
ANNUAL RISK MANAGEMENT REPORT 2007/08

Purpose of Report

1. To update Members on the approach to and outcomes from the Council's Risk Management processes for 2007/08.

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.

Information and Analysis

CPA Scores

3. The Council's approach to risk management has proved to be very successful for a number of years. The CPA Use of Resources – 2007 Assessment Results, published in December 2007, confirm that risk management continues to be 'well embedded' within the Authority.
4. This judgement is based largely upon the Council's approach to strategic risk and the Authority improved its 2006 score of 3/4 to 4/4 in 2007. This equates to 'well above minimum requirements - performing strongly'. The Auditor also commented that 'risk management has been further embedded in the Council's business processes and they identify positive as well as negative risks'

Risk Management Awards

5. During 2007/08 the Council achieved recognition by external organisations for the proactive risk management work undertaken within the Authority.
 - (a) April 2007 – StrategicRISK European Risk Management Awards – Highly Commended within the Best Loss Prevention Strategy Category
 - (b) June 2007 – ALARM (National Forum for Risk Management within the Public Sector)– Highly Commended within the Assets Category
 - (c) November 2007 – Local Government Chronicle Finance Awards – Finalist within Risk Management Category
6. In addition, the Council has been successful again within the 2008 StrategicRISK European Risk Management Awards. The Authority in April; won the Best Risk Communication of the Year Award and was again Highly Commended within the Best Loss Prevention Strategy Category for the second year running. These Awards are open to both public and

private sector organisations and Darlington Borough Council was one of only seven Local Authorities shortlisted for an Award by StrategicRISK.

Insurance Renewal Tender

7. As the Council was in the process of developing a shared services partnership with Stockton Borough Council, the Director of Corporate Services last year reported to Cabinet that he was taking steps to investigate the potential of a joint procurement of insurance services for both Authorities. Minute C106/Nov/2007 refers.
8. This tender process has just been concluded. The Council has renewed its insurance contract with Zurich Municipal for a further five years with a reduction in annual insurance recharges for this Authority of £900,000. These savings have been achieved by a pro-active risk management approach within the Authority, a very good claims history, the innovative joint procurement initiative with Stockton Borough Council and current market conditions.

Strategic Risk Outcomes

9. 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. The risk matrices, showing risks above the line, included within the Corporate Plan and Departmental Service Plans for 2007/08, are attached at Appendices A-E.
10. 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.
11. 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 aspects of project management that emerged from the recommendations of the Resources Scrutiny Committee following issues raised with the Pedestrian Heart works last year. Elements of the Capital Process Review have been introduced in order to strengthen working practices. 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.

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

- (ii) This was an emerging risk during the year. The new structure was successfully implemented for 1 January 2008 and CMT continue to work to strengthen corporate responsibility and leadership to ensure there is minimum impact to service delivery. This is no longer considered to be a risk for the Authority.
- (b) **Chief Executive Risks (Appendix B)** – No risks identified.
- (c) **Children’s Services Risks (Appendix C)** – One emerging risk was identified during the year.
- (i) School Place Planning issues were identified as an emerging risk in Darlington. The Authority is one of three 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 provided temporary and additional accommodation at four schools creating a further 75 places for children to manage the shortage of school places for reception age children for the September 2007 intake. In addition strategies have been put in place to improve the quality of management information to help monitor the position. Work has also been undertaken to encourage parents to apply for school places in advance for the September 2008 intake as well as the Council liaising with other agencies to identify other potential sources of additional children who may be moving into the area. 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. The risk for the moment remains above the line.
- (d) **Community Services (Appendix D)** – Three risks have been identified.

Not delivering on financial recovery plan in Adult Social Services

- (i) A Financial Recovery Plan has been developed that is monitored on a monthly basis at each Divisional Meeting. The budget actions identified as part of the risk management plan have been successful in reducing potential issues. As a result this is no longer considered as a risk for the Department.

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. In addition a multi-agency panel of officers from Adult Social Care and the PCT meet to monitor the decision making process for Continuing Health Care. Adult Social Services staff also work closely with Darlington PCT to deliver the Government White Paper ‘Our Health, Our Care, Our Say’ agenda. The area of unpredicted demand for community care continues to be a risk; however it is no longer considered to be

above the line because of the management actions in place, even though the continued pressure for services reflects a national situation.

