



**TO:** Audit & Governance Committee

**FROM:** Director of Finance & Customer Services

**DATE:** 29 July 2020

**PORTFOLIOS AFFECTED: All**

**WARDS AFFECTED: All**

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**TITLE OF BRIEFING PAPER Risk Management Report Annual 2019/20**

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**1. PURPOSE**

To inform the members of the Audit & Governance Committee of the risk and related activity which has taken place or been delivered during 2019/20 and provide an overall conclusion of the effectiveness management arrangements which are in place within the Council.

**2. RECOMMENDATIONS**

The Committee is asked to:

- Consider and review the annual risk management report; and
- Agree the conclusion on the overall effectiveness of the Council's risk management arrangements in place during 2019/20.

**3. BACKGROUND**

The Corporate Risk Management Strategy and Framework 2015/20 requires the Audit & Governance Committee to approve an annual risk management report that includes consideration of the effectiveness of the risk management arrangements in place within the Council. The Committee's terms of reference also requires it to review progress on risk management activity at least annually.

**4. KEY ISSUES**

**1. Summary**

1.1 The Annual Risk Management Report provides the Audit & Governance Committee with a summary of the risk management activity that has taken place across the Council for the year ended 31 March 2020. The risk management framework and associated systems and procedures should ensure the Council has adequate and effective risk management and resilience arrangements in place to ensure that key business objectives are met.

1.2 The key elements of risk and resilience considered under the framework are:

- Risk Management;
- Insurance;

- Emergency Planning and Business Continuity (including health aspects);
- Information Governance; and
- Health, Safety and Wellbeing.

1.3 This report covers the activities relating to the corporate and departmental risk management arrangements, emergency and business continuity planning, event management, information governance and insurance. It outlines the risk management policies and arrangements currently in place, activities which have taken place or been delivered during the last year directed at achieving the various risk objectives, and details of key actions or developments for 2019/20.

1.4 A separate health, safety and wellbeing annual report will also be presented to the Committee.

## **2. Background and Overall Assessment**

2.1 The Council uses the Institute of Risk Management's definition of risk management, which is as follows:

*'The systematic process which aims to help organisations understand, evaluate and address risks to maximise the chances of objectives being achieved and reduce the likelihood of failure. It also exploits the opportunities uncertainty brings, allowing organisations to be aware of new possibilities.'*

2.2 The Council recognises that risk management is not simply a compliance issue, but rather it is a way of viewing and managing its operations with a significant impact on long-term viability. It understands that effective risk management helps to demonstrate openness, integrity and accountability in all of the Council's activities. It also benefits how we operate, to ensure that key risks are identified, assessed and mitigated appropriately and effectively.

2.3 The details provided in this report provide evidence that, overall, the Council has adequate risk management arrangements in place and these have operated effectively during the year ended 31 March 2020. Areas for action or development during 2020/21 have been identified in the following sections. These will strengthen the existing systems and procedures in place.

## **RISK MANAGEMENT**

### **3. The Corporate Risk Management Process**

3.1 The Corporate Risk Management cycle is aimed at identifying, analysing, prioritising, managing and monitoring risks that could impact on the delivery of the Council's objectives (i.e. corporate risks).

3.2 Corporate risks are those significant risks that could impact on the overall success of Council objectives and priorities, or the vitality and viability of the organisation. Should these risks materialise Members and other stakeholders/partners, including the public, will be aware of them and they may affect the reputation of the Council, amongst other significant consequences.

3.3 The Chief Executive and Management Board are responsible for leading and ensuring effective risk management operates consistently across the Council. Each Director is the risk owner of all risks within their Department. Advice and support regarding risk management issues is available from the Audit & Assurance team. Directors and senior managers also highlight relevant significant risks included on departmental risk registers for consideration to

include in the corporate risk register. These are escalated to Management Board for consideration and agreement.

