



Leicester
City Council

WARDS AFFECTED: ALL

Audit and Risk Committee

10 February 2016

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;
- Business Continuity Support and Advice; and
- Insurance.

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 October 2015 are presented here – Strategic Risk Register – Appendix 1 and Operational Risk Register – Appendix 2.

The submission of risk registers to RMIS was, once again, 100%, with a total of four changes within the Strategic Risk Register and 46 changes across the 13 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, although the majority were in the register presented at Appendix 3. For the benefit of members, the risk scoring chart is attached as Appendix 4.

The review of the Council's Operational and Strategic registers by the Risk Management team with responsible Strategic Directors has been delayed and will begin in 2016 when the changes from the recent review take effect. This work will be 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 those registers that require clarity or amendments. It is planned that this work will conclude before the submission due at the end of October.

As requested at the last meeting of this Committee, also attached at Appendix 3 is the Children's Social Care and Early Help Team's Divisional Operational Risk Register. The Committee are also advised that the Strategic Director Education and Children's Services presented a progress report to the Children, Young People and Schools Scrutiny Commission on the 10 November. This report provided an update on developments in performance management and quality assurance since the reporting of the Ofsted Inspection in March 2015, some initial key findings arising out of monitoring and audits of key performance areas and identification of areas where performance needs to improve. The report drew upon a

number of key documents produced since the inspection, which were attached for information:

- The Ofsted Recommendations Action Plan
- Leicester City Children's Performance Management & Quality Assurance Framework
- Children and Young People and Families service – key expectations and Standards
- Monthly Children's Services Performance Book (September 2015)
- Dashboard of Key Indicators - April to September 2015

A further verbal update was given to the same Commission on the 5 January 2016 and was the first of a series of quarterly performance and quality assurance reports. The Internal Audit team are currently scheduling a review of the Action Plan and progress against that plan for Quarter 1 2016/17. This will, hopefully, assure the Committee that the risks identified in the OFSTED report will be adequately managed should the actions in the plan be delivered in a timely manner, and that current progress against the timelines remain on track.

The 2016 RMIS training programme, the aim of which is helping staff to understand and manage their risks more effectively, was launched to the business on 4 December 2015. 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 31 December 2015 is attached as Appendix 5. 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 3%. We continue to see 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 two cases go to Court. Regrettably, both cases were lost. In the first, the Judge disagreed that we had a defence under s58 of the Highways Act on a technicality. However, the judge awarded the claimant £3,354 against the £7K claimed and, inclusive of both sets of costs, the £34K total cost still allowed a return of around £10K to reserves. In the second case, the damages awarded were reduced by the judge on the grounds of contributory negligence by 30% (from £8,500 to £5,950). So, although the original reserve was £46,000 the expected cost to the Council will be around £30,000 (inclusive of costs).

Loss Reduction Fund – For the period 1 April 2015 to 31 December 2015 RMIS received 20 bids for assistance from the fund for a total of £112,081.95. Of these bids, 6 applications were approved and the fund provided an amount of £17,186.57 to business areas. In addition, there are 13 bids for a total of £89,146.08 currently held awaiting further information.

4.2.3 Business Continuity/Emergency Planning updates

Since the last update report for the Committee there have been some significant events affecting the Council that required formal intervention by the Corporate Business Continuity team.

The Corporate BCM Team managed the initial response to a call following the death of a worker at the Leicester Fruit Market in November.

The BCM team have been working with colleagues from several key areas to assist with the impact of the closure of Slater Street Primary School in early December, following a fire at an empty building across the road from the school. The Corporate BCM Team had been activated and managed the initial response. Colleagues from the Emergency Management team have led the Council's response to the Taxi drivers' dispute with the City Mayor and also responded to an incident on the 15 December when a suspect package was delivered to the Council's offices, resulting in the evacuation of Pilot House and the calling in of the Army Bomb Disposal team.

The Head of Internal Audit and Risk Management assisted the Security team at City Hall when the power went down on the 5 January at 4pm. Using the number available in the Corporate Business Continuity Plan, which goes direct to the Control Room at Western Power, we were able to bypass the 'engaged' public helpline and get a detailed explanation of what had happened (an explosion in underground cables in Halford Street) as well as an up to date response as to when power would be restored (which was 50 minutes after it went down).

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 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.

Finally, attached as appendices 6 and 7 respectively, are the Risk Management Strategy and Policy and the Business Continuity Strategy and Policy for 2016. These have now been approved by the Executive and show no changes to those drafts presented to the last meeting of this Committee.

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

The Business Continuity Institute, in association with Everbridge (the leading global provider of SaaS-based unified critical communication solutions), produced its 'Emergency Communications Report 2015' – the second year this survey. The report featured 467 responses from 67 countries. It found that 86% of respondents have an emergency communications plan and 69% of those that do have emergency communications training and education. The three 'key drivers' for successful emergency planning it identified were:

- Top management buy in and integration among different functional roles;
- Mobile communications being increasingly used by organisations as part of their emergency communications arrangements; and,
- Education and training programmes in emergency communications being implemented as part of a holistic approach to continuity and resilience.

It is pleasing to report that the Council's combined approach to resilience (involving both the Risk Management and Emergency Management teams) contains all of those three factors.

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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