

**TO:** Audit & Governance Committee

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

**DATE:** 24 July 2018

**PORTFOLIOS AFFECTED: All**

**WARDS AFFECTED: All**

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**TITLE OF BRIEFING PAPER    Risk Management Report Annual 2017/18**

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**1.        PURPOSE**

The Corporate Risk Management Strategy and Framework 2015/20 requires the Audit & Governance Committee to approve an annual risk management report which 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 at least annually.

**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 2017/18.

**3.        KEY ISSUES**

**1.        Summary**

1.1        The Annual Risk Management Report provides the Audit & Governance Committee with a summary of risk management activity that has taken place across the Council for the year ended 31 March 2018. 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 2018/19.

- 1.4 A separate health, safety and wellbeing annual report will 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 2018. Areas for action or development during 2018/19 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 which could impact on the delivery of the Council's objectives (i.e. corporate risks).
- 3.2 Corporate risks are those significant risks which 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 for all risks within their Department. Departmental Risk Champions provide support to senior managers to maintain their departmental risk registers. Advice and support regarding risk management issues is also available from the Head of Audit & Assurance. The Champions provide advice on risk management matters to Executive Members, Directors, Heads of Service and other managers within each department or service area. These officers also highlight relevant significant risks included on departmental risk registers for consideration to be included in the corporate risk register. These are escalated to the Management Board

for consideration and approval.

#### **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 corporate priorities and objectives on an ongoing basis. A revised risk register format has been used since 2016/17, as part of the implementation of the revised Corporate Risk Management Strategy and Framework 2015/20. The corporate and departmental registers now include 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 to be easily tracked.
- 4.2 The only changes to the corporate risks made during the year relates to the residual scores in respect of the Business Continuity (BC) risk and failure to improve the education and skills for our young people. The BC risk has increased from low to medium. This is as a result of the likelihood of this risk materialising increasing. This reflects the various IT outages which have affected the Council over the last 12-18 months as well as the number and nature of recent cyber related events which have impacted organisations and businesses nationally.
- 4.3 The residual risk score relating to failing to improve the education and skills for our young people has reduced as the controls in place are considered adequate to manage this risk. This includes involvement at a local and regional level regarding school improvement which should address this risk appropriately.
- 4.4 As at 31 March 2018 the Corporate Risk Register contained 15 risks, the same number as at 31 March 2017. A summary of all the corporate risks is attached at Appendix 1. The following list shows the number of risks that are aligned to each of the corporate priorities:

<b>Corporate Priority</b>	<b>No of Risks</b>
Jobs	6
Housing	6
Health & Wellbeing	8
Outcomes for Young People	5
Safeguarding Vulnerable People	10
Making Your Money Go Further	9

- 4.5 As at 31 March 2018 the Council's top corporate risk was the risk of a serious/critical safeguarding incident.

#### **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 introduction of regular 'deep dive' reviews of specific corporate risks by the Audit & Governance Committee to improve its oversight and understanding of these risks;

- Improved monitoring and reporting of risk assessments via the implementation of the updated Summary Risk Register template, which now includes the facility to track changes to residual risk scores between periods;
- The ongoing implementation of the Counter Fraud Risk Register;
- Ongoing support was provided to Directors and managers regarding the identification of risks and management of corporate and departmental risk registers, the application of the Corporate Risk Management Strategy and Framework and use of the risk registers;
- Monitoring and review of the completion of corporate and departmental risk registers, with associated reporting to Management Board and Audit & Governance Committee;
- Implementation of streamlined Management Accountabilities Framework Dashboard reporting arrangements;
- Audit & Assurance continuing 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;
- Handbooks for Council fleet drivers and staff who use their own vehicles for Council business have been finalised and were now available on the intranet;
- Reminders have been circulated and published on the intranet regarding business use car insurance requirements for staff using their own vehicles for Council business, the completion of drivers' medical declarations and managers' responsibilities for checking that all employees who drive for work have valid driving licenses and are driving safe properly insured vehicles;
- 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; and
- Funding the purchase and installation of dashboard cameras in the Council's street cleansing vehicle from the corporate risk management initiatives budget.

