

## OPERATIONAL RISK AUDIT

### 1. INTRODUCTION

- 1.1 As part of Hampshire's joint procurement of insurance Zurich provide a risk audit of each council covering the four risk areas – **general property, motor, combined liability** and **housing property & public liability**.
- 1.2 The aim of the audits are to risk assess practices regarding employer and public liability management and to comment on measures in place to reduce losses and suggest possible ways of further reducing risks. This would reduce the council's risk of liability and help the council defend future claims whilst sharing best practice across the 11 boroughs and districts.
- 1.3 Each council is to be audited up to three times, giving time to implement the recommendations and then be reassessed. This council underwent its second audit in November 2013 for general property, motor and combined liability and its first audit in January 2014 for housing property & public liability.

### 2. THE PROCESS

- 2.1 The process for the audits was the same as the previous audit the year before.
- 2.2 Meetings were arranged between the auditor and the appropriate officers for the three areas of liability.
- 2.3 Zurich supplied a list of specific areas and questions that were going to be covered in the audit. Prior to the meetings the council provided requested documents to evidence those specific areas. Additional evidence was given to the auditor on the day.
- 2.4 During each of the meetings the auditor, using a prescribed form, scored and took notes of responses given to the questions. At the end of all the meetings the auditor met with relevant heads of service to provide initial feedback on the findings.
- 2.5 A formal report was then produced detailing how well the council scored with suggestions for improvements.

- 2.6 The council was given an overall score for each section with individual scores for specific areas. The scores given are 'below minimum', 'minimum', 'good' and 'best practice'.  
**Below Minimum** – failure to have in place basic and fundamental systems and/or procedures.  
**Minimum** – compliance with any relevant legislation, codes of practice and any other statutory requirements. Zurich would expect a local authority to be at this level.  
**Good** – in addition to the minimum standard the local authority has exhibited systems and/or procedures that are in excess of their legal obligations.  
**Best Practice** – exemplary systems and/or procedures are in place.
- 2.7 A 'below minimum' score in a key area restricts the overall score for that section to 'minimum'.

## 5. THE FINDINGS – GENERAL PROPERTY, MOTOR AND COMBINED LIABILITY

- 5.1 The council's aim was to show an overall improvement. Particularly in the areas where it has implemented actions from the previous audit.

The overall scores for each of the areas are:

General Property	<b>Good</b>
Motor	<b>Good</b>
Combined Liability	<b>Good</b>

None of the areas for inspection scored 'below minimum'.

- 5.2 These results show an improvement from 'minimum' which was achieved in all three areas the previous year.
- 5.3 Additionally the council scored **best practice** for 'fire inception risks' for its general properties and for 'hiring of our facilities' (Health and Leisure Centres).
- # 5.4 The standards achieved for each individual area of assessment are detailed in the Appendix.

## 6. THE FINDINGS – HOUSING PROPERTY & PUBLIC LIABILITY

- 6.1 As this is the first audit in this area the council's aim was to achieve a score of at least minimum. Overall the council was scored as **Good**.
- None of the areas for inspection scored 'below minimum'.
- # 6.2 The standards achieved for each individual area of assessment are detailed in the Appendix.

## **7. EVALUATING AND IMPLEMENTING THE FINDINGS**

- 7.1 Since the audit the relevant officers and heads of service have met to discuss the findings and recommendations contained in the report. Where considered appropriate actions have been agreed.
- 7.2 For each of the sections where 'good' has been scored consideration has been given to the need for improving to 'best practice' and the balance of resources and impact.

## **8. CONCLUSIONS**

- 8.1 The risk audit highlights that the council has a robust approach to risk management in the areas reviewed demonstrating good practice in a number of aspects and achieving a good level of compliance across the board.
- 8.2 Scoring 'good' on all four areas enables the council to be more confident during its own negotiations for the forthcoming Hampshire wide insurance procurement. In addition, the Hampshire authorities are all undergoing the same process and all are showing improvements, making the group a more attractive proposition.

## **9. RECOMMENDATION**

- 9.1 That Audit Committee note the report and its appendix.

### **For further information**

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RISK MANAGEMENT STANDARDS ASSESSMENT  
2013 Health Check by ZURICH MUNICIPAL

## SUMMARY OF STANDARDS ACHIEVED

Combined liability	2012 Audit	2013 Audit	Direction of travel
<b>OVERALL</b>	Minimum	Good	↑
Legislation	Minimum	Good	↑
Staff management and training	Good	Good	→
Maintenance and inspection	Minimum	Minimum	→
Hiring of facilities	Below minimum	Best Practice	↑↑↑
Contractors and partnerships	Minimum	Good	↑
Claims management	Good	Good	→

Motor	2012 Audit	2013 Audit	Direction of travel
<b>OVERALL</b>	MINIMUM	GOOD	↑
Legislation	Below minimum	Good	↑↑
Driver and staff management	Minimum	Minimum	→
Vehicle management	Good	Good	→
Vehicle security and compounds	Good	Good	→
Claims management	Good	Good	→

General Property	2012 Audit	2013 Audit	Direction of travel
<b>OVERALL</b>	MINIMUM	GOOD	↑
Facilities management	Minimum	Good	↑
Fire safety management	Below minimum	Good	↑↑
Fire inception risks	Good	Best Practice	↑
Fire development risks	Minimum	Minimum	→
Fire control systems	Minimum	Minimum	→
Building security	Minimum	Good	↑
Unoccupied premises	Minimum	Minimum	→
Claims management	Good	Good	→

Housing Property & Public Liability	2013 Audit
<b>OVERALL</b>	GOOD
Fire safety management	Good
Fire prevention	Good
Housing stock management	Good
Inspection regimes	Minimum
Storm and flood protection	Minimum
Tenant interaction	Good
Claims management	Good