



Leicester  
City Council

WARDS AFFECTED: ALL

Audit and Risk Committee

15 April 2014

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## Risk Management and Insurance Services Update Report

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### 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 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 31 January 2014 were presented to the committee on the 19 March and, as this is a quarterly reporting process, are not due now until the end of April and will, therefore, be presented to the next committee meeting.

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 risk training sessions continue to be supported by the business areas, although falling attendances (referred to in the separate Business Continuity update paper presented to this committee) 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 28 February 2014 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 no cases go to Court. One case was discontinued a week before the court date. This was a claim for a 'slip and trip' which was reserved at £25,000 and that sum has been returned to reserves. The Council was also awarded costs of c£5,000.

Loss Reduction Fund – So far this Financial Year (1 April 2013 to 28 February 2014) RMIS received 57 bids for assistance from the fund for a total of £356,444. Of these bids, 41 applications were approved and the fund provided an amount of £228,835 to business areas. In addition, there are 7 bids for as total of £49,455 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 noting, following approval, at its meeting on 19 March.

There have been no events since the last meeting affecting the Council that required the intervention or use of a business continuity plan. A verbal update will be given to the meeting of a 'near miss' that was experienced and dealt with by the ICT teams.

There is a separate update report presented to the committee on the work carried out by the business on their critical activity business continuity plans following the 'testing' of these plans last year.

#### **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. Nationally, the impact of this on-going 'work to rule' remains low and stable.

The NUT announced that their members will strike on 26 March. NASUWT decided not to support the NUT and advised that they will not ask their members to strike during the Easter term. The NASUWT have also re-commenced negotiations with the

Department for Education. 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 and a verbal update on the March stoppage will be provided to the committee.

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 continues to provide Directors and Heads of Service with updates from the Fire Service as they are received. Currently we await the next call for action, but colleagues from the Fire Service within our Local Resilience Forum (LRF) advise that talks continue and remain positive.

The Head of Internal Audit and Risk Management continues to Chair meetings of the Local Resilience Forum 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 staff 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.**

A report issued on the 5 March by the Business Continuity Institute has identified that IT-related threats are continuing to provide the greatest concern for organisations, ranking above natural disasters; security incidents; and, industrial disputes. The Committee remain aware of the fines levied on companies for loss of data and the steps that the Council takes to mitigate this risk through its policies and procedures.

From 2 April 2014, all UK Government organisations and external parties that are subject to the HMG Secure Policy Framework (which includes the Council) need to make the transition from the old Government Protective Marking Scheme (GPMS) to the new Government Security Classification (GSC) system. Although affected, in reality the impact on the Council is

minimal as this affects, primarily, only those teams that have direct communications with the Police or Armed Forces. The Council's relevant policies have been updated to reflect the changes (through the Information Management Programme Board, of which the Head of Internal Audit and Risk management is a member). Training for those staff affected by this change is also being arranged by the Head of Information Assurance.

The Department of Communities and Local Government (DCLG) has announced that when the Audit Commission closes in March 2015 the Local Government Association (LGA) and the Chartered Institute of Public Finance and Accountancy (CIPFA) will take its statutory services. The LGA will set up a private company to take over audit contracts while CIPFA will establish a new 'counter fraud centre'.

On the 24 march, the Deputy Prime Minister and the Minister for Cities announced the Leicester and Leicestershire City Deal which, it is hoped, will create thousands of new jobs and apprentices. The ambitious deal will create 1,400 new jobs and 4,000 new apprenticeships and traineeships in Leicestershire. In total the deal will unlock over £130 million of public and private sector investment.

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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26 March 2014