Darlington Eastern Transport Corridor Project

- (i) This project is now nearing completion. The projected overspend has been reported on an ongoing basis to Members with the current overspend projected at £1.9m on construction costs, principally due to front end delays in commencing the work, increased utility costs and a variety of other increased costs. The project team continue to mitigate increases to the overspend and any resultant impact on the Council's resources. This mitigation has included seeking additional funding for the project from the Department of Transport on which a decision is still awaited.

- (i) **Corporate Services (Appendix E)** – Two risks were identified.

Information Governance

- (i) The Records and Information Manager has been in post for a year and has made considerable progress in records and information management across the Council. Following consultation with key officers within the Authority a strategic and cross-departmental approach to information governance has been developed underpinned by a Corporate Information Governance Policy that was approved by Cabinet (minute C175/Feb/2008). The Policy's delivery programme is well underway and a detailed breakdown of progress is included under a separate item on the agenda at this Audit Committee meeting. The report reflects that good progress is being made to mitigate the existing risk to bring it below the line by the end of the Policy's implementation programme.

Implementation of the proposed Darlington / Stockton Partnership

- (ii) The Darlington / Stockton Partnership became operational from 1 May 2008 for Design and Print, ICT, Transactional Finance and Transactional HR. All Governance and location arrangements have been finalised. The Partnership Manager, Heads of Service and staff have been appointed and are in place. A performance monitoring and reporting framework has been introduced to review service delivery and financial management to secure future savings and efficiencies for both Authorities. Although the above measures are in place, as the partnership is still in its early stages of development, the risk is still considered, for the moment, to be above the line.

Operational Risk Outcomes

- 12. 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: -

Motor/Transportation Risk
Property/Security/Fire Risk
Health and Safety Initiatives/Liabilities
Highways
Tree Risk Management

13. The development of a corporate approach to managing property risk within the Authority continues to produce successful results. School property insurance claims have reduced by 67% in the past two years and the initiative has been recognised within both the ALARM and StrategicRISK European Risk Management Awards during 2007/08. Judges commented that 'we felt that this loss control initiative showed that solutions do not have to be complex to be extremely effective'.
14. Positive benefits are currently being achieved by the Authority following the successful 'Let's Get Cracking' Initiative that won the Best Risk Communication Award within the StrategicRISK European Risk Management Awards. Improvements to highways and footpaths within this initiative have resulted in a reduction in reactive maintenance work which now means that further resources can be channelled into other pro-active schemes.
15. Recent condition surveys have also confirmed that road and footpaths within the Authority have improved significantly within the past year, this will assist the Council in maintaining its 90% repudiation rate in respect of highways insurance claims.
16. A major focus recently has been on health and safety within schools. 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.
17. As a result of this initiative three Darlington schools have won Royal Society for the Prevention of Accidents (RoSPA) Occupational Health and Safety Silver and Bronze Awards 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.
18. The Council continues to operate effectively satisfactory health and safety standards. Reportable accidents and lost time as a result of accidents was 455 days in 2007/08, this compares to 1,627 days lost in 2003/04. Reportable accidents under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) for 2007/08 were 29, this compares to 35 in 2006/07 and 43 in 2005/06.
19. 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 agreed a programme of training for 2007/08 and topics covered included Managing Risk, Partnerships, Property, Security and Fire, Projects and Insurance Awareness.
20. A pilot scheme to further develop risk management awareness within schools is being developed. As part of this initiative Governor Risk training has been introduced during the year.
21. Information within the Risk and Insurance Intranet Service has been improved and further developed; it now contains valuable risk and insurance details to assist members

and officers to manage risk. Positive feedback has been received from those who have logged onto these pages.

Conclusion

22. There has been positive progress within the Authority upon delivery of action plans to mitigate key risks together with advances in the management of operational risks through the Council's Corporate Risk Management Group. This has contributed to the successful renewal of insurance resulting in an annual recharge saving of £900,000. In addition proactive risk management work within the Council has been recognised at national and European level this year.

Recommendation

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

Paul Wildsmith
Director of Corporate Services

Background Papers

- Council's Risk Management Strategy
- Departmental Risk Registers
- Corporate Plan 2007-10
- Risