/amber

		not be evidence based.		have been encountered which will be addressed over the coming months. * IT system where the children's social care data is stored and the system to generate performance reports and various statutory returns	
All	3.5	If the Council fails to maintain robust records management processes to effectively manage information under its custodianship, personal data may not be processed in compliance with the Data Protection Act 1998 resulting in regulatory action and/or reputational damage.	15	Corporate Management Team agreed the revised corporate risk wording and score. The risk will be owned by the Council's designated Senior Information Risk Owner (the Director of Corporate Resources). The Director of Law and Governance will oversee a project team to evaluate and document the complete position with historical file retention and devise a plan to ensure that records are properly retained or disposed of.	 Expected to remain high/red
4. Commissioning & Procurement					
CR	4.1	If the Authority does not obtain the required value and level of performance from its providers and suppliers then the cost of services will increase and service delivery will be impacted.	15	Contract Management reviews for each department are nearing completion and action plans have been agreed. Next steps are to implement improved key performance indicators for contracts. Work is underway to develop in-house training for contract managers to include alignment to the Single Outcomes Framework. Actions are ongoing to examine supplier spend with a view to reviewing contract opportunities to achieve value for money.	 Expected to move to medium/amber
5. Safeguarding					
C&FS	5.1	<u>Historical:</u> If as a result of a concerted effort to explore abuse by the Independent Inquiry into Child	25	Meeting with the Inquiry on 11 th October at which greater clarity on their intended focus, approach, and timetable will hopefully be shared.	 Expected to remain high/red

		Sexual Abuse (IICSA) and Police Operations, then evidence of previously unknown serious historical issues of child sexual exploitation (CSE) or abuse is identified. <u>Current:</u> If as a result of a concerted effort by the IICSA and Police Operations there is a significant increase in identified cases, then the Council does not have the capacity to meet the demand on the CSE resources.		A new Head of Service - Field Social Work is to commence in post from September 2017 with responsibility for Strategic and Operational CSE areas.	 Expected to remain high/red
6. Brexit					
All	6.1	Uncertainty and significant knock on consequences on public services (including potential legal, regulatory, economic and social implications), and the local economy as a result of the United Kingdom leaving the European Union	16	Leicester and Leicestershire Business survey is being commissioned to review business confidence, investment plans and barriers to growth.	 Expected to remain high/red
7. People					
CR (ALL)	7.1	If sickness absence is not effectively managed then staff costs, service delivery and staff wellbeing will be impacted	16 (New)	Current levels of sickness continue above target. Number of additional actions have been identified and being implemented over the next six months: ➤ Staff COMMS campaign being drafted to set expectations. ➤ Intensive Project Support – 12	 Expected to move to medium/

				<p>month initiative to provide targeted support to Managers in specific areas to improve skills, knowledge and confidence in addressing attendance management issues and reduce absence.</p> <ul style="list-style-type: none"> ➤ Development, approval and implementation of an Increment Policy. ➤ The Absence Management Triage Pilot commenced in April 2017. First impact analysis is due in September with further impact reporting at regular intervals before full roll out. <p>The Employment Committee is provided with regular updates on attendance management.</p>	amber
C&FS	7.2	If C&FS is unable to recruit and retain skilled staff promptly (social workers and team managers) then some services will be over - reliant on the use of agency staff resulting in budget overspends and poor service delivery	25 (New)	<p>Social Worker caseloads (confirmed by Ofsted), were too high in many teams. To ensure that the recommendations from the Ofsted Inspection concerning consistency of practice and management oversight are actioned, additional Social Work capacity has been established with additional funding. Due to the urgency of the situation, pending on the agreement for permanent staffing, there has been a significant increase in the use of agency staff, E.g. First Response Service. The recruitment of Social Workers is a national issue, and given the difficult market conditions this will impact upon the Council's ability to recruit suitable staff.</p>	 <p>Expected to remain high/red</p>
8. Business Continuity					
CR	8.1	If suppliers of critical services (e.g. HTLAH) do not have robust business continuity (BC) plans in place then the Council maybe unable to deliver services.	20 (New)	<p>This risk was created to provide a clear distinction between the Council's own BC plans and the external BC plans for providers/suppliers' that the Council engages with. A number of mitigating actions have been identified:</p> <ul style="list-style-type: none"> ➤ Programme of work with suppliers to develop BC plans ➤ Working with Social Care providers (e.g. HTLAH) to 	 <p>Expected to remain high/red</p>

				<p>develop provider failure plans</p> <ul style="list-style-type: none"> ➤ Improvements are being made to contract specifications to ensure BC plans are in place for all key contracts. 	
9. Health & Safety					
E&T	9.1	If the Service is unable to recruit appropriate skills / resources to implement Audit recommendations to undertake SEN Transport Risk Assessments then service users' safety is at risk as well as financial and reputation consequences.	15 (New)	<p>The 2015 internal audit of the risk assessment processes applied to transporting children with SEN found a range of issues around: -</p> <ul style="list-style-type: none"> • risk assessments including a high proportion of a sample that hadn't been completed, inconsistent processes and reactive follow up reviews. • not always linking travel care plans (key points on how to manage the identified risks) to transport eligibility assessment forms. • inadequate training records for transport escorts. <p>There has been difficulty in recruiting appropriate skilled and experienced staff to deal with the backlog.</p> <p>A plan is in place to develop a programme for assessing the backlog and process for undertaking future risk assessments. As there is a large caseload, risk assessments with the greatest need are being prioritised. Progress against the recommendations (denoted as high Importance) is provided regularly through the Internal Audit Service Progress report. A more detailed audit of SEN Transport will take place in October 2017 and an update will be provided to the Committee at its meeting in November 2017.</p>	 Expected to move to medium/amber
10. Highways Network – Winter Maintenance					
E&T	10.1	The absence of a depot in the North East of the County may impact on the delivery and the cost of the Winter Maintenance	16 (New)	<p>The lease for the County's depot south of Melton is due to expire in October 2019 and cannot be renewed due to development. The main issues are :</p> <ul style="list-style-type: none"> • early identification of an alternative site which is fit for purpose and fully operational 	 Expected to move to green

