
RISK MANAGEMENT – 2007/08 PROGRESS REPORT

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 framework on Corporate Governance.
3. The Council's approach to risk management has proved to be successful for a number of years. The March 2007 Audit and Inspection Letter acknowledges that risk management is well embedded and the score for risk management under the CPA Use of Resources methodology in 2006 was 3/4, this equates to 'performing well – consistently above minimum requirements'. In addition, this year, the pro-active work on risk management within the Council has been recognised at the StrategicRISK European Risk Management Awards and by ALARM, the National Forum for Risk Management in the Public Sector at their Awards.

Information and Analysis

Strategic Risk Outcomes

4. 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.
5. The risk matrices, showing risks within the Corporate Plan and Departmental Service Plans for 2007/08 are attached at Appendices A-F. The Director of Development and Environmental Services has taken the opportunity to rationalise the risks outlined in his Departmental Service Plan to assist effective reporting. In addition the matrices reflect the Council's significant partnerships as referred to in the March 2007 Cabinet report on the Partnership Working Toolkit, as well as emerging risks.
6. 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.

7. 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

The Council works hard to attract capital investment to the Borough and often has many Capital projects ongoing at any one time

- (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 the project management methodology with external organisations that emerged from the recommendations of the Resources Scrutiny Committee following issues raised with the Pedestrian Heart works last year. A group has been established to undertake a review of how capital projects are managed from inception to delivery and control and work has commenced. The review is expected to be complete by the end of 2007. This risk is therefore considered still above the line until the project review is concluded and recommendations implemented.

Implementation of the proposed Departmental Restructure and the impact upon service performance

- (ii) This is an emerging risk for the Authority. Following consultations on the proposals to support the Council's ambitions under Leading Edge a report will be presented to Council on 4 October 2007 and, if approved, the restructuring process will be effectively managed to achieve implementation for 1 January 2008. In addition CMT will continue to work to strengthen corporate responsibility and leadership to ensure there is minimum impact to service delivery.

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

(c) Children's Services Risks (Appendix C) – One emerging risk has been identified

- (i) School Place Planning issues have been identified as an emerging risk in Darlington. The Authority is one of a few in the country with an increasing requirement for additional school places. Data shows this is as 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 September 2007 intake. 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 is working to secure external capital funding to support the necessary provision of school places. The Authority is also a pathfinder in the Department for Children, Schools and Families current Primary Capital Funding Programme and seeks to use this programme to develop a local school for each child.

(d) Community Services (Appendix D) – Two risks have been identified.

Not delivering on financial recovery plan in Adult Social Services

- (i) A Financial Recovery Plan has been developed. Monthly service review meetings have taken place in May, June and August. In addition, Financial Recovery is discussed at each monthly Divisional Meeting. Work is ongoing via the panel of officers from Adult Social Services and the PCT to monitor the decision making process. Those matters that can be immediately implemented have been progressed. At present the risk is considered to be still above the line as the predominant pressures for older person services and from people with learning disabilities continue, reflecting national trends.

Implication of the increase in the number of people with high needs requiring community care

- (ii) Monthly Service Review meetings continue to take place and senior managers are continuing to scrutinise high-level care packages. A multi-agency panel considers cases for Continued Health Care. Adult Social Services are working jointly with Darlington PCT to undertake a review of the Government Health White Paper entitled 'Our Health, Our Care, Our Say' to work together to plan for the future and for these reasons the risk is considered to remain above the line. As with the previous risk, continued pressure for services reflects a national situation.

(e) Corporate Services (Appendix E) – Two risks were identified.

Records Management

- (i) The appointment of the Records and Information Manager earlier this year has enabled progress to be made on the records management agenda. Since June, the Information Governance Team has started to deliver the outputs expected from the existing Records Management Policy. For example: -
- The Information Governance Group and departmental sub-groups are in the process of being resurrected. The original terms of reference, membership and work plan are under revision and the first meeting is planned for October 2007.
 - Information Governance has been included in the Member's Development Programme and the first session is scheduled for 26 September 2007.
 - All existing Access to Information policies and procedures are in the process of being reviewed and updated
 - Additional Access to Information policies (i.e. re-use of Public Sector Information 2005 and Environmental Information Regulations 2004) are being drafted
 - Council website and intranet content on Information Governance in Darlington has been reviewed and will be revised in line with the above policy and procedural changes