#### 4. Corporate Risk Register

- 4.1 Corporate risks are those which may impact on the overall achievement of Council objectives and priorities. Management Board reviews the corporate risk register on a six monthly basis to ensure that appropriate corporate risks are identified, assessed and aligned to the corporate priorities and objectives on an ongoing basis. A revised risk register format has been used since 2016/17, as part of the revised Corporate Risk Management Strategy and Framework 2015/20. The corporate and departmental registers identify inherent and target risk scores for each risk and the summary reports show any change in residual risk scores between period ends to enable movements in residual risk scores to be identified.
- 4.2 The risk assessment of Corporate Risk 1, failure to deliver a balanced budget, has been reviewed as a result of the impact of Covid-19 and the Council's role in responding to the virus and the related lockdown restrictions. The residual risk has been increased to high as a result of the impact on the Council's financial position due to various factors including increased costs, the loss of income and insufficient funding from central government to respond to the issues presented by the virus given the low level of reserves that are at the Council's disposal.
- 4.3 The residual risk score for corporate Risk 13, relating to a data loss or privacy incident occurring, was reduced during the year. The residual score was reduced from high to medium. After existing controls are applied (technical and organisational), the majority of data breaches are down to human error. The impact assessment as the Council can demonstrate that controls to prevent incidents are continuously monitored, applied at policy level and training is mandatory for all users.
- 4.4 In addition, the risk that the Council may have been unable to deliver its critical and core services and functions during the mitigation phase of the Covid-19 outbreak was added to the Corporate Risk register at end of February.
- 4.5 The Corporate Risk Register contained 15 open risks as at 31 March 2020. A summary of the open corporate risks is attached at Appendix 1. The Council's top corporate risks at that date were those relating to the following:
- Failure to deliver a balanced budget and Medium Term Financial Strategy which may result in a Government Commission taking control of the authority's finances;
  - A high profile serious or critical safeguarding case that was known to Council services; and
  - The impact that the outbreak of Covid-19 may have on the Council's ability to deliver its critical and core services.

The following table shows the number of risks that are aligned to each of the Council's corporate priorities:

<b>Corporate Priority</b>	<b>No of Risks</b>
Supporting young people and raising aspirations	1
Safeguarding and supporting the most vulnerable people	3

Reducing health inequalities and improving health outcomes	1
Connected communities	4
Safe and clean environment	1
Strong economy to enable social mobility	2
Supporting our town centres and businesses	2
Transparent and effective organisation	5

## 5. Key events and achievements during the year

5.1 During the year corporate risk management support has been delivered by the Audit & Assurance team, under the Director of Finance & Customer Services, to support the achievement of the risk management objectives. Key activities undertaken/achievements during the period include the following:

### Corporate/Departmental

- The continuation of regular 'deep dive' reviews of specific corporate risks by the Audit & Governance Committee to improve its oversight and understanding of these risks.
- On-going monitoring and reporting of risk assessments via the implementation of the updated Summary Risk Register template including the tracking of changes in residual risk scores.
- The ongoing implementation of the Counter Fraud Risk Register.
- Monitoring and review of the completion of corporate and departmental risk registers, with associated reporting to Management Board and Audit & Governance Committee.
- Continuing development of the Management Accountabilities Framework Dashboard reporting arrangements.
- On-going scrutiny and challenge of Directors Management Accountabilities Framework Dashboard reports, to ensure that risk issues identified have been included in Departmental or Corporate risk registers.
- Continuing use of the risk management support available from Zurich Municipal to carry out reviews of risk management arrangements in place in the organisation and support training and awareness raising.
- The Road Risk Management Group Review continues to meet regularly to consider fleet and driving risks. This includes monitoring of insurance claims and vehicle tracker reports relating to Council fleet vehicles and drivers by to identify any themes or training needs.
- The circulation of insurance and risk management advice and guidance to managers and staff.

5.2 During the year colleagues from Zurich Municipal completed a Highways Asset Management & Liability Grading Review, and reviews of lone working arrangements and inspection regimes. The Highways Grading Review evaluated the current asset and risk management arrangements in place for this area. This compared the arrangements in place within the Council with the Zurich Highways Review Standard, which is based on the new Highways Code of Practice 'Well Maintained Highways Infrastructure'. It also assessed the robustness of arrangements for preventing and defending highways

claims. The report concluded that, in the event of a claim framed around the new 'Code', the Council would be reasonably able to provide a sufficient claims defence.

- 5.3 The Lone Working Review was a targeted review of existing procedures, as well as the arrangements for dealing with incidents of violence and aggression. It considered existing policy, procedures and working practices to mitigate lone working risks, with a particular focus on work undertaken by the Children's Social Work Department. It also considered the potential for incidents of violence and aggression within public reception areas at the Town Hall and the use of meeting rooms at this location by third party organisations. The report findings and recommendations were discussed, and actions agreed, by the Council's Health & Safety Committee.
- 5.4 The Inspections Regime Review considered the systems in place for the inspection and maintenance of the Council's physical assets that are used or accessed by the public and other third parties. The review considered internal procedures, systems and working practices to assist in managing risks associated with these assets in order to address defects before an incident occurs and better defend liability claims.
- 5.5 The report noted that, across most of the services sampled, inspections were carried out to some extent. There is a reasonably robust central system for monitoring building maintenance and statutory compliance requirements and the system for reporting and repairing defects appeared to work effectively. Some of the expected elements of an effective inspection regime were missing in certain service areas. A lead officer was identified to co-ordinate the implementation of the actions to ensure a consistent approach to improvements, where this was appropriate. The report also recommended a risk-based approach be adopted for asset management in general. This would allow resources to be focused on the areas and assets that present the most significant relative risk to third parties.

