



Leicester
City Council

WARDS AFFECTED: ALL

Audit and Risk Committee

29 September 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 31 July are presented here – Strategic Risk Register – Appendix 1 and Operational Risk Register – Appendix 2. The Operational Risk Register has also been restructured to show risks by:

- Strategic Area (in alphabetical order);
- Then by Divisional Area (again within alphabetical order);
- Then by 'risk score' with the highest first.

The submission of the Divisional risk registers to RMIS was, once again, 100%, with a total of three changes within the Strategic Risk Register and eight changes across the 15 Divisional registers that make up the Operational Risk Register. There are no changes of note from either register to bring to the Committee's attention. For the benefit of members, the risk scoring chart is attached as Appendix 3.

The review of the Council's Operational and Strategic registers by the Risk Management team with responsible Strategic Directors continues. This is a 'sense check' of risks being reported to ensure that descriptions allow the 'uninitiated' to know what the risk actually is and to ensure risks are not over scored. Directors whose registers are affected will be sent all registers that require clarity or amendments, hopefully, before the next submission is due at the end of October.

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.

Following extremely positive feedback after the presentations on the work he has done here at Leicester City Council to 'PRIMA' in Texas, USA and 'ALARM – The Public Sector Risk Management Association' in Birmingham, the Head of Internal Audit and Risk Management has been asked to deliver the same presentation to ALARM – Scotland in October. This is further evidence of the effectiveness of the risk management process here at Leicester City Council being recognised by peer groups across the UK.

4.2.2 Insurance and Claims

A summary report of claims against the Council received in the current financial year, 1 April to 31 August 2015 is attached as Appendix 4. 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, having shown an increase last time, have reverted to the previously seen reducing trend being down 5.5%. 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.

Since the last report to the Committee, the Council has had two cases go to Court. Both cases were successfully defended. In the first case, the judge agreed that the council had fully complied with its responsibilities under s58 of the Highways Act and praised our Highways Inspector (Andrew Smith) for the clarity and content of his evidence. This allowed us to return £36,410 to reserves.

In the second case, the prosecution discontinued their case the day before the trial. This case related to both a motor and a personal injury claim following a tree branch falling onto a vehicle. Our records of inspection were excellent as was our risk assessment and we were able to return a further £15,000 to reserves.

Loss Reduction Fund – For the period 1 April 2015 to 31 August 2015 RMIS received 6 bids for assistance from the fund for a total of £32,948. Of these bids, 2 applications were approved and the fund provided an amount of £5,703 to business areas. In addition, there are 3 bids for a total of £23,908 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.

The team were heavily involved to overcome last minute problems that arose, threatening the 'Build Community Funday' day at Spinney Hill Park on 20 August. They are also working closely with the business areas involved in the project to bring a Ferris Wheel to the City.

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, there is no indication of any more full strikes taking place.

There have also been planned strikes by the unions representing rail staff. This had the potential for impact on both the Council and the City. Following two 24 hour stoppages, on the latest occasion, even though formal agreement has still not been reached, the planned industrial action was cancelled.

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, ALARM issued a report on the performance and progress on risk management between 2010 and 2015. This followed detailed analysis of the ALARM/CIPFA risk management benchmarking data – a process supported by Leicester City Council since its inception. In general, they report that ‘public sector organisations have more mature arrangements to manage risk now than in 2010, despite reduced budgets (and teams) combined with ever more complex and emerging risks’.

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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17 September 2015