		programme for 2019/20		<p>by summer 2019 in order to be ready for the Winter Maintenance programme commencing in October 2019.</p> <ul style="list-style-type: none"> vacating the existing site and undertaking work to restore the site to its original state, prior to its return in October 2019. <p>The winter maintenance programme for 2019/20 could be impacted upon if a site is not secured by October 2018 as it could take up to a year to ensure that the correct infrastructure (salt storage) are in place, the necessary environmental permits are obtained and the routes developed, as well as having the required lead in time to purchase the salt at a preferential rate. Salt has to be ordered in advance (summer of 2019) and delivered to the new site in time for the winter gritting season (September 2019 – March 2020).</p> <p>A feasibility study of a proposed site at Melton Commercial Park is being undertaken.</p>	
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Emerging Risks

Buildings fire risk management

9. Shortly after the tragic events of the Grenfell Tower fire in West London on 14 June 2017, the Director of Finance convened a group of key representatives from the Corporate Resources department to review the Council's overall buildings fire risk and what actions and processes were in place to mitigate the risk. The immediate task was to provide Members and stakeholders with assurances that similar tragedies could not occur in properties owned or leased by the County Council or in properties where the Council procured services where there is a residential or education element.
10. Given the high media attention following the fire, there is a high likelihood that all local authorities and social housing providers will be subjected to increased Government scrutiny, inspection and regulation leading to risks for the Council of incurring additional costs, providing extra resources and (if there is insufficient local response to the tragedy or failings are identified) there is potential for significant reputation damage.
11. Cabinet was informed of the Council's immediate actions on 20 June which would include reviews of both the fire risk assessment process itself and also how materials, such as cladding and insulation products, are specified in all

construction projects. To date (8 September), no similar type of cladding and insulation products has been identified in County Council directly managed projects, but checks are still ongoing. Cabinet was informed that several County Council managed buildings have multi floor blocks, the Penn Lloyd building at County Hall remaining the most complex in terms of fire risk management. Assurances were given that the County Council continued to liaise closely with the Leicestershire Fire and Rescue Service (LF&RS).

12. Since 20 June, the group chaired by the Director of Finance and comprising key representatives from strategic and operational property services; health and safety; risk management; insurance; procurement and school planning, has met regularly to discuss and plan the Council's response to its building fire risk responsibilities.

A summary of the work undertaken is shown at Appendix B. Members have been briefed.

Ash dieback (Chalara)

13. Ash is the most widespread hedgerow tree with an estimated 2 billion ash trees in the UK. Since the early 1990's, an invasive fungal disease 'Chalara', which is often referred to as ash dieback and is spread by airborne spores which cause the death or dieback of ash trees, has spread from Asia through Western Europe. Ash dieback was first confirmed in Britain in 2012 and was detected in planted trees in Leicestershire in the same year. The estimated tree mortality rate of 75% (could be up to 90%) and the scale of tree loss will be significantly higher than Dutch elm disease. Modelling work undertaken by the University of Cambridge puts Leicestershire at medium risk of infection spread.
14. There are 6,020 recorded Ash trees on adopted highway verges; 120,000 in private ownership within falling distance of the highway; 1,546 on school sites; and 468 on other LCC sites and around 5,500 non-recorded Ash trees in LCC woodlands adjacent to areas of public use. Work is underway to assess the current extent and progress of the disease in Leicestershire, develop an appropriate strategy to deal with this and calculate the potentially significant costs to implement this strategy.
15. The spread of ash dieback cannot be stopped but the focus is on management at a local level rather than control at a national level. In 2014 The Tree Council has already worked with a number of County Councils to build a template 'local action plan for non-woodland Chalara'. The Tree Council has offered to work with Leicestershire County Council to pilot a local action plan. A wide range of County Council services will provide input to the plan.
16. Work so far includes agreeing that the Assistant Director Highways and Transport would be the Senior Responsible Officer for the project; establishing a cross departmental project team and governance/reporting; accepting the offer of support from the Tree Council to produce ash dieback action plan; planning for identifying and involving external partners and communication with Members.

17. The project team will consider the County Council's approach to ash dieback i.e. balancing health and safety risk and ecological/landscape impacts; strategy for private landowners; identification of financial resources; tree inspection frequencies; availability of qualified tree surgeons to undertake works; replanting strategy; supply chain for replacement trees and any commercial opportunities e.g. work for private owners/uses of felled wood.

Recommendation

- a) That the Committee:
- a) Approves the current status of the strategic risks facing the County Council and the updated Corporate Risk Register;
 - b) Make recommendations on any areas which might benefit from further examination and identify a risk area for presentation at its next meeting;
 - c) Notes the emerging risks:
 - Buildings fire risk management
 - Ash dieback (Chalara)

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, 20 February, 12 June, 25 September and 17 November 2015, 19 February 2016, 13 May 2016, 23 September 2016, 25 November 2016, and 17 February 2017, 26 May 2017

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Appendices:

Appendix A – Corporate Risk Register
Appendix B – Buildings Fire Risk Management

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