

**REPORT TO: FINANCE COMMITTEE - 10 DECEMBER 2001**

**REPORT ON: INTEGRATED RISK MANAGEMENT**

**REPORT BY: DIRECTOR OF FINANCE**

**REPORT NO: 542-2001**

## **1 PURPOSE OF REPORT**

To provide Elected Members with an overview of the Council's current approach to the management of risk and highlight how improvements may be made.

## **2 RECOMMENDATIONS**

It is recommended that the Committee:

- approve the Strategic and Employee Risk Management Statements within the appendix to this report.
- agrees to the Audit Sub Committee being amended to the Audit and Risk Management Sub Committee to formally address risk issues on a corporate basis.
- approve the increase in Risk Management funding from £100,000 to £150,000 by 2003/2004.

## **3 FINANCIAL IMPLICATIONS**

- 3.1 The Council supports its Risk Management Strategy with a dedicated budget of £100,000 per annum to support Departmental loss control initiatives.
- 3.2 In view of the positive effect of risk management expenditure on self-insured losses, the level of budgetary provision will be increased to £150,000 by 2003/2004, through virement of interest generated by the insurance fund.

## **4 LOCAL AGENDA 21 IMPLICATIONS**

The avoidance of needlessly wasted resources is generally in keeping with the aspirations of Local Agenda 21.

## **5 EQUAL OPPORTUNITIES IMPLICATIONS**

None.

## **6 BACKGROUND**

- 6.1 Average direct insurable losses per annum, since 1996, have remained fairly static at £3m. Many of the incidents contributing to these losses are avoidable. There have been some successes in (temporarily) reducing instances of loss (eg Anti Vandalism Poster Campaign) but in many instances the level of self-insured loss shows little sign of improvement.
- 6.2 The most commonly encountered obstacles to the Risk Management Section's efforts to act as the catalyst for improved control of loss are:
- a The lack of a formal Committee Structure to support initiatives and monitor progress.
  - b In turn the Risk Manager is sometimes not consulted on major shifts in strategic matters at the optimum time.

- c Lack of a policy statement, endorsed by the Council, highlighting its commitment to the management of losses.
- d Absence of a readily understood "sub statement" for staff, to which they can relate.
- e Lack of Departmental funds to remediate hazards - normally due to competing demands for resources and/or as a consequence of decentralised management and budget holding diluting a co-ordinated approach being applied to common causes of loss.

## **7 PROPOSED IMPROVEMENTS**

- 7.1 The appendices to the report contain a draft Strategic and Employee Statement.

Approval for both documents is sought. Thereafter, a cascade system of distribution is proposed.

- 7.2 It is proposed to establish a Risk Management Sub-Committee to formalise the Council's activity in this area. Further, by establishing a formal structure for the management of risk, heightened Departmental accountability on risk issues will follow.
- 7.3 To supplement the strategic overview of the revised Audit/Risk Management Sub-Committee a cross Departmental Risk Management group, chaired by either the Director of Finance or the Corporate Finance Manager, will be established to deal with risk issues at second or third tier management level.
- 7.4 The gradual increase in the central Risk Management budget will enable more areas of loss to receive remedial attention.

## **8 CONCLUSION**

Whilst significant efforts to improve self-insured losses have been made, the Council will benefit from formalising its Risk Management efforts.

## **9 CONSULTATION**

All Chief Officers have been consulted prior to submission of this report.

**DAVID K DORWARD**  
**DIRECTOR OF FINANCE**

### **BACKGROUND PAPERS**

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.



**CORPORATE POLICY STATEMENT ON RISK MANAGEMENT**

Dundee City Council is dedicated to the management of risk in order to:

- safeguard its employees
- protect its property
- preserve and enhance service delivery
- maintain effective stewardship of public funds
- promote a favourable corporate image.

The efficient management of risk forms part of the City Council's overall business objectives.

To achieve this, standards and principles applicable to the Council as a whole, will be developed and maintained. This process will involve identification and evaluation of risks to create practical and cost effective means of loss control and avoidance.

Risk financing techniques, including insurance, will be used to fund fortuitous and catastrophe losses. Self-insurance will be used to optimise the benefits of risk retention, relative to premium economy.

The Principal Insurance and Risk Management Officer is responsible for co-ordinating activities, enlisting available expertise, internally and externally, and directing action through the medium of the Risk Management Sub Committee.

Risk Management is recognised as a continuous process, demanding awareness and action from employees at every level, to reduce the possibility and impact of injury and loss.

**EMPLOYEE RISK MANAGEMENT STATEMENT**

The Council seeks your help in implementing its risk management policy.

In simple terms, risk management is concerned with identifying and trying to prevent events which could lead to loss, damage or injury to either Council employees, their property or members of the public or their property.

The benefits of a risk management policy are a safer environment for everyone, reduced claims payments and resources being made available to support both services and jobs.

If you notice anything which you consider to be a hazard please contact the Risk Management Section on 433301.