5.2 During the last year colleagues from Zurich Municipal have continued to provide risk management support to the Council as part of the new long term insurance agreement. This has included:

- providing support to Information Governance staff as part of the Council's preparation for the implementation of the General Data Protection Regulations (GDPR), which will apply from 25 May 2018. This included a briefing for a Joint Management Board & Heads of Service meeting on this topic to raise awareness of key information risks and accountabilities defined in the BwD Council Information Governance Framework;
- a review of the Council's arrangements within Children's and Adult's Social Care to effectively manage risks arising from the rights of data subjects to request access to personal information;
- accident investigation training for Environment and Leisure managers

and supervisors;

- a review of the current arrangements used by the Council to inspect open land and manage contaminated land/brownfield sites, followed by an inspection regime training session for the Public Protection team using findings from a site visit; and
- a briefing and training session for Parks staff to raise awareness regarding identifying and reporting defects and the role that this plays in loss prevention and claims defence.

## **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' assessment of corporate risks by the Audit and Governance Committee at each meeting;
- On-going identification of areas to utilise the risk management support available from Zurich Municipal, including a training course on the role and responsibility of Events Safety Groups for the members of the Council's Event Safety Advisory Group;
- On-going development of fleet driver and manager awareness and training to ensure robust accident investigations are carried out 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; and
- 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 is supported by the results of the exercise which was carried out in 2016/17 using the CIFPA Risk Management Benchmarking tool. This considered the risk management arrangements in seven strands and assessed the Council's risk maturity in each of these areas. The benchmarking was carried out by the Head of Audit & Assurance, with support from the Head of Service for Policy, Performance and Commissioning in Children's Services and the Housing & Localities Business Support Service Lead. The five assessment categories, from lowest to highest, are Awareness, Happening, Working, Embedded & Integrated and Driving. The Council's results were as follows:

- Risk Management Enablers:
  - Leadership & Management – Working;
  - Policy & Strategy - Embedded & Integrated ;
  - People - Embedded & Integrated;

- Partnership & Shared Resources – Working;
- Processes – Working.
- Risk Management Results:
  - Risk Handling & Assurance - Embedded & Integrated;
  - Outcomes & Delivery – Working.

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 2018, Blackburn with Darwen had several emergency events affecting the community at large. These were:

- Increased security considerations for Council staff and the community as a result of international terrorism events impacting upon UK Nationals;
- Loss of water to over 3000 properties;
- Fires (x4) at V-10 Polymers (high risk fire site);
- Hazardous substance release in Edgeworth, and in Blackburn;
- Flash flooding in Darwen;
- Numerous property fires with residents in need of support;
- Suspect package found at Cathedral Quarter;
- Counter terrorism events in London and Manchester.

8.2 Duty officer statistics for 2017/18 were as follows:

- Local Warnings received = 153
- Information received total = 181;
- Activations total = 42 (Tactical Officer notified on 14 occasions);
- Total activity =334.

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

#### **Corporate Exercise**

9.1 This year the annual corporate exercise focussed on a prolonged emergency which required staff to have personal resilience and therefore providing business resilience to cover 3 shifts over 24 hours. The Emergency Control Centre plan was activated and tested (in situ), as was the Generic Emergency Response plan and a number of supporting plans, Human Aspects, Transport etc. Handover of information and shift change was tested. A report, with recommendations, is being progressed.

#### **Schools Community Resilience Project**

9.2 The Civil Contingencies Service has created and developed a multi-agency programme to promote Community Resilience by engagement through Schools. This is a concept of enhancing community resilience (and therefore reduce the reliance upon the local authority in times of emergency) by using

“pester power” i.e. engaging with children to target parents.

9.3 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 also through the recovery phase of an emergency (prolonged period following an emergency). When an emergency happens the first people to respond are those people 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.

9.4 There were three pilot schools tested before the full roll out in November 2016. Since then we have engaged with 22 schools to provide initial advice and guidance and had full engagement from 14 of those schools and ongoing enquiries from additional schools who have just taken up the e-resources only.

