

Report of the Director of Resources and Housing

Report to the Executive Board

Date: 26th June 2019

Subject: Annual Corporate Risk Management Report

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

- Our vision as set out in the Best Council Plan is for Leeds to be the best city with the best council in the UK: a city that is compassionate with a strong economy, tackling poverty and inequalities; a council that is an efficient, enterprising and healthy. A corporate risk is something that, if it occurred, could impact on this vision and our Best City/Best Council ambitions. It is essential that we understand, manage and communicate the range of risks that could threaten the city and the vital services provided by the council, so that we're better placed to prevent them from happening and to reduce the impact on communities, individuals, services, organisations and infrastructure.
- This annual report updates the Executive Board on the most significant risks currently on the corporate risk register: what they are, assessment of their level of risk, the accountable director and portfolio member risk owners and current and planned arrangements to proactively manage them. The following risks are included:
 - Safeguarding children
 - Safeguarding adults
 - Health and safety
 - City resilience
 - Council resilience
 - Financial management (both the risk to the in-year budget and longer-term financial sustainability)
 - Information management and governance
 - Major cyber incident
 - School places

Recommendations

Executive Board is asked to note the annual risk management report and the assurances given on the council's most significant corporate risks in line with the authority's Risk Management Policy and the Board's overarching responsibility for their management.

1 Purpose of this report

- 1.1 This annual report updates the Executive Board on the council's most significant corporate risks and the arrangements both in place and further activity planned during 2019/20 to manage them.
- 1.2 The assurances provided are an important source of evidence for the council's Annual Governance Statement: a statutory requirement for all local authorities to conduct a review at least once in each financial year of the effectiveness of the system of internal control and to include a statement reporting on the review with its Statement of Accounts. At the time of writing, Leeds' 2018/19 Annual Governance Statement was due to be considered by the Corporate Governance and Audit Committee on 25th June 2019.

2 Background information

- 2.1 The previous annual corporate risk management report was provided to Executive Board on 25th July 2018. Since then, the corporate risk register has continued to be reviewed and updated in accordance with the council's Risk Management Policy and in line with the Best Council Plan outcomes and priorities. The remainder of this report focuses on the management of the most significant risks currently on the corporate risk register.
- 2.2 It is supplemented by the annual assurance report on the authority's risk management arrangements due, at the time of writing, to be considered on 25th June 2019 by the council's Corporate Governance and Audit Committee. This report is publicly available and focuses on the policies, procedures, systems and processes in place to manage risks at corporate, directorate, service and project levels.

3 Main issues

- 3.1 The council's risks stem from a variety of sources, many of which are out of our direct control: for example, global events such as an economic downturn, major conflicts or significant environmental events. Closer to home, more localised incidents can impact on communities, individuals, services, organisations and infrastructure. We also often have to respond quickly to changes in government policy and funding and must recognise and meet the evolving needs of our communities, particularly those of vulnerable people. Such changes, and the uncertainties they may bring, can pose threats that we need to address but also bring opportunities to exploit. Both aspects of risk management rely on the council working effectively with partners across the public, private and third sectors and with communities and individuals.
- 3.2 All council risks are managed via a continuous process of identification, assessment, evaluation, action planning and review, embedded at strategic and operational levels and for programmes and projects. All staff and elected members have responsibility for managing risks relevant to their areas, including Scrutiny Boards, Community Committees and partnership boards.
- 3.3 This annual report considers the strategic level: the arrangements in place to manage the council's corporate risks. Corporate risks are those of significant, cross-cutting importance that require the attention of the council's most senior managers and elected members. Each of the corporate risks has one or more named 'risk owner(s)': a member of the Corporate Leadership Team, (comprising the Chief Executive and directors) and a lead portfolio member who are jointly

accountable for their management. The Executive Board as a whole retains ultimate responsibility.

- 3.4 The nature of risks is that they come and go as the environment changes. However, there are a set of 'standing' corporate risks that will most likely always face the council:
- Safeguarding children
 - Safeguarding adults
 - Health and Safety
 - City resilience (external emergency / incident management)
 - Council resilience (internal business continuity management)
 - Financial management (both the risk to the in-year budget and longer-term financial sustainability)
 - Information management and governance
- 3.5 The annual report at Appendix 1 provides detailed assurances on each of these seven risk areas, covering an overview, description of the risks, the latest risk assessment, current arrangements in place to manage them and additional activity planned. Two further risk assurances are provided: the first explains how the authority manages its statutory requirement to provide sufficient school places to the children and young people of Leeds; the second explains how the council protects itself against the risk of a major cyber incident.
- 3.6 These are two of only five 'red' risks (based on a combination of its probability and impact scores) currently on the corporate risk register. Of the remaining 'red' risks, three are 'standing' risks and thus have their own detailed assurances.
- 3.7 Appendix 1 also contains:
- An introduction that explains the council's risk management framework and how corporate risks are assessed and managed;
 - The latest corporate risk map approved by the council's Corporate Leadership Team on 28th May 2019; and
 - An annexe explaining how all council risks are evaluated in terms of probability and impact.
- 3.8 Additional assurances for a number of these risk areas are considered each year by a range of committees and boards. These include:
- The council's corporate Governance and Audit Committee which receives assurance reports on the council's business continuity management arrangements, procurement, information governance, and financial planning and management (all most recently reported to the Audit Committee on 22nd March 2019) as well as the annual assurance report on the council's overarching risk management arrangements;
 - The council's Financial Services continue analyse budget risks throughout the year and these are subject to monthly review as part of the in-year monitoring and management of the budget. Any significant and new risks/budget variations are included in the financial health monitoring reports submitted to Executive Board.
 - Safeguarding reports considered by the Leeds Safeguarding Children Partnership, Leeds Safeguarding Adults Board and Safer Leeds; and the Ofsted inspection which rated Leeds' children's social care services as outstanding

(none of the areas where further improvement could be made related directly to safeguarding).

- Reports on specific risk areas: for example, Strategy & Resources Scrutiny Board considered a report on the council's Resilience and Emergency Planning arrangements at its April 2019 meeting and Executive Board are to consider 'Employee Health and Wellbeing' the their June 2019 meeting.

3.9 In addition, the council's report guidance template includes a section on 'Risk management', requiring the report authors to detail any key risks and their management – this information then helps inform decisions made, including investment decisions; this applies to all reports to this Board.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 The corporate risk assurances at Appendix 1 have been subject to consultation with key officers, the Corporate Leadership Team and portfolio members.

4.1.2 The arrangements in place to manage the council's risks are embedded and therefore subject to consultation and engagement on an ongoing basis.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 This is an assurance report with no decision required. Due regard is therefore not directly relevant.

4.3 Council policies and the Best Council Plan

4.3.1 The risk management arrangements in place support compliance with the council's Risk Management Policy and Code of Corporate Governance, through which, under Principle 4, the authority should take 'informed and transparent decisions which are subject to effective scrutiny and risk management'.

4.3.2 Effective management of the range of risks that could impact upon the city and the council supports the delivery of all Best Council Plan outcomes and priorities.

4.3.3 Climate Emergency

This report is an assurance report with no decision required. However, as the Climate Emergency is cross-cutting in nature, there will be links to many of the corporate risks. As part of the next formal quarterly corporate risk review, due in August 2019, risk owners will be asked to consider the implications of the Climate Emergency on their risks.

4.4 Resources and value for money

4.4.1 All council risks are managed proportionately, factoring in the value for money use of resources.

4.5 Legal Implications, Access to Information and Call In

4.5.1 The council's risk management arrangements support the authority's compliance with the statutory requirement under the Accounts & Audit Regulations 2011 to have 'a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.'

4.5.2 The corporate risk map is made publicly available via the leeds.gov website and is also published on the council's Intranet risk management webpage, available to

elected members and staff. The annual assurance report considered by the Corporate Governance and Audit Committee on the council's risk management arrangements is publicly available on the leeds.gov website.

4.5.3 This report is subject to call in.

4.6 Risk Management

4.6.1 This report supports the council's Risk Management Policy in providing assurances on the management of the authority's most significant risks.

5 Conclusions

5.1 The corporate risk register describes the council's most significant risks that could impact upon our Best Council Plan ambitions, outcomes and priorities. Robust and proportionate arrangements are in place to mitigate the risks, considering both the probability of each risk materialising and the consequences if it did.

5.2 Assurances on the council's most significant 'standing' risks are given through this annual corporate risk management report and provide an open, comprehensive and important source of evidence for the authority's Annual Governance Statement.

6 Recommendations

6.1 Executive Board is asked to note the annual risk management report and the assurances given on the council's most significant corporate risks in line with the authority's Risk Management Policy and the Board's overarching responsibility for their management.

7 Background documents¹

7.1 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.