	TO: Audit & Governance Committee
	FROM: Strategic Director, Resources
	DATE: 29 June 2021

PORTFOLIOS AFFECTED: All

WARDS AFFECTED: All

TITLE OF BRIEFING PAPER   Risk Management Report Annual 2020/21

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1. PURPOSE

This report informs the Committee members of the risk management related activity which has taken place or been delivered during 2020/21 and provides an overall conclusion on the effectiveness of the risk management arrangements which are in place within the Council. It should be noted that the report reflects the risk positon as at the year-end. These arrangements are continually under review as new and emerging risks are identified and assessed for their impact on the Council and its corporate priorities.

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 2020/21.

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 2021. 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;

- Emergency Planning and Business Continuity (including health aspects);
- Information Governance arrangements;
- Insurance; 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 2020/21.

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 at a corporate and departmental level.

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 affect the overall success of the Council's agreed 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, amongst other significant consequences, they may affect the reputation of the Council.

3.3 The Chief Executive and Corporate Leadership Team 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 Corporate Leadership Team for consideration and agreement where applicable.

4.   Corporate Risk Register

4.1   Corporate risks are those that may impact on the overall achievement of Council objectives and priorities. Corporate Leadership Team 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. 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 changes in residual risk scores to be identified.

4.2   The risk that the Council may be unable to recover its critical functions, core services and income-generating functions during the transition and recovery phases of a COVID-19 outbreak, due to financial impacts, high staff absences and a failure of effective business continuity management was added to the register in May 2020.

4.3   The residual risk score relating to risk 14, Safeguarding, has been increased during the year. This is linked to the impact that Covid-19 has had on the work that Children's Social Care does and the wider community. The Service has not been able to have the same level of face-to-face contact that social workers would have had with children and their families prior to the pandemic. This is coupled with the reduced contact schools and other services have had with younger children and families compared to prior to the pandemic and increased numbers of children who have not been in school during the lockdown period.

4.4   The Covid related risks, that the Council may be unable to deliver its critical and core services and income generating functions as a result of the pandemic, have alternated during the year as the Council has moved between the response and mitigation phase of the outbreak and the transition and recovery stage. This has been in response to the changes in the national guidance and regulations, local restrictions and the roadmap set out by Central Government. At the year-end Risk 20 was closed as the Lancashire Resilience Forum (LRF) had officially moved into Recovery phase. At that time the low numbers of infections and hospital cases and deaths supported by the national vaccine roll out and mitigations in place nationally, regionally and locally have supported the move from response to recovery. This area of risk will be kept under review going forward to reflect any changes in the local and national situation.

4.5   The Corporate Risk Register contained 15 open risks as at 31 March 2021. 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 recover its core services and critical and income generating functions during the transition and recovery phases of a pandemic outbreak.

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

Corporate Priority	No of Risks
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, 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 Corporate Leadership team 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 support the risk management arrangements in place in the Council. This has included:
  - Seeking advice on the risk management and insurance implications due to the impact of the pandemic on Council activities, including new areas the Council has had responsibility for to support the testing and vaccination programme;
  - The circulation of insurance and risk management advice and guidance to managers; and
  - Sharing of ZM risk management webinars with relevant colleagues

across the Council support training and awareness raising.

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.
- Development of a Corporate Inspection Policy for Council assets to ensure a consistent approach is in place across the Council.
- 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 Reports.

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 2021, Blackburn with Darwen had several incidents affecting the community at large. These included:

- Loss of electricity to travellers site (vulnerable persons);
- Storms Francis/Christophe;
- Flash flooding;
- Power outage at a school;
- Gas leak;
- Fires and evacuations;
- COVID19 - numerous illegal gatherings;
- Operation Merlin – tonnes of plastics on fire/fuel leak/acetylene bottles;
- Moorland fire;

- Public protest; and
- Burst water mains resulting in loss of water to properties.

8.2   Duty officer statistics for 2020/21 were as follows:

- Warnings received = 768;
- Information received total = 168;
- Activations total = 69 (Strategic Officer notified on 6 occasion); and
- Total activity = 936 *(last year total 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 last planned 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. This will be re-visited once the volume of work relating to Covid19 has reduced and officers and management are in a position to prepare for and undertake an exercise.

