



Leicester
City Council

WARDS AFFECTED: ALL

Audit and Risk Committee

22 March 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 currently have responsibility for three critical functions:

- Risk Management Support and Advice;
- Business Continuity Support and Advice; and
- Insurance (wef 1 March the insurance function transfers to the Strategic Finance team).

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 January 2017 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 one change within the Strategic Risk Register and 38 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, it has been agreed by Corporate Management Team (CMT) that these registers will only be reported to 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 to this Committee will mirror that reporting schedule in 2017/18.

The planned strategic review of the Council's Operational Risk Registers by the Risk Management team (co-ordinating this review with the responsible Strategic Director) will begin in March 2017. This will be a 'sense check' of risks being reported to ensure that descriptors allow the 'uninitiated' to know what the risk actually is; and, to ensure risks are not over scored. Initially the work will be begun by the Risk Management team and then they will work alongside Zurich Municipal Risk Consultants (as with the Head of Service risk register work) and it is intended this work will conclude before the October register submissions are due.

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 was presented at the last meeting of this Committee. 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.

Risk Management Loss Reduction Fund – For the period 1 April 2016 to 31 January 2017 RMIS received 35 bids for assistance from the fund for a total of £278,293. Of these bids, 22 applications were approved and the fund provided an amount of £141,946 to business areas. There are six 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 28 February 2017 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 significant declining trend with numbers of claims down by 39% year on year, and the amount paid out lower by 37%. This continues to demonstrate the impact of the improved risk management process and reflects 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.

Since the last report to the Committee, the Council has had no case go to Court, although we have been able to close down two abuse claims which appear to have ‘gone away’. In time, these may need to be re-opened, but our insurers and their lawyers are confident of a defence should this happen. The reserves had been set at £122,500 and £102,500 which has allowed £225,000 to be released 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.

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 the secure internet site – Resilience Direct. The Corporate Business Continuity Plan was reviewed and updated as part of the work on the Strategy and Policy last October (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 Manager, Risk Management has taken over from the Head of Internal Audit and Risk Management 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. She 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.

As this meeting is so close to the last meeting, there has been very little activity seen that can be reported here.

On 27 February the Secretary of State for Justice and Lord Chancellor announced the outcome of their statutory consultation into the 'discount' rate. This rate is used in the process by which damages paid to seriously injured individuals, in relation to future loss/expenses being incurred and thus have to be invested to generate a return. This rate has remained at 2.5% since it was last varied in 2001. The new discount rate of -0.75% comes into force on 20 March 2017. The Council and its insurers and their lawyers await sight of the enabling statutory order to determine whether or not this will apply just accidents occurring after 20 March or to all settlements arising after that date.

This will not only impact on premiums, but will lead to more claimants pursuing claims for lump sum compensation rather than annualised payments. This will also impact on the Council indirectly as claims currently settled below £10M may well now require £20M of indemnity cover, thus the levels we seek from our contractors and service providers may be increased considerably. The Secretary of State for Justice has indicated that there will be a consultation in the coming weeks to consider if there is a better or fairer way for claimants and defendants.

The Manager, Risk Management will take over responsibility 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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