#### **Plan reviews**

9.5 The Departmental Business Continuity (BC) and Functional Emergency Plans are constantly being reviewed and streamlined. The Emergency Plans now have Standard Operating Procedures (SOPs), whereby a “plan on a page” was requested by the Executive Team to assist them in assimilating information when/if they have to attend the Strategic Co-ordinating Centre at Police Headquarters. This will be replicated for the Departmental BC plans and then a strategic plan on a page, showing critical functions and risks, will be created for Chief Officer use.

#### **Pandemic Influenza Countywide Exercise**

9.6 The Civil Contingencies Service was part of the planning group and participated in the Lancashire Resilience Form (LRF) countywide pandemic influenza exercise. This is still considered as the highest risk facing the UK.

#### **e-Learning Portal**

9.7 The Civil Contingencies Service is taking advantage of the corporate e-learning portal to promote awareness of the corporate role and expectations of staff in support of the Civil Contingencies Service. There are two e-learning packages on the portal. The first is aimed at all staff as an introduction to Civil Contingencies with an option to become a volunteer. The second is specifically for all managers to have an understanding of civil contingencies and the impact an emergency or business disruption has on their service and their responsibility if one of their staff is a volunteer. All staff should be aware of these training packages and undertake them.

#### **BC Quality Assurance Audit Programme**

9.8 A Quality Assurance Audit Programme was created to support the recommendations and outcomes of the corporate BC exercise. This action addresses a number of the identified issues of plans not being up to date and regularly reviewed to ensure departmental/re-structures are included in the future planning of services.

9.9 A timetable for reviewing each departmental audit questionnaire, training needs analysis and plan maintenance is in place. These are planned on a bi-monthly basis to enable the Civil Contingencies Service to be able to resource this need adequately. The onus is with Directors and departments

to ensure BC is considered and embedded within the departments, (refer to Business Continuity Strategy 2015) and to support BC Champions where departments still have this resource.

- 9.10 Currently all services have completed their audit questionnaire and returned their responses and either have been visited or are on schedule for being over the next year.

### **Schools Emergency Planning Template (Charging For Advice)**

- 9.11 The Civil Contingencies Service 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.
- 9.12 In previous years schools had received three large volumes of emergency planning advice and templates, which had caused confusion. Therefore a review was necessary.
- 9.13 This streamlined service was rolled out to schools in September 2017. Generic advice is free of charge to schools, as is emergency response support. However, in order to bring the Civil Contingencies Service in line with other Council services, a charging scheme has been created for specific training and exercising or plan writing. To date 14 schools have requested initial advice and guidance and 4 schools have requested specific chargeable services e.g. training and exercising.

### **Project Griffin Update**

- 9.14 Project Griffin is a National Counter Terrorism Security Office (NaCTSO) training package, to raise staff awareness around Counter Terrorism and to reassure them. The training reassures staff and raises awareness in identifying suspicious behaviour and not for religious stereotypes. This is currently being rolled out to all Council staff throughout 2018 in targeted sessions. This will be followed up by e-learning.

### **Capita Contract – Business Continuity Implications**

- 9.15 As services come back in-house or are contracted out to external providers, the Civil Contingencies Service is working to ensure that these services are incorporated into revised departmental business continuity plans, and that “key functions” are reviewed to ensure accurate scoring and reflection of appropriate actions in plans.

### **External Business Continuity Promotion Support**

- 9.16 Under the Civil Contingencies Act 2004, Local Authorities have a duty to provide business continuity advice and guidance to small and medium sized businesses. This has been low level to date, with one or two firms across the borough approaching the Service for advice. Guidance and support has recently been refreshed to promote the Service via online support, hardcopy booklet/plans and via business rates notices and HIVE meetings.

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

- 10.1 Schools Community Resilience Project – intention to accredit scheme via Wolverhampton University, then promote to Cabinet Office and national partners via Resilience Direct as “Good Practice”
- 10.2 Schools Emergency Plan Model template will be used to generate income for the service and will be promoted wider than borough as “external” schools



are already interested.

- 10.3 Countywide Emergency Response Group (ERG) Volunteer Training will continue to be developed in order to ensure that the community receives consistent support across the county. Blackburn with Darwen Borough Council will continue to host training events for internal staff and for countywide staff, with a published list of training dates available.
- 10.4 Project Griffin will be delivered via face to face training as a reassurance to staff. This will be available via e-learning by the end of the calendar year for staff to refresh on the updated information.
- 10.5 The Civil Contingencies Service is still working on creating a “Staff Information Line” to be used in times of emergency to inform staff of welfare issues or emergencies. This will utilise information held in MyView i.e. staff contact numbers works mobile and personal mobiles to text alert staff to call the Staff Information Line for fuller specific information. This would be activated with Tactical Officer permissions. Messages could relate to “Don’t attend Duke Street because of.....” or “there has been an ICT outage please log on from home”. This is still in the development stage due to delays with staff updating personal information to MyView.
- 10.6 Review and update of the Business Continuity risk information will continue. As the organisation continues to change and redesign itself it is vital that the business continues to review itself and updates the business continuity plans and detail. Services and staff change on a regular basis. Therefore the Civil Contingencies Service will continue to review all plans and Business Impact Analysis via the quality assurance BC audit.

## **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. 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 also to protect the Council in terms of its reputation and any risk possibilities.
- 11.3 The Council has arranged or facilitated numerous events from Fairgrounds in parks and the Town Centre to Music festivals at Darwen Music Live and the large Restricted Forrest events at Witton and the Festival of Making in the town centre, Elton John at Ewood and the Grace Davies home coming on Cathedral Quarter. This next year we are expecting even more events to be held.

- 11.4 Recently there have been high profile cases of ESAGs in other Authorities not getting it right. To learn from these the Group Chair circulates details relating to the incidents with the members of the group, where possible, to reiterate the level the level of responsibility that we have in protecting the reputation of the Council. In addition, a best practice training course has been arranged for the Group that is being delivered by Zurich Municipal, as part of their risk management support, on the role and responsibility of ESAG groups. This is taking place in the Town Hall in May 2018.

## INFORMATION GOVERNANCE (IG)

### 12 Introduction

12.1 The IT Compliance and Information Governance team, within the Information Technology Management & Governance 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 2017/18 and comparison against 2016/17

		2017/18	2016/17
FOI	Number received	1204	1214
	Number due	1174	1196
	Number on time	1155	1154
	% on time	98.38%	96.49%
EIR	Number received	1035	738
	Number due	1029	759
	Number on time	612	429
	% on time	59.47%	56.52%
Combined FOI/EIR	Number received	2239	1952
	Number due	2203	1955
	Number on time	1767	1583
	% on time	80.21%	80.97%
DPA	Number received	160	156
	Number due	163	148
	Number on time	109	104
	% on time	66.87%	70.27%

13.1 The number of FOI/EIR received in 2017/18 compared to 2016/17 has increased by 14.7 %. FOI compliance rates were above the mandatory requirement rate of 85% with a rate of 98.38% responded to on time. EIR compliance rates remained below the mandatory requirement of 85%, running at 59.47% compliance.

- 13.2 The number of DP SARs received in 2017/18 compared to 2016/17 has increased by 2.6%. The compliance rate again falls short of the mandatory 85% requirement with only 66.87% of requests answered on time.
- 13.3 The number of DP SARs received under Sections 29 and 35 of the DPA (Police Address Checks by IG, and Police Social Care file requests) were not recorded separately in 2016/17. However, the recorded requests for 2017/18 totalled 551, with 97.7% answered on time.

**14 Information Assurance Incidents Recorded During 2017/18**

- 14.1 During 2017/18 there were 27 recorded information assurance incidents. This is a decrease of 10% against 2016/17. All incidents have, or are in the process of being investigated. Remediation action plans have been drafted in agreement with the Senior Information Risk Owner (SIRO) and implemented by the responsible officer.
- 14.2 A breakdown of the incidents by department is as follows:

Department	2017/18	2016/17
Adults Services	3	1
Children's Services	5	10
CEO	1	0
Environment and Leisure	2	5
Finance and IT	3	4
Growth and Development	1	0
HR, Legal & Governance	12	10
<b>Total</b>	<b>27</b>	<b>30</b>

- 14.3 There has been 1 ICO self-reported data breach, and 2 complaints made to the ICO within 2017/18.

