



Leicester
City Council

WARDS AFFECTED: ALL

Audit and Risk Committee

19 March 2014

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 2014 Risk Management Strategy, containing the Risk Management Policy, was presented to this Committee for discussion on 24 October 2013. The revised version was then taken to Strategic Management Board for agreement on 12 November 2013; Operational Board for noting on 4 December 2013 and to the City Mayor and Executive for approval and issue on 14 January 2014. The final version is presented here at Appendix 1 for the Committee to note.

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 January 2014 are attached - Appendix 3 (Operational Risk Register) and Appendix 4 (Strategic Risk Register).

The 2014 RMIS training programme, the aim of which is helping staff to understand and manage their risks more effectively, was launched to the business in October 2013. The training sessions continue to be supported by the business areas, although falling attendances have been brought to the attention of the Strategic and Divisional Directors by the Head of Internal Audit and Risk Management.

4.2.2 Insurance and Claims

A summary report of claims against the Council received in the period 1 April 2013 to 31 December 2013 is attached - Appendix 5. 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 one case go to Court. Regrettably, this case was lost resulting in an award to the claimant of £1,992 and costs of £23,000 against an original reserve of £25,000. At the pre-case hearing the claimant and his legal team were not able to specify where the alleged fall had taken place. Ordinarily, this would be a significant enough omission for the case to be found in our favour. Regrettably, the judge in this case took a different view.

One other case had proceedings issued to agree 'quantum' (the amount of damages to be paid). The Council had accepted liability but felt the claimants claim was excessive at £4,000 – we had offered £1,000 prior to the hearing. In this case the judge agreed, and awarded £1,000 and decided that, as we had offered that amount, the claimant should meet their lawyer's costs (around £15,000). Our reserve had been £19,500 (mostly for legal costs) so we were able to return £18,500 to reserves.

Loss Reduction Fund – So far this Financial Year (1 April 2013 to 31 January 2014) RMIS received 51 bids for assistance from the fund for a total of £334,168. Of these bids, 37 applications were approved and the fund provided an amount of £224,314 to business areas. In addition, there are 4 bids currently held awaiting further information.

4.2.3 Business Continuity/Emergency Planning updates

The Council's 2014 Business Continuity Management Strategy, containing the Business Continuity Management Policy, was presented to this Committee for discussion on 24 October 2013. The revised version was then taken to Strategic Management Board for agreement on 12 November 2013; Operational Board for noting on 4 December 2013 and to the City Mayor and Executive for approval and issue on 14 January 2014. The final version is presented here at Appendix 6 for the Committee to note.

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 areas of the public sector.

The two main teaching unions (NUT and NASUWT), who had been encouraging their members to 'work to rule' since September 2012, finally escalated their members response to 'action short of a strike' on 1 and 17 October 2013, following which a letter was sent by the unions to the Secretary of State. The NUT has now announced that their members will strike on 26 March. The Department for Education has issued advice to schools to enable them to stay open. The Council's response to this disruption (and future such stoppages) will be managed by the relevant Operational Directors, supported by the Head of Internal Audit and Risk Management (who remains the LRF contact point). The earlier activities did not cause any significant disruption to the Council.

The Fire Brigades Union held a series of strikes between 25 September and 4 January. These were a mixture of discontinuous actions and full strike action. 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. Currently we await the next call for action, but LRF colleagues from the Fire Service advise that talks continue and remain positive.

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 and their staffs if they fail to open; highways – emergency repairs and response to adverse weather conditions; and, housing – emergency repairs and maintenance.

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

On 30 October North East Lincolnshire Council was fined £80,000 by the Information Commissioner's Office (ICO) after losing a memory stick containing sensitive data about 286

children with special needs. The memory stick (which was not encrypted) had been left in a laptop in the Council's offices and was never recovered. Although the Council had introduced a policy in April 2011 that all new memory sticks would be encrypted, they never issued any instructions about existing, unencrypted devices. Leicester City Council's policy is that only encrypted and password protected devices should be used.

According to a survey issued at the London Market Claims Conference, 29% of risk managers lack confidence in their insurers. Underlying reasons for this stem from convoluted communication chains – not being able to speak to the right person. Leicester City Council have avoided this situation as we deal direct with the relevant staff in the Insurance Companies we deal with. Through our quarterly management meetings with our client manager we ensure that our contact lists remain up to date – as well as using these meetings to flag any concerns we have with their staff or teams.

A Chartered Institute of Internal Audit survey released in November found that only 85% of audit plans and 68% of Audit charters were approved by the Audit and Risk Committee. This Committee approves both of these documents, annually, at Leicester City Council. The survey also found that there was limited engagement between Committees and the External Auditors. Again, this Committee's annual planned agenda includes relevant reports from the external auditor throughout the year and there is (almost always) an external audit presence at each Committee meeting.

The Information Commissioner's Office (ICO highlighted in a report issued 10 February the challenge independent fostering and adoption agencies are facing looking after sensitive personal information. The ICO found a number of common problems, arising from 10 advisory visits, which put security of sensitive personal information at risk. These included insecure transfers between local authorities, carers and agencies; general lack of appropriate staff training; insufficient guidance for carers; and, a failure to encrypt sensitive personal data held on mobile devices and memory sticks. The latter point will be familiar to this Committee and advice to staff on all of these issues is included within the Council's policies and guidance's issued to and used by 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:

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

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