## **6. Developments for next 12 months**

- 6.1 The risk management activity planned for the next twelve months includes the following:
- Continuing the 'deep dive' review of corporate risks by the Audit and Governance Committee on a regular basis during the year;
  - On-going identification of areas to utilise the risk management support available from Zurich Municipal, including health and safety and asset management training for senior officers and managers.
  - Continuing review of management information relating to the use of the Council motor fleet and related insurance to identify themes, driver training needs and minimise the incidence and impact of motor vehicle claims and incidents.
  - On-going support for appropriate corporate and departmental risk initiatives via the internal risk management fund;
  - Continuing the cycle of Departmental risk register reviews and challenges as part of the risk management work carried out by Audit & Assurance staff.
  - A review of the Counter Fraud Risk Register by Audit & Assurance to provide assurance on the risks identified.

## **7. Review of the Effectiveness of Risk Management Arrangements**

- 7.1 The arrangements, as set out in the Risk Management Strategy & Framework, have been undertaken throughout the year as illustrated by the examples noted in this report. We consider that the Council continues to maintain robust and effective risk management processes. This conclusion has been supported by the results of the benchmarking, which was carried out in 2016/17 using the CIFPA Risk Management Benchmarking tool, which was noted in the previous Annual Risk Management Report.
- 7.2 The Audit & Assurance team will continue to develop the arrangements to address the issues noted from the audit and ensure that the arrangements in place meet the changing needs, risks and pressures that the Council faces.

## **CIVIL CONTINGENCIES - Emergency Planning & Business Continuity**

### **8 Emergency Planning**

- 8.1 During the year to 31 March 2020, Blackburn with Darwen had several emergency events affecting the community at large. These were:
- Loss of electricity to block of flats (Darwen);
  - Death of a teacher;
  - Gas leak resultant from a road traffic collision;
  - Mains water pipe burst;
  - Loss of IT;
  - Power cut for 6 hours;
  - Operation Merlin – 30 tonnes of plastics on fire;
  - Suspect packages;
  - Moorland fire; and
  - St Johns Church Fire.
- 8.2 Duty officer statistics for 2019/20 were as follows:
- Warnings received = 391;
  - Information received total = 90;
  - Activations total = 35 (Strategic Officer notified on 6 occasion); and
  - Total activity = 481.

### **9 Key events and achievements during the year**

#### **Corporate Exercise**

- 9.1 This year the annual corporate exercise was cancelled due to Covid19 (Coronavirus). The Corporate exercise was to be specifically focussed upon flooding impacts to the community and involve schoolteachers (School Improvement Group representatives) activating their plans in tandem with the Council activating its plans. The theme was amended to reflect the global threat of Covid19 to give assurance that Business Continuity plans were valid; however, the exercise has been cancelled until further notice.
- 9.2 Outcomes and recommendations from the previous year's exercise are still being progressed albeit most are now in place or being considered. A final report will be presented in due course.

## **COVID19 Response**

- 9.3 From December 2019, the world started to have reports about Coronavirus in China and the UK started to make basic preparations for this pandemic.
- 9.4 The Resilience & Emergency Planning Service (R&EPS) supported the Lancashire Resilience Forum (LRF) in activating in February 2020 and activated internal Business Continuity Plans in response to this health led emergency. Specific Officers have supported and worked with partners on the LRF sub groups relating to Warning & Informing, Human Aspects, Excess Deaths, Community Hubs, Faith, Children's & Early Years, Personal Protective Equipment (PPE) and later, Test, Track & Trace. These groups are still in place as we transition from the response phases towards recovery and business as usual.

## **Community Emergency Response Volunteers (CERV)**

- 9.5 The R&EPS has created an opportunity for Community minded volunteers to develop their own community groups and plans to help and assist them in times of emergency. This is a concept of enhancing community resilience (and therefore reducing reliance upon the local authority in times of emergency).
- 9.6 Community resilience is fundamental to empowering communities in helping prepare themselves against emergencies and disruptive events and become less reliant upon the Council for support. When the community is better prepared to respond to and recover from an emergency, they are better able to cope in the immediate aftermath, and through the recovery phase of an emergency (prolonged period following an emergency). When an emergency happens the first people to respond are those in the immediate vicinity, followed by the "blue light" services, then the Local Authority as necessary. Therefore, it makes sense for a community to be resilient and self-reliant in times of emergency.
- 9.7 There are currently four active groups in the borough (and another 6 interested) now being supported by R&EPS which can be used to share information out to and request information from in times of emergency.