- Staff refresher sessions for officers working with Access to Information requests will be set up in line with the above policy and procedural changes
 - Access to Information and Records Management training modules will be included in the Workforce Development and Management programmes from next year
 - Increased staff awareness of the Information Governance Team and its work has been kick started with a promotional article in the Flyer and series of regular records management bulletins are planned from autumn 2007.
 - The Information Governance Team has provided advice and support to a range of business units around the council on access to information requests and records management, particularly in relation to information sharing and records retention
- (ii) The Information Governance Team is in the process of consulting key officers around the organisation with a view to developing a strategic and cross-departmental approach to information governance. This will include an overhaul of the existing Records Management Policy to bring it into line with current corporate initiatives, such as Leading Edge. This risk, for the moment remains above the line.

Implementation of the proposed Darlington / Stockton Partnership

- (iii) A Project Management Team drawn from staff from both councils, together with consultants Deloitte, who were appointed earlier this year to assist both Authorities, are working on the Outline Business Case for the proposed Partnership and a report will be presented to Cabinet and Council in the autumn. The first four strands within the partnership include Design and Print, ICT, Transactional Finance and Transactional HR. Positive feedback has been received from the Local Government's project delivery specialists, 4ps, a body who act on behalf of the North East Centre of Excellence (NECE), regarding the work undertaken to date. All proposed governance and location arrangements have been finalised and structures developed with associated job profiles and slotting in / ring fencing procedures. The post of Partnership Manager has been advertised and an appointment should be made shortly. A Partnership Communications Strategy is in place that includes the publication of information for staff within newsletters and the Council's intranet service. Staff briefings and consultation with staff and unions are scheduled to take place shortly. Risks to the delivery of existing services, as initial work is undertaken to set up the Darlington / Stockton Partnership, has been actively managed by the re-alignment of work and backfilling of staff where necessary and the position is regularly monitored. This risk is still considered above the line at the present time.

(f) Development and Environment (Appendix F) – Two risks were identified

Pressure of work diverts senior managers from management to hands-on work, and results in a reduced level of service to the public and Members

- (i) A simple approach to workload planning is being developed in Development and Regeneration Division. It is designed to ensure an equitable distribution of work,

to identify potential workload bottlenecks and to assist managers in determining priorities. The approach, based on an Excel spreadsheet, is currently being piloted by the Economic Regeneration service, and will be refined and rolled-out to other Development and Regeneration services during September. As part of the proposed restructure of the Department, the approach will then be evaluated by the appropriate Management Teams and rolled out to other services. This management tool will be complemented at the strategic level by the Workforce Planning process to be further developed corporately over the next six months. For the time being the risk remains above the line until the impact of the workload planning tool on workloads can be properly assessed.

Darlington Eastern Transport Corridor Project

- (ii) This project is an emerging risk for the Council as there is a projected overspend of £0.750m on construction costs principally due to time extensions, additional earthworks and a variety of other increased costs. A project manager and project board is managing risks associated with this scheme seeking to avoid or mitigate any impact on the Council's resources and issues affecting local residents. Details about this risk were reported to Cabinet earlier this month. At present this emerging risk is considered to be above the line.

Operational Risk Outcomes

- 8. 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 / Transportation Risk
 - (b) Property/Security/Fire Risk
 - (c) Health and Safety Initiatives/Liabilities
 - (d) Highways
 - (e) Tree Risk Management
- 9. A major focus recently has been on health and safety within schools and Community Services. The Health and Safety team has worked closely with individual school management teams on risk initiatives to progress a continuous approach to health and safety management, undertaking a 'health check' within each school covering asbestos / legionella management, Health and Safety policies, risk assessments, training, property surveys and educational visits. Most schools have been visited to date and follow up meetings with Head Teachers will take place during the coming academic year.
- 10. This year the Council's Environmental Services Division within Community Services won the Royal Society for the Prevention of Accidents (RoSPA) Occupational Health and Safety Gold Award by demonstrating that they had excellent Health and Safety management systems in place that contributed towards reducing the number of accidents and cases of ill health at work. RoSPA also complimented the Environmental Services approach to Health and Safety management adding that 'they are a fine example to many other companies, we would like to see more organisations following their lead'.
- 11. The Council continues to operate effectively satisfactory health and safety standards. Reportable accidents and lost time as a result of accidents continue to reduce significantly. Lost time has reduced again for the fourth year in a row from 1,634 days lost in 2003/04 to

318 in 2006/7. Reportable accidents under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) for 2006/07 were 35 in total, compared to 43 in 2005/06.

