



Leicester
City Council

WARDS AFFECTED: ALL

Audit and Risk Committee

16 July 2013

Risk Management and Insurance Services Update Report

Report of the Director of Finance

1. Purpose of Report

To provide the Committee with the regular update on the work of the Council's Risk Management and Insurance Services team's activities.

2. Summary

The Committee has agreed a reporting schedule to keep it informed of:-

- Risk management activity within the Council;
- Information about the work of the Council's Risk Management and Insurance Services (RMIS) team; and,
- Information about other on-going initiatives in the Council to control risks it faces in the delivery of its services.

3. Recommendations

The Committee is recommended to:

- 3.1 Receive the Report and note its contents.
- 3.2 Make any recommendations or comments it sees fit either to the Executive or Director of Finance.

4. Report

4.1 The Risk Management and Insurance Services team have responsibility for three critical functions:

- Risk Management Support and Advice;
- Insurance; and
- Business Continuity Support and Advice.

- 4.2 This report provides an update, in the previously agreed format, on work carried out by the RMIS team since the last meeting, reporting to you progress made against their objectives. It assures you, where possible, that risks within the business are being managed effectively.

4.2.1 Risk Management Support and Advice

The Council's 2013 Risk Management Strategy, containing the Risk Management Policy and RMIS Action Plan, was approved at the February meeting of this Committee. A full update was provided to the June meeting and in view of the fact that the previous Committee meeting was some four weeks ago, no further update is given here.

The Council maintains a Strategic Risk Register and an Operational Risk Register. These registers contain the most significant unmitigated risks which the Council is managing and they are owned by Strategic and Divisional Directors respectively. Whilst there are other key risks, in the view of Directors, these are sufficiently mitigated for them not to appear in these registers. The Risk Registers as at the 30 April were presented to the June meeting and the next scheduled submission will be the end of July. Therefore, the risk registers will be brought to the September meeting.

The 2013 RMIS training programme, the aim of which is helping staff to understand and manage their risks more effectively, was launched to the business in early December 2012. The training sessions continue to be well supported by the business areas.

The Committee may recall that LCC has taken part in the CIPFA/ALARM Risk Management Benchmarking exercise every year since it began in 2010. The draft report for 2013 has been reviewed and it shows that in the seven assessed areas the Council has been rated higher than last year in three areas. Even though the rating in the remaining four areas remained the same as last year, the actual points scored were higher in all four. The finalised report will be presented to the September Committee meeting as it is scheduled to be issued mid-July.

4.2.2 Insurance and Claims

A summary report of claims against the Council received in the period 1 April 2012 to 31 May 2013 is attached - Appendix 1.

This appendix shows both successful and repudiated claims, breaking these down into business areas and type of claim i.e. slips and trips, potholes etc. Members should remember that one claim may be reported in more than one policy category – for example a Motor claim may also have a Personal Injury or

Public Liability claim too, and that for new claims a value may not have been applied whilst initial investigations conclude.

The figures in brackets represent claims in those areas in the same period last year. The year on year figures continue to show the benefits of handling these claims in-house as fewer are being paid and those that are paid are being settled, on the whole, at lower levels and much quicker – hence avoiding inflated Legal fees.

Since the last report to the Committee, the Council has had two cases go to Court – and a verbal update was given to the June meeting on the first. Both cases were successfully defended and the first case related to a climbing wall incident at Leicester Leys Leisure Centre in September 2009 and we had reserved £26,549 – being £2549 claim; £20,000 claimants costs and £4,000 our costs – all recovered. The second case related to a pothole claim (vehicle damage) and the claim was dismissed allowing the reserve of £3,500 to be released.

Loss Reduction Fund – So far this Financial Year (1 April 2013 to 31 May 2013) RMIS received seven bids for assistance from the fund for a total of £50,774. Of these bids, two applications were approved and the fund provided an amount of ££9,298 to business areas. A further four of these bids remain ‘open’ as we have had to seek further information from the bidding areas.

4.2.3 Business Continuity/Emergency Planning updates

The Council’s 2013 Business Continuity Management Strategy, containing the Business Continuity Management Policy and RMIS Action Plan, was approved at the February meeting of this Committee. As with the Risk Management action plan, a full update was provided to the June meeting and in view of the fact that the previous Committee meeting was some four weeks ago, no further update is given here.

There have been no events since the last meeting affecting the Council that required the intervention or use of a business continuity plan.