## **Plan reviews**

- 9.8 All of the Emergency Plans were reviewed with their plan owners over the last year. The plans were updated in line with the Generic Emergency Response Plan and now match the LRF box 123 model (Generic/risk/site specific) template. Where there is an LRF plan that is viable and can be used locally, we have removed the BwD plan.
- 9.9 The Community Risks (Community Risk Register) was reviewed by R&EPS at the same time. The work of the service is risk driven therefore there has to be a medium / high / very high, level risk in order for there to be a plan to mitigate or reduce the risk.
- 9.10 The Business Continuity (BC) audit process is due to start again in Aug/Sept in time for the BC plans to be reviewed again (alternating years).

## **European Union (EU) Exit**

- 9.11 The R&EPS has been preparing for a "no deal" EU exit, working in collaboration with external partners under the LRF and with Local Government Association and regional Chief Executives reporting into the Ministry of Housing Communities & Local Government (MHCLG) and other

Government departments.

- 9.12 Following a year of Governmental changes and EU deadlines progressing throughout the year the final deadline of 31st December 2019 was met by a deal being made with EU. This moved the UK into a period of transition, which will end on 31<sup>st</sup> December 2020. Work is still going on albeit it is not the primary focus of LRF or partners at this moment in time.

### **Digital Pioneer**

- 9.13 The R&EPS has designed and created an app for use by the community, which provides emergency information and will push notifications out to members who have signed up. Working with the Contact Centre Manager to utilise existing technologies within the Council, this app is at the point of being promoted to the community for use.

### **Standby arrangements review**

- 9.14 The standby arrangements for the organisation were reviewed in their entirety this year. The payments, shifts system, policy/guidance, training and need for a Standby system was reviewed and taken to Management Board for discussion. It was agreed that there is a need for Standby but that specific service areas should be reviewed and core services should work together in a “hub and spoke” model. Progression of this element has been delayed due to Covid19 response.

- 9.15 Statistics are now being collated for all service areas involved to ensure consistency in approach and response where possible. These will be reviewed at 6 monthly intervals

- 9.16 A single location for all rotas, data and information relating to Standby has been created on SharePoint, which all officers have access to.

### **Staff Information Line**

- 9.17 The R&EP has finalised its “Staff Information Line”. This is to be used in times of emergency to inform staff of welfare issues or emergencies. This would alert staff to call the Staff Information Line for fuller specific information. This would be activated with Strategic Officer permission. This was used for the first time in response to the Covid19 initial arrangements declared by Government March 2020.

## **10 Key Additional Developments for the next 12 months**

- 10.1 Continue to promote the School’s Community Resilience Project (SCRP) nationally, as accepted “good practice” by the Civil Contingencies Secretariat at the Cabinet Office and national partners, via Resilience Direct and in co-ordinated briefings to external partners. There is also the intention to resurrect the “Question Time” feature of the project again, utilising these events to highlight to national partners as an opportunity to observe in practice.
- 10.2 The R&EPS has worked with Education Services and the Education Risk Advisor to create a streamlined “model emergency plan template” to be used by infant schools right through to colleges and children’s centres.
- 10.3 To support the plan template it is good practice to provide training and then exercising to validate plans and processes. This systematic approach has been agreed this year to be implemented from the new academic year.



- 10.4 Countywide Emergency Response Group (ERG) Volunteers are following amended guidance for responses through Covid19 to ensure social distance is kept, PPE is used where necessary. Resources (volunteers) are being shared countywide for this response, as volunteer numbers may be depleted/reduced due to shielding or self-isolation, or volunteers not wanting to respond. The whole range of R&EPSS training packages are moving online for all staff, including the Induction module/ Managers module/ all ERG training/ Elected Members training etc.
- 10.5 The R&EPS and members of the Council will participate in a LRF multi-agency live exercise in the forthcoming future months – this was postponed due to EU exit in March 2019 and then again (EU Exit) in November 2019. This has been in the planning stage since summer 2018, with multiple elements of response