12. Staff / Member risk training awareness is undertaken within the Authority as an ongoing process. The Authority also liaises with our Insurer, Zurich Municipal and other risk management bodies to deliver training and raise awareness of risk issues as part of this development. The Corporate Risk Management Group has agreed a programme of training for 2007/08. Topics covered to date include Partnerships, Property, Security and Fire.
13. A pilot scheme to further develop overall risk management awareness within schools is to be introduced shortly and as part of this initiative Governor risk training will commence in November 2007.
14. Information within the Risk and Insurance Intranet and Schools Extranet Services has been improved and further developed; they now contain valuable risk and insurance details to assist members, officers and schools to manage risk. Positive feedback has been received from those who have logged onto these pages.
15. As previously reported, this pro-active approach to risk management within the Authority and the winning of national awards, together with the good insurance claims history has enabled the Council to negotiate a reduction in insurance premiums with our Insurer's, Zurich Municipal, of £180,000 for 2007/08. In addition, building upon the relationships developed as part of the proposed Stockton Darlington partnership initiative on support services, the Council hopes to achieve further annual insurance premium savings by working with Stockton Borough Council on a joint procurement exercise for next year.

Legal Implications

16. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council's approved procedures. There are no issues which the Borough Solicitor considers need to be brought to the specific attention of Members, other than those highlighted in the report.

Section 17 of the Crime and Disorder Act 1998

17. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

Recommendation

18. 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 28 June 2007 Audit Committee
- (v) Corporate Risk Management Group minutes
- (vi) Property Risk Management Group minutes

George Cornforth : Extension 2324
TAB

APPENDIX A – CORPORATE RISKS

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

Risk No.	Risk	Responsible Person
1.	The timing for future capital funding is not always known.	John Buxton
2	The Council works hard to attract capital investment to the Borough and often has many Capital projects ongoing at any one time	John Buxton
3	The Leading Edge programme is delivering change to key services and we need to ensure that there is continuing quality of service delivery and that Gershon targets are met	Lorraine O'Donnell
4	A flu pandemic could affect delivery of key services and affect business continuity planning	John Buxton
5	The current waste management contract is due to expire in 2008 and it is essential that the Authority procures an effective solution	John Buxton
6	There is a capacity issue around how the Authority can address major change	Ada Burns
7	Implementation of the proposed Departmental Restructure and impact upon service performance	Ada Burns

APPENDIX B – CHIEF EXECUTIVE’S

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

Risk No.	Risk	Responsible Person
1	The Corporate Reputation	Lorraine O’Donnell
2	Advertising revenue cannot be predicted and levels can fluctuate	Steve Jones
3	Leading Edge programme fails to improve service delivery and deliver Gershon savings	Lorraine O’Donnell
4	Public perception and reaction to events	Lorraine O’Donnell
5	Delivery of targeted cashable savings from procurement	Susan White
6	Leading Edge strand – Business transformation change projects to address specific service weaknesses and or national policy shifts	Lorraine O’Donnell
7	Leading Edge strand – New integrated communications strategy to include the public, employees, members and other stakeholders	Steve Jones
8	Leading Edge strand – New community engagement strategy on the future of the town and public services	Lorraine O’Donnell
9	The management of Council risks in respect of Darlington Partnership (LSP)	Lorraine O’Donnell
10	The management of Council risks in respect of the Health, Improvement and Social Inclusion Partnership	David Plews

APPENDIX C – CHILDREN’S SERVICES

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

Risk No.	Risk	Responsible Person
1	Inability to recruit and retain key staff within school sector	Murray Rose
2	Recruitment and retention of foster carers	Jenni Cooke
3	Schools in categories and schools causing concern	Andrew Dunn
4	Mismatch of demand and supply of child care places in Early Years	Gill Walker
5	Library performance impact on the CPA culture block performance	Gill Walker
6	Schools not engaging in behaviour and attendance management	Andrew Dunn
7	Capacity to deliver sustainable savings	Murray Rose
8	Failure to deliver Academy Implementation	Murray Rose
9	The management of Council risks in respect of Children’s Trust Partnership	Gill Walker
10	Major Capital Schemes – BSF / Carmel / Hummersknott, capacity to manage project and funding schemes	Murray Rose
11	Failure to disaggregate and integrate Connexions	Gill Walker
12	School Place Planning issues resulting in additional school places being required	Rachel Jones

