



Leicester
City Council

WARDS AFFECTED: ALL

Audit and Risk Committee

12 August 2015

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.

The Risk Registers as at the 30 April were presented to the last meeting of the Committee. The next quarterly reporting of these, as at the end of July, will be brought to the meeting on the 29 September. Should there be any significant changes which, in the opinion of the Director of Finance, need to be brought to the Committee's attention; a verbal update will be given.

The 2015 RMIS training programme, the aim of which is helping staff to understand and manage their risks more effectively, was launched to the business on 29 October 2014. The 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. The Directors 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 current financial year, 1 April to 30 June 2015 is attached as Appendix 1. This 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 have reversed the year on year downward trend for the first time in four years with claims compared to the same period last year up by 32%. Whilst we still feel that there are 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 trend will be monitored over the next few months to see if this is merely a ‘blip’ or if the pattern has changed.

Since the last report to the Committee, the Council has had two cases go to Court. Both cases involved slip and trip type claims where our lawyers and insurers were confident of success, but regrettably on both occasions we lost. In the first case, the judge felt we had taken too long to affect a meaningful repair and based his decision on the fact that the pothole could have worsened between our inspection and repair, but did reduce the claim by 20%, so we were still able to return £3,000 to reserves.

In the second case the judge seemed unfamiliar with Highways legislation and criticised the Council for not logging defects that are ‘not actionable’. Our barrister did point out that on a road like Narborough Road where the incident occurred (and the case was heard in Northampton) that would take a Highways Inspector all month to do properly! Again, the damages awarded were reduced considerably and we were able to return around £15,000 to reserves. This, despite the outcomes, shows the benefits of defending these claims through the courts.

Loss Reduction Fund – There have been no bids received since the last update so the figures remain as last time. To remind members, for the period 1 April 2014 to 31 March 2015 RMIS received 52 bids for assistance from the fund for a total of £424,426.58. Of these bids, 25 applications were approved and the fund provided an amount of £175,515.47 to business areas. In addition, there are 8 bids for a total of £104,637.54 currently held awaiting further information.

4.2.3 Business Continuity/Emergency Planning updates

Since the last update report for the Committee there have been no significant events affecting the Council that required formal intervention by the Corporate Business Continuity team.

4.2.4 Key Risk Issues arising within the Business

The key significant risk issues arising within the business remain as reported to the last meeting of this Committee. Those surrounding the trade unions’ potential for, and actual, industrial action across areas of the public sector remain and the risk of adverse weather conditions causing disruption to service delivery.

The two main teaching unions (NUT and NASUWT) had agreed ‘action short of strike action’ on 3 October 2012. NUT members took strike action on 26 March and both Unions held a further strike (with much of the rest of the Public Sector) on the 10 July.

Although the ‘action short of a strike’ continues, the threatened full strike before Christmas did not materialise.

There had also been planned strikes by the unions representing rail staff. This had the potential for impact on both the Council and the City. On each occasion, even though formal agreement has still not been reached, the planned industrial action was cancelled.

Members will recall that following an incident in one of our parks, the Council was exposed to a, potentially substantial, uninsured loss. This substantial loss has been avoided, thanks to the work of the Insurance Team and Weightmans, our insurers solicitors.

As a result of this incident, the profile of risk assessments has been raised and an increase in training being offered and training being taken up within business areas has occurred. A review of documentation used is being undertaken and the position has also been brought to the attention of Corporate Management Team on the 5 August.

The Head of Internal Audit and Risk Management continues to Chair meetings of the Leicestershire Multi-Agency Business Continuity Group (the Leicester and Leicestershire regional business continuity network group) where the risks for group members arising from any strike action, and the group member’s response to deal with these incidents, are reviewed. 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.

Early in July the Ofsted chief warned of ‘potentially high numbers of pupils’ disappearing from school registers in Birmingham and Tower hamlets in east London. This serious safeguarding issue emerged as inspectors made follow-up visits after the so-called ‘Trojan Horse’ inquiries. In light of the report that Members had at their last meeting, it should be no surprise that when the Head of Internal Audit and Risk Management discussed this with the Director, Learning Quality and Performance, the team here were already aware of this and had an action plan in place to deal with these cases and manage them going forwards.

On a similar note, the Council are working with the Department of Education (DfE) with a view to identifying 'illegal' schools being set up in Leicester. Once identified, the Council and the DfE identify these schools; they will work together to either help the school to gain 'legal' status or seek to ensure the children are moved back into mainstream education. This is a national problem and is not just focused in Leicester.

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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28 July 2015