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**RISK MANAGEMENT – 2008/09 PROGRESS REPORT**

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**Purpose of Report**

1. To update Members on the approach to and outcomes from the Council's Risk Management processes.

**Background**

2. Risk management is an essential part of effective and efficient management and planning and strengthens the ability of the Council to achieve its objectives and enhance the value of services provided within the Authority. It is also an integral requirement of the Comprehensive Performance Assessment (CPA) and as such is an important element in demonstrating continuous improvement as well as being part of the Council's Local Code of Corporate Governance that reflects the requirements of the CIPFA/SOLACE guidance on Corporate Governance.

**Information and Analysis**

**External Recognition**

3. The Council's approach to risk management has proved to be successful for a number of years and continues to achieve external recognition. In July 2008 the Council won two further risk management awards from ALARM, the National Forum for Risk Management within the Public Sector, within their Asset Risk and Operational Risk categories. These awards were for the pro-active work undertaken in managing risk and opportunity in respect of a major leisure development, the refurbishment of the Dolphin Centre, together with the Let's Get Cracking' Initiative. The Council was 'Highly Commended' within both these awards. This follows on from the success in the StrategicRISK European Risk Management Awards earlier in the year when a further two awards were achieved. The Council has now received nine risk management awards since 2004.
4. The pro-active work undertaken within the Authority in developing an interactive electronic partnership toolkit to assist the Council in the management of significant partnership risks continues to receive external recognition. This innovative system has been featured by ALARM within their recently published document Partnership Risks – Issues, Solutions and Examples of Good Practice. In addition the Council demonstrated the toolkit at the Excellent Partnerships in the North East 2008 two day Exhibition in June earlier this year. As a result, the Council has been approached by other Public Authorities to demonstrate the system and give advice regarding the management of partnership risk.

**Strategic Risk Outcomes**

5. A key element of the service planning process is that areas of potential risk, which could adversely impact on the ability to meet objectives, are identified together with the officer

responsible. These risks are plotted onto a standard likelihood and impact matrix with reference to management controls in place and working. The shaded part of the matrix signifies the area above the 'risk appetite line'. Risks in this region require further specific management i.e. are priorities for improvement that have an appropriate improvement action plan.

6. The risk matrices, showing risks within Service Plans for 2008/09 are attached at **Appendices A-E**. In addition the matrices reflect the Council's significant partnerships taking into account recent changes within the LSP themed groups.
7. Those risks below the line are continually managed during the year and are reviewed as part of the annual service planning process. In addition, senior managers are required to confirm in their Annual Assurance Statements that processes are in place to ensure that controls identified to support the positioning of risks on the risk matrices are in place and working.
8. The information that follows, provided by appropriate staff in departments, details progress made on improvement actions for those risks identified as above the risk appetite line.

**(a) Corporate Risks (Appendix A) – Two corporate risks have been identified**

**Implementation of recommendations from the Capital Process Review is needed to enable an effective capital project management methodology to be in place**

- (i) The Authority has a robust capital programme in place that is subject to regular monitoring by officers and members. This risk concerns the need to strengthen aspects of project management that emerged from the recommendations of the Resources Scrutiny Committee following reviews into the Pedestrian Heart and Eastern Transport Corridor projects. Elements of the Capital Process Review have been introduced in order to strengthen working practices and reports have been presented to Resources Scrutiny 3 July 2008 and Cabinet 8 July 2008 regarding progress made. Final recommendations from the review are anticipated to be completed by the autumn of 2008. This risk is therefore considered still to be above the line until the project review is concluded and recommendations implemented.

**The international economic downturn impacts upon the Council's finances and may affect the Council's ability to deliver its Corporate Plan and Community Strategy**

- (ii) This is an emerging risk for the Authority. Measures are in place to monitor performance, budgets, income and expenditure. In addition reviews will be undertaken, as appropriate, to reassess priorities and medium term plans and revise where necessary.

**(b) Chief Executive Risks (Appendix B) – No risks identified.**

**(c) Children's Services Risks (Appendix C) – Two risks have been identified**

**Library performance impact on the CPA culture block performance**

- (i) There were two main concerns for the Library. The first was delays within the book request supply time. This has now been addressed by reviewing and improving 'housekeeping' procedures within the Library to reduce the time that books are unavailable for the public to borrow. The second concern was the shortage of personal computers available for public use within the Library. This was resolved by the purchase of additional computers that are now in use. These measures have improved the service offered to the public within the Library and should assist the Authority in respect of the new national indicator that measures the public use of cultural facilities and participation in cultural events. For these reasons, this risk is now considered to be below the line and will be monitored until it is no longer considered to be a risk for the Authority.