APPENDIX D – COMMUNITY SERVICES

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

Risk No.	Risk	Responsible Person
1	Implementation of changes to PCT configuration and integration of services (Leading Edge Project)	Bob Parker
2	Not delivering on financial recovery plan in Adult Social Services	Cliff Brown
3	Not achieving anticipated finance on Dolphin Centre	Steve Thompson
4	Implication of the increase in the number of people with high need requiring community care	Jane Robinson
5	The management of Council risks in respect of the Learning and Culture Partnership	Karen Williamson
6	The management of Council risks in respect of the Older Persons Partnership Board	Jane Robinson
7	The management of Council risks in respect of the Crime and Disorder Reduction Partnership	Rob Jones
8	Impact of contact centre on departmental performance	Cliff Brown
9	Change in resources may impact on maintaining the departments performance management and service planning framework	Cliff Brown
10	Change of transport management	Ian Thompson

APPENDIX E – CORPORATE SERVICES

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

Risk No.	Risk	Responsible Person
1	Reduction in external funding; Comprehensive Spending Review (CSR) 2007; 3 year settlement and 3 year programmes	David Hall
2	Demand-led expenditure exceeding available resources	David Hall
3	Capital Expenditure exceed resources available	Brian Boggon
4	Insufficient insurance cover	Brian James
5	VAT (Planning expenditure in terms of capital)	Brian Boggon
6	Projects of customers not recognised / consulted upon	SMT led by Brian James
7	Fraud – in general	Brian James
8	Loss of Land Charges Income	Catherine Whitehead
9	Council Tax collection, targets set are not achieved	David Hall
10	Records Management, Council unable to meet its obligations under the information governance agenda	Brian James
11	Customer Services Centre and Call Centre Implementation	Ken Walker
12	ICT Security arrangements inadequate	Ken Walker
13	CPA – ‘Use of Resources’ score of 3 out of 4 not maintained	Ian Wilson
14	Implementation of the Darlington / Stockton Partnership	Paul Wildsmith
15	Not implementing pro-active Sickness Absence Management	Lesley Blundell

16	Leading Edge strand - Delivering a new integrated HR strategy	Lesley Blundell
17	Leading Edge strand – Delivering a new ICT strategy	Ken Walker

APPENDIX F – DEVELOPMENT AND ENVIRONMENT

LIKELIHOOD	A Very High				
	B High				
	C Significant		3	11 2c ↑	
	D Low		4 5 6	1 2a 2c 2d 2e 2f 8 10 12 13	
	E Very Low		2b	7 9	
	F Almost Impossible				
		IV Negligible	III Marginal	II Critical	I Catastrophic
		IMPACT			

Risk No.	Risk	Responsible Person
1	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
2	Failure to deliver major capital projects	
	2a - Central Park	Richard Alty
	2b - Pedestrian Heart	John Buxton
	2c - Darlington Eastern Transport Corridor	Simon Holdsworth
	2d - Schools Projects	Brian Dobinson
	2e - Eastbourne Academy	Peter Roberts
	2f – Hummersknott School	Brian Dobinson
3	Failure to follow statutory procedures	John Buxton
4	Service partners fail to deliver	John Buxton
5	Failure to deliver DDA improvements to operational buildings are delivered	Guy Metcalfe
6	Lack of competitiveness in bidding for resources	Richard Alty
7	A sustained reduction in income from car parks, commercial property or crematorium could impact on the delivery of the department’s MTFP	Barry Pearson

8	Ability to secure and retain staff impacts on service delivery, with effect of London Olympics on skills availability highlighted as a particular current issue	John Buxton
9	CPA 2005 onwards – D&E / Environment Services do not score as well under the new regime	Peter Roberts
10	Crematorium equipment fails and/or new mercury emissions regulations cannot be met, resulting in loss of service and reduced income	Bill Westland
11	Pressure of work diverts senior managers from management to hands-on work, and results in a reduced level of service to the public and Members	John Buxton
12	The management of Council risks in respect of the Economy, Environment and Transport Partnership Group	Richard Alty
13	The Council fails in its implementation of the Traffic Management Act 2004 and is subject to ‘intervention’ by the Secretary of State	John Ray