

CYNGOR SIR POWYS COUNTY COUNCIL

AUDIT COMMITTEE

12th October 2012

**REPORT AUTHOR: County Councillor Dai Davies
Portfolio Holder for Finance**

SUBJECT: Risk Management & Insurance Report

REPORT FOR: Discussion & Information

1. Summary

Audit Committee is responsible for reviewing the effectiveness of internal control. The Financial Regulations state that it is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant operational risks to the authority.

2. Risk Management

During the 2012 business planning process, services were required to identify the key risks facing the service. The raw data from this process was presented to Audit Committee on 13th July and it was requested these risks be moderated and that a revised list of high risks be presented together with key mitigating actions in respect of these risks.

The risks identified have recently been moderated by a panel and are shown overleaf. The purpose of this exercise was to ensure that those risks recorded on the corporate risk register and reported are not lower level service risks that need just be managed and monitored at service level and to review the adequacy of the risk identification process and ensure no significant omissions.

The moderated risks have now been placed onto the corporate performance management system and in due course managers will be able to monitor the profile and treatment of the risks facing their service through this system.

2.1 Risk Identification & Analysis

A total of 52 risks were identified. These are currently broken down into the following categories:

Count of Risk	Rating			
Category	High	Med	Low	Grand Total
Financial	3	6	0	9
Hazard	1	4	0	5
Operational	2	19	4	25
Strategic	3	8	2	13
Grand Total	9	37	6	52

2.2 Top Risks

The following risks are currently recorded as high on the corporate risk register:

SERVICE AREA		Risk	Probability	Impact	Rating	Category	Mitigating Actions
12.04	Corporate	Job evaluation	High	High	High	Operational	None received
12.11	Corporate	Inability to recruit skilled staff to effectively deliver services.	High	High	High	Operational	None received
12.42	LOCAL & ENVIRONMENTAL SERVICES	Uncertainty arising from re-tendering all transport contracts	High	High	High	Financial	Currently, all home to school and most local bus service contracts are out to tender, to be returned on 10 th October 2012. Also, uncertainty in respect of future WG funding probable cuts of 25% coming from April 2013, plus industry costs rising at around 6% per annum. Both these factors could lead to an increase of around 10 – 15% which could be around £1.2m increase in costs to stand still.
12.57	CHILDREN'S SERVICES	Increased LAC population and its direct impact on budget deficit - Link to objective CSS.12-15.002, CSS.12-15.002, CSS.12-15.004	High	High	High	Financial	<ul style="list-style-type: none"> Work in progress to provide a delivery plan. Fully implemented family support services by 31/3/13
12.58	CORPORATE	Loss of data or personal information – Data Protection Act - Action Plan owned by Information Governance Group	High	High	High	Strategic	Information Governance Plan - Verbal update to be provided to Audit Committee by Director of Social Services.
	Schools	Significant deficits in high schools are not brought under control,	High	High	High	Financial	Introduction of new financing scheme for schools and enforcement of new protocols.
12.85	LOCAL & ENVIRONMENTAL SERVICES	Liabilities arising from closed landfill sites	High	High	High	Hazard	<ul style="list-style-type: none"> Two closed landfill sites currently/shortly undergoing remedial works. Risk assessments recently revised on all closed landfill sites under the Council's management. A new policy of insurance in respect of third party liability inception with effect from 1st October 2012.
	ADULT'S SERVICES	Adult's Social Care overspending / Increase in demographic pressures leading to a negative effect on budget deficit	High	High	High	Financial	<ul style="list-style-type: none"> Current year budget pressures are being reviewed to identify the budget pressure up to March 2013 and to identify areas where savings can be achieved to mitigate some of the pressures. Plans for the introduction of an across the board reablement service are underway.
	Corporate	Failure to respond to internal audit and regulators recommendations.	High	High	High	Strategic	None received.
	Finance & Infrastructure	Inadequate financial planning and control in Education, Adults Social Care and Local & Environmental Services.	High	High	High	Financial	Programme of work underway between services and finance to develop more robust budgeting and planning

2.3 Emerging Risks

During the above-mentioned moderation process the following risks were identified which required further exploration to ascertain whether they should be recorded on the corporate risk register and at what level:

1. Robustness of planning process
2. Funding cuts and budgets
3. Adequacy of Statutory Testing programme (items not being captured for notification to the compliance team)
4. Lack of effective Service Business Continuity planning
5. Inadequate absence management processes
6. Fraud and the protection of Council assets
7. Issues arising from regulatory reports
8. Equalities and diversity
9. Wind farms
10. Management of the Council's fleet.
11. Inadequate corporate governance arrangements for shared services and partnerships.

3. Insurance Matters

3.1 Insurance Claims

Insurance claims data was presented to the Committee at the July meeting and there are no further significant developments to report.

3.2 Renewal of Insurance Policies

All the corporate insurance policies fell due for renewal on 1st October 2012. All insurers have held the rates negotiated during the tender process earlier in the year that resulted in substantial savings. The only significant increase is due to an increase in the number of vehicles on the insurance database which has resulted in increased premium of around £20,000.

3.3 Closed Landfill Sites Insurance Tender

Back in 2001 the Council incepted a specialist policy to cover certain liabilities arising out of its closed landfill sites. This policy expired on 30th September 2012. Whilst a procurement exercise was undertaken, this unfortunately did not result in any tenders being received, however cover has now been bound with an insurer for a period of five years, subject to various terms and conditions.

4. Powys Change Plan

Risk management is a tool that can assist the Council in achieving the ten key outcomes of the Powys Change Plan through better decision making and service delivery with increased certainty and fewer surprises.

Recommendation:	Reason for Recommendation:
Audit Committee monitor the implementation of recommendations and escalate any concerns with progress to the Executive.	To ensure the adequate management of risk.

Relevant Policy (ies):	Risk Management Strategy		
Within Policy:	Y	Within Budget:	Y

Relevant Local Member(s):	N/A
----------------------------------	------------

Person(s) To Implement Decision:	Jenna Smith
Date By When Decision To Be Implemented:	ASAP

Contact Officer Name:	Tel:	Fax:	Email:
Jenna Smith	01597826351	01597826290	jenna.smith@powys.gov.uk

Background Papers used to prepare Report: