



## **CORPORATE GOVERNANCE COMMITTEE – 23 JULY 2021**

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

#### **RISK MANAGEMENT UPDATE**

##### **Purpose of the Report**

1. One of the 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.
  - Counter fraud Initiatives

##### **Corporate Risk Register (CRR)**

2. 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.
3. 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.
4. The CRR is designed to capture strategic risk that applies either corporately or to specific departments, which by its nature usually 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 managed within the relevant departmental risk register.

5. The current risks on the CRR (last presented to the Committee on 4 June 2021) are shown in Appendix A attached to this report. The impact and likelihood are shown below each current risk score. The short time period between the last report to Members and the current review of Departmental Risk Registers and associated reporting timescale (also June) has meant there are fewer movements against some risks.

Movements since the CRR was last presented are detailed below:

### **Risks added**

#### **Chief Executive's Department**

- Risk 1.11 - The Freeport requires designation by Government to be operational. That is dependent on approval of the business case. The outline case has to be submitted by 10th September 2021 and will be subject to a 'gateway review'. If designation is not achieved there will be serious reputational consequences for the East Midlands region and partners in the Freeport proposal.

#### **Integrated Care Systems - Consolidated risk covering Children & Family Services, Public Health and Adult Social Care**

- Risk 2.4 - If the Council and its partners do not deliver a sustainable health and social care system which results in vulnerable people not having their health and social care needs met, there is a potential that increased demand on social care services will lead to the escalation of vulnerable people's needs.

### **Risk Amended**

#### **All Departments**

- Risk 1 - 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.

Amended to:

- If the Council does not on an ongoing basis plan for, prepare and respond to current and future consequences of the COVID-19 pandemic, the Council and its communities could suffer long lasting economic, environmental, societal, technological challenges and missed opportunities.

### **Presentation**

6. In accordance with the Committee's request at its meeting on 4 June 2021 a presentation will be provided as part of this item on the Corporate Risk 9.4 - If climate change impacts happen more frequently or at a greater intensity than anticipated, then there is the risk that County Council services will be negatively affected.

**Emerging Risks.**Norfolk Judgement

7. In December 2020, the High Court ruled that Norfolk County Council had breached the rights of a woman by discriminating against her when it changed its care charging policy. The Council is closely monitoring the implications of the High Court decision in for its own charging policy for care and support charges. It is reviewing its public sector equality duty in respect of the decision and is currently considering a range of legal opinions on the case. Any subsequent changes to the charging policy as a result of the decision will have an impact on income received towards the cost of care and support services.

Adults and Communities – Medium Term Financial Strategy (MTFS)

8. There is an increasing risk that there will be a significant financial impact of COVID-19 on adult social care services and the MTFS. The costs of care packages have increased during the pandemic as has the number of people receiving homecare. Another significant impact is the loss of service user and Health income. Whilst the Council was compensated during the pandemic, by Health, the support is being withdrawn and it is likely financial implications will last several years.

**Counter Fraud Initiatives**Cyber Risk in Schools

9. As a result of the Council working in conjunction with the Leicestershire Police's Cyber Crime Unit, the Police recently launched two webinars for Leicestershire's schools and academies, one aimed at the Senior Leadership Team and the other of a more technical nature aimed at school ICT managers and technicians, providing advice to schools and academies regarding the risk of cyber-crime, in particular ransomware attacks. Nationally, there is an increasing number of cyber-attacks within the schools' sector, with ransomware providing the greatest risk of all as hackers look to lock down schools' systems in return for financial gain. The Police webinars not only raised awareness of the risk but provided advice on how the risk can be mitigated through common sense controls such as having a robust off-site back-up process, effective user management (e.g. deletion of leavers), good password protocols, multi-factor authentication and optimal configuration of solutions such as Office 365.
10. Both internal audit and other relevant sections within the Council have taken proactive steps to advise schools and academies of the best practice advice regarding managing the risk of cyber-crime, including ransomware. The Council's role includes signposting schools and academies to published resources from the National Cyber Security Centre (NCSC), the Police, the Department for Education, and other experts in the field. This includes through the termly Audit Bulletin, the Leicestershire Traded Services website and via departmental comms to Headteachers.

**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 regarding emerging risks and Counter Fraud Initiatives.

**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, 18 January 2019, 10 May 2019 and 1 November 2019, 31 January 2020, 12 June 2020, 24 July 2020, 25 November 2020, 29 January 2021, and 3 June 2021.

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

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**Appendices**

Appendix A - Corporate Risk Register Update (June 2021)