COVID19 Response

9.2   Since February 2020, the Resilience & Emergency Planning Service (R&EPS) has been supporting the Council's response to Covid19. The R&EP Manager has worked with the BwD Core Team of officers directly supporting/leading the response for the Council, working with Work Stream leads in different strands and themed areas. The Core Team also reviews the governance of the response and reviews work/allocates required work to different service areas. The ultimate aim has been to support the Community.

9.3   Overarching reports have been created on Enforcement/ Workplace Wellbeing/ Response Strategy/Face Coverings Policy/Test and Trace Strategy and also Blackburn with Darwen Report of Achievements.

9.4   Departments (Directors and all staff involved in response) are requested to keep a log and record of all decisions related to Covid19 as good practice and as part of emergency response training, in case of inquiry and to support good practice and learning lessons. The R&EPS will collate all of this information at the end of the response to Covid19 to create a single location for the information.

Covid19 - Recovery Co-ordination Group (support to Chief Executive)

9.5   The LRF has now moved from the Response phase into the Recovery phase of the Covid19 emergency. A "Handover Certificate" has been signed by Angie Ridgewell (Chief Executive Lancashire County Council) and Denise Park, as Angie chaired the LRF Strategic Co-ordination Group, with Denise now taking over by chairing the Recovery Co-ordination Group. This is a Lancashire-wide multi-agency group reporting on progress made against recovery objectives.

9.6   The R&EPS are supporting the Chief Executive in this "external" function and will be facilitating the countywide debrief of the second phase of the response. All lessons identified and recommendations of good practice or areas for improvement will be addressed by working groups to embed in normal practices and plans as appropriate.

Plan reviews

9.7 All of the Departmental Business Continuity (BC) Plans and the risk specific Emergency Plans were reviewed, or are currently being reviewed with their plan owners over the 12-18 months. Where there is an LRF plan that is viable and can be used locally, we have removed the BwD plan. Where the structure of the organisation has changed this determines a refresh of the BC departmental plans to reflect that changes made.

9.8 The Corporate BC plan was fully refreshed last year to reflect arrangements in place for the Covid19 response.

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 BC audit process was due to start in Aug/Sept 2020 but this was postponed due to Covid19. This will be picked up in Q3 and 4 2021/22.

9.11 Specific attention has been paid to the announcement of the shutting down of the Public Service Telephone Network (PSTN) by Government in 2025. This is being switched from analogue to digital and will impact care lines, lift lines etc. The R&EPS has been working with Digital and IT colleagues to review its impact on BwD and the Community (if any).

European Union (EU) Exit

9.12 The R&EPS are still engaged in the EU Exit monitoring work, which will continue until June/July 2021 when the final stages of import/export legislation take effect. The changes and consequences of EU Exit have not specifically affected Blackburn with Darwen but impacted more regionally with the ports at Glasson and Liverpool. National changes have been adopted or are being adopted across the board.

Schools - Emergency Planning

9.13 The R&EPS now deliver annual training and awareness sessions to all schools within the borough. This agreement, with Education Services, is to deliver a specific package of training and exercising to all schools, including all Free, Academy and Independent schools. This will ensure consistency in the approach to emergency planning and awareness training across the whole school sector.

9.14 A training session on Emergency Planning/Business Continuity will be delivered to each school. This will be followed at the end of the academic year by three repeated sessions on exercising the schools' emergency plans against different scenarios. Schools can choose which plan exercising session they attend.

9.15 Feedback will be encouraged and included into the next year's training sessions and the routine maintenance reassurance catch-ups with the schools.

9.16 As part of the support to schools we provide them with:
- Plan templates;
- Training;
- Exercising;
- Ad hoc support training etc;

- 24/7 contact number;
- Reassurance calls/visits; and
- Response to Emergencies – Gas cloud etc.

Standby arrangements review

9.17   The Council's standby arrangements were reviewed in their entirety in 2019. 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 the Covid19 response, but will be picked up again later this year.

9.18   Statistics are expected from all service areas involved to ensure consistency in approach and response where possible. These will be reviewed at six monthly intervals. This information will form the basis of the 6 monthly reviews, therefore it is essential that all services record and collate their data

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

9.20   The R&EPS are now part with the wider Human Resources Service. This allows us to align with the Health and Safety team and have a closer review of the departmental BC plan

10   Key Additional Developments for the next 12 months

School's Community Resilience Project (SCRP)

10.1   Continue to promote the 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.

Countywide Emergency Response Group (ERG)

10.2   Countywide 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&EP training packages are moving online for all staff, including the Induction module/ Managers module/ all ERG training/ Elected Members training etc.

