



CORPORATE GOVERNANCE COMMITTEE – 16 SEPTEMBER 2024

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 Updates

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 longer 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. Updates to the current risks on the CRR (last presented to the Committee on 20 May 2024), are shown in the **Appendix A**. Following a recommendation by the Council's external auditor (Grant Thornton) in its Auditor's Annual Report 2022-23, column 2 shows that corporate risks are now aligned to the Council's Strategic Plan outcomes, i.e.: -
- a. Great Communities (GC)
 - b. Clean and Green (C&G)
 - c. Improved Opportunities (IO)
 - d. Safe and Well (S&W)
 - e. Strong Economy, Transport & Infrastructure (SE, T&I)
 - f. All (A)

Risks which have been removed in the last two years, and a brief reminder of the risk scoring process are at the end of the appendix.

A more detailed update of the CRR (providing additional information on current and further controls/actions on how the risks are being mitigated), will be presented to a future meeting.

6. Movements since the CRR was last presented are detailed below: -

Risks added

None.

Risks removed.

C – ALL

If the current cost of living crisis continues and even intensifies, or if UK Government interventions cease, then the people and businesses of Leicestershire as a whole will be significantly impacted, and the County Council will have to take some difficult decisions.

Rationale – Inflation has stabilised and whilst there are still wider impacts ingrained within the MTFS and Children's services corporate risks, the day-to-day management of the cost-of-living crisis will be managed at department levels.

7.8 – ALL

If we fail to develop, implement and maintain robust health & safety systems then there is a risk of breach and potential dangerous occurrences

Rationale - All RIDDORS are investigated and managed by the Health Safety & Wellbeing Service (H,S&W) and reported to the Health and Safety Executive. Departments are responsible for their own risk management and subject to audits by the H,S&W Service.

Risks amended.**3.7 – CR**

IF the council does not effectively manage its exposure to cyber risk, THEN there's a substantial risk of a successful cyber-attack which could severely damage the Council's reputation and affect service delivery which might result in incurring significant costs, both in order to successfully recover systems (downtime, incident response and possible ransom payment) and potential personal liability claims and regulator fines.

Amendments to scores

- Current risk impact score increased from 4 to 5 – to reflect the experiences seen at other organisations (some real-world insights).
- Target risk impact score increased from 3 to 5 (to match the current risk experiences) but likelihood score decreased from 5 to 4 - to take account of some of the newer controls that give greater visibility of activity on the network.

Presentation

7. A presentation will be provided as part of this item on improving flood resilience.

Counter Fraud Updates**Counter Fraud Action Plans 2022-24 and 2024-26**

8. The Council refreshes its Anti-Fraud and Corruption (AF&C) Policy biennially. In conjunction with this, the Council develops a counter fraud action plan which sets out a range of proposed actions over the two-year duration of the AF&C Policy. These actions are intended to further improve the Council's resilience to fraud risk through actions such as enhanced fraud awareness training, targeting of areas of known weakness and other anti-fraud initiatives, e.g. data matching.
9. **Appendix B** shows the current status of the 2022-24 Action Plan. The majority of the intended actions were completed, the exceptions being two specific actions where progress was hampered due to circumstances outside of our direct control, e.g. a delay by the Department for Transport in its intended review of the approach to Blue Badge (Disabled Parking) fraud across local authorities. These two specific uncompleted actions will be rolled forward to the 2024-26 Action Plan. **Appendix C** shows the new 2024-26 Action Plan and the range of initiatives proposed over the forthcoming two-year period.

Mandatory Fraud Awareness E-Learning

10. Raising fraud awareness is a key defence against fraud. The Council has a fraud awareness e-learning module that is 'owned' by the Internal Audit Service (IAS). Completion rates are good and commensurate with those of other mandatory learning courses. Work continues in conjunction with the Learning & Development Service to improve completion rates yet further through the targeting of typically lower-risk service areas, e.g. staff without access to ICT, through a manual workbook equivalent or via abridged training that focuses on the salient points, and which can be delivered in a team setting for low-risk service areas.
11. Historically, the Council's fraud awareness e-learning module required 'one-off' completion. In some cases, staff completed the learning many years ago. As a result, fraud awareness and knowledge can wane over time and become ineffective. To counter this, the IAS has developed on-line mandatory fraud awareness refresher training that all staff will be required to undertake at two-yearly intervals. This is intended to keep fraud risk prominent in the minds of staff. It also gives the opportunity for new and emerging fraud risks to be brought to the attention of staff regularly, as the horizon changes, e.g. cyber-enabled fraud.

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.
- c. Notes the updates regarding 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, 30 September 2022, 21 November 2022, 26 January 2023, 16 March 2023, 26 May 2023, 22 September 2023, 17 November 2023, 26 January and 20 May 2024.

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

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Appendices

Appendix A - Corporate Risk Register Update (July/August 2024)

Appendix B - Counter Fraud Action Plan 2022-24

Appendix C - Counter Fraud Action Plan 2024-26

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