WARDS AFFECTED: ALL

Leicester City Council

Audit and Risk Committee	**27 September 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 update, 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 <u>unmitigated</u> 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 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 13 changes within the Strategic Risk Register and 35 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.

Directors have indicated that, whilst it is still early days in negotiations, consideration and discussion will be given to the risk implications of the UK's decision to leave the European Union.

The review of the Council's Operational and Strategic registers by the Risk Management team with responsible Strategic Directors remains on track for 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.

The process of review and update to produce the Council's Risk Management Strategy and Policy for 2017 has begun. As in the past the Policy and Strategy will be presented to Corporate Management Team to 'agree' on 2 November; to the Executive to 'approve' on 1 December; and then will be brought here for this committee to note on 8 February 2017.

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 July 2016 is attached as Appendix 4.

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 the same period last year. These figures, when compared to those in the last financial year, continue to reflect a declining trend with numbers of claims down by 27% year on year, and the amount paid out significantly lower by 72%. 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 no cases go to Court.

Loss Reduction Fund – For the period 1 April 2016 to 31 July 2016 RMIS received 11 bids for assistance from the fund for a total of £89,820.33. Of these bids, 6 applications were approved and the fund provided an amount of £24,509.15 to business areas. There are 2 bids 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. There were several instances were support and guidance was given to officers dealing with sudden unexpected incidents as below:

- Dovelands School 'bomb threat'
- City Centre Warehouse fire 13 August – an evacuation centre was put on standby, but was not needed.

The process of review and update to produce the Council's Business Continuity Management Strategy and Policy for 2017 has begun. As in the past the Policy and Strategy will be presented to Corporate Management Team to 'agree' on 2 November; to the Executive to 'approve' on 1 December; and then will be brought here for this committee to note on 8 February 2017.

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 will begin to cause concern as we enter the autumn/winter period. As mentioned above, the impact of 'Brexit' remains a consideration too.

In addition to this, all of our areas have had to, and must continue to, reassess their risk appetites in light of the pressures on resources that 10 years of austerity have brought about. Difficult decisions are being made about future shape and sustainability of a whole range of services. These decisions all bring higher (or very different) levels of risk.

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 Insurance Act 2015, the most important change in insurance law in over a century, came into force on the 12 August 2016. The RMIS team have been briefed by both insurers and their lawyers on the implications for Leicester City Council and its officers and service users, sharing this knowledge throughout the business as appropriate.

The Business Continuity Institute's 'Cyber Resilience Report 2016' highlighted the following as the top five causes of disruption (with what percentage of the 369 respondents had experienced such an attack in the past 12 months):

- Phishing and Social Engineering (61)
- Malware (45)
- Spear Phishing Attacks (37)
- Denial of Service (24)
- Out-of-date Software (21)

The City Information Officer has confirmed that the Council has IT security defences and relevant processes in place to address these areas.

In June, the Federation of European Risk Management Associations (FERMA) told the European Commission that enterprise risk management (ERM) is the best method for companies to approach the new EU requirements for large companies to report on non-financial or corporate social responsibility risks. The system of Risk management that we have introduced at Leicester City Council is an ERM.

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 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:

Tony Edeson, Head of Internal Audit and Risk Management - 37 1621
26 August 2016