National Risk Register (NRR)

10.3   The direction and work of the R&EPS is driven by risk. The Civil Contingencies Act 2004 features Risk Assessments as one of its seven duties placed upon Category 1 Responders (which includes Local Authorities). The Council works alongside the LRF to assess the National Risk Register, understand what risks we face within Lancashire and what we have to do to mitigate these risks. The latest version of the NRR was issued by the Cabinet Office in 2019 and includes latest changes from National Security Risk Assessment (2019). However, the Local Risk Management Guidance, which allows us to start to assess and implement the NRR in the

correct way, was only received in December 2020. Currently the LRF and the Council are assessing risks, and undertaking gap analysis for plans, procedures, training etc. This should be complete for LRF and BwD by spring 2022. Any gaps for additional training or processes and plans will be managed as we progress.

Elections Preparedness 2021

10.4   The R&EPS is supporting the Elections team in preparing an Emergency Plan to support planning and processes in case of a power outage, protests, loss of building or loss of staff, as well as ensuring Covid19 arrangements are in place.

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   The Chair has recently introduced pre-event day multi agency visits to check 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 2020 the events program fell away because of the Covid pandemic, meaning all the planned events including music festivals and fairgrounds were cancelled. This coming year, with the likely end to restrictions, the ESAG has been inundated with booking enquiries. In response to the high levels of Covid infection across the Borough the ESAG Chair has taken a decision to delay all events in the Borough to the next step of the Government's lockdown roadmap. The Council has therefore been more cautious when opening up again for events than neighbouring authorities. The expected interest in tickets, with residents wishing to get out, has seen a 5000 ticket sell out for the first music festival at the end of June. A significant number of other Fairgrounds and Festivals are now coming through, including Festival of Making and Darwen Live.

11.5   The ESAG Chair has taken on board the risk implications around events as a result of the pandemic and has set up a Covid response sub-group made up of Health and Safety and Public Health officers. These staff roles will involve advising event organisers of the measures in place at the time of each individual event. It has been made clear to event operators that the council is following the Government roadmap when it comes to opening up for events again and if the roadmap dates change events will possibly be cancelled or

rescheduled to later in the year.

11.6 The ESAG group are keen to show that the Borough is opening up again for events post Covid 19 and has been asked, where possible, to help event organisers with their event management plans. The intention is to bring back the feel good factor with many events at new venues across the Borough. The importance of events cannot be underestimated in improving residents health and wellbeing, add value to the night time economy in both towns, fill the hotels and provide a boost to the many taxi companies across the Borough

11.7 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. Particular attention will be made to ensure Covid arrangements follow the law and guidance at the relevant dates.

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 receives and coordinates 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 is 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 2020/21 and comparison against 2019/20

		2019/20	2020/21
FOI	Number received	1612	1373
	Number due	1623	1356
	Number on time	1578	1249
	% on time	**97.85%**	**92.11%**
EIR	Number received	1550	2090
	Number due	1518	1899
	Number on time	1366	1393
	% on time	**89.99%**	**73.35%**
Combined FOI/EIR	Number received	3162	3463
	Number due	3141	3255
	Number on time	2944	2642
	% on time	**93.73%**	**81.17%**
DPA	Number received	315	308
	Number due	325	301
	Number on time	273	270
	% on time	**84.00%**	**89.70%**

13.1   The number of FOI/EIR requests received in 2020/21 has decreased by 10.25% compared to 2019/20. FOI compliance rates were above the mandatory requirement rate of 90%, with a rate of 92.11% responded to on time. EIR compliance rates did not meet the necessary threshold. A statement from the Support Services team in Growth and Development advised that they are not getting the necessary timely responses from services such as Highways, Housing Standards and Public Protection. This has been escalated to the Corporate Leadership Team via Q3/4 Senior Information Risk Officer (SIRO) reports.

13.2   The number of DP SARs received in 2020/21 has decreased slightly by 2.2% compared to 2019/20. The compliance rate over this period improved to 90% (due to rounding) 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. There remains a significant risk that we will struggle to continue to meet the 90% compliance rate due to reduced capacity given the 1xFTE that has been assisting with Social Care SARS compliance for the last 12 months has come to an end

13.3   In addition, March 2021 alone has seen a 114% increase in the number of requests compared to this time last year. With these becoming due in April/May 2021 there is increased likelihood of failing to meet the compliance standards in Q1 2021/22.

14   Information Assurance Incidents Recorded During 2020/21

14.1   During 2020/2021 there were 94 information assurance incidents reported to IG. This is a decrease of 2% against last year. 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	2019/20	2020/21
Adults Services	13	16
Children's & Education	42	36
CEO	0	2
Digital and Business Change	2	14
Environment and Operations	6	3
Finance and Customer Services	9	7
Growth and Development	2	4
HR, Legal and Governance	18	12
Public Health and Wellbeing	4	0
Total	96	94

14.3   There has been 16 referrals made to the ICO during 2020/21.

Department	Self-referral or complaint	Number
Finance and Customer Services	Self-referral	1
Digital and Business Change	Complaint	1
Finance and Customer Services	Complaint	7
Environment and Operations	Complaint	2
Children's and Education	Complaint	1
Growth and Development	Complaint	3
Councillor	Complaint	1
Total		**16**

14.4   The self-referral incident from Q1 2020/21 related to a technical security weakness that temporarily permitted members of the public access to other service users' submitted forms requiring Covid Help Hub assistance. This was swiftly rectified and the ICO was appraised of our remediation actions. The outcome from the ICO was recorded as acknowledged with no further action.

14.5   All ICO complaints were responded to within the requested time frame. There was a 400% increase compared to the 2019/20 total of three. Whilst ordinarily this would be a cause for concern, 37.5% (6) of these complaints relate to one individual, who the ICO classified as a vexatious requestor. The ICO will continue to monitor the number of complaints issued against the Council. There is currently an increased risk of mandatory inspection of our processes should this rate of complaints continue to be received

15   Key events and achievements during the year

15.1   Schools Update: In 2020/21 we had 56 individual schools (including two out of borough schools and two Trusts who had a collective total of ten schools) that bought in to the Information Governance Service Level Agreement (SLA). Both trusts and 55 of the individual schools have bought in again for 2021/22, generating an income of £52,468. Support services have been provided throughout the year in relation to school subject access requests, FOI requests and general IG queries. There has been an increased number of breaches, mainly through the use of email rather than face to face communications. There have been two breaches that have warranted notification to the ICO and these have been managed via the SLA service. One was closed with no further action by the ICO. The other one is still open and we are awaiting a response. The Schools online IG Training package has also been refreshed and is now available to allow schools to meet their training obligations. In-house or video training sessions via digital solutions are also available and a number have already been delivered to SLA Schools.

15.2   The NHS Data Security and Protection Toolkit (DSPT) was submitted on 22 March 2021 and accepted as 'standards met'. The Council demonstrated compliance with all mandatory elements of the toolkit. We have yet to receive any confirmation as to whether the NHS DSPT audit team would like to audit our responses. The 2019/20 toolkit compliance standard was recorded as 'standards exceeded'. The reduction in status this year is due to the Council not attaining Cyber Essentials plus certification during 2020/21.

15.3   As of 5 March 2021 compliance with the Mandatory IG Training stood at 96.3%. This was enough to comply with the minimum requirement of 95% on the NHS DSPT Toolkit. A renamed version of the IG training and DOJO Cyber Security training was launched on 1 April 2021.

15.4   All information assurance incidents are now being record online via a SharePoint form. This has been developed in order to give Heads of Service (HoS) a clearer insight into the number of incidents that occur within their areas and allow for easier Deputy SIRO review and approval of remediation action plans. Once the workflows have been finalised IG will advise HoS of how they are able to review the breaches within their departments. They will be given guidance on how to deal with emerging patterns of incidents that potentially would identify a need for specific targeted training.

15.5   On 24 December 2020, the European Union and the United Kingdom reached an agreement in principle on the EU-UK Trade and Cooperation Agreement (the "Trade Agreement"). For data protection purposes, there is a further transition period of up to six months to enable the European Commission to complete its adequacy assessment of the UK's data protection laws. For the time being, personal data can continue to be exported from the EU to the UK without implementing additional safeguards. From 1 January 2021, the UK has been regarded as a third country for the purposes of the EU General Data Protection Regulation ("GDPR"). Following the expiration of an additional transition period, transfers of personal data from the EU to the UK will be prohibited unless EU data exporters take further steps to ensure adequacy for personal data. Those steps include entering into the EU Standard Contractual Clauses, implementing Binding Corporate Rules or relying on any of the available derogations in the GDPR. Both the EU and the UK have expressed a desire to grant formal data protection adequacy status to the UK, which would permit the ongoing free transfer of personal data from the EU to the UK without requiring the exporting or importing organisations to take any further steps.

15.6   A new Transparency DataShare website, designed in 2020/21, is now live, displaying all the current mandatory datasets. IG will continue to encourage departments to consider publication of datasets where they are routinely required to produce FOI responses in order to avoid costly impact on resource. IG will continue to work with those departments where frequent FOIs have been identified to suggest a timetable for publication. New datasets for the 2020/2021 publication will be due by the end of June 2021.

INSURANCE

16   Insurance Policies

16.1   The Council continues to have its main insurance covers with Zurich Municipal under a three plus two year long-term agreement (LTA), which commenced on 1 April 2017. In September 2019 the Council exercised its option under the agreement to extend it for the further two years until 31 March 2022 following negotiations with Zurich, which resulted in a reduction in the premium base rate for the period of the extension. In April 2021 the Director of Finance approved a waiver to extend the LTA for a further year, until 31 March 2023, follow consideration of the results of soft market testing related to the current hardening of the insurance market and the uncertainty around the impact of Covid -19. 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 has 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 continued to provide management reports to relating to Chief Officers. Details of employer liability claims and incidents were also provided to health & safety colleagues and ad hoc claims reports were produced for managers on request.

17.2   During 2020/21 the Insurance Team handled 185 non-injury claims and incidents in-house. This compares to 259 in-house claims and incidents recorded in 2019/20. This figure included 73 relating to the adopted highway and 36 relating to motor vehicles. These include cases where claims will have been refuted, as the Council has an appropriate defence, or where they have been 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 to handle these on the Council's behalf, and improved customer satisfaction and the Council's reputation by dealing with these claims promptly.

17.3   In addition to these savings, where we do not have a defence, where possible the Team has requested invoices for repairs etc. to be sent direct to the Council in respect of those claims being settled in-house, enabling us to recover the VAT.

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 £33,817 on costs initially claimed, an average saving of 17.9% 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 settled cases in the year amounting to £1,189,907, a saving of 63%. 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 are set out in the table below. The trends in claims and incidents volumes and values notified to the Council over this period, grouped by the class of business, are also set out in the table and charts in Appendix 2.

Class of business	No of Incidents			No of Claims			Total		
	18/19	19/20	20/21	18/19	19/20	20/21	18/19	19/20	20/21
Employers Liability	8	1	7	13	3	4	21	4	11
Motor	43	64	24	28	25	28	71	89	52
Other	0	0	0	1	1	1	1	1	1
Property	1	9	13	18	15	25	19	24	38
Public Liability	82	110	82	129	130	97	211	240	179
Total	**134**	**184**	**126**	**189**	**174**	**155**	**323**	**358**	**281**

Class of business	Total Potential Value of Claims		
	18/19	19/20	20/21
Employers Liability	134,875	77,956	89,980
Motor	33,195	63,873	108,414
Other	10,200	8,000	10,000
Property	82,217	3,763,319	121,348
Public Liability	1,272,481	1,106,969	1,063,124
Total	1,532,968	5,020,117	1,392,866

18.2 Injury claims may be made up to three years after the date of the event leading to the claim, or, in the case of long tail injury claims (i.e. those claims which are made or settled a long time after the related policy has expired), three years after the person first became aware they have suffered the injury. Claims of this type include noise/hearing loss, hand arm vibration, and asbestos related illnesses. For claims relating to children, these can be received up to three years after the young person's 18th birthday. Non-injury claims may be made up to six years after the date the loss/damage occurred.

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 was 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.

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. 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 £565,690) 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 2021.

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 June 2021.
BACKGROUND PAPERS: Corporate Risk Management Strategy and Framework 2015/20