



Audit & Governance Committee  
2 December 2013

## RISK MANAGEMENT HALF YEAR REPORT

### **SUMMARY AND PURPOSE:**

This half-year risk management report has been produced to enable the committee to consider the risk management activity from April 2013 to date. It also presents the latest Leadership risk register.

### **RECOMMENDATIONS:**

Members are asked to:

- a) consider the contents of this report and confirm they are satisfied with the risk management arrangements; and
- b) review the Leadership risk register (Annex B).

### **BACKGROUND:**

1. The terms of reference of the Audit and Governance Committee include the requirement to monitor the effective development and operation of the council's risk management arrangements.
2. This report summarises the risk management activity from April 2013 to date.

### **ACTIVITY:**

3. Annex A shows the separate risk activity that has taken place over the period April – November 2013.

### **Risk arrangements**

4. Increased scrutiny and challenge of the Leadership risk register and the Directorate risk registers through the Strategic Risk Forum (SRF) is improving referencing and co-ordination of risks, especially between directorate and service levels. Common themes are regularly identified, discussed and escalated as necessary.
5. The SRF is provided with a monthly report on the status of risk registers on the snet, which highlights where directorate risk leads may need to take action. The Risk and Governance Manager is keeping the risk management snet pages up to date and ensures risk registers received from risk representatives are uploaded in a timely manner.

6. A monthly risk update is presented to the Continual Improvement Board (CIB), which is chaired by the Strategic Director for Environment and Infrastructure. The Chief Finance Officer is a member of the CIB and provides an update on the work of the risk groups, proposed changes to the Leadership risk register and any emerging risks. Significant issues are then reported to the Corporate Leadership Team by the Strategic Director for Environment and Infrastructure.

## **Business Continuity**

7. The new Business Impact Analysis and Business Continuity Plan templates developed by the Emergency Management Team are enabling a more co-ordinated approach to analysing recovery from potentially disruptive events. Business resilience reviews are currently being undertaken with priority 1<sup>1</sup> services to identify any gaps and increase resilience in key service areas.
8. Workplace recovery strategies are also being developed for fully serviced accommodation buildings, starting with County Hall. These will ensure critical services and relevant staff are prioritised in the event of an incident.

## **Insurance**

9. The council's insurance is procured every five years through the Official Journal of the European Union (OJEU) process to provide insurance cover for all risks under a five year 'Long Term Agreement'. The majority of the council's insurance policies carry a £100k excess per claim and an insurance fund is in place to provide funds from which to pay claims falling within the excess.
10. All public and employers liability claims falling within the excess are handled in house by the Insurance Services team (within the Financial Strategy and Reporting team, Finance Service). Claims which are valued at or above £75k are notified to the council's insurers, and handled by the in house team in conjunction with the external panel solicitors. The team, in supporting all services also represents the council at Inquest hearings and provides general advice and risk management support to services.
11. The Insurance Services team is audited regularly. This year, there has been the annual audit of its claims handling services by the council's main insurer, Travelers, which led to an 'Excellent' rating of 95%. There has also been an external, actuarial audit of the insurance fund which found the reserves to be set at the right level. Internal Audit have also recently completed a 'Review of Insurance 2013/14,' which concluded with an audit opinion of Some Improvement Needed and no high priority recommendations.
12. The Insurance Services team report regularly on claims trends to Highways (90% of claims are highways related), the Head of Risk Management for Children Schools and Learning and the Health and Safety Representative of the Surrey Fire and Rescue Service. This year in excess of 2500 claims have been handled by insurance services from January to date, which exceeds the number of claims for the whole of 2012. 85% of the claims received by the Insurance Services team are declined on the basis either of the special defence available in Highway claims, or failure by the claimant to establish any negligence or breach of the council's statutory duties.

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<sup>1</sup> Priority 1 areas are - Emergency Management Team; Communications; Coroner; Customer Services; Registration; Highways; Adult Social Care – Service Delivery, Personal Care and Support, Mental Health; Childrens and Safeguarding; IMT; Property Services; Public Health.

## **Risk groups**

### Strategic Risk Forum

13. The SRF<sup>2</sup> has met five times between April-November 2013. The meetings have been split between:
- reviewing directorate and leadership risks and proposing changes to the Leadership risk register; and
  - developing a risk culture plan and ways to assess the current risk culture across the organisation.
14. The SRF meetings are well attended, involve lively and engaging discussions on risk and provide a forum for sharing best practice and ideas.

### Council Risk and Resilience Forum (CRRF)

15. There have been two formal meetings of the CRRF<sup>3</sup> and three interactive workshops. The objectives of the workshops are to update risk representatives on risk and resilience events and policy changes, and also help services to validate particular areas of their business continuity plans through interactive scenarios. The themes of the workshops have been property and workplace recovery, provider resilience and risk culture.
16. Attendance at the CRRF meetings and workshops has improved over the year and feedback from the CRRF members has confirmed that the current arrangements are effective and will continue during 2014.

### **LEADERSHIP RISK REGISTER:**

17. The Leadership risk register (Annex B) is owned by the Chief Executive and shows the council's key strategic risks. The register is reviewed by the Strategic Risk Forum and then changes are proposed to the Continual Improvement Board.
18. Since the last meeting of the committee, the following risks have been updated:
- Partnership Working (L16) – risk description and controls updated;
  - Information Governance (L11) – controls updated; and
  - Major Change (L2) – risk description and controls updated.

### **IMPLICATIONS:**

#### **Financial**

Ineffective risk management arrangements may lead to increased costs or inefficiencies due to poor controls or lack of timely action.

#### **Equalities**

There are no direct equalities implications of this report.

#### **Risk management**

Embedded risk management arrangements will lead to improved governance and effective decision-making.

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<sup>2</sup> Strategic Risk Forum membership is - Chief Finance Officer (Chair), directorate risk leads, Chief Internal Auditor, Deputy Head of HR, Head of Emergency Management, Risk and Governance Manager.

<sup>3</sup> Council Risk and Resilience Forum membership is - Deputy Head of Emergency Management (Chair), Risk and Governance Manager, risk and business continuity representative.

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**Sources/background papers:** Risk Management annual report

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Strategic risk:

- Strategic Risk Group meetings
- Risk updates to Continual Improvement Board, including the Leadership Risk Register

Operational risk:

- Council Risk and Resilience Forum meetings
- Council Risk and Resilience workshops
- Health & Safety operations team meeting
- Central Joint Safety Committee meetings

Risk reporting:

- Risk updates and Leadership risk register reported to Audit and Governance Committee

Support and integration:

- Monthly catch ups between Risk and Governance Manager and Emergency Management Team
- Regular meetings with directorate and service risk and business continuity representatives
- Facilitation of internal audit risk workshop
- Development of treasury management risk register
- Business continuity exercises
- Business continuity exercise worksheets and summary of responses
- Business resilience reviews
- Business continuity surgeries
- Member induction and training

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