
ANNUAL RISK MANAGEMENT REPORT 2015/16

SUMMARY REPORT

Purpose of the Report

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

Summary

2. Positive progress continues to be made within the Authority regarding the management of key strategic risks and with the work undertaken by Officers to manage operational risk.

Recommendation

3. It is recommended that this Risk Management Report be noted.

Reasons

4. The recommendation is supported to provide the Audit Committee with evidence to reflect on the Council's approach to Risk Management.

**Paul Wildsmith
Director of Neighbourhood Services and Resources**

Background Papers

- (i) Council's Risk Management Strategy
- (ii) Corporate and Group Risk Registers
- (iii) Risk Management Report to Audit Committee Dec 2015

Elaine Hufford 5404

S17 Crime and Disorder	This report has no implications for crime and disorder
Health and Well Being	There is no specific health and well-being impact
Carbon Impact	There is no specific carbon impact
Diversity	There is no specific diversity impact.
Wards Affected	All wards are affected equally
Groups Affected	All groups are affected equally
Budget and Policy Framework	This report does not recommend a change to the Council's budget or policy framework
Key Decision	This is not a key decision
Urgent Decision	For the purpose of the 'call-in' procedure this does not represent an urgent matter
One Darlington: Perfectly Placed	There is no specific relevance to the strategy beyond a reflection on the Council's governance arrangements
Efficiency	Insurance premiums reflect the pro-active approach taken to risk management within the Council.

MAIN REPORT

Background

5. Risk Management is an essential part of effective and efficient management and planning and it strengthens the ability of the Council to achieve its objectives and enhance the value of services provided. It is also 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 of Corporate Governance.

Information and Analysis

Strategic Risk Outcomes

6. A key element of the Council's planning process is that the areas of potential risk, which could adversely impact on the ability to meet objectives, are identified together with the officer responsible for managing that risk. These risks are plotted on to 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. Risk matrices, that reflect the Council structure, are attached at Appendices A-D and show the current Council Corporate and Group risks.

7. All risks are continually managed during the year by Corporate and Group Management Teams including any emerging risks identified. In addition, Assistant Directors 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 Group staff, details progress made on improvement actions for those risks identified as above the risk appetite line.

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

(C5) Council unable to meet its obligations under information governance agenda

- (i) As reported to the March 2016 Audit Committee, the Council continues to make gradual progress on the implementation of the information governance programme. Recent work included roll-out of the revised information risk assessment tool; publication of mandatory on-line awareness courses for information security and social media; delivery of information governance briefing sessions to senior management teams; publication of information classification and handling guidelines; and implementation of a corporate email encryption system. The area of highest priority in the programme is the completion of the information risk assessments and the timely delivery of the associated improvement action plans.

(C14) Insufficient funding to deliver Statutory Services as a result of non-delivery of the MTFP savings

- (ii) A robust budgeting exercise has been undertaken to identify the core offer which includes statutory obligations and this can be funded. In the event that some of the budget saving proposals are not achieved there is a limited amount of revenue balances which could be used in the short term whilst alternative budget saving proposals were developed. This could include reducing the core offer further, increasing income sources or further reducing statutory spending by increasing operational risks.

(C16) Children's Services unable to exit DfE intervention arrangements following Ofsted's "Inadequate" judgement owing to failure to achieve the necessary service improvements

- (iii) An Improvement Plan in place with targeted actions in priority areas to address the 18 OFSTED recommendations and demonstrate improvements in the service.

- (b) **Children and Adults (now includes the Commissioning Group) (Appendix B)** – seven risks have been identified.

(C & A1 formerly PE1) Inability to contain placement costs for children looked after due to lack of sufficient in house placements.

- (i) Review of Progress on increasing in house foster carers through existing sufficiency strategy to inform plans for 16/17 –June 16

Full review of placement mix against needs of looked after children including utilisation of in-house children’s homes to be commissioned – September 16.

(C & A 3 formerly PE28) Risk Reworded Inability to recruit and retain sufficient qualified suitably experienced social workers in Children and Adult’s Services impacts on the cost and quality of service.

