

Governance Update

SUMMARY

- 1.1 This report provides an update on the developments being made within the Council's governance framework.

RECOMMENDATION

- 2.1 To note the actions and the progress being made to enhance the governance framework.

REASONS FOR RECOMMENDATION

- 3.1 The Audit and Accounts Committee is responsible for providing assurance to the Council on the effectiveness of the governance arrangements, risk management framework and internal control environment.

SUPPORTING INFORMATION

Information Governance

- 4.1 This update on information governance covers the period 1 June 2012 to 30 September 2012.

Freedom of Information:

- 4.2 The number of Freedom of Information (FOI) requests the Council has received over the last 7 years has increased each year. Table 1 below shows the number of FOI requests received each year since FOI came into being, and the number of requests received in 2012, as at 30 September. The number of requests received in 2012 is 688. This is an average of 76.44 requests per month. This compares to an average of 76.08 per month in 2011.

Table 1: Number of FOI Requests Received by Calendar Year

Year	Number of FOI Requests
Jan - Dec 05	183
Jan - Dec 06	239
Jan - Dec 07	250
Jan - Dec 08	358
Jan - Dec 09	581
Jan - Dec 10	685
Jan – Dec 11	913
Jan – Sept 12	688

4.3 Source of FOI Requests

The Council does not just receive FOI requests from members of the public. A large proportion comes from commercial organisations, local and national media and political pressure groups. An analysis of requests for information sorted by category of requester for the period from 1 June 2012 to 30 September 2012 is shown in Table 2. Table 3 breaks these same figures down by the Council Directorate responsible for supplying the information.

Table 2: Number of FOI Requests by category of requester

FOI Request from	June 2012	July 2012	Aug 2012	Sept 2012
Commercial	25	28	19	13
Media	11	10	18	11
Personal	24	53	45	28
Other Local Authority	1	1	1	0
Political	3	5	1	0
Total	64	97	84	52

Table 3: Number of FOI Requests by Lead Directorate

Directorate	June 2012	July 2012	Aug 2012	Sept 2012
Adults, Health & Housing	5	11	5	9
Chief Executive's Office	6	2	2	1
Children & Young People	8	9	15	2
Neighbourhoods	20	34	25	17
Resources	22	34	33	23
Council Wide	3	6	4	0
Total	64	97	84	52

Information Commissioner's Office – Compliance Audit

- 4.4 At the meeting on 27 June 2012, it was reported that the Information Commissioner's Office (ICO) had investigated 2 data breaches that the Council had notified to them. Following this visit the ICO offered the Council the opportunity to receive an audit from the ICO to assess compliance with the Data Protection Act. The Council took up this offer and the audit took place from 11 September to 13 September 2012.
- 4.5 The scope of the audit was designed to take into account both generic data protection issues as well as any organisation specific concerns that the Council may have about its data protection policies and procedures. The audit would also identify relevant data protection risks within the Council. The audit covered 3 key areas:

1. Data protection Governance
2. Records management
3. Security

The benefits to the Council of having the audit were that it provided:

- An independent assurance opinion in relation to compliance with the DPA.
- The opportunity for the Council to discuss data protection issues with the members of the ICO's audit team and benefit from good practice recommendations gathered from a wide range of data controllers.
- The opportunity for utilising the knowledge and experience of trained data protection auditors.

- 4.6 Initial feedback was provided by the ICO audit team at the completion of the site visit. This was positive. The scoping document agreed with the ICO provided the following timeframes around the audit report:

	Responsibilities of the ICO	Responsibilities of DCC
Date on which the first draft report is issued:	28 September 2012	
Date on which the comments on the first draft are provided:		By 12 October 2012
Date on which the second draft and draft executive summary is issued:	19 October 2012	
Date on which the second draft showing the action plan is returned:		By 2 November 2012
Date on which the final report and executive summary is issued:	14 November 2012	
Date on which the decision on whether or not to publish the executive summary is provided:		By 28 November 2012

- 4.7 The final report will be brought to the December meeting of this Committee together with an action plan for further improving the information governance framework.

