

Gloucester City Council

Meeting:	Audit & Governance Committee	Date:	23rd November 2015
Subject:	Zurich Municipal (Zurich) Risk Management Standards Assessment		
Report Of:	Head of Finance		
Wards Affected:	All		
Key Decision:	No	Budget/Policy Framework:	No
Contact Officer:	Stephanie Payne – Audit, Risk Management and Value for Money Officer		
	Email:	stephanie.payne@gloucester.gov.uk	Tel: 39-6432
Appendices:	1. Zurich Risk Management Standards Assessment – minimum requirement observations action plan		
	2. Zurich Risk Management Standards Assessment report		

FOR GENERAL RELEASE

1.0 Purpose of Report

1.1 To update the Audit & Governance Committee on the Zurich Risk Management Standards Assessment review and report, including subsequent actions by officers to improve the Council position against the assessment criteria.

2.0 Recommendations

2.1 Audit & Governance Committee is asked to **RESOLVE** that the Zurich Risk Management Standards Assessment report and subsequent actions by officers be noted.

3.0 Background and Key Issues

3.1 Zurich contract

3.1.1 The Council's current insurance contract with Zurich includes an annual allocation for risk management support services. This is effectively a block of consultancy time which the Council can access for risk management specific products. The product type (e.g. plan testing or training provision) is selected by the Council per year of the contract.

3.1.2 The insurance contract term is 1st April 2014 to 31st March 2017.

3.1.3 SMT agreement was obtained in February 2015 for the 2014/15 risk management allocation to be utilised on a Risk Management Standards Assessment of the Council, to include review of the following areas:

- Combined liability:
Health and safety – legislation, policies & procedure; Health and safety – staff management, training & awareness; Maintenance and inspections; Hiring of facilities; and Use of contractors and partnerships
- Motor:
Legislation; Driver and staff management; and Vehicle management
- General property:
Facilities management; Fire safety management; Fire inception risks; Fire development risks; Fire control systems; Building security; Storm & flood protection; and Unoccupied premises
- Claims management

3.2 Risk Management Standards Assessment review completion and output

3.2.1 On site delivery was completed by the Zurich Risk Consultant over two days within June 2015 and co-ordinated by the Audit, Risk Management & Value for Money Officer. The review approach included officer group interviews and review of relevant supporting documents.

3.2.2 Officers from the following services fed into and supported completion of the review: Asset Management; Finance; Contact Centre & Customer Services; Countryside Unit; Cemeteries & Crematorium; Business Improvement; Health, Partnerships & Engagement; Public Protection; and Neighbourhood Services.

3.2.3 The Zurich Risk Management Standards Assessment report was issued in July 2015 and is included at **Appendix 2**. The report confirms that at the time of review the Council achieved the following levels of risk management standards:

- Combined liability: Good - minimum statutory requirements met with evidence of systems/procedures in excess of legal obligations: e.g. staff management & training (including health & safety and stress awareness) and local risk assessments
- General property: Good (as above), including best practice areas noted within facilities management and fire safety management
- Claims management: Minimum - compliant with relevant legislation, codes of practice and other statutory requirements
- Motor: Below minimum - not fully compliant with relevant statutory requirements for driver & staff management and vehicle management

3.2.4 The Zurich report includes areas for improvement observations, split between minimum requirement observations (to meet statutory requirements) and best practice observations (to improve current processes and/or procedures). **Appendix 1** details all minimum requirement observations.

3.3 Planned actions

3.3.1 The Council has taken the following immediate steps to mitigate risks arising from the 'below minimum' requirements:

- Review of driver check options completed (including the potential for self-certification through SAP) and driver check approach drafted for immediate roll out within the Council in line with the **Appendix 1** action plan
- Instructed all Managers, for services where Council owned vehicles are in use, that daily vehicle inspections must be completed (Council wide consistent approach to be rolled out by 31st December 2015 in line with the **Appendix 1** action plan)

3.3.2 The Council's target is to meet minimum requirements across all reviewed Risk Management Standards Assessment categories by 31st March 2016. The target will be monitored through the minimum requirement observations action plan at **Appendix 1**.

4.0 Asset Based Community Development (ABCD) Considerations

4.1 There are no anticipated ABCD implications from this report.

5.0 Alternative Options Considered

5.1 No other options have been considered as the purpose of this report is to inform the Committee of the risk management review undertaken by Zurich and their assessment of the Council's position against risk management standards.

5.2 The Council could choose to not implement the minimum requirement observations (motor) raised in the Zurich report. This is not deemed an appropriate alternative option as it would cause the Council to continue as non-compliant with relevant statutory requirements (motor) and would not effectively manage the relevant operational risks.