Department	Self-referral or complaint	Number	Outcome
HR, Legal & Governance	Self-referral	1	NFA
Adults (via LCFT)	Complaint	1	TBC
Children's	Complaint	1	NFA
<b>Total</b>		<b>3</b>	

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

- 15.1 The annual update for 2017/18 has been limited due to the impact of preparations for the implementation of the General Data Protection Regulations (GDPR). This has taken the priority focus throughout the year, updates for which follow below this section.
- 15.2 The Council needs to prepare for a potential increase in the number of SARs received once the general public are alerted to the fact that fees are disappearing under GDPR. Whilst we did not make a charge for these requests as a rule, we still reserved the right to make a charge in the acknowledgement, which under GDPR will disappear. As of 10 April 2018 there were 44 outstanding and overdue SARs in Children's Services. Should a complaint be made to the ICO under GDPR, we would be liable for a

breach of Article 12. Breaches of any article under GDPR are subject to monetary penalties as well as enforcement action. The ICO would also request to inspect our historical request logs, which would indicate we have not been compliant for some time. Zurich Municipal Insurance conducted an independent review of the issues relating to the compliance with the SAR provision (specifically in People Resource Area). This report is expected to be finalised and recommendations will be issued to Management Board, for awareness and to agree the owners of the recommended action plan.

- 15.3 In relation to the number of information security incidents reported, the Council have improved their position, encountering 10% fewer incidents than the previous financial year. IG have worked specifically with Children's Services during 2017/18 to improve the way the department handle the large quantities of personal data that they process given that they were responsible for over 33% of recorded incidents in 2016/17. Due to an ongoing programme of targeted work within Children's Services, we have seen a substantial decrease in the number of incidents recorded (by 50%) in 2017/18. For the forthcoming year it would be advisable to repeat this programme of work within HR, Legal and Governance, given that 44% of all incidents recorded for 2017/18 were in this business area. Feedback will be provided in the Quarterly SIRO reports.
- 15.4 To date the IG team has secured 58 education establishment contracts for the Schools IG SLA for 2018/19. This is a 107% increase on 2017/18. The new support SLA package, including the Data Protection Officer (DPO) Role, and the introduction of the GDPR School template documents, has significantly improved our take up. Schools IG have worked incredibly hard to prepare all the establishments for the impending legislation change. The revenue target for 2018/19 remains set at £20k. We have already surpassed this figure with 'checked out' SLA packages totalling £38,735. As we are further ahead than other surrounding local authorities, we have also been approached by numerous out of borough schools to provide an IG SLA/DPO Service. However, at this point in time we do not have the resource we need to facilitate this and feel that the increased burden on a service already running at full capacity may be to the detriment of the existing schools we support and could even start to affect our corporate performance.
- 15.5 We have submitted an application for an apprentice post within the team. The first apprentice evening at Witton CLC was well attended and over 25 information packs were issued to interested applicants. We hope to replicate this at the next open evening at Darwen and be given the opportunity to select an appropriate candidate for our team to assist with the ever increasing number of requests and to assist with the ongoing maintenance of GDPR mandatory compliance requirements.

## **16 GDPR Update**

- 16.1 The GDPR Mandatory Information Asset Register is complete and the Records of Processing Activity (ROPA) is operational in that all the data we have captured so far is uploaded. The privacy audits are 95% complete, with only a few Information Asset Owners that are yet to be engaged.
- 16.2 The ROPA Database designed by Essex County Council has been transferred to our servers and is currently being reformatted and tested during April 2018 to see if it would be a suitable 'accessible to all' platform for the data we have recorded. If accepted, this will see the start of a corporate rollout programme that will require Information Asset Owner (IAO)/Information Asset Administrator (IAA) training in order for the Mandatory ROPA to be

continually kept up to date. A project implementation document will be drafted in order allow for senior management and stakeholder buy in. It will need to be made clear that the responsibility for the maintenance of the ROPA is allocated to each departmental IAO/IAA and recommendations will be made to ensure quarterly reviews and any subsequent updates are recorded in the Senior Information Risk Owner (SIRO) Report.

