



Leicester
City Council

WARDS AFFECTED: ALL

Audit and Risk Committee

25 June 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 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 1 is the current risk assessment scoring guide and matrix. The Risk Registers as at the 31 April are attached - Appendix 2 (Operational Risk Register) and Appendix 3 (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 risk training sessions (an annual programme of events running since January 2011) continue to be supported by the business areas, with any falling attendances being brought to the attention of the Strategic and Divisional Directors by the Head of Internal Audit and Risk Management. These Boards have, and continue to, fully support the work of the team.

4.2.2 Insurance and Claims

A summary report of claims against the Council received in the financial year 1 April 2013 to 31 March 2014 is attached - Appendix 4. The first of this year's reports is also attached as Appendix 5. These appendices show 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. The impact of the Jackson Reforms has also helped in this regard.

Since the last report to the Committee, the Council has had one case go to Court. This particular case was the first one to get to Court since we began handling our own injury cases in house, so the outcome was awaited with 'baited breath'. Thankfully, we were successful allowing the return to our reserves of £29,200 and the Judge also awarded us costs totalling almost £6,000.

Loss Reduction Fund – In the last Financial Year (1 April 2013 to 31 March 2014) RMIS received 57 bids for assistance from the fund for a total of £356,444. Of these bids, 43 applications were approved and the fund provided an amount of £231,305 to business areas. In addition, there is 1 bid for as total of £10,000 currently held awaiting further information.

4.2.3 Business Continuity/Emergency Planning updates

There has been one significant event since the last meeting affecting the Council that required the intervention or use of business continuity plans. On the 30 April, the Council suffered a significant loss of all of its networked services owing to a combination of unusual events. At 7am (the incident happened around 1am) the ICT team invoked their business continuity plan following a discussion with the Head of Internal Audit and Risk Management. An acceptable level of service was restored by 10am. Many areas reported issues around their own plans and the Risk Management Team have attended ten 'lessons learned' meetings held within the Divisions to ensure that plans were updated as appropriate. Fuller information on this event will be given at the meeting, if required, by the Head of Internal Audit and Risk Management.

There were three minor incidents earlier in April which did not require invocation of plans, but caused some minimal disruption. There was intermittent loss of the Lync telephony system during the 4 April. This was traced to issues within the Virgin Communications technology and resolved. There had also been damage to a high voltage cable on De Montfort Street on the 3 April (no link to above incident) and the road closures needed to allow the utility company to deal with that meant an evening lecture planned for New Walk Museum had to move to the University of Leicester.

Finally, the on-call team were contacted by the Fire Service on the 31 March when an LCC vehicle was set on fire in Loughborough Road. The vehicle was destroyed before the fire could be extinguished but was removed safely and there was no

injury to any staff or members of the public. It had been an arson attack by vandals.

The Risk Management Team have also been heavily involved with the ICT and HR teams respectively in planning for the Data Centre move over the weekend of the 4/5/6 July and the potential for a national day of strike action within the Public Sector on 10 July.

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) had agreed strike action back in October last year. NUT members took strike action on 26 March and both Unions had planned further strikes in the week commencing 23 June. However, these plans will be put on hold if the rest of the Public Sector, currently being balloted, decides to strike on the 10 July. The teaching unions will then support his action. The ballot results will be known on the 23 July.

Much of the work of the RM team these past few weeks (as mentioned above) has been in helping businesses plan for the disruption this will cause, even though the lead Divisional team for this is HR.

The Fire Brigades Union held a series of strikes since September 2013. These have been 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.

Finally, the committee should be aware that, currently, there are a series of Driver Training courses running. This was an item picked up on by this committee at its last meeting when reviewing the insurance claims figures. The Insurance team have identified several drivers who had suffered more than 2 ‘fault’ accidents in the last 18 months. The course consists of a two and a half hour theory test and three hours of supervised driving.

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

A report published on 2 April by law firm Weightmans LLP said that councils are at risk from a new ‘compensation culture’. They fear that fabricated claims are being ‘encouraged’ or ‘deliberate “crash for cash” type’ tactics are being undertaken in staged workplace accidents. This follows the government reforms to the personal injury claim system introduced last year, which appears to be resulting in some claimant solicitors and claims management companies migrating to new claims in a bid to overcome these changes. This committee is aware that we handle all our claims in house and thoroughly investigate each and every one and challenge all costs. The committee may have seen the article on the front page of the Mercury on Saturday 31 May which was very balanced and made this point.

DCLG announced on the 14 April 123 more communities will be taking control of neighbourhood schemes to boost employment, combat crime and improve the health of residents. This is under the umbrella of the ‘Our Place Programme’. Of the 123 successful communities, 11 were in the East Midlands; 2 were in Leicester and 1 was a Leicester City Council initiative in the Beaumont Leys ward.

On the 29 May the Information Commissioner’s Office announced that they had ordered Wolverhampton City Council to train staff in data protection after it showed a ‘startling lack of urgency’ over information security. This enforcement action follows a string of warnings dating back over two years.

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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13 June 2014