Insurance and Risk Management

Risk management report - ZM

- 4.8 At the meeting on 2 February 2012, Members received a report on the review of the Council's risk management framework which was produced by the Council's main insurers Zurich Municipal (ZM). Committee was informed that the Strategic Risk Group had agreed that the next step was to request that Zurich Municipal review the embedding of the framework and the way it is communicated throughout the Council with the aim of identifying any areas of weakness and recommendations on improvements. This review was undertaken in August 2012.

- 4.9 The report summarises that there is clear evidence that work has been undertaken in terms of developing and embedding a robust / mature risk management framework across Derby City Council, but there is a consensus that to build on the excellent work already undertaken further work is required. Although some of the baseline assessments may appear moderate, there is a great deal of evidence that improvements are already being made and higher maturity levels could easily be attained if the current momentum and desire for change is continued, which the author states “is very encouraging”.

There are seven overarching themes for improvement:

1. Consistency of approach
2. Risk owner accountability
3. Improved communication and engagement
4. The defined requirements of a risk management process
5. Embedding a culture of proactive, constructive risk management challenge and learning
6. Timely risk mitigation, and
7. Harmonisation of programme / project and corporate risk management.

Within these key areas there are several suggested steps which could help the council to embed a robust risk management process and attain higher levels of maturity.

The full report from Zurich Municipal is attached at Appendix 2.

Insurance and Risk Management Action Plan

- 4.10 At its meeting on 27 June 2012, Committee reviewed the Insurance and Risk management Action Plan. Current progress is shown in Appendix 3. The plan has also been updated to reflect the recommendations made by Zurich Municipal. A new action has been added which encompasses all of the recommendations in the report into one overall action to determine what the Council wishes to do in relation to risk management in the future.

Insurance Statistics

- 4.11 Given the clear link between insurance and risk management, it presents an opportunity for this Committee to scrutinise insurance data for the Council and to review the potential risk areas identified in the data. The report in Appendix 4 shows the number of claims, estimated values and the payments the Council has made for the 6 month period from 1 April to 30 September 2012. The report covers the 4 main insurance policy types. The appendix shows the level of potential funding that the Council contributes to insurance claims. It also illustrates a certain level of self-insurance on certain policy types i.e. public liability and employers liability which both have a higher excess of £32,086 (£31,750 in 2011).

- 4.12 A successful claim against the Council could be described as a risk that has manifested itself. It could also be down to a mistake by the Council. By reviewing historical insurance data, we can identify issues and then put in place the necessary actions to prevent the risks and mistakes from re-occurring. The analysis of insurance data can also highlight issues where inadequate departmental responses within the claims process have resulted in increased delays and costs. On a more corporate level we can use the data to identify trends in an attempt to reduce either the number, or impact, of future claims.
- 4.13 This is data that is already collated for claims management so there are no increased costs to the Council in developing this. By using the insurance data as a risk management tool we can attempt to reduce self insurance costs. It also demonstrates to the insurer a strong commitment to risk management.

National Fraud Initiative

- 4.12 The National Fraud Initiative 2012/13 required that the Council submitted all the datasets which the Audit Commission will use in their matching exercises during the week commencing 8 October 2012.
- 4.13 All teams who needed to submit data were encouraged by Internal Audit to do trial runs of their extraction programs, so that they could make certain the reports would meet the Audit Commission specified data requirements. The aim of this was to enable data to be submitted promptly. Unfortunately, several of the data sets sent to Internal Audit for uploading did not fully meet the data specification and therefore required a degree of cleansing. In many cases this is due to inconsistencies in data input.
- 4.14 There had been a few changes to the data requirements since the last submission cycle (October 2010). The major change that initially caused problems was that the Audit Commission requested that the alcohol licensee data included the address where the individual worked, so they could exclude supermarkets etc. This caused some difficulties as the information is held in two different places. However, due to much hard work, the "personal licences for the supply of alcohol" data set submitted by the Licensing Team met the data specification with no cleansing required by Internal Audit before submission.

OTHER OPTIONS CONSIDERED

- 5.1 N/A

This report has been approved by the following officers:

Legal officer	N/A
Financial officer	N/A
Human Resources officer	N/A
Service Director(s)	N/A
Other(s)	N/A

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Background papers:	None
List of appendices:	Appendix 1 – Implications Appendix 2 – Zurich Municipal – Risk Management Review Appendix 3 - Insurance and Risk Management Action Plan Appendix 4 – Insurance Statistics 2012 (Apr – Sept)

IMPLICATIONS

Financial and Value for Money

- 1.1 The charge for Unitary Councils participating in the National Fraud Initiative 2012/13 is £3650. NFI is no longer deemed a vatable charge by HMRC (from July 2011). The charges have been held at the same level as for the NFI 2008/9 and 2010/11).

Legal

- 2.1 The Audit Commission has designated the National Fraud Initiative to be part of the statutory external audit and authorities are legally obliged to provide the relevant data, which is required under the Audit Commission Act 1998. The Council has complied with Data Protection principles and advice regarding data matching issued by the Audit Commission. These measures had already been adopted as part of the participation in previous NFI exercises. The steps we have taken prior to each NFI exercise were to inform staff and their representative bodies that payroll data was to be used.

Personnel

- 3.1 None directly arising

Equalities Impact

- 4.1 None directly arising.

Health and Safety

- 5.1 None directly arising.

Environmental Sustainability

- 6.1 None directly arising.

Asset Management

- 7.1 None directly arising.

Risk Management

- 8.1 The effective management of risk is a core principle of good governance.

Corporate objectives and priorities for change

- 9.1 The functions of the Committee have been established to support delivery of corporate objectives by enhancing scrutiny of various aspects of the Council's controls and governance arrangements.

Appendix 3

Insurance and Risk Management Action Plan 2012/13 – 2013-14

Action	Owner	Target Date	Risks – <i>what could prevent action from being delivered</i>	Update
To work in conjunction with Zurich Municipal to conduct a comprehensive review the Councils Risk management framework and how its being implemented within several specific departments of high risk and the councils structure as a whole	Head of Governance & Assurance With support from: <ul style="list-style-type: none"> Principal Risk and Insurance Officer Zurich Municipal 	Ongoing with completion date Mar-13	Lack of support from key people at consultation stage will only evidence weaknesses looked for. However its likely that any corrections to our weaknesses will be unpopular and contradict the approach of certain dominant departments and by extension be ignored rendering the exercise futile	ZM has now finalised its report on the implementation/embedding of the risk management framework.
To begin to collect and collate all the information needed in preparation for the insurance tender	Principal Risk and Insurance Officer	Ongoing with completion date Oct-12	Lack of support and understanding of urgency from departments and key people. Limited resources within the insurance section may also be an issue.	All the requested information has been sent to the Council's insurance brokers (JLT) who are preparing the insurance tender.
To orchestrate a full review of the sum insured values on a number of key properties within the corporate portfolio to ensure appropriate levels of insurance are in place.	Head of Estates and Head of Governance & Assurance With support from: <ul style="list-style-type: none"> Principal Risk and Insurance Officer Zurich Municipal 	Oct-12	Lack of resources, support and understanding of urgency from all stakeholders	Ongoing – delayed due to difficulties in obtaining property information. A sample of properties for inspection/valuation has been sent to ZM.
To review RM handbooks - revising as required	Principal Risk and Insurance Officer	Mar-13	As task is dependent on one person there is a potential of 'slippage'	Started October 2012.

Action	Owner	Target Date	Risks – <i>what could prevent action from being delivered</i>	Update
To create Insurance Handbooks to provide information and guidance	Principal Risk and Insurance Officer	Mar-13	As task is dependent on one person there is a potential of 'slippage'	First draft produced.
Review current insurance arrangements and assess whether they are still appropriate to our current corporate model	Head of Governance & Assurance With support from: • Principal Risk and Insurance Officer • Insurance Broker	Oct-12	None	Part of the corporate tender process.
Spot checks to ensure corporate procedures are properly followed/embedded in each directorate	Principal Risk and Insurance Officer	Ongoing	Resource availability	Covered in ZM risk report
Investigate electronic storage for all insurance and risk management documentation to comply with new ways of working	Principal Risk & Insurance Officer	Aug 12	As task is dependent on one person there is a potential of 'slippage'. Scanning resource not available.	Ongoing – desk top scanner being used. Task is 70% complete.
New Action Added October 2012				
Following ZM report determine the strategic direction that the Council wants to take with Risk Management in order to realise its value/benefits..	Strategic Director of Resources/ Chair of Strategic Risk Group (Strategic Director of Neighbourhoods)	Mar 13	Consensus of opinion not achieved. Low priority given current issues within local government. Lack of staffing resources.	

Appendix 4

Insurance Statistics – April – September 2012

The tables below show the number of claims for the 4 main policy categories of insurance. The level of funding required from the Council depends on the level of excess in place for each category of insurance.

Public Liability:

Month	Number of Claims	Number Repudiated	Number Settled	Total Value of Claims	Insurance Company Funded	DCC Funded	Directorate Funded	Payments made
				£	£	£	£	£
Apr 12	23	4	0	95,311	0	86,125	9,186	350
May 12	14	1	0	159,450	36,043	117,207	6,200	0
Jun 12	13	1	0	63,400	0	57,800	5,600	0
Jul 12	17	0	0	171,900	64,543	99,207	8,150	0
Aug 12	13	1	0	235,537	135,828	94,372	5,337	0
Sep 12	19	1	0	51,325	0	44,215	7,110	0
Total	99	8	0	776,923	236,414	498,926	41,583	350

Employers Liability:

Month	Number of Claims	Number Repudiated	Number Settled	Total Value of Claims	Insurance Company Funded	DCC Funded	Directorate Funded	Payments made
				£	£	£	£	£
Apr 12	0	0	0	0	0	0	0	0
May 12	2	0	0	14,750	0	14,750	0	0
Jun 12	3	1	0	14,050	0	14,050	0	0
Jul 12	1	0	0	6,500	0	6,500	0	0
Aug 12	1	0	0	8,165	0	8,165	0	0
Sep 12	1	0	0	20,000	0	20,000	0	0
Total	8	1	0	63,465	0	63,465	0	0

Property:

Month	Number of Claims	Number Repudiated	Number Settled	Total Value of Claims	Insurance Company Funded	DCC Funded	Directorate Funded	Payments made
				£	£	£	£	£
Apr 12	4	0	1	4,199	3,199	0	1,000	1,144
May 12	0	0	0	0	0	0	0	0
Jun 12	2	0	0	8,619	7,419	0	1,200	0
Jul 12	12	1	1	80,881	78,581	200	2,100	1,932
Aug 12	1	1	0	0	0	0	0	0
Sep 12	1	0	0	2,000	1,800	0	200	0
Total	20	2	2	95,699	90,999	200	4,500	3076

Motor:

Month	Number of Claims	Number Repudiated	Number Settled	Total Value of Claims	Insurance Company Funded	DCC Funded	Directorate Funded	Payments made
				£	£	£	£	£
Apr 12	5	0	2	4,864	3,864	0	1,000	1,364
May 12	8	0	3	7,890	7,890	0	0	940
Jun 12	9	1	2	11,300	9,300	0	2,000	1,100
Jul 12	8	0	1	8,652	7,622	0	1,030	622
Aug 12	3	0	0	5,400	4,400	0	1,000	0

Sep 12	8	0	0	3,900	2,050	0	1,850	0
Total	41	1	8	42,006	35,126	0	6,880	4,026