4.2.4 Key Risk Issues arising within the Business

The key significant risk issues arising within the business have not altered since the last meeting of this Committee. They remain those surrounding the trade unions’ potential for, and actual, industrial action across the whole of the public sector. The two main teaching unions (NUT and NASUWT) continue to encourage their members to ‘work to rule’. This action, which began on the 26 September, has not, to date, caused any

significant disruption to the Council. Following discussions with the Education Secretary on the 18 June, these unions announced a one day strike in the North West of the Country on the 27 June.

Unison have also balloted their members at LCC to gauge their member's appetite for industrial action in the summer over the proposed 1% pay rise.

The prospect of further disruption to fuel supplies continues to diminish with little information being forthcoming from UNITE, the tanker driver's union. The Head of Internal Audit and Risk Management is the lead for the Local Resilience Forum's Fuel Planning and Business Continuity Group and, as such, is in a position whereby updates are being received weekly direct from the DCLG.

The Head of Internal Audit and Risk Management advised the Committee at its last meeting that the Fire Brigade Union ballot result had supported strike action. There has been little further information on the planned action since that date.

The Head of Internal Audit and Risk Management continues to Chair meetings of the Local Resilience Forum (LRF) Business Continuity Practitioners Group where the risks for LRF members arising from any strike action, and the LRF member's response to deal with these incidents, are reviewed. If further strike action is confirmed, or the teacher's action escalates, he shall, again, co-ordinate the Council's response with the support of the Chief Operating Officer.

Critical areas considered most at risk of disruption remain – schools – because of the impact on LRF partners if they fail to open; highways – emergency repairs and response to adverse weather conditions; and, housing – emergency repairs and maintenance.

There was also a potentially serious incident on the 13 June at the Beaumont Leys Children's Centre. Workmen, contracted by LCC, were removing a damaged wall on a shop adjacent to the centre. Unfortunately, the wall collapsed into the Children's Centre's play area. Fortunately, this area was not occupied at the time and there were no injuries. The Council's Health and Safety team responded rapidly and produced a helpful and detailed report. The Head of Internal Audit and Risk management requested the manager responsible for managing this risk (and their Director) to review their risk management process for this incident and inform him of the outcome from their 'lessons ;earned' incident de-brief (although this was on the 18 June, at the time of writing, a response is awaited).

4.2.5 Horizon Scanning – events in other Public Sector agencies and the Private sector that may impact upon the Council.

On Friday 10th May it was announced that Moody's (a ratings agency) had downgraded the long- term and short-term ratings of the Co-operative bank to "junk" status. This mainly reflects the impact of non-performing loans arising from its takeover of the Britannia Building Society in 2009. It also follows the decision by the Co-operative Bank in April not to proceed with buying 631 branches from Lloyds TSB together with £25bn of deposits. The Council does not invest money with the Co-op, but they are our bankers and should they collapse this would create substantial service delivery problems. Our treasury advisors do not believe this is likely to happen in the short term. Should the worst happen it is also highly likely that the Government would step in. A risk assessment was completed by the Treasury Manager (and the Executive were briefed) which concluded that it was considered sufficient that the Council continues to monitor the position.

The Secretary of State for Communities and Local Government issued a written response on the 6 June to the Coroner of the Lakanal House inquest. This letter included four key expectations required by Local Authorities and other social landlords. The Head of Service, Housing Division has confirmed that LCC is compliant with these recommendations.

On the 7 June the Information Commissioners Office (ICO) announced it had fined Glasgow City Council (Scotland's largest local authority) £150,000 after lap top thefts breached data rules. This was quickly followed by an announcement on the 10 June that the ICO had fined Halton Borough Council £70,000 for the distress caused when the name and address of adoptive parents were disclosed to the birth mother and her parents made an application to the Courts for access. Following these announcements, the Head of Information Security reminded all Directors of the requirements of the Council's data protection policies and asked that they cascade this to their staff.

The Head of Internal Audit and Risk Management will continue to send to and/or discuss with relevant managers and directors any issues and the potential impacts they may have on the Council.

5. Financial, Legal Implications

There are no direct financial or additional legal implications arising from this report. These implications will rest within (and be reported by) the business areas that have day-to-day responsibility for managing their risk.

6. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting Information
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Climate Change	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	
Risk Management	Yes	All of the paper.

7. Report Author/Officer to contact:

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