## **EVENTS**

### **11 Events Safety Advisory Group (ESAG)**

- 11.1 This multi-agency group, chaired by the Leisure Facilities Manager, is well established and meets on a regular basis to review events planned across the borough and debrief events that have occurred. The Group is attended by representatives from many Council Departments including Public Protection, Licencing, Insurance, and Emergency Resilience, as well as the three Emergency Services. The group acts as a central point for all event notifications, ensuring organisers have a single point of reference to obtain support and advice regarding their event. The members of the Group are aware that they play an important role and challenge where necessary plans that are not thorough to ensure that all quality standards are met.
- 11.2 Registration of events is stringent with organisers required to submit Event and Traffic Management plans and insurance details, which are scrutinised by all members of the group. In addition, the organisers of large events are invited to an ESAG meeting to be interviewed by the members. Once this is all complete the Group signs the event off. This is done in order to ensure safe and well managed events are conducted and to protect the Council in terms of its reputation and any risk possibilities.
- 11.3 In the last 12 months the number and scale of the events has increased across the Borough. In order to continually improve the effectiveness of ESAG the Chair has introduced pre-day multi agency checks of event sites to ensure the events are as safe as possible and to deal with any last minute issues. This is working well.
- 11.4 During 2019/20 the Council has arranged or facilitated over 120 events, from fairgrounds in parks and the Town Centre to music festivals at Darwen Music Live, the large Restricted Forrest events at Witton and the Festival of Making in the town centre. This coming summer Victoria Warehouse are planning to bring their Wonderwood festival back to Blackburn and we also have the second Restricted Rocks tribute band festival planned, which will attract 6000 residents. These events will depend on the impact of the restrictions required due to Covid-19. It is hoped that this year will represent another large increase in events across the Borough with Shadsworth, Queen's, Corporation and Witton Parks, hosting a range of events and there are also circus and fairgrounds on Borough Road in Darwen. We expect these to deliver increased footfall and a good positive vibe around the Borough in a safe and well organised manner and in the next year we are expecting even

more events to be held to coincide with the new expanded entertainment licence at Witton Park that will enable six music events to be held as opposed to three.

- 11.5 In 2019/20 a Pennine Lancashire ESAG Chairs meeting has been set up to share best practice across neighbouring Boroughs. We are pleased to report that the Council's ESAG arrangements are seen as best practice across the area. Advice is being provided to the other authorities sharing this best practice.
- 11.6 Members and senior officers can be sure that all events that operate across the Borough are scrutinised and well managed to ensure that they are all well organised and as safe as they possibly can be.

## INFORMATION GOVERNANCE (IG)

### 12 Introduction

12.1 The Information Governance and IT Compliance team, within the Digital and Business Change Department, has overall responsibility for the information governance framework within the Council. The team also receive and coordinate responses to Freedom of Information (FOI), Environmental Information Regulations (EIR) and Data Protection Subject Access (DP SARs) requests.

12.2 In addition, the team is responsible for monitoring information security incidents in relation to the Data Protection Act (DPA), reporting any breaches, ensuring that all incidents are thoroughly investigated and that appropriate corrective action is taken. The team are the first point of contact for complaints made, about the Council, to the Information Commissioner's Office (ICO).

### 13 Annual requests and clearance statistics for 2019/20 and comparison against 2018/19

		2018/19	2019/20
<b>FOI</b>	Number received	1373	1272
	Number due	1366	1297
	Number on time	1335	1259
	<b>% on time</b>	<b>97.7</b>	<b>97.1</b>
<b>EIR</b>	Number received	1098	1210
	Number due	1127	1208
	Number on time	971	1085
	<b>% on time</b>	<b>86.2</b>	<b>89.8</b>
<b>Combined FOI/EIR</b>	Number received	2471	2482
	Number due	2493	2505
	Number on time	2306	2344
	<b>% on time</b>	<b>92.5</b>	<b>93.6</b>
<b>DPA</b>	Number received	250	251
	Number due	203	256
	Number on time	138	211
	<b>% on time</b>	<b>67.9</b>	<b>82.4</b>

13.1 The number of FOI/EIR requests received in 2019/20 has increased by 0.4% compared to 2018/2019. FOI compliance rates were above the mandatory

requirement rate of 90% with a rate of 97.1% responded to on time. EIR compliance rates have improved to 89.8%, which meets the mandatory requirement of 90% due to rounding.

- 13.2 The number of DP SARs received in 2019/20 has increased slightly by 0.4% compared to 2018/19. The compliance rate however has vastly improved thanks to increased resource within Children’s Services and additional support delivered by the Information Governance who continue to assist with Subject Access Request responses.

**14 Information Assurance Incidents Recorded During 2019/20**

- 14.1 During 2019/2020 there were 96 information assurance incidents reported to Information Governance. This is an increase of 68.4% against last year. However, this is not necessarily an indication of heightened risk. There is scope for attributing a large percentage of this increase to improved awareness of the reporting function. With increased IG presence, accessibility to departmental leadership team meetings and additional training resources, employees are aware more than ever of their responsibility to report incidents, including those that are not considered significant or reportable to the ICO.