6.0 Reasons for Recommendations

6.1 The Council Risk Management Strategy and Constitution confirm the Audit & Governance Committee role 'to monitor the effective development and operation of risk management'. This report is to update Committee on the Zurich Risk Management Standards Assessment review and ongoing actions by officers, to evidence the effective development of risk management at the Council.

7.0 Future Work and Conclusions

7.1 All motor minimum requirement observations raised within the Zurich report are under review by allocated responsible officers and are planned for implementation at the Council by 31st March 2016 – see **Appendix 1**. No other minimum requirement observations were raised by the Zurich report.

7.2 Best practice observations raised within the Zurich report are being considered at service level for inclusion within future service business plans, where appropriate.

7.3 The Zurich 2015/16 provision for risk management is to be discussed and agreed by SMT within quarter 3 2015/16 for delivery in 2016. The agreed product and relevant output will be reported to Audit & Governance Committee.

8.0 Financial Implications

8.1 The Zurich Risk Management Standards Assessment review was completed as part of the Council's insurance contract with Zurich, which includes an annual allocation for risk management support services. The review incurred no additional cost.

8.2 Zurich has confirmed that the review does not impact future insurance premiums.

(Financial Services have been consulted in the preparation of this report).

9.0 Legal Implications

9.1 Non implementation of the minimum requirement observations (motor) raised in the Zurich report would cause the Council to continue as operating at below the minimum risk management standards (motor). The Council would therefore not meet motor statutory requirements for driver, staff & vehicle management, or relevant motor insurance criteria.

9.2 If a motor incident/accident were to occur involving a Council vehicle (leased/owned) or grey fleet (Council employees using private vehicles for work purposes/business use), the Council could be directly and fully liable for costs. The Council has, therefore, taken immediate steps to mitigate this risk as set out in the report.

(One Legal have been consulted in the preparation of this report).

10.0 Risk & Opportunity Management Implications

10.1 Non implementation of the minimum requirement observations (motor) raised in the Zurich report would cause the Council to continue as operating at below the minimum risk management standards (motor) and would not effectively manage relevant operational risks, which could cause significant legal, financial and reputational impact.

11.0 People Impact Assessment (PIA):

11.1 A PIA screening assessment has been completed and the impact is neutral. A full PIA is not required.

12.0 Other Corporate Implications

Community Safety

12.1 None.

Sustainability

12.2 None.

Staffing & Trade Union

12.3 None.

Press Release drafted/approved

12.4 None.

Background Documents: Council Constitution 2015/16
Risk Management Strategy

Appendix 1

Zurich Risk Management Standards Assessment – minimum requirement observations action plan

Minimum requirement observation	Planned action	Responsible officer	Deadline
Motor			
Driver and staff management			
An occupational road risk (Driving at Work) policy should be implemented that covers all driving that takes place within the council.	<p>Council Driving at Work Policy to be drafted and approved.</p> <p>Policy scope and application to include all Council staff and vehicles within the control of or being used by the Council.</p>	Jeff Thomas, Health & Safety Advisor	31 st March 2016
Annual driver licence checks should then be conducted for all authorised drivers of council owned vehicles. This could be done by the DVLA who should check points, medical fitness and licence category.	Review of driver check options completed. Driver checks guidelines and form drafted. Scope applicable to all Council staff and all vehicles within the control of or being used by the Council (e.g. Council owned & leased vehicles and grey fleet).	Jeff Thomas, Health & Safety Advisor	Immediate implementation
The appropriate class of licence needs to be checked against the vehicle/plant as some licences now require that a specific trailer test be completed before towing.	<p>Minimum requirement for annual driver checks, plus new appointments or role changes. To include review of licence and licence permissions.</p> <p>Drivers to be responsible for ensuring that they meet the driver checks criteria. Completion of the annual driver checks form will be the responsibility of Drivers, for verification by Line Managers. Audit trail to be retained by Line Managers.</p> <p>Annual spot checks will then be completed by the Health & Safety Advisor.</p>		

Minimum requirement observation	Planned action	Responsible officer	Deadline
Motor			
Vehicle management			
Roles and responsibilities for managing this small fleet of vehicles should be formalised, so that central records can be kept and schedules monitored for the servicing and MOT of vehicles.	Central record of all Council vehicles (owned and leased) to be maintained by Financial Services – to include details and supporting documentation (where relevant) of vehicle type, specific location, insurance, servicing, MOT and road tax.	Andrew Cummings, Management Accountant	31 st December 2015
Daily vehicles inspections should be consistent across the council and undertaken by the driver, even in the case of several different drivers in one vehicle in one day.	Daily vehicle inspection guidelines and form to be drafted. Approach to then be rolled out to all services where Council vehicles (leased and owned) are in use. Annual spot checks will then be completed by the Health & Safety Advisor.	Jeff Thomas, Health & Safety Advisor	31 st December 2015

The below action plan is to be co-ordinated and supported by the Audit, Risk Management and Value for Money Officer.