

Audit and Standards Committee - 13th February 2014

Report of the Treasurer

Risk Management

Purpose of Report

1. To update members on current Corporate Risks and other matters relating to risk management.
2. To provide information relating to particular corporate risks as previously selected by this Committee.
3. To approve the Risk Management Strategy for 2014/15.

Background

4. At its meeting of the 25th April 2013, this Committee requested it should receive details of Corporate Risks three times per annum. Accordingly, this report constitutes the third such report.

Corporate Risks

5. Appendix 1 shows details of Corporate Risks (as reviewed by Corporate Board on the 28th January 2014) and therefore those appearing at the highest level on the Council's risk register. In simple terms, these risks are generally acknowledged as being the most significant facing the Council, impacting upon at least one or several of Council's key objectives.
6. Corporate Board also receives reports on Corporate Risks at least 3 times per annum and in addition, all Directors continue to review Directorate risks on a quarterly basis which form part of the Quarterly Corporate Performance Report.
7. In addition to risks tabled in Appendix 1, it is acknowledged that this Committee may identify any additional risks that it considers should form part of the Corporate Risks list.
8. At its last meeting on 10th December 2013, this Committee agreed to scrutinise risk ORG0002 relating to the budget. The Treasurer will present to the Committee

on this risk. The Committee also asked for further information about ORG0003 relating to Carbon Reduction. This information is in Appendix 2.

Risk Management Strategy

10. The Risk Management Strategy and guidance has been reviewed and is attached as Appendix 3.

Other matters relating to Risk Management

11. Municipal Mutual Insurance (MMI) was the insurer of many local authorities (including Dudley) until 1993. MMI has declared that it is unable to meet its anticipated future liabilities and therefore the so called '*clawback*' scheme has been triggered. In October 2013, a percentage levy of 15% was issued and this will become payable in late January 2014. An accrual of £0.30M was made in the Statement of Accounts for 2012.13 in respect of this. A further provision of £0.72M has been maintained to reflect the *potential* for further levies to be issued as dictated by the *Scheme of Arrangement*. This sum is considered prudent at this stage but is subject to 6 monthly reviews by the Treasurer in conjunction with M.M.I.'s bi annual *Statement of Accounts*
12. In order to streamline risk management processes, the Risk Manager is investigating the potential for the existing risk register to be incorporated into the corporate performance management system known as *Spectrum*. Early indications suggest this is feasible and that modest savings can be achieved if implemented. The Risk Manager is commencing a pilot around February 2014 and will work with Head of Audit and Treasurer to assess results.
13. Legislation giving rise to major changes in civil procedures for dealing with *Personal Injury* claims (Employers and Public liability) was passed on 1st April 2013 and notably accidents (employees or public) occurring after 1st August 2013 are subject to appreciably lower fixed fees regimes from third party solicitors. In theory, these changes should give rise to considerably reduced costs from third party solicitors. In order to maximise savings, the Risk Manager will be working closely with our legal advisers and insurers.

Finance

14. There are no explicit financial implications arising from this report.

Law

15. The Council has a statutory responsibility for managing risks as laid out in Section 4 of the Accounts and Audit Regulations 2003 (amended 2006).

Equality Impact

16. There are no equality issues arising from this report.

Recommendations

17. That this committee:

- Notes and comments on the Corporate Risks as set out in Appendix 1.
- Identifies any additional risks that it considers should form part of the Corporate Risks list.
- Considers specifically the risks relating to Budgets and associated controls
- Notes the information item on Carbon Reduction risk
- Identifies a particular risk for closer scrutiny the next time a risk report is scheduled (Provisionally July 2014).
- Approves the Risk Management Strategy and Guidance set out in Appendix 3
- Notes the other matters relating to Risk Management



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