



CORPORATE GOVERNANCE COMMITTEE – 24 JULY 2020

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

RISK MANAGEMENT UPDATE

Purpose of the Report

1. The purpose of this report is to provide an update to the Corporate Governance Committee (the Committee) on the impact of the Coronavirus (COVID-19) in the context of the Council's risk management arrangements.
2. This report covers:
 - The Corporate Risk Register (CRR) – summary of risks. An update on each risk is provided in Appendix 1 attached to this report which now includes assessing the risk through the prism of COVID-19 impacts.
 - The role of the Local Resilience Forum (LRF) in managing and responding to the coronavirus pandemic risk
 - Recovery Planning - COVID-19
 - Counter fraud – COVID-19
 - Property and Occupants Risk Management Group - update

Corporate Risk Register (CRR)

3. Within the County Council's Constitution, Article 9.03 'Role and Function of the Corporate Governance Committee' states that the Committee shall have responsibility for the promotion and maintenance within the Authority of high standards in relation to the operation of the Council's Code of Corporate Governance with an emphasis on ensuring that an adequate risk management framework and associated control environment is in place.
4. The existing risks on the CRR last presented to the Committee on 12 June 2020 are shown in Appendix 1 attached to this report. The impact and likelihood is shown below each current risk score. Most of the risks have been impacted by COVID-19 and the summary highlights the current situation. Due to requirements to respond to the crisis and plan interim recovery, a full re-assessment of the current risk scores has not been undertaken since December but likely direction of travel has been. There are only slight changes to the updates for some risks this time around as there was a shorter reporting period.
5. At its meeting on 12 June 2020, the Committee had supported the proposal that a presentation be provided at the July meeting on the Corporate Risk 3.7 – 'If the Council does not manage its exposure to cyber risk, then decisions and controls cannot be taken to mitigate the threat of a successful cyber-attack'.

The role of the Local Resilience Forum (LRF) in managing and responding to the coronavirus pandemic risk

6. At the Committee's last meeting on 12 June 2020, members supported adding a new corporate risk, 'If the Council does not plan, prepare and respond adequately to future developments in relation to both the COVID 19 pandemic and recovery to a "new normal" level of services, it could suffer long lasting economic, environmental, societal and technological challenges and miss opportunities'. Due to the nature of a pandemic, which impacts multiple agencies and geographies, the Local Resilience Forum (LRF) plays a key role in responding. The key points are set out below:
 - a. At the current time Coronavirus Covid19 has not been recorded in the Local LRF risk register as the specific illness was not in existence at the time of the last issue of the National Risk Assessment and supporting guidance that the LRF uses to undertake local risk assessment processes. However, the overarching H23: Influenza Type Disease (Pandemic) which sits under the national risk of H24: Emerging Infectious Disease, as well as the inclusion at the LRF Strategic Coordinating Group of a "Coronavirus Covid19 Strategic Risk Overview" addresses the capabilities required around future risks of this nature.
 - b. As a Category 1 Responder organisation under the Civil Contingencies Act (2004), the Council is a full member of the LRF and as such equally owns all risks that are actioned as part of the LRF Community Risk Register. The Community Risk Register Manual was reviewed as part of the LRF review cycle in July 2018 and is due for its next review in September 2020.
 - c. Response to a pandemic requires a multi-agency, Health led response that requires the structure of the LRF to coordinate the response at Strategic and Tactical levels where uncoordinated response by individual organisations would hinder the response and potentially increase risk. As such this risk is best actioned by being within the remit of the LRF. The County Council continues to play a full role in responding to the crisis.
 - d. In line with national guidance the LRF focuses planning on the capabilities needed to respond to emergencies. The LRF has a robust training and exercising programme and as such there are a range of plans that the LRF has recently exercised which have been used in the response to the COVID-19 pandemic. These include the Multi Agency Incident Framework, the core plan which sets out the management arrangements for incidents and the Media and Communications Emergency Plan.

Recovery Planning - COVID-19

7. A detailed report on the Council's response, service issues and recovery was received by the County Council at its meeting on 8 July 2020.

8. With the interim recovery plans now complete, the next steps of aligning the existing risk management arrangements are being considered. This could lead to integrating the key recovery and new normal risks from the outputs from the interim recovery plans within the existing Departmental risk registers.
9. The Head of Internal Audit Service is working with colleagues in the Transformation Unit to ensure there is an effective process to capture risks and issues and escalate them where appropriate.

Counter fraud – COVID-19

10. A number of internal audit assignments have been completed in the quarter with a counter fraud focus, predominantly surrounding emerging fraud risks due to Covid-19. The most significant piece of work, by value, surrounded the County Council's Communities Fund with audit work taking place to give assurances over the robustness of application process, the due-diligence checks undertaken by the Council on applications, and the payment of grants to successful applicants (£1.5m). The audit highlighted no major issues of concern.
11. Audit work continues in a number of areas where Covid-19 may bring additional risk, both of fraud or inadvertent error. This includes a significant piece of work in Adult Social Care (ASC) looking at additional support provided by the Council to social care providers to ensure their financial viability, e.g. amended processes such as temporary forward payments to aid provider cash-flow, top-up payments to maintain minimum funding levels in the home care sector and support grant payments, e.g. the national ASC Infection Control Fund grant.
12. Covid-19 has seen fraudsters exploring many, and sometimes innovative, ways to perpetrate fraud. Whilst a number of major risks are relevant only to district councils, e.g. regarding the administration of the Small Business Grant and the Retail and Leisure Grant, there can be no complacency that fraud cannot affect the Council, especially at times like these where temporary process changes brought about by Covid-19 may be in place. The Internal Audit Service (IAS) continues to target key sections with fraud awareness advice, e.g. a heightened risk of mandate fraud attempts and other Covid-related fraud risks, e.g. surrounding the procurement of PPE. The Service has continued to act as a sounding board for sections looking to make temporary modifications to processes as a result of Covid-19 and has been proactive in assessing any proposed changes and ensuring that those changes do not result in any additional exposure to fraud. Additionally, the Service networks closely with fraud colleagues in both other local authorities and counter fraud bodies nationally in order to keep abreast of emerging fraud risks.
13. Targeted work on fraud mitigation and an awareness campaign is planned during the Summer and Autumn. This will include: -
 - a. Bringing forward the scheduled biennial revision of the fraud risk assessment with a particular focus on Covid-19 risks, e.g. home working.
 - b. Communicating with Midlands counties counter fraud leads to establish any particular risks and findings and how they managed them.

- c. Assessing how best to use the Government's Counter Fraud Measures Toolkit (Appendix 2) which contains a range of upfront low friction controls and post event assurances.
- d. Seeking answers to the fraud related questions asked in the National Audit Office's (NAO) guide for Audit & Risk Committees on financial reporting and management during Covid-19. A report on the NAO guide is contained elsewhere on the agenda.
- e. Review of the County Council's Fraud Guidance, utilising resources from partner organisations where available (e.g. Bank and Insurance).
- f. Communications campaign ranging from general all-staff awareness through to targeted sessions for staff involved in high-risk activity.

An update will be provided to the November committee.

14. The biennial National Fraud Initiative (NFI) data matching exercise is upcoming, and work has commenced liaising with key sections in readiness for data extraction and submission to the Cabinet Office. The latest timescales expect data submission to be in early October 2020 with 'matches' being returned to councils for investigation from February 2021 onwards. The National Fraud Initiative (NFI) is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud in a number of areas, including pensions, payroll, creditors, bribery/conflict of interest, adult social care, etc.

Property and Occupants Risk Management Group

15. The Property and Occupants Risk Management Group (P&ORMG) was formed in June 2017, following the Grenfell Tower fire tragedy and the terrorist attacks at London Bridge. The Group's original purpose was: -
- a. To identify and implement practical ways of reducing the likelihood of damage to the Council's owned, shared and procured properties where the Council's staff, visitors and/or service users may be present.
 - b. To minimise the risk of injury and/or harm to employees, service users and other users of the owned, shared and procured properties.
 - c. To minimise the likelihood of disruption to services provided. To provide assurance to a range of external and internal stakeholders that the Council's overall buildings risk management process is robust.
16. Since its inception, the scope of the Group's work and its representation has widened. It now includes representatives from all departments, has a link to the resilience forum and more recently has begun to align to the workplace recovery cell. The Council's brokers and insurers are kept informed of and contribute to the Group's work and Leicestershire's Police and Fire Services have also contributed to the Group's agenda.
17. Some of the key actions and improvements overseen by the Group include: -
- a. Completed a number of revisions to the Council's sprinkler policy and implemented a sprinkler risk assessment tool.
 - b. Completed a range of security improvements to the County Hall site including: -
 - i. the construction of planters and installation of bollards

- ii. restricting access to and throughout the main building by the installation of turnstiles and compartmentalisation by controlling access through internal doors.
 - iii. improving security in the main reception area
 - iv. installed a postal scanner
 - c. Undertook a targeted communications campaign about security (especially the threat of tailgating) and encouraged staff to watch the 'Run, Hide, Tell' personal safety video.
 - d. Reviewed and communicated 'a lessons learned' following the generator fire in July 2019 and following on from that a review of generator capacity.
 - e. Reviewed and responded to a wide range of government consultations and directives relating to fire and buildings safety.
 - f. Arranged LFRS training for adults and children's contract monitoring officers to enable a robust and consistent approach to conducting fire risk assessments in residential settings.
18. A review of the Group's workplan and its terms of reference is overdue, especially in terms of determining what role it will take in ensuring and reporting adherence to social distancing and hygiene requirements in Covid-19 secure buildings after the interim recovery phase and any other workplace strategy requirements. A more detailed annual report on the Group's work and a revised term of reference and workplan will be brought to a future Committee meeting.

Recommendations

It is recommended that the Committee:

- a) Notes the impacts arising from COVID-19 on 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 brief updates regarding LRF role in coronavirus risk management, recovery planning, counter fraud and the property & occupants risk management group.

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, 29 January, 23 April and 25 July and 24 October 2018; 18 January, 10 May, 26 July and 1 November 2019; 31 January 2020; 12 June 2020.

<http://politics.leics.gov.uk/ieListMeetings.aspx?Committeeld=434>

Report of the Cabinet – ‘COVID-19 - Impact and response of the County Council - Recovery, Economic and Financial Impact’ – County Council, 8 July 2020.

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=6040&Ver=4>

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Appendices

Appendix 1 - Corporate Risk Register Update

Appendix 2 - Government Counter Fraud Measures Toolkit