- 14.2 A breakdown of the incidents by department is as follows:

Department	2018/19	2019/20
Adults Services	3	13
Children’s & Education	24	42
CEO	1	0
Digital and Business Change	9	2
Environment and Operations	4	6
Finance and Customer Services	4	9
Growth and Development	2	2
HR, Legal and Governance	9	18
Public Health and Wellbeing	1	4
<b>Total</b>	<b>57</b>	<b>96</b>

- 14.3 There has been one complaint made to the ICO during 2019/20.

Department	Self-referral or complaint	Number	Outcome
Finance and Customer Services	Complaint	1	Not upheld
<b>Total</b>		<b>1</b>	

- 14.4 The complaint was reviewed by the ICO who agreed with our decision to refuse to respond to a Subject Access Request unless the requestor provided identification.

**15 Key events and achievements during the year**

- 15.1 Expansion of the SLA for out of borough school establishments has continued to be developed during Q3/4 2019/20. Approximately 450 schools in the neighbouring boroughs, of which 32 are High Schools, have been targeted and to date one new school has joined the service. The current low

take up is due to the time of year the initial mailshot was issued and the implications of Covid-19. Schools will be contacted again in July 2020 once staff return to schools and have time to re-assess their budget position. The intended charges for schools range from £795 to £2350 per year depending on school type. This mirrors the current charges for Blackburn schools and factors in an uplift to reflect a planned price increase for 2020/21 and additional costs in visiting clients/schools out of borough. An additional school within Blackburn has also been added to the SLA Portfolio for 2020/21.

- 15.2 A satisfaction survey was issued to all the Schools serviced by the current IG SLA:
- 92% of respondents (48 schools) felt the service offered good value for money
  - One school felt value was provided in certain areas but highlighted additional areas they would like to see provided by the service
  - Three schools offered no opinion – these were schools where the Service had little or no involvement in the 2019/2020 SLA year.
- 15.3 Overall most schools felt that the service was of benefit to them and have actively engaged when necessary.
- 15.4 The NHS Data Security and Protection Toolkit (DSPT) was submitted on 21 March 2020 and accepted as ‘standards exceeded’. The Council demonstrated compliance with all mandatory elements of the toolkit. The NHS DSPT audit team requested to audit a number of compliance module responses on 22 May 2020, this was responded to on 25 May 2020. NHS Digital have subsequently issued the Council with confirmed approved status.
- 15.5 As of 21 March 2020 compliance with the Mandatory Information Governance Training stood at 94.6%. This was enough to comply with the minimum requirement of 95% on the NHS DSPT Toolkit. A renamed version of the training will be launched in Q1 2020/21.
- 15.6 IG launched an employee survey in Q4 2019/20 to establish corporate understanding of the recent ‘DOJO’ cyber security training. Whilst this survey was predominantly instigated to demonstrate compliance with a non-mandatory element within the DSPT, it also serves to inform the SIRO of any gaps in knowledge that, at some point, may impact the security of the Council’s infrastructure. The uptake for the survey has been poor given the current circumstances. This survey will be pushed wider with communications once other emergency priorities have subsided.

Responses to date were as follows:

- 88% had completed the Cyber-Security training;
- 81% had seen or read the Email Use Policy;
- 2% admitted to re-using passwords from home at work;
- 93% said they used complex passwords;
- 100% stated they knew about email scams and also that they checked hyperlinks or attachments prior to opening them;
- 56% fully logged off a system prior to closing it down;
- 91% could identify a phishing email;
- 98% knew what to do if they suspected their computer had been hacked or infected with a virus; and,

- 84% knew how to report a cyber-security incident
- 15.7 Risks identified during 2019/20 relating to the failure to comply with the Subject Access Provisions in the GDPR2016, have been moderately reduced owing to the addition of 1FTE resource within Children’s Services along with continued support from the Information Governance team as an when their workload allows. The Council still has a number of outstanding subject access requests that carry risk of noncompliance with legislation. As at the end of Q4 2019/20, the Council has identified 38 outstanding Subject Access requests, 35 of which are overdue. The consequences of this risk include enforcement action and potential civil monetary penalties issued to the Council by the Information Commissioner. The statistics on compliance continue to be escalated to management board via the Quarterly SIRO report.
- 15.8 The IG team have generated guidance and tailored advice in relation to supporting lawful data sharing during the Covid-19 emergency. In March 2020 IG developed a Covid-19 Record of Processing Activity Register in which incorporates an Express DPIA and data flow record for all personal data shared during the Covid-19 emergency that is considered non BAU. IG have also generated a template information sharing protocol to support the flow of data to third party organisations and volunteers assisting with the Covid-19 emergency.
- 15.9 To enable the secure disclosure of information in response to FOIs and Subject Access Requests, D&BC have developed and rolled out a secure e-Disclosure tool to enable compliant data disclosures without the need to attend council offices to print and post. Policy and process documentation are currently in development.

