



Leicester  
City Council

WARDS AFFECTED: ALL

**Audit and Risk Committee**

**15 June 2016**

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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;
- 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 30 April 2016 are presented here – Strategic Risk Register – Appendix 1 and Operational Risk Register – Appendix 2. For the benefit of members, the risk scoring chart is attached as Appendix 3.

The submission of risk registers to RMIS was, once again, 100%, with a total of 7 changes within the Strategic Risk Register and 25 changes across the 14 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.

The review of the Council's Operational and Strategic registers by the Risk Management team with responsible Strategic Directors has been delayed and will take place in Q3 and Q4 this financial year now the recruitment of a Risk Management Officer has successfully concluded. 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.

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 in 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 2016 to 31 May 2016 is attached as Appendix 4. As this is the first meeting of the new financial

year, the year-end report showing claims against the Council received in the whole of the previous financial year, 1 April 2015 to 31 March 2016 is attached as Appendix 5.

These 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 figures for the whole of the last financial year continue to reflect a declining trend with numbers of claims down by 10%, and the amount paid out significantly lower by 48.5%. This continues to demonstrate the benefits of handling these claims in-house with 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 one case go to Court. Regrettably in that case the judge found against the Council on the strength of the evidence given by one of our witnesses which the judge felt was unreliable and contradictory. However, the judge did reduce the claimed £3,500 down to an award of £2975 and there were costs of around £10,000.

Loss Reduction Fund – For the period 1 April 2016 to 31 May 2016 RMIS received 4 bids for assistance from the fund for a total of £29,424.58. Of these bids, 2 applications were approved and the fund provided an amount of £7,253.40 to business areas. There are no bids currently held awaiting further information.

Once again, as this is the first meeting of the new financial year, the year-end data from the previous financial year 1 April 2015 to 31 March 2016 showed 33 bids for assistance from the fund for a total of £201,485.80. Of these 21 bids, applications were approved and the fund provided an amount of £119,211.02 to business areas. Attached as Appendix 6 are a few of the successful bids supported by this fund last year.

#### **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 in the planning for, and delivery of, the Leicester City Football Club's championship winning parade that took place on 16 May.

The Committee may recall that the RMIS team had been shortlisted in September for an award at the Institute of Risk Management Global Risk Awards. The awards have now been judged and regrettably RMIS didn't win. However the winner was Arcelor Mittal with the runner up being the Nigerian Aviation Handling Company plc, so the team were up against some much larger organisations.

#### **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 although the risk of adverse weather conditions causing disruption to service delivery lessens as we enter the summer period.

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.**

The 2016 'Global Encryption Trends Study' by the Ponemon Institute (an influential USA based research company) advises that the use of encryption continues to grow in response to cyber-attacks, privacy compliance regulations and consumer concerns. The report also suggests that the majority of organisation plan to transfer sensitive data to the cloud within the next two years. The Committee may not be aware that our IT team are currently examining cloud solutions for LCC.

Staying on the cyber theme, Chubb have announced that they have launched a cyber risk solution – Cyber Enterprise Risk Management – an end to end risk management solution. This includes a wide range of cyber risk assessment; post event

crisis management and risk transfer solutions. This has been shared with the IT team so that they may decide if this tool may be used to supplement their existing processes.

The Business Continuity Institute has released its fifth Horizon Scan report which is the association's annual analysis of the top threats as perceived by business continuity managers. This year's findings, unsurprisingly in view of the above, suggest cyber-attack is the greatest concern (85% of respondents voting this in their top three) with data breaches next (80%) and supply chain disruption third (66%).

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**

7.

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.

**Report Author/Officer to contact:**

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19 May 2016