



Date of Meeting	23 June 2020
Portfolio	Cabinet Member for Resources
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Public/Private Document	Public

Risk Management Annual Report 2019/20

Executive Summary

1. This report provides a summary of Risk Management and Insurance work during the 2019/20 year.

The Leadership team has been informed of progress on the highest priority risks across the organisation via updates from the Risk Manager regarding high-scoring Service risks, and the management of the overarching Corporate risk register.

The Insurance team is successfully handling incoming claims and the placement of the Council's insurance programme cost-effectively. The report confirms how the team has achieved a total cost-mitigation on settled claims for the year of £2,194,634.64.

Recommendation

2. This report is for the information of Members to confirm the level of assurance provided through the management of risk and insurance services.

Reason for Recommendation

3. This report is to enable the Audit and Governance Committee, in accordance with their work programme and oversight of governance, to scrutinise Risk Management and Insurance Team coverage during the 2019/20 year for all Council Services.

Key Points for Consideration

4. **The Risk Management Framework**

The following points relate to developments within the Risk Management Framework, which is defined as how risk management links with other organisational strategies such as planning, governance and reporting.

4.1 Risk Management Group

The Risk Management Group (RMG) enabled dialogue, training and sharing of best practice with Service risk champions, representing 29 Services holding risk registers within Rochdale Council's risk management structure. Meetings in 2020/21 included consultation on features required from the new Pentana software system and then training on the system once implemented.

4.2 Reporting of Risks

Risk register information is used to coordinate risk discussions at SMT meetings across various Council directorates.

The Risk Manager also provides update reports to the Governance Board and all Audit and Governance Committee meetings, ensuring that both bodies are able to provide independent challenge to risk activity.

Quarterly risk management updates to Leadership Team enable discussion within meetings on developments in the Corporate risk register, on the highest ranking Service risks, and on compliance with risk review timescales.

5. **Corporate Risk Register**

The Leadership Team have responsibility for management of the large-scale risks listed under the Corporate Risk Register. Risk issues are discussed by Directors regularly in Leadership Team meetings (see point 4.2 above), and periodic reviews of individual risks and mitigation actions are carried out by owners through the year. A temporary 'hands off' period (from March to June 2020) to be observed while improvements are implemented to the Pentana software system has delayed the completion of risk reviews. It is acknowledged that risk scores under the Corporate register require re-assessment to reflect the impact of the Covid-19 virus and risks are to be reviewed as a priority.

6 The Corporate Risk Register is attached as Appendix 1.

6.1 **Service Risk Management**

Coverage of RBC Service Risk Registers

Management utilisation of risk registers in decision-making is evidenced by the maintenance of 29 Service risk registers across the organisation. Discussions have recently been held with the manager of the Customer Transformation Programme to hold workshops with the intention of preparing a new risk register relevant to the various CTP projects.

6.2 Integrated Care Risk Management

The project management (PMO) team of the Heywood Middleton and Rochdale Clinical Commissioning Group (CCG) worked alongside the Risk and Insurance Manager as part of the implementation group to configure the new Pentana software system. The new system allows shared access to risks and performance indicators that the Council and CCG are managing in partnership.

Both organisations have worked collaboratively on a programme of service integration and transformation across Rochdale's health and social care services. Integrated care risks are owned jointly by the CCG, the Health Provider Services and the Council and therefore the shared access to partner risks would allow combined governance and monitoring procedures.

Integrated health and social care risks are currently reported by the CCG PMO team to the Integrated Commissioning Board on a monthly basis. A joint Rochdale BC / HMR CCG Risk Management Policy is still in development.

7 **Developing Risk Management Effectiveness**

7.1 Risk Management Training

The Risk Manager has delivered ad hoc risk management training to Council managers and officers. The most significant training requirement during 2019/20 has been Pentana training rolled out by the Risk Manager at the system launch in July 2019.

Risk Management training for new Members of the Audit and Governance Committee was delivered on 9 March 2019.

7.2 Risk Advice in Priority Service Areas

a) EU Exit planning

The Risk Manager contributed to the multi-agency impact assessment process employed as part of Rochdale's EU Exit planning activities during 2019/20. Rochdale's Lead Brexit Officer also participated in GM Resilience forums to facilitate wider coordination between GM agencies.

b) Covid-19 Programme Management

The Risk Manager provided guidance and advice to assist in the coordination of multi-agency risks associated with Rochdale's Covid-19 response during 2019/20 Q4.

7.3 Implementation of the Pentana Risk Software

Following development work by an implementation group consisting of colleagues in the Risk Management, Corporate Policy, ICT Services and HMR CCG teams, the new Pentana Risk system was launched on 1st July 2019. The new software is used for the monitoring of performance and risk outcomes across the Council and CCG.

All existing Council and integrated health and social care risk data was migrated to Pentana to ensure there was no loss of access to historical risk information. User training has been delivered to risk owners allowing

uninterrupted risk review activity in service teams. More recently users have been requested to observe a short ‘hands off’ period (from March to June 2020) while initial problems with on-screen visibility and reporting are corrected by the product suppliers.

8 Risk Management Results

There are 2 Red risks to report -

Ref	Service	Risk Title	Residual Score
CSDR006	Children’s Services (Directorate)	Failure to manage within budget impacts the financial position of the Service and its ability to provide services	16
CSCR002	Children’s Social Care	Demand for a Children’s Social Care Service continues to increase, leading to failure to manage within budget	16

Please note that variations in RAG risk scores should not be viewed purely as a reflection of the effectiveness of risk control activity - risk scoring is also influenced by the severity of risks associated with the different Services and their capacity to mitigate. Further details regarding the factors considered when scoring the risks and the mitigation actions being implemented are provided under Appendix 2.

9. Insurance Team

9.1 June 2020 Insurance Renewals

The Insurance team completed renewal negotiations for Rochdale Council’s programme of insurance policies effective from 1st June 2020. At the outset of the process the Senior Insurance Officer collated Council asset values, information regarding services provided and relevant risk management details to be notified to our insurers. Renewal was agreed at increased premium rates caused by rising numbers of catastrophe losses across the UK public sector, and not caused by any deterioration in Rochdale’s own claims experience. Mild Winter weather conditions in 2019 and 2020 have contributed to a stable claims trend in recent years. The agreed Leader investment of £12.0m into carriageways and footways which began implementation in 2018 is anticipated to be a positive factor in minimising claims figures in future years.

9.2 November 2019 Broker Tender

The procurement tender for insurance broker services was completed in November 2019 – this was a collaborative GMCA contract with Manchester, Oldham and Bolton Councils. The contract was awarded to Gallagher Insurance Brokers, commencing on 1st November 2019.

It has been calculated that alongside assurances on service standards the Council will benefit from combined broker fee and associated service charge savings of £51,000 over the possible 4 year duration of the contract.

9.3 Cyber Insurance Cover

The Insurance team has successfully procured Cyber Insurance to provide cover for the costs, legal liability and response services required in the unlikely event of a future data breach or cyber-attack.

Cyber insurance cover increases the Authority's financial security, in addition to the already extensive information governance and digital security measures in place to protect data records.

9.4 Riverside Retail Development Insurance Cover

A Buildings and Liability insurance policy has been placed for the Riverside retail development effective from handover on 1st April 2020. Tenants have been provided with the security that insurance cover is in place in the event of any future insurable losses occurring. The services of asset managers have also been obtained to provide peace of mind during the Covid-19 lockdown circumstances and beyond.

9.5 Reissue of the RBC Insurance Manual

The Insurance Manual has been re-issued and been made available to all Council staff on the Rochdale BC intranet site. The manual provides an insight into the content of insurance policies, the responsibilities of managers to comply with policy conditions; and the procedures to be followed in the event of a claim.

9.6 Performance

A summary of the work completed by the Insurance Team from January 2020 to March 2029 is set out below.

The Insurance Team received a total of 137 new claims notifications during quarter 4 – split 99 Highways, 27 Motor, 6 Public Liability, 1 Employers Liability and 4 Others. The effect of the mild 2019/20 weather conditions on Highways claims can be seen when these figures are compared to 186 claims received in quarter 4 2017/18.

A total of 84 claims were closed by the team during quarter 4 – split 59 Highways, 10 Motor, 11 Public Liability, 3 Employers Liability and 1 Other. These claims will largely not be the same newly notified claims referred to above. The claims handling process can run over a period of months or years, and therefore the team are working on a combination of new and existing cases.

The Claims Cost Mitigation tables below confirm the difference between final settled amounts for claims closed against the highest reserve amounts for the same losses during the claims handling process. These statistics are a useful measure of the level of challenge put forward by the Insurance Team through their investigations, liaison with the relevant Services, and joint-effort with solicitors to defend against legal proceedings.

a) Claims Cost Mitigation Table for 2019/20 Q4

Month	Claims Closed	Cost Mitigation
January	32	£127,881.03
February	20	£359,487.73
March	32	£278,359.27
Total	84	£765,728.03

b) Claims Cost Mitigation Table for Full 2019/20 Year

Quarter	Claims Closed	Cost Mitigation
Q1	101	£476,684.15
Q2	116	£532,573.13
Q3	75	£419,649.33
Q4	84	£765,728.03
Total	376	£2,194,634.64

The tables show that the Insurance Team handled a total cost mitigation of £765,728.03 on settled claims costs during quarter 4, and an annual total of £2,027,038.09 for the 2019/20 year. Claims mitigation savings can be achieved for reasons such as the use of a Section 58 defence (under the Highways Act 1980) to repudiate highways claims where the Council can prove reasonable measures have been taken to deal with defects, or where thorough investigations with Service teams provides evidence to repudiate or challenge general liability claims for negligent provision of social care services.

Risk Management Plans for 2020/21

- 1) Continue support to the Covid-19 programme management team.
- 2) Contribute to the EU Exit planning process necessary as the December 2020 deadline for a UK-EU trade deal approaches.
- 3) Issue of a joint Rochdale BC / CCG Risk Management Policy to apply to all risks across the combined Council and CCG organisation.
- 4) Continue to review the combined Risk Management and Insurance functions to identify further opportunities to increase effectiveness where we have shared objectives.
- 5) Complete Risk Management self-assessments to assess quality of Service risk procedures.

Costs and Budget Summary

10. Not applicable.

Risk and Policy Implications

11. If Risk Management recommendations are not implemented, the Council will

be exposed to the risks set out in the relevant Risk Management reports. These risks will be mitigated by completion of the actions agreed with management and summarised within this report.

Consultation

12. The risk controls or development action points arising from this report are agreed in consultation with senior management and officers within each Service area.

Background Papers	Place of Inspection
None	

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