

# TONBRIDGE & MALLING BOROUGH COUNCIL

## AUDIT COMMITTEE

13 October 2009

### Report of the Director of Finance

#### Part 1- Public

#### Matters for Recommendation to Cabinet

#### 1 RISK MANAGEMENT CONSULTANCY ALLOWANCE

**This report seeks member approval for the further partial allocation of an allowance provided by the Council's insurers in respect of risk management initiatives.**

##### 1.1 Introduction

1.1.1 A feature of the insurance tender exercise, carried out as part of the 2006/07 renewal of insurance arrangements, was the provision by the successful insurer of an allowance which could be used to 'fund' risk management consultancy work which would also be provided by the insurer. The amount of the allowance was £31,500 and one condition attaching to its use was that all funds must be used within a three year period. Any funds not used within that period will be cancelled.

1.1.2 As reported to the Finance & Property Advisory Board meeting on 23 May 2007, proposals for the use of the allowance will be reported to members of the Audit Committee for consideration. On this occasion two separate proposals are reported for consideration by this Committee :-

§ The Director of Health & Housing has proposed that a review of the Council's client role and approach to its legal responsibilities for managing contracts and contractors, from a health & safety perspective, be considered for approval.

§ The Director of Finance has proposed that Risk Management Refresher Training be provided to members of the Audit Committee, with an invitation extended to Members of the Cabinet, Finance & Property Advisory Board, General Purposes Committee and any other interested Members.

##### 1.2 Financial and Value for Money Considerations

1.2.1 Preliminary discussions with the insurers as to the Council's requirements for the **Review of our Contract Management Procedures** have resulted in a quotation for the work in the sum of £3,500 plus VAT. As previously mentioned, if accepted,

it is intended that the review be funded from the allowance received from the insurers and that the review commence at the end of October.

- 1.2.2 Our insurers will be looking at how we manage our responsibilities and will focus on our Refuse, Re-cycling and Street Cleansing contract. The intention is that lessons learnt for this exercise can subsequently be shared with all Council Services that have responsibilities for managing contracts/contractors.
- 1.2.3 The review will include: –
- Relevant documentation relating to monitoring of health and safety both corporately and contract specific
  - Sampling inspection arrangements and procedures
  - Interviewing staff and managers
- 1.2.4 In respect of the **Risk Management Refresher Training** a quotation in the sum of £1,300 plus VAT has been obtained. If the proposal is approved the training can be provided on 9 February 2010 immediately before the Audit Committee meeting scheduled for that evening.
- 1.2.5 The training is expected to take 1 to 1.5 hours and would be provided by Zurich Municipal's Senior Strategic Risk Consultant, Mr Joseph White.
- 1.2.6 If Members approve the use of the allowance as set out above, this leaves a balance of £14,000 which must be "spent" by June 2010.

### **1.3 Legal Implications**

- 1.3.1 Employers are required by law to comply with the provisions of The Health & Safety at Work etc Act 1974. An independent review will provide confirmation as to whether or not the Council's procedures for the management of health and safety relating to contracts/contractors comply with current legislation.
- 1.3.2 We have a legal duty to ensure that we appoint competent contractors and that they carry out work safely. The Health & Safety at Work etc Act places a responsibility on 'employers' to monitor contracts and contractors.

### **1.4 Risk Assessment**

- 1.4.1 A failure to comply with the provisions of the Health & Safety at Work etc Act could result in penalties and fines being imposed on the Council, and more importantly, could jeopardise the safety and welfare of contractor / Council employees and other third parties. In addition the reputational risk for the Council should a fine or penalty be imposed by the Health & Safety Executive would be considerable.

1.4.2 In respect of Risk Management Training this is specifically referred to in the Council's Risk Management Strategy Statement as a means of achieving satisfaction of its stated Objectives.

## **1.5 Policy Considerations**

1.5.1 Health & Safety and Procurement

1.5.2 Business Continuity/Resilience

## **1.6 Recommendations**

1.6.1 Members are **REQUESTED** to recommend to Cabinet that the proposal for a review of the Council's role in managing contracts and contractors is approved, and that this is funded from the risk management consultancy allowance.

1.6.2 Members are further **REQUESTED** to recommend to Cabinet that the proposal for Risk Management Refresher Training for members of the Audit Committee and other interested Members is approved, and that this too is funded from the risk management consultancy allowance.

Background papers:

Nil

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