## **INSURANCE**

### **16 Insurance Policies**

- 16.1 The Council continues to have its main insurance covers with Zurich Municipal under a long term agreement, which commenced on 1 April 2017. The agreement was for an initial period of three years, with an option to extend for a further two years. The Council exercised this option in September 2019, following negotiations with Zurich, which resulted in a reduction in the premium base rate for the period of the extension. Terrorism cover is provided separately by a Lloyd’s syndicate, via Aon Crisis Management, with other minor policies provided by specialist providers.
- 16.2 During the year, the Insurance Team has continued to provide advice and support to departments regarding insurance requirements and claims. The team have also liaised with Zurich and relevant solicitors to discuss the Council’s defence of claims. This input has continued to prove a valuable link between the insurer, their appointed solicitors and the Council as it has allowed us to give guidance to solicitors when settlement may be beneficial and to provide detailed technical support to defend cases successfully.

### **17 Claims Management**

- 17.1 During the year, we have continued to provide management reports to relating to motor fleet claims and incidents to the Road Risk Management Group. Employer liability claims information is provided to health & safety colleagues and ad hoc reports are produced for managers on request.
- 17.2 During 2019/20 the Insurance Team handled 259 non injury claims and

incidents in-house. This includes 114 relating to highways claims or incidents. These include cases where claims will have been refuted or settled in-house following a review of the evidence provided by departments. This approach has benefitted the Council by reducing the claims handling costs of £140 per claim, which would otherwise have been charged by Zurich, and improved customer satisfaction and the Council's reputation by dealing with these claims promptly.

- 17.3 In addition to these savings, where possible the Team has requested invoices for repairs etc. to be sent direct to the Council in respect of those claims being settled, enabling us to recover the VAT. The team was also able to agree ex-gratia payments in a number of cases, limiting the cost to the Council.
- 17.4 Zurich Municipal engages local solicitors to assist in defending claims against the Council. The Insurance team liaises with the solicitors to discuss cases and their defence and the solicitors provide detailed information regarding caseload management. They also contest the costs of settlements including claimants' solicitors' legal fees and costs, saving the Council and our insurer's significant sums.
- 17.5 In the last year this has saved £46,092 on costs initially claimed, an average saving of 15.6% per claim. It should be noted that, since the introduction of fixed recoverable costs, most costs claimed cannot be significantly challenged and are calculated by a fixed predictable costs matrix. The solicitors have also made significant savings on final settlements compared to total initial reserves in respect of defended cases in the year amounting to £289,070, a saving on 39%. The outcomes of claims listed for trial are illustrated in the final chart at Appendix 2.

## 18 Insurance Claims Experience

- 18.1 The numbers of claims and incidents notified to the Insurance team in the last three years is set out in the table below. The trends in claims and incidents volumes and values notified to the Council over the last three years, grouped by the class of business, are set out in the table and charts in Appendix 2. The number of claims received by the Council during 2019/20 has remained similar to the previous year, which was down on 2017/18. This is due to a number of factors but one area where there has been a reduction are highways related claims. We are able to defend the majority of these claims.

Class of business	No of Incidents			Claims			Total		
	17/18	18/19	19/20	17/18	18/19	19/20	17/18	18/19	19/20
Employers Liability	3	8	1	11	13	3	14	21	4
Motor	33	43	64	33	28	25	66	71	89
Other	0	0	0	2	1	1	2	1	0
Property	5	1	9	18	18	15	23	19	24
Public Liability	78	82	111	177	129	128	255	211	240
<b>Total</b>	<b>119</b>	<b>134</b>	<b>185</b>	<b>241</b>	<b>189</b>	<b>172</b>	<b>360</b>	<b>323</b>	<b>357</b>

- 18.2 It should be noted that claims may be received up to three years after the date the event occurred, or in the case of long tail claims, such as noise, hand arm vibration, asbestos and abuse, three years after the person first

became aware they have suffered the injury. For claims relating to children, these can be received up to three years after their 18th birthday.

- 18.3 In July 2019, the Government announced a change in the Discount Rate used to calculate the payments of any long term injury claims under motor, public and employers liability cover raising this from -0.75% to -0.25%. The revised rate was effective for claims settled from 5 August 2019. The change to the Rate was prompted by the Civil Liability Act 2018, which came into force in December 2018. It provided for a review of the Discount Rate with a deadline of 6th August 2019 to announce any new rate.
- 18.4 Whilst the change will lead to savings for Defendant insurers, (estimated to be between £230m and £300m), it is not quite as much as the industry had hoped for and still leaves claimants in a far better position than they had faced before March 2017. The change is reflected in the total costs of claims figures reported. Whilst it will lead to savings for Defendant insurers (estimated to be between £230m and £300m) it is not quite as much as they had hoped for and still leaves Claimants in a far better position than they had faced before March
- 18.5 We are continuing to work with departments to ensure that relevant documents are retained and investigations carried out so an adequate defence can be maintained against claims received. If there is no documentation or records available, we do not have a defence.

## **19 Municipal Mutual Insurance (MMI)**

- 19.1 A number of years ago the Council was insured by MMI. This company got into financial difficulty and ceased trading in 1992 but maintained the claims arising whilst it was still solvent. In November 2012 the MMI Board of Directors triggered the Scheme of Arrangement, as a solvent run-off could no longer be foreseen. After completing discussions with their professional advisers, the Directors concluded that there was no other alternative to insolvent liquidation.
- 19.2 As a result, control of MMI passed to the Scheme Administrator, Gareth Hughes of Ernst & Young LLP, who, in accordance with the terms of the Scheme, undertook a financial review of the Company and, in consultation with the Scheme Creditors Committee, considered the extent to which any levy was to be imposed upon Scheme creditors.
- 19.3 Although MMI note that all claims would continue to be paid until a decision on the levy was made and communicated to the Scheme Creditors, all members who had historic periods of cover with MMI, were urged to urgently consider their financing arrangements for these periods.
- 19.4 As one of the local authorities who are members of the Scheme of Arrangement, the Council will be liable to pay any remaining outstanding claims as and when required. There are a number of these long tail claims, where the cause is pre 1993, relating to child abuse/failure to remove cases or health related issues such as asbestos related illness, noise and vibration white finger, which have been subject to numerous legal challenges.
- 19.5 Predicting ultimate claims cost for occupational diseases arising from past exposure is extremely difficult and whilst the current claw back from the Council will be 25% it is possible that there could be further claw back over the next 10 to 20 years, as incurred but not reported claims are translated into reported claims over this time.

- 19.6 The scheme of arrangement with MMI was always expected to have a clear run-off. However, the Council previously estimated the potential cost to the Council, if the scheme is invoked, could be over £2.0 million at the current calculation, along with any new claims, and this is taken into account when the minimum level of balances is reviewed during the annual budget process, and in assessing contingent liabilities when the Statement of Accounts is prepared.
- 19.7 As the scheme of arrangement has now been triggered, since 2014 the Council has paid levies totalling 25% (amounting to £493,967) on known claims at the time. A provision of approximately £320,000 has also been established against the possibility of the levy increasing to the maximum estimated amount of 28%, retaining £250,000 as an earmarked reserve towards future claims.
- 19.8 As a consequence of the levy, since 2014 the Council has been responsible for self-insuring, initially 15% and currently 25% of any future claims. The Council is now required to pay all MMI related claims and associated legal costs as and when these are settled and submit invoices to the Scheme Administrator to reimburse the 75% portion they are responsible for.
- 19.9 The Council receives an annual statement from MMI to update on its liabilities in respect of the Scheme of Arrangement and the Finance department have been kept fully aware of this liability.

## **5. RATIONALE**

Within the Corporate Risk Management Strategy there is a requirement to report annually to the Audit and Governance Committee on the progress of risk management within the Council.

The key issues detailed above provide the members of the Committee with a summary of the elements, key issues and work undertaken by various teams relating to risk management activity across the Council during the year ended 31 March 2020.

The details reported provide assurance to the Committee on the adequacy of the Risk Management Strategy and the associated risk management control environment within the Council.

## **6. POLICY IMPLICATIONS**

As indicated above, this report is part of the requirements of the Corporate Risk Management Strategy. These requirements are constantly being reviewed and updated to reflect the changes that have taken place in respect of the risk management arrangements within the Council.

## **7. FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

## **8. LEGAL IMPLICATIONS**

There are no direct legal implications from this report.

## **9. RESOURCE IMPLICATIONS**

There are no direct resource implications from this report.



**10. EQUALITY AND HEALTH IMPLICATIONS**

The decisions to be taken do not change policy and do not require any further consideration in respect of equality or health issues.

**11. CONSULTATIONS**

Members of the Primary Assurance Group.

CONTACT OFFICER: Colin Ferguson, Head of Audit & Assurance

DATE: 17 July 2020.

BACKGROUND PAPERS: Corporate Risk Management Strategy and Framework  
2015/20