#### **Sufficiency of school places**

- (ii) A shortage of reception places at primary schools was identified as an emerging risk for the Council last year. The Authority is one of only four in the country with an increasing requirement for school places. Data shows this is a result of increasing birth rates but in addition, migration trends into the Borough suggest that the economic growth of the town has begun to bring in more families with children of school age. The Council was required to put temporary measures in place to manage a potential shortage of school places for reception age children for the September 2007 intake. These temporary solutions will be followed by the construction of additional permanent classrooms, which will be completed by September 2009. The current situation is that only small pockets of surplus places remain available and these tend to be located in areas of the highest deprivation and lowest performing schools. In order to give parents a genuine choice, the Authority has secured major investment through the Governments Primary Capital Strategy. Projects amounting to £12.5m are currently being planned and will be completed in 2010 and 2011. The Council is also a national pathfinder for Primary Capital Strategy, which will deliver a new Primary School at North Road which will open in 2009/10.

**(d) Community Services (Appendix D)** – No risks have been identified.

**(e) Corporate Services (Appendix E)** – Three risks have been identified.

#### **Information Governance, Council unable to meet its obligations under the information governance agenda**

- (i) The Corporate Information Governance Policy and associated implementation programme has been in place since February 2008 (minute C175/Feb/2008) and considerable progress has been made in records and information management across the Council. A detailed breakdown of progress was provided to the Audit Committee in June and the next report is due in December 2008. The June report reflected the good progress being made to mitigate the existing risk and bring it below the line by the end of the Policy's implementation programme. In addition to the implementation programme, an information audit is being carried out as part of the Business Continuity Programme and a bi-monthly newsletter on information governance matters, the DIGGR (Darlington Information Governance Group Relay), is circulated to the Senior Management Network to raise awareness of relevant issues.

## **Implementation of the Darlington / Stockton Partnership**

- **has an adverse affect upon service delivery both within the partnership and retained organisation**
  - **business case savings are not realised**
- (ii) The Darlington/Stockton Partnership became operational 1 May 2008 for Design and Print, ICT, Transactional Finance and Transactional HR. All governance and location arrangements have been completed. The Partnership Manager, Heads of Service and staff have been appointed and are in place. A performance monitoring framework has been introduced to review service delivery and financial management, in order to secure future savings and efficiencies for both Local Authorities. Although the above measures are in place, as the partnership is still in its very early stages of development, both risks are still considered, for the moment, to be above the line.

### **Operational Risk Outcomes**

9. The Corporate Risk Management Group (CRMG), an established and effective forum within the Council, continues to co-ordinate and manage operational risk with positive results through the five task groups: -
- (a) Motor Risk
  - (b) Property/Security/Fire Risk
  - (c) Health and Safety Initiatives/Liabilities
  - (d) Highways
  - (e) Tree Risk Management
10. The pro-active risk management work undertaken within the Authority, previously reported to the Audit Committee, continues to achieve successful outcomes and this has been reflected in the recent successful tender that produced a reduction in annual insurance recharges for the Authority of £900,000. In addition, both property and liability insurance claims continue to reduce.
11. During the coming year the Authority will continue to focus on health and safety within schools, working closely with individual school management teams on risk initiatives to progress a continuous approach to health and safety management. Most schools have been visited to date and follow up meetings with Head Teachers are planned within the coming academic year.
12. Staff / Member risk training awareness is undertaken within the Authority as an on going process with a training plan agreed through the Corporate Risk Management Group. The Authority liaises with our Insurer, Zurich Municipal and other risk management bodies to deliver and raise awareness of risk issues as part of this development. Recent training includes Events management and Corporate Manslaughter, both of which are shortly to be repeated due to demand. Further risk training awareness will be arranged during the coming year.
13. To further raise awareness of risk management issues within the Authority, a new 'Risk Aware' newsletter has recently been produced and distributed to staff and schools. This newsletter compliments information already available within the Risk and Insurance intranet service and has received favourable comments from senior managers.