- (ii) Recruitment and retention plan in place – June 16 .Recruitment campaign launched through attendance at social workers jobs fair and launch of new recruitment microsite – May 16

(C & A 5 formerly PE30) Failure to identify vulnerable schools and broker appropriate support to address needs

- (iii) Vulnerable schools are identified through review of performance data and other contextual information on a termly basis. A review of use of consultant support to conduct monitoring visits to those schools will be completed to ensure activity will be targeted and effective June 16. Self-evaluation against Ofsted Framework for school inspection complete May 16

(C & A 6 formerly DC2) Budget savings not realised through services promoting and supporting independence in the community

- (iv) Robust financial monitoring continues to be undertaken, work is underway in terms of “the cost of care” with ongoing reviews to ensure services provided meet quality standards, assessed social needs and are best value.

(C & A 8 formerly DC 5) Increased demand for services impacts negatively on plans for budget efficiencies

- (v) Work is ongoing to remodel and redesign the way Adult Social Care is delivered in Darlington. The main bulk of this work will take place within the Transformation Programme which is currently being developed. A number of work streams have been identified to take into account the impact of the Care Act 2015 including; Managing Demand: self-assessment, contact management and signposting. Progress of the programme will be monitored through the programme board and DMT

(C & A 9 formerlyDC6) Market (Domiciliary Care Residential Care providers) failure following the Care Act/Living Wage

- (vi) In recognition of the approaches made by providers, the Council has uplifted its rate in respect of domiciliary care to recognise increasing costs relating to the national minimum wage. DBC has benchmarked its rates against other North East councils to ensure its rates are fair and equitable. There continues to be dialogue with providers as this sector remains fragile. Work is commencing on a new re-procurement for these services.

(C & A 10 formerlyDC7) The Deprivation of Liberty Safeguards Threshold changes significantly increases the amount of people deprived of their liberty resulting in potential for increased legal challenge

- (vii) An increase of additional staffing resource with specialist skills to meet the extra demand has been agreed. A working group with legal services input has been established and plans have been drawn up to meet the additional demand with senior management oversight agreed. Additional funding from government funding streams is being sourced. Feedback from the team is that they are experiencing significant delays with the court of protection granting the authorisations. Applications made in January 2016 are still waiting to be authorised by the court. The court is now requesting significant amounts of additional reports in addition to our first COP submissions. There are still a number of cases to be worked through although a clear system is in place and this is monitored on a regular basis

(c) Economic Growth Group (Appendix C) – three risks have been identified

(EG8) Ability to adequately address the affordable housing requirement

- (viii) Consideration of financial contributions to rented products being considered in the light of the proposed changes. Awaiting final proposals in the Act .

(EG9) Delay to new Local Plan

- (ix) Development Plan Scheme agreed by Council. Project Management arrangements and governance in place. Risk log, Communications plan and resource monitoring now all in place.

(EG12) Planning performance at risk of Standards Authority intervention

- (x) Rapid Improvement events held to improve process performance. Restructuring of teams in progress. ICT development plan required to deliver efficiencies.

- (d) **(Neighbourhood Services and Resources Group (Appendix E) – no risks** have been identified as above the appetite line

Operational Risk Outcomes

9. The Insurance Group continues to meet representatives of the Council's insurers to examine insurance claims. The Insurers are able to provide the Group with an update in relation to trends and operational risks to enable continuous improvement to the safety culture within the organisation.
10. The organisation now has over 70 health and safety champions. Champions receive health and safety training and meet regularly with senior management and play a key role in raising awareness, monitoring work practices and communicating health and safety messages.
11. The 2015/16 accident/incident statistics have seen the number of accidents reported to the HSE rise by one to thirteen from twelve in the previous year, however the number of minor accidents has reduced. For a second year there has been zero occupational diseases identified (i.e. hand arm vibration, carpal tunnel syndrome). The number of near miss reports has continued to rise from 89 last year to 126.
12. The Health and Safety Team have continued to develop and revise Corporate Arrangements in line with statutory requirements and current best practice, ensuring managers have clear information and guidance when implementing control measures to eliminate and reduce risk. Workshops have been carried out following the introduction of new Construction Design and Management Regulations 2015 to brief internal duty holders on their roles and responsibilities. This year has also seen the implementation of a new lone working solution, which forms part of the safety systems of work for over 30 teams across the organisation.
13. The first year of the street lighting replacement programme will see 1,200 columns and approximately 3,900 lanterns replaced. The lantern conversion programme is already having an effect on costs with approximately £6,000 per month being saved on electricity, and this will rise as work progresses.
14. Highways maintenance work continued with a reduction in the number of actionable potholes, falling to 6,611 compared to 8,004 in 2014/2015. Planned maintenance saw 157,984sq.m of carriageway resurfaced, equivalent to approximately 26km. This includes the resurfacing of the Carlbury diversion. This preventative maintenance will help reduce the number of future claims.
15. Work Instructions across Environmental, Cultural and Highways Services continue to be reviewed. In the period December 2015 to April 2016 work instructions and procedures have been updated following reviews in Arboriculture, Street Scene and Catering activities.
16. It was previously reported that a review of working practices had been completed by the Health and Safety Unit working with the Highway Construction Section and implementation had seen a reduction in the total amount of cable strikes noted by

the service. Despite the large volume of projects completed recently by the service involving excavation a continued reduction in the number cable strikes is evident from results for the quarters ending December 2015 and March 2016 highlighting the effectiveness of the new controls.

17. Nearly all Manual Handling Risk Assessments have now been updated using the Mac tool format recommended by the HSE.
18. Proactive risk management of Council owned trees continues to provide positive results. Since January 2011 there has been 36 tree related claims closed i.e. subsidence damage, fallen trees/branches and 75% of those were successfully defended.

Conclusion

19. The Council's pro-active approach to risk management continues to produce positive results for the Authority.

Outcome of Consultation

20. There has been no formal consultation in the preparation of this report.

RISK MATRIX

CORPORATE

LIKELIHOOD	A Very High				
	B High				
	C Significant			5, 14, 16	
	D Low			3, 4, 15	
	E Very Low		1		
	F Almost Impossible				
		IV Negligible	III Marginal	II Critical	I Catastrophic
IMPACT					

CORPORATE RISK REGISTER

Risk No.	Risk	Responsible Person	Movement in Period	Reason for Movement on Matrix	Progress on Action Plan for Risks Above the Appetite Line that have not moved
C1	Implementation of recommendations from the Capital Process Review is needed to improve effective capital project management	Ian Williams	None at E/III		
C3	Corporate Premises Risks	Ian Williams	None at D/II		
C4	Business Continuity Plans not in place or tested for key critical services.	Ian Williams	None at D/II		
C5	Council unable to meet its obligations under the information governance agenda.	Paul Wildsmith	None at C/II		See main body of report paragraph 8(a)(i)
C14	Risk Reworded Insufficient funding to deliver Statutory Services as a result of non-delivery of the MTFP savings	Chief Officers Executive	None at C/II		See main body of report paragraph 8(a)(ii)

Risk No.	Risk	Responsible Person	Movement in Period	Reason for Movement on Matrix	Progress on Action Plan for Risks Above the Appetite Line that have not moved
C15	Risk reworded Not maximising the opportunity for Darlington Borough Council that is brought about by being part of the Combined Authority with devolved powers and new transport opportunities for the North.	Ada Burns	None at D/II		
C16	Children's Services unable to exit DfE intervention arrangements following Ofsted's "Inadequate" judgement owing to failure to achieve the necessary service improvements	Ada Burns /Suzanne Joyner	None at B/II		See main body of report paragraph 8(a)(iii)

