



## **CORPORATE GOVERNANCE COMMITTEE – 26 JULY 2019**

### **REPORT OF THE DIRECTOR OF CORPORATE RESOURCES**

#### **RISK MANAGEMENT UPDATE**

##### **Purpose of the 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 the Appendix attached to this report;
  - Emerging risks – Climate Change and HS2 Phase 2B;
  - Risk Management Maturity Health Check.

##### **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. Movements since the CRR was last presented to the Committee on 10 May 2019 are detailed below:

##### **Risk Removed**

- Risk 3.7 (Children and Family Services) – Data Quality

*If the quality of data in Children and Families (C&FS) Information Management System is too low to satisfy statutory requirements (e.g. data returns) this will impact upon service delivery.*

The Department has reduced the current risk score from 16 to 12. Tableau reports have been embedded; and are now accessible to Team Managers and Business Support. This is led by two Heads of Service who jointly oversee quality meetings.

This risk has been removed from the Corporate Risk Register, but it will continue to be monitored through the Children & Family Services Departmental Risk Register.

### **Risk Reworded.**

- Risk 1.6. – The absence of a robust Development Plan that takes account of improvements in practice, systems & processes, funding & commissioning, partnership development and the successful delivery of the associated capital programme could lead to sufficiency issues and continued pressures on the High Needs Block budget.
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 the Appendix attached to this report.

Ref	Department	Risk Description	Current risk Score June 2019	Target risk over next 12 months	Change in Current Risk Score
<b>1. Medium Term Financial Strategy</b>					
1.1	All	MTFS Delivery	25	25	
1.3	CE	Failure to maximise developer contributions	16	10	
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	16	12	↓
<b>2. Health and Social Care Integration</b>					
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	
<b>3. ICT, Information Security</b>					
3.2	All	Failure to meet information 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	
<b>4. Commissioning</b>					
4.1	All	Contractor/Supplier performance not obtained	15	12	
4.2	E&T	Arriva are successful in concessionary travel appeal	15	10	
<b>5. Safeguarding</b>					
5.1	C&FS	IICSA – seriously unknown historic issues identified	25	20	

Ref	Department	Risk Description	Current risk Score June 2019	Target risk over next 12 months	Change in Current Risk Score
<b>6. Brexit</b>					
6.1	All	Impact of Brexit on public services	16	16	
<b>7. People</b>					
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	
<b>8. Business Continuity</b>					
8.1	CR	Critical suppliers fail on business continuity planning	15	15	
<b>9. Environment</b>					
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	
<b>10. Partnership</b>					
10.1	C&FS	Failure to secure confidence in mainstream SEND provision	16	6	

7. Members at the previous meeting welcomed the additional challenge proposed for risks listed on the Corporate Risk Register and the introduction of Action Plans for departments to monitor progress against implementing further actions/additional controls and ultimately move the risk towards their target score. During this quarter, Departments have commenced reviews of the Corporate/Strategic risks and work is underway to develop Action Plans.
6. In accordance with the Committee's request at its meeting on 10 May 2019, a presentation will be provided as part of this item on Risk 1.7 - If the Council is not compliant with the HM Revenue and Customs IR35 regulations regarding the employment of self-employed personnel then there is a risk of large financial penalties.

## Emerging Risks

### Climate Change

7. Following the Council's recent declaration of a climate emergency and the increasing realisation that climate change is happening now and at a speed and intensity not previously expected, there is the risk that County Council services will be negatively affected by the impacts of climate change, particularly as a result of the increase in extreme weather events. There is also the associated risk that the Council may not be able to deliver on the commitments it has made in its climate emergency declaration due to the complexity and difficulty of some of the decisions that will need to be made. This would also have reputational impacts. The Council's aim is to be carbon neutral by 2030. The Council has an Environment Strategy and Action Plan in place and is developing a plan to set out how it will achieve the commitments made in the climate emergency declaration.

## High Speed Two (HS2 Phase 2B)

8. There is a possible/emerging risk around the Government abandoning the HS2 Phase 2b project through Leicestershire. While this would avoid considerable disruption across the north west of the county for a number of years during construction, it would result in potentially significant benefits for Leicestershire and the East Midlands not being realised. The likelihood of this will depend on whether the new Prime Minister supports the project. Once the new Prime Minister is announced the risk can be assessed and any possible mitigating actions considered.

## Risk Management Maturity Health Check Update

9. Members of the Committee were given a copy of the Risk Management Partners consultant's report for information at the meeting on 10 May 2019. A detailed action plan has been prepared for Chief Officers to consider the actions they proposed.
10. The action plan covers:
  - a. with assistance from their designated risk champions and management teams, Chief Officer's should review their own department's results from the anonymous online managers' survey, and take necessary actions to make improvements in those areas with the least positive responses;
  - b. better definition and clarity is required around the Council's risk appetite. Options include: -
    - i. retain as a single statement for the council as a whole;
    - ii. develop individual risk appetite statements for risk categories;
    - iii. if (ii) is chosen, a longer-term development could be to further explore the relationship between arranging more self-insurance to align to the agreed risk appetite;
  - c. development of risk management training programmes - for example develop in house resource, commission externally, e-learning etc.;
  - d. development of guidance for the Council on identifying, assessing and managing risk within its contracts and partnerships;
  - e. integration of risk management practices across all business planning, programme management activities;
  - f. Consideration of investment in a centralised Risk Management IT system.
11. Work on the actions will continue over the summer and autumn and the Committee will be updated on progress.

**Recommendations**

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) Notes the updates provided on Climate Change and HS2 Phase 2B;
- d) Notes the update provided on the risk management health check.

**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, 18 January 2019 and 10 May 2019.

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**Appendices**

Appendix - Corporate Risk Register Update

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