

Report to Audit and Governance Committee



Date of Meeting	28 June 2021
Portfolio	Cabinet Member for Corporate Delivery
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Risk Management Annual Report 2020/21

Executive Summary

1. This report provides a summary of Risk Management and Insurance work during the 2020/21 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.

Levels of risk have been closely monitored during the Council's response to the Covid-19 pandemic in 2020/21. Uncertainty of the impact in areas such as financial management and children's social care caused risks to be escalated to Red, with both now returning to their pre-pandemic levels.

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 £1,998,988.

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 2020/21 year for all Council Services.

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

Regular contact with Service risk champions, who form the membership of the Risk Management Group, has enabled continued dialogue and monitoring of risk issues within the 29 Council Service teams represented.

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 Corporate Risk Register is attached as Appendix 1.

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. Risk have been regularly reviewed during 2020/21 in view of the increased risks presented by the Covid-19 pandemic.

Risk CRR0004 (Ineffective financial management leading to failure of the Council to maintain financial resilience) has reduced in score from 12, Amber to 6, Green. This reduction reflects the setting of a balanced budget for 2021/22, and reassurance from the 2020/21 budget that the level of reserves/balances are held at an appropriate level. It is however recognised that the long term impact of Covid on the economy is not yet fully understood.

6 **Service Risk Management**

6.1 Coverage of RBC Service Risk Registers

Management utilisation of risk registers in decision-making is evidenced by the ongoing maintenance of 29 Service risk registers across the organisation.

6.2 Integrated Care Risk Management

The Bridging Team of the Heywood Middleton and Rochdale Clinical Commissioning Group (CCG) coordinate the monitoring and reporting of integrated care risks. The Council and CCG 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.

A Corporate Risk Register and Assurance Framework Update report is reported by the CCG to the Integrated Commissioning Board on a monthly basis, and to the joint Leadership Team on a quarterly basis

In the first part of 2020/21 the NHS was instructed to meet the financial demands required for the pandemic response, leading to the risk that the CCG could be facing a significant deficit in future years. The score for financial risk S01-002 (Future years financial modelling and controls) was subsequently reduced from 16 (Red) to 10 (Amber) in Q3 due to confidence that the breakeven target set by GM for the October – March 2020/21 period would be met.

The most recent Corporate Risk Assurance Framework report issued in June 2021 reports risks S02-004 (Waiting list impact of Covid) and S04-010 (Covid-19 outbreak) as the remaining risks with Residual scores of 16 or more. There are extensive planning and recovery activities underway in the CCG and LCO to mitigate these risks.

7 **Developing Risk Management Effectiveness**

EU Exit planning

The Risk Manager contributed to Rochdale's input into the GM Brexit Readiness action plan in November 2020 as the end of the EU Exit transition period approached.

Covid-19 Programme Support

The Risk Manager worked as a member of the Council's Covid programme support group during 2020, providing assistance in the monitoring and reporting of sub-group risks to Gold command during the initial pandemic response.

8 Risk Management Results

There are currently no Red priority risks to report within the risk registers of RBC Services to report.

The score of risk CSCR003 (Performance/ practice is not of consistent quality which compromises the safety and outcomes for children) has been reduced from 20, Red to 15, Amber in quarter 4. Similar to the assessment of the Children's safeguarding risk under the Corporate risk register, the rollout of the UK roadmap out of Covid lockdown has removed some of the previous barriers to this service.

The risk scores for Children's Services risks CSDR0006 (Failure to manage within budget) and CSCR0002 (Demand for Children's Social Care service increases leading to failure to manage within budget) were both reduced from 16 (Red) to 12 (Amber) in quarter 3 because the Children's 2020/21 strategy had been confirmed as fully funded with no overspend projected.

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.

9. Insurance Team

9.1 Insurance Team Response to the Covid-19 Pandemic

The Insurance Team have handled numerous Covid-19 related issues such as the examples provided below -

- Advice to schools and the processing of claims submitted for school trips cancelled during lockdown;
- Liaison with insurers to notify them of the occupancy status of all Council buildings;
- Assistance with queries regarding access by insurer engineers for the completion of statutory inspections to lifts, boilers;
- Placement of insurance cover for temporary emergency facilities and test centres; and the redeployment of Council staff into Covid-19 support roles.
- Insurance cover for the regular testing of school staff and pupils.

9.2 Rochdale Town Hall Renovation Works

The Insurance Team successfully placed cover for phase 1 of the restoration of Rochdale Town Hall prior to commencement of works in January 2021. Following liaison with Rochdale Development Agency (RDA), the appointed building contractor and the Council's insurance brokers property damage cover is in place for the existing building structure and the contract works (works in progress, building materials on site). Further insurance cover will be required in time for the planned start of phase 2 in July 2021.

9.3 Performance

A summary of the work completed by the Insurance Team from April 2020 to March 2021 is set out below.

The Insurance Team received a total of 113 new claims notifications during quarter 4 – split 76 Highways, 18 Motor, 12 Public Liability and 7 Others. The effect of the mild 2020/21 weather conditions and investment into the Highways can be seen when these figures are compared to 186 claims received in quarter 4 2017/18 and 137 claims received in quarter 4 2019/20.

A total of 74 claims were closed by the team during quarter 4 – split 43 Highways, 11 Motor, 17 Public Liability and 3 Employers Liability. 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.

- 9.4 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 2020/21 Q4**

Month	Claims Closed	Cost Mitigation (£)
January	27	121,275
February	21	106,080
March	26	317,333
Total	74	544,688

b) **Claims Cost Mitigation Table for Full 2020/21 Year**

Quarter	Claims Closed	Cost Mitigation (£)
Q1	68	693,502
Q2	82	363,599
Q3	88	397,199
Q4	74	544,688
Total	312	1,998,988

The tables show that the Insurance Team handled a total cost mitigation of £544,688 on settled claims costs during quarter 4, and an annual total of £1,998,988 for the 2020/21 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.

- 10 Risk Management Plans for 2021/22
- 1) Continued support to the Covid-19 risk management and recovery plans across the Council.
 - 2) Reissue of the Rochdale BC Risk Management Policy.
 - 3) Continue to review the combined Risk Management and Insurance functions to identify further opportunities to increase effectiveness where we have shared objectives.
 - 4) Review of the existing Risk Management software contract prior to expiry.

Costs and Budget Summary

11. Not applicable.

Risk and Policy Implications

12. 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

13. 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
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