RISK MATRIX

CHILDREN and ADULTS

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

CHILDREN AND ADULTS RISK REGISTER

Risk No.	Risk	Responsible Person	Movement in Period	Reason for Movement on Matrix	Progress on Action Plan for Risks Above the Appetite Line that have not moved
C&A 1 - formerly PE1	Risk Reworded Inability to contain placement costs for children looked after due to lack of sufficient in house placements.	Alison Murphy	None at C/II		See main body of report paragraph 8(b)(i)
C&A 2 - formerly PE26	Unable to retain and recruit local foster carers	Alison Murphy	Risk now merged with C& A1		
C&A 3 - formerly PE28	Risk Reworded Inability to recruit and retain sufficient qualified suitably experienced social workers in Children and Adult's Services impacts on cost and quality of service.	Alison Murphy/ Kevin Kelly	None at C/II		See main body of report paragraph 8(b)(ii)

Risk No.	Risk	Responsible Person	Movement in Period	Reason for Movement on Matrix	Progress on Action Plan for Risks Above the Appetite Line that have not moved
C&A 4 - formerly PE29	Insufficient school places to meet parental preferences and expansion of house building in the borough	Alison Murphy	None at C/III		
C&A 5 - formerly PE30	Failure to identify vulnerable schools and broker appropriate support to address needs	Alison Murphy	C/II		See main body of report paragraph 8(b)(iii)
C&A 6 – formerly DC2	Budget savings not realised through services promoting and supporting independence in the community	Suzanne Joyner	None at B/II		See main body of report paragraph 8(b)(iv)
C&A 7 – formerly DC4	Delivery of the outcomes of the Better Care Fund Plan approved by NHS England is not achieved	Hilary Hall	None at D/II		
C&A 8 – formerly DC5	Risk reworded Increased demand for services impacts negatively on plans for budget efficiencies.	Kevin Kelly	None at B/II		See main body of report paragraph 8(b)(v)

Risk No.	Risk	Responsible Person	Movement in Period	Reason for Movement on Matrix	Progress on Action Plan for Risks Above the Appetite Line that have not moved
C&A 9 – formerly DC6	Market (Domiciliary Care Residential Care providers) failure following the Care Act/Living Wage	Hilary Hall	None at B/II		See main body of report paragraph 8(b)(vi)
C&A 10 - formerly DC7	The Deprivation of Liberty Safeguards Threshold changes significantly increases the amount of people deprived of their liberty resulting in potential for increased legal challenge	Kevin Kelly	None at B/II		See main body of report paragraph 8(b)(vii)
C&A 11 - formerly DC8	The reduction in Public Health Grant adversely affects service provision	Miriam Davidson	Deleted	Cabinet agreed to reduce budget in 15/16 covering shortfall in grant. Budget reduced from 16/17 onwards as part of MTFP to reflect reduction in grant.	
C&A 12 - formerly DC9	Women in Darlington unable to access Contraceptive Services	Miriam Davidson	None at C/III		

Risk No.	Risk	Responsible Person	Movement in Period	Reason for Movement on Matrix	Progress on Action Plan for Risks Above the Appetite Line that have not moved
C&A 13	Changes to Education Funding, resulting in expected loss of grant income	Alison Murphy	New at C/III	<p>The DfE is currently consulting on a number of changes to education funding to be introduced from April 17. Under changes proposed it is possible that that funding for high needs will reduce as there will no longer be the ability to move funds from schools budgets. As the Council has a statutory duty to fund high needs this may result in budget pressures. The consultation proposals are also reducing the ability to hold funding centrally, moving the majority of funding directly into schools budgets. This may affect some services currently provided centrally. In addition the merging of the Education Services Grant into Dedicated Schools Grant is expected to reduce funding received for Education duties further. At this stage the risk is shown below the line as the effect cannot be quantified or confirmed until the DfE produces the revised guidance.</p>	

RISK MATRIX

ECONOMIC GROWTH GROUP

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

ECONOMIC GROWTH GROUP RISK REGISTER

Risk No.	Risk	Responsible Person	Movement in Period	Reason for Movement on Matrix	Progress on Action Plan for Risks Above the Appetite Line that have not moved
EG1	Investment in regeneration projects is not delivered	John Anderson	None at D/II		
EG4	Provision of sufficient Car Parking space within the Town Centre	John Anderson	Deleted from D/II	Multi Storey Car Park now open and Parking Strategy provides for ongoing demands	
EG5	Traffic Congestion in the Town Centre due to Regeneration projects	Dave Winstanley	Move from C/II to C/III	The majority of the works are now complete and the remaining works are following proven traffic management plans that effectively manage impact. The remaining highway work in the town centre will be complete by next Christmas period, which was the period of most concern	
EG6	Reduced usage of Town Centre and its facilities due to extensive capital developments and highways improvements.	John Anderson	Move from C/II to E/II	Works nearing completion and should see an increase in footfall as a result , particularly in Feethams	

Risk No.	Risk	Responsible Person	Movement in Period	Reason for Movement on Matrix	Progress on Action Plan for Risks Above the Appetite Line that have not moved
EG7	Financial implications of Maintaining and conserving key capital assets within the borough	Bill Westland	Move from C/II to D/II	The major refurbishment works to the Dolphin Centre have been completed, funding is in place for the Civic Theatre and funding has been secured for the repairs to the covered market.	
EG8	Ability to adequately address the affordable housing requirement	John Anderson	Move from C/III to B/III	Housing & Planning Bill likely to reduce ability to provide affordable homes	See main body of report paragraph 8(c)(i)
EG9	Delay to new Local Plan.	John Anderson	New at C/II	Cabinet has now agreed an ambitious 2 year project plan for completion of evidence for a new local plan and adoption in year 3	See main body of report paragraph 8(c)(ii)
EG10	Complexity of delivering Central Park regeneration to meet growing demands and ambitious time scales.	Dave Winstanley	None at D/II		
EG11	An adverse report following a recent EU audit of the Business Hub which could potentially result in Grant clawback	John Anderson	None at C/III		
EG12	Planning Performance at risk of Standards Authority intervention	John Anderson	New at C/II	Planning Application at “amber warning” for speed of decisions	See main body of report paragraph 8(c)(iii)

RISK MATRIX

NEIGHBOURHOOD SERVICES AND RESOURCES GROUP

LIKELIHOOD	A Very High				
	B High				
	C Significant		1, 2		
	D Low		3, 5	16, 23, 24	
	E Very Low			9	
	F Almost Impossible				
		IV Negligible	III Marginal	II Critical	I Catastrophic
IMPACT					

NEIGHBOURHOOD SERVICES AND RESOURCES GROUP RISK REGISTER

Risk No.	Risk	Responsible Person	Movement in Period	Reason for Movement on Matrix	Progress on Action Plan for Risks Above the Appetite Line that have not moved
RE1	VAT (Planning expenditure in terms of capital)	Elizabeth Davison	None at C/III	Proposal for capital spend on VAT exempt services could impact on recovery of exempt VAT	
RE2	Fraud in General	Brian James	None at C/III		
RE3	ICT security arrangements inadequate	Ian Miles	None at D/III		
RE5	Increased sickness absence adversely affects service delivery	Elizabeth Davison	None at D/III		
RE9	Instability within financial markets adversely impacts on finance costs and investments	Elizabeth Davison	None at E/II		
RE16	Significant impacts arising from the reduction in available cash/resources to the local economy, Council and businesses due to the impacts of Welfare Reform.	Pauline Mitchell	None at D/II		

Risk No.	Risk	Responsible Person	Movement in Period	Reason for Movement on Matrix	Progress on Action Plan for Risks Above the Appetite Line that have not moved
RE 23	Adverse financial implications may result from the Council's involvement in the Community Interest Company established to deliver offender management services following the abolition of the local Probation Trusts	Luke Swinhoe	None at D/II		
RE24	Operational risks associated with provision of services including Street Scene Environmental services Building services (Gas Legionella etc.) and the Lifeline service	Ian Thompson /Pauline Mitchell	None at D/II		