



Leicester
City Council

WARDS AFFECTED: ALL

Audit and Risk Committee

16 November 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 mitigated 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 were presented to the last meeting of this Committee. The registers as at the end of October are in the course of collation and will come to the meeting in February. Early indications from those submitted to date suggest that 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 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 2017 RMIS training programme, the aim of which is helping staff to understand and manage their risks more effectively, will be launched to the business in December 2016. 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 was presented to Corporate Management Team to 'agree' on 2 November; and will progress to the Executive to 'approve' on 1 December; and then will be brought here for this committee to note on 8 February 2017. The 'draft' is attached here as Appendix 1. There are very few changes to last year's documents, as would be expected as we

are now in year six of our process which is becoming quite mature.

4.2.2 Insurance and Claims

A summary report of claims against the Council received in the current financial year, 1 April 2016 to 30 September 2016 is attached as Appendix 2.

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 34% year on year, and the amount paid out significantly lower by 64%. 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. It also reflects the improvements seen in our management of risk.

Since the last report to the Committee, the Council has had no cases go to Court. However, we have had two abuse claim files closed down by our lawyers. These were reserved at £170K which has now been returned to general reserves, less minimal solicitors costs of around £6K.

Loss Reduction Fund – For the period 1 April 2016 to 30 September 2016 RMIS received 20 bids for assistance from the fund for a total of £138,674.26. Of these bids, 12 applications were approved and the fund provided an amount of £65,349.57 to business areas. There is one bid 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 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. The 'draft' is attached here as Appendix 3. There are very few changes to last year's documents, as would be expected as we are now in year five of our process which is becoming quite mature.

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 Committee may have been aware of a recent Supreme Court decision to allow 'collateral lies' in the course of an insurance claim. This flies in the face of the work that the insurance industry (and the team here at the Council) have been doing to crack down on the cheats which could be a real blow for honest customers.

The Financial Reporting Council's 2014 risk guidance has been , encouragingly supported by a recent AIRMIC (a leading global risk management body) when it talks about 'the ultimate

responsibility for risk' being with the Board (and in our case the Executive). It highlights areas in which there is 'board risk blindness' resulting from risk information not flowing freely up to senior management. Here we have a structured reporting process from Heads of Service through to Directors inbuilt into our strategy and policy. However, as with any strategy and policy, it is only as effective as its users. This Committee can help by reminding senior officers and the Executive that decisions should not be taken without a full understanding of the risks involved (and this should come from the risk assessment attached to any paper they are reviewing).

The RAC Foundation published a survey taken from 204 Local Authorities in England and Wales showing that in the FY2015-16 over 30,000 motor claims had been made against Councils. The average claim had been £432 with, on average, 27% being paid at an average cost of £306 per claim. The top three authorities by number of claims were all County Councils:

- Hampshire 1952,
- Surrey 1412, and
- Hertfordshire with 1369

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:

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2 November 2016