



Leicester
City Council

WARDS AFFECTED: ALL

Audit and Risk Committee

24 October 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 continue to be 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. An update on progress is attached at Appendix 1.

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.

To allow the Committee to better understand these registers, attached as Appendix 2 is the current risk assessment scoring guide and matrix. The Risk Registers as at the 31 July are attached - Appendix 3 (Operational Risk Register) and Appendix 4 (Strategic Risk Register).

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 2014 training programme will be launched to the business in October 2013.

The Committee may recall that LCC has taken part in the CIPFA/ALARM Risk Management Benchmarking exercise every year since it began in 2010. As in past years a 'short form' report for 2013 is attached as Appendix 5. If members wish to see the full report, this can be made available on request. The report 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 Committee will note that the actual points scored were higher in all four.

4.2.2 Insurance and Claims

A summary report of claims against the Council received in the period 1 April 2012 to 31 August 2013 is attached - Appendix 6.

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 no cases go to Court. However, one claim was discontinued the week before trial allowing the reserve of £45,000 to be released and the Council's costs to be recovered.

Loss Reduction Fund – So far this Financial Year (1 April 2013 to 31 August 2013) RMIS received 25 bids for assistance from the fund for a total of £185,616. Of these bids, 18 applications were approved and the fund provided an amount of £131,997 to business areas. Five bids remain 'open' as we seek further information or clarification.

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. An update on progress is attached at Appendix 7.

There have been no events since the last meeting affecting the Council that required the intervention or use of a business continuity plan. However, on Friday 12 July at around 10pm a fire at the Wolsey building, Abbey Park Street, Leicester was reported to the Council's Emergency Management team. 30 Elderly people had been evacuated from the premises and the Police were seeking shelter for them. A short while later, the Council were advised this number had risen to 60 and some were in wheelchairs with a few having significant mental health issues. The Salvation Army were mobilised and opened their hall on Kildare Street with volunteers being mobilised to assist. The City Council Transport section was also mobilised to transport the evacuees to the centre. Shortly before the transport arrived on site, the fire was extinguished and the evacuees were allowed to return to their homes a little before midnight.

Although this was a comparatively small incident it could have been very significant because of the profile of the evacuees and the time of night it occurred. It is reassuring to note that everything was in place quickly to cope with this event, on what would have been one of the worst days for responders as it was the first day of the school holidays.

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), who had been encouraging their members to 'work to rule' since the 26 September 2012, finally escalated their members response to a one day stoppage on 1 October 2013. The Council's response to this disruption (and future such stoppages) was managed by the Director of Young Peoples Services, supported by the Head of Internal Audit and Risk management (who remained the LRF contact point). The action did not cause any significant disruption to the Council, although school closures create an issue for our other services and resilience partners.

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. There has been no update on this ballot since reported here in June.

The Fire Brigades Union held a four hour strike on 25 September. This is likely to be the first of a series of discontinuous actions and an update may be had after the union's Executive Council meet on 26 September. The Head of Internal Audit and Risk Management is the City Council's lead officer on this and is providing Directors and Heads of Service with updates from the Fire Service as they are received.

Unite have balloted its members at the Petrolneos Grangemouth oil refinery in Scotland. The ballot closed on 27 September and the union were asking members to support strike action and action short of a strike.

The Communications Workers Union (CWU) representing Royal Mail postal workers commenced balloting its members on 27 September. The ballot will close on 16 October, meaning that strike action will be possible from 23 October – however, talks are on-going to seek a resolution.

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 any further strike action is confirmed 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 learned' incident de-brief (although this was on the 18 June, at the time of writing, a response is still awaited).

To better manage these risks the Committee is aware that the Council's Risk Management and Business Continuity Strategies and Policies are subject to annual review. The agreed first stage in this review process is for the draft papers to be brought to this Committee for comment. These are attached as Appendices 8 and 9 respectively. The draft policies will then be presented to the Strategic Management Board for approval; to the Operations Board for noting; to the Executive for acceptance; and finally be brought back here in final, approved format for this Committee to note.

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

In August, Islington Council were fined £70,000 for publishing, in response to a freedom of information request, sensitive personal details of over 2,000 residents that had a history of mental illness or had been a victim of domestic abuse. The Council had published three spread sheets on-line but failed to spot the documents contained personal details of council tenants.

Also in August, Aberdeen City Council were fined £100,000 after information about social services involvement with vulnerable children was published on line. This included details of alleged criminal offences. The information was released after a Council employee accessed documents from her home computer.

Eleven local authorities were awarded grants from the Clean Bus Technology Fund at the Department of Transport, again during August. This award is to be used to reduce pollution from local buses. A joint bid from the City and Leicestershire County Councils was successful, with an award of £583,520 – sufficient for 32 buses.

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:

Tony Edeson, Head of Internal Audit and Risk Management, Financial Services - Ext 37 1621

1 October 2013