## **Recommendation**

14. It is recommended that this Risk Management Progress Report be noted.

**Paul Wildsmith**  
**Director of Corporate Services**

## **Background Papers**

- (i) Council's Risk Management Strategy
- (ii) Departmental Risk Registers
- (iii) Corporate Plan 2007-10
- (iv) Annual Risk Management Report to 27 June 2008 Audit Committee
- (v) Corporate Risk Management Group minutes
- (vi) Property Risk Management Group minutes

George Cornforth : Extension 2324  
TAB

## APPENDIX A - CORPORATE RISKS

<b>LIKELIHOOD</b>	<b>A</b> Very High				
	<b>B</b> High				
	<b>C</b> Significant		1 7	2 8	
	<b>D</b> Low		6	3 4 5	
	<b>E</b> Very Low				
	<b>F</b> Almost Impossible				
		IV Negligible	III Marginal	II Critical	I Catastrophic

<b>Risk No.</b>	<b>Risk</b>	<b>Responsible Person</b>
1.	The timing for future capital funding is not always known.	Richard Alty
2	Implementation of recommendations from Capital Process Review is needed to enable an effective capital project management methodology to be in place	Cliff Brown
3	The <i>Leading Edge</i> programme is delivering change to key services and we need to ensure that there is continuing quality of service delivery during reorganisation	Lorraine O'Donnell
4	A flu pandemic could affect delivery of key services and affect business continuity planning	Paul Wildsmith
5	There is a capacity issue around how the authority can address major change	Ada Burns
6	The local government re-organisation taking place in neighbouring authorities in the region could have an adverse impact	Ada Burns
7	The transition from development to Implementation of the new SCS and LAA might not be at the pace required	Lorraine O'Donnell
8	The international economic downturn impacts upon the Council's finances and may affect the Council's ability to deliver its Corporate Plan and Community Strategy	Paul Wildsmith

**APPENDIX B - CHIEF EXECUTIVE'S**

<b>LIKELIHOOD</b>	<b>A Very High</b>				
	<b>B High</b>				
	<b>C Significant</b>		<b>2 13</b>		
	<b>D Low</b>		<b>1 5 6 7 14 15 16 17</b>	<b>3 4 8 9 11 12</b>	
	<b>E Very Low</b>		<b>10</b>		
	<b>F Almost Impossible</b>				
		IV Negligible	III Marginal	II Critical	I Catastrophic
		<b>IMPACT</b>			

<b>Risk No.</b>	<b>Risk</b>	<b>Responsible Person</b>
<b>1</b>	The Corporate Reputation	Lorraine O'Donnell
<b>2</b>	Advertising revenue cannot be predicted and levels can fluctuate	Steve Jones
<b>3</b>	Public perception and reaction to events	Lorraine O'Donnell
<b>4</b>	Delivery of targeted cashable savings from procurement	Susan White
<b>5</b>	Leading Edge strand – Business transformation change projects to address specific service weaknesses and or national policy shifts	Lorraine O'Donnell
<b>6</b>	Leading Edge strand – New integrated communications strategy to include the public, employees, members and other stakeholders	Steve Jones
<b>7</b>	Leading Edge strand – New community engagement strategy on the future of the town and public services	Lorraine O'Donnell
<b>8</b>	The management of Council risks in respect of Darlington Partnership (LSP)	Lorraine O'Donnell
<b>9</b>	The management of Council risks in respect of the Healthy Darlington	Miriam Davidson
<b>10</b>	The management of Council risks in respect of the Crime and Disorder Reduction Partnership	Rob Jones

<b>11</b>	Investment in regeneration projects is vulnerable to the wider economy, to loss of external funding, and to shortfalls in capital receipts from asset disposals	Richard Alty
<b>12</b>	Failure to deliver major capital project – Central Park	Richard Alty
<b>13</b>	Failure to follow statutory procedures	Steve Petch
<b>14</b>	Lack of competitiveness in bidding for resources	Richard Alty
<b>15</b>	Ability to secure and retain staff impacts on service delivery, with effect of London Olympics on skills availability highlighted as a particular current issue	Richard Alty
<b>16</b>	The management of Council risks in respect of Prosperous Darlington	Gwenda Lyn Jones
<b>17</b>	The management of Council risks in respect of Greener Darlington	Steve Petch



## APPENDIX C - CHILDREN'S SERVICES

<b>LIKELIHOOD</b>	<b>A Very High</b>				
	<b>B High</b>			<b>10</b>	
	<b>C Significant</b>		<b>9</b>	<b>1 4 7</b>	
	<b>D Low</b>			<b>3 6 8</b>	
	<b>E Very Low</b>		<b>2 5</b>	<b>5</b> ▼	
	<b>F Almost Impossible</b>				
		IV Negligible	III Marginal	II Critical	I Catastrophic

<b>Risk No.</b>	<b>Risk</b>	<b>Responsible Person</b>
<b>1</b>	Recruitment and retention of key staff	Murray Rose
<b>2</b>	Recruitment and retention of foster carers	Jenni Cooke
<b>3</b>	Schools in categories and schools causing concern	Andrew Dunn
<b>4</b>	Mismatch of demand and supply of child care places in Early Years	Gill Walker
<b>5</b>	Library performance impact on the CPA culture block performance	Ruth Bernstein
<b>6</b>	Schools not engaging in behaviour and attendance management	Andrew Dunn
<b>7</b>	Capacity to deliver sustainable savings	Murray Rose
<b>8</b>	Children's Trust – commissioning strategy	Gill Walker
<b>9</b>	Major Capital Schemes – BSF/ Hummersknott/Carmel/Eastbourne Academy	George McQueen
<b>10</b>	Sufficiency of school places	George McQueen

**APPENDIX D - COMMUNITY SERVICES**

<b>LIKELIHOOD</b>	<b>A Very High</b>				
	<b>B High</b>				
	<b>C Significant</b>		<b>7</b>		
	<b>D Low</b>			<b>1 2 3</b>	
	<b>E Very Low</b>		<b>5</b>	<b>4 6</b>	
	<b>F Almost Impossible</b>				
		IV Negligible	III Marginal	II Critical	I Catastrophic
		<b>IMPACT</b>			

<b>Risk No.</b>	<b>Risk</b>	<b>Responsible Person</b>
<b>1</b>	Impact of any unpredicted increase in demand for community care	Jane Robinson
<b>2</b>	Community Services staff capacity to deliver service improvements	Cliff Brown
<b>3</b>	The Council fails in its implementation of the Traffic Management Act 2004 and is subject to 'interventions' by the Secretary of State	Dave Winstanley
<b>4</b>	Implementation of the new waste contract impacting upon service delivery	Ian Thompson
<b>5</b>	Depot relocation impacting on service delivery	Cliff Brown
<b>6</b>	Delivery of the Transport Management Leading Edge Review	Ian Thompson
<b>7</b>	Unable to manage the budget due to the reduction of Supporting People Admin and Grant Funding	Anthony Sandys

**APPENDIX E - CORPORATE SERVICES**

<b>LIKELIHOOD</b>	<b>A Very High</b>				
	<b>B High</b>				
	<b>C Significant</b>			<b>5 8 9</b>	
	<b>D Low</b>		<b>1 2 13</b>	<b>4 10 11 12</b>	
	<b>E Very Low</b>			<b>3 7 14</b>	<b>6</b>
	<b>F Almost Impossible</b>				
		IV Negligible	III Marginal	II Critical	I Catastrophic
		<b>IMPACT</b>			

<b>Risk No.</b>	<b>Risk</b>	<b>Responsible Person</b>
<b>1</b>	Capital Expenditure exceed resources available	Brian Boggon
<b>2</b>	VAT (Planning expenditure in terms of capital)	Brian Boggon
<b>3</b>	Fraud – in general	Brian James
<b>4</b>	Council Tax collection, targets set are not achieved	David Hall
<b>5</b>	Information Governance, Council unable to meet its obligations under the information governance agenda	Brian James
<b>6</b>	ICT Security arrangements inadequate	Ian Miles
<b>7</b>	Non-achievement of Use of Resources Score of 3 out of 4 (though target is 4) as this would threaten the Council’s 4 Star status	Ian Wilson
<b>8</b>	Implementation of the Darlington / Stockton Partnership has an adverse affect upon service delivery both within the partnership and the retained organisation	Paul Wildsmith
<b>9</b>	Implementation of the Darlington / Stockton Partnership – business case savings are not realised	Paul Wildsmith
<b>10</b>	Increased sickness absence adversely affects	Lesley Blundell

	service delivery	
<b>11</b>	Leading Edge Strand – Delivering a new integrated HR Strategy	Lesley Blundell
<b>12</b>	Leading Edge Strand – Delivering a new ICT Strategy	Ian Miles
<b>13</b>	Failure to deliver DDA improvements to operational buildings	Guy Metcalfe
<b>14</b>	A sustained reduction in income from car parks and commercial property could impact on the delivery within the MTFP	Pam Ross