- 16.3 The Primary Privacy Notice (PPN) has been drafted and is ready for upload in May 2018. It has been determined that the PPN is of sufficient enough quality to demonstrate that the most basic of processing for standard activities across the Council will comply with the transparency requirements under the GDPR. This is a document drafted with the support of all the members in Association of Greater Manchester Authorities (AGMA) IG Group (of which BWD are a member) and is being rolled out across most authorities within the AGMA Group.
- 16.4 Service Specific Privacy Notices (SSPN's) are being drafted and uploaded alongside the PPN. These notices will explain in further detail, the arrangements for the processing of special category and other significant data sets that warrant more assurance from our service users. The SSPN's will be created from the data collated in the privacy audits. Communications colleagues are already on board with timescales for the upload.
- 16.5 The new Data Protection staff training content has been loaded onto the My View Training portal (In Beta). It is still being tested with a view to having any glitches ironed out and rolled out by the beginning of May 2018.
- 16.6 The latest GDPR briefing was published in Team Talk in April 2018, with links to the relevant IG pages of the corporate intranet for further guidance and information. The Communications team are engaging with an awareness campaign via Metacompliance, there will be voting options on the Metacompliance push to determine awareness across the organisation. Any significant areas of concern will be looked at in conjunction with bespoke awareness campaigns in the specific areas identified, should it be required.
- 16.7 The IG Manager has attended departmental SLTs and team meetings to advise on the impact of GDPR and to allay any fears or concerns in relation to the impending legislation changes. These have all been well received at present and have assured department leads that any concerns they have relating to non-compliance are being managed accordingly within the GDPR project.
- 16.8 The procurement team have issued notifications to all personal data processors. Some have been issued with contract addendums to replace DPA 1998 with GDPR and DPA 2018. The agreements are now starting to be returned to the Council and will be logged and recorded. Procurement colleagues have been advised to flag any processing concerns to IG in the event of supplier non-compliance.
- 16.9 Mandatory Policies, procedures and guidance documents are in the process of being created/refreshed. These will require to be reviewed by SIRO (in the absence of an IG Board/Forum/CRRF) before they can be tabled with HR and LJNCC for approval. The main areas of Focus, where there will be a significant refresh or creation of new policy are in the following areas:
  - Data Protection Policy (Refresh);
  - Data Protection Impact Assessment Policy/Procedure (New);
  - Information Security Policy (Refresh);
  - Data Protection Training Policy (New);

- Data Breach Reporting Procedure (Refresh);
- Subject Access Request Procedure (New); and
- Privacy Notice (Refresh).

Other areas of focus will involve refresh of the following:

- Records Management and Retention Policy;
- Data Portability procedure;
- Complaints procedure;
- International data transfer procedure; and
- Training.

- 16.10 School ROPA/Policies/PPNs and Guidance documents are in the process of being finalised. The School DPO is heavily engaged in dialogue with all the SLA schools and is actively assisting with the implementation of GDPR in each school setting to enable them to be ready for 25th May.
- 16.11 The Corporate and departmental risk registers have been updated to include known GDPR risks. As the project progresses and the Gap analysis is updated, IG will update the risk register to reflect any amendments.

## **INSURANCE**

### **17 Insurance Policies**

- 17.1 Following the completion of a competitive tender exercise the Council entered into a long term insurance with Zurich Municipal for its main areas of cover from 1 April 2017. The agreement is for an initial period of three years with an option to extend for a further two years. Terrorism cover is provided separately by a Lloyd's syndicate, via Aon Crisis Management, with other minor policies provided by specialist providers.
- 17.2 During the year the Principal Insurance Officer has continued to provide advice and support to departments regarding insurance requirements and claims. She has also attended case conferences 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.

### **18 Claims Management**

- 18.1 During the year we have continued to provide claims management reports to Directors on a six monthly basis to inform them of the trends in volumes and values of insurance claims and incidents received in respect of their areas of responsibility, along with details of open claims over £50,000. In addition, information relating to motor fleet claims and incidents is provided to the Road Risk Management Group and employer liability claims information is provided to health & safety colleagues. Ad hoc reports are produced for managers on request.
- 18.2 During 2017/18 the insurance team continued to handle non injury claims in-house. This includes approximately 95 open highways claims at the year end arising from pot holes resulting from the bad weather during the winter. These were all cases where claims have either 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.

- 18.3 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.
- 18.4 Zurich Municipal engages local solicitors to assist in defending claims against the Council. The Principal Insurance Officer regularly attends meetings with the solicitors to discuss cases and their defence and they provide detailed information regarding case load management. The solicitors also contest claimants' solicitors' legal fees and costs, saving the Council significant costs. In the last year this has saved £205,552 on costs initially claimed, an average saving of £12,847 (40%) per case. It should also be noted that the 2017/18 costs finally paid have increased by approximately 5.6% compared to 2016/17, to a total of £307,058. Defence costs for the same period were £74,192 (approximately 24.2% of claimants' costs). This is an increase compared to 2016/17 (£28,583). The solicitors have also made significant savings on final settlements to total initial reserves in respect of defended cases in the year amount to £41,062. The outcomes of claims listed for trial are illustrated in the final chart at Appendix 3.

## 19 Insurance Claims Experience

- 19.1 Since the implementation of the Jackson reforms in August 2013 we have not experienced any significant increase in the numbers of claims received. Whilst the total number of claims received and incidents reported to the Council during 2017/18 decreased slightly compared to the previous year the number of actual claims against the Council increased in the period. This is due to a number of factors but one area where there has been a significant increase is highways related claims. This is primarily due to the poor winter weather in 2017/18 compared to recent years. We are able to defend the majority of these claims.
- 19.2 The trends in claims and incidents volumes and values received against the class of business over the last three years are set out in the table and charts in Appendix 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.

Class of business	No of Incidents		Claims		Total	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
Employers Liability	1	3	21	12	22	15
Motor	13	9	54	56	67	65
Property	16	3	15	18	31	21
Public Liability	82	38	159	218	241	256
<b>Total</b>	<b>112</b>	<b>53</b>	<b>249</b>	<b>304</b>	<b>361</b>	<b>357</b>

- 19.3 In February 2017 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. As a result this has led to an increase in the total cost of the open claims and any settlements made for long term post made after 20 March 2017. Insurers announced substantial increases in their claims reserves as a result. Following consultation on the issue during the year a further review of the rate was announced in September 2017. However at this stage it is unclear when any further change will happen.

- 19.4 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.

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

- 20.1 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.
- 20.2 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 is to be imposed upon Scheme creditors.
- 20.3 Although MMI note that all claims will continue to be paid until a decision on the levy is made and communicated to the Scheme Creditors, all members who have had historic periods of cover with MMI, were urged to urgently consider their financing arrangements for these periods.
- 20.4 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. There are a number of these long tail claims, where the cause is pre 1993, relating to child abuse/failure to remove, asbestos related illness, noise and vibration white finger, which have been subject to numerous legal challenges.
- 20.5 Predicting ultimate claims cost for occupational diseases arising from past exposure is extremely difficult and whilst the current claw back 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.
- 20.6 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.
- 20.7 As the scheme of arrangement has now been triggered, since 2014 the Council has paid levies totalling 25% (amounting to £494,000) on known claims at the time. A provision of £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.



- 20.8 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.
- 20.9 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.

#### **4. 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 2018.

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

#### **5. 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.

#### **6. FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

#### **7. LEGAL IMPLICATIONS**

There are no direct legal implications from this report.

#### **8. RESOURCE IMPLICATIONS**

There are no direct resource implications from this report.

#### **9. 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.

## **10. CONSULTATIONS**

Members of the Primary Assurance Group.

CONTACT OFFICER: Colin Ferguson, Head of Audit & Assurance

DATE: 11 July 2018

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