



Leicester
City Council

WARDS AFFECTED: ALL

Audit and Risk Committee

8 February 2017

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 October 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 29 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.

As our reporting of risk process is now mature, these registers will only be reported to Corporate Management Team (CMT) as at the end of April and October in future. The January and July registers will still be submitted to RMIS for a sense check and allow any 'slippage' of the process to be picked up and reported to CMT if seen. On that basis, the RMIS update report will mirror that reporting schedule in 2017/18.

The review of the Council's Operational and Strategic registers by the Risk Management team with responsible Strategic Directors remains on track and will start in February 2017. 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, was launched to the business on 7 December 2016, and is attached here as Appendix 4. 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 Risk Management session in particular is often oversubscribed. This is a positive example that Directors have, and continue to, fully support the work of the team.

The process of review and update to the Council's Risk Management Strategy and Policy for 2017 has successfully concluded. As in the past the Policy and Strategy was presented to Corporate Management Team to 'agree' on 2 November; and was approved by the Executive on 8 December; and is attached as Appendix 5 for this committee to note. 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.

Risk Management Loss Reduction Fund – For the period 1 April 2016 to 31 December 2016 RMIS received 30 bids for assistance from the fund for a total of £245,164.66. Of these bids, 18 applications were approved and the fund provided an amount of £115,901.97 to business areas. There are four bids currently held awaiting further information.

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 December 2016 is attached as Appendix 6.

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 significant declining trend with numbers of claims down by 36% year on year, and the amount paid out lower by 31%. This continues to demonstrate the benefits of handling these claims in-house with fewer being paid and those that are paid 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 one case go to Court which was successfully defended. The reserve had been set at £43,380 and, aside from our costs of £8,889 which we hope to recover later, has allowed £34,491 to be released from reserves. We have also seen three claim files closed down by our lawyers. In the first case elements of fraud identified by the insurance and claims officer here led to the

claimant being given a formal caution and released £41K from reserves. In the second, a mesothelioma case we had reserved at £310K, our investigations unearthed a long career path which has led to our liability being reduced to around 13% of the claim (approximately £40K) allowing £270K to be released from reserves. Finally, the third case (which was another mesothelioma case) had been reserved at £220,000. Again, the judge decided we had not been the major employer and reduced our liability to £8,544 which released a further £211,456 from reserves.

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 was an incident relating to a burst pipe leading to a flood at Sovereign House in November that required an evacuation of the premises and the fire brigade being required to assist. Several issues around our process for dealing with such incidents did not run according to plan and the Business Continuity and Emergency Management teams are working with those areas to ensure no repetition.

Ahead of the forecast 'winter weather' on 12 January 2017, the BCM staff were in liaison with the Highways staff who reported that:

- The gritting team were on standby – all six lorries were fuelled up and ready to go out;
- Three teams had been out and about topping up grit bins;
- Teams would be gritting overnight in readiness for Friday morning when some further rain, sleet or snow was predicted.

The process of review and update to the Council's Business Continuity Management Strategy and Policy for 2017 has successfully concluded. As in the past the Policy and Strategy was presented to Corporate Management Team to 'agree' on 2 November; and was 'approved' by the Executive on 8 December; and is attached as Appendix 7 for this committee to note. 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.

The Manager, Risk Management has begun the annual task of obtaining updated plans for all the Council's business critical activities. These need to be returned to Risk Management and Insurance Services by the end of March, when all will be reviewed, assessed and loaded onto our secure internet site. The Corporate Business Continuity Plan was reviewed and

updated as part of the work on the Strategy and Policy (as it is every year).

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 is also now a concern as we progress from winter to spring. As the process required to leave the EU continues to lack clarity and time lines, the impact of 'Brexit' remains a major 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. The Business Continuity and Emergency Management teams have been to visit several schools during the past 3 months to discuss and support their business continuity planning.

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

A recent report published by the Business Continuity Institute (BCI), in collaboration with Regus, the aim of which was to benchmark workplace recovery arrangements among organisations worldwide. The report highlighted a clear disconnect between business continuity professionals and end users with only 12% of the professionals confirming their workplaces lacked an effective workplace recovery arrangement, whilst 31% of managers in those same businesses felt they were inadequately prepared. Elsewhere in

this paper the Committee have seen, through the Council’s BCM Strategy and Policy, how LCC avoid this disconnect and how the ‘experts’ and management work together on its plans.

BBC News reported in early December that, based on numerous FOIA requests, councils in England have paid out compensation worth at least £10M over the past decade to people who had developed illnesses because of asbestos in school buildings. Some 32 local authorities (including Leicester City Council (LCC) as detailed in section 4.2.2 above) have made payments to former teachers, school staff or pupils. LCC have four claims to date for around £600,000 of which £97,000 has been paid to date. The peak for these claims has been predicted to be around the year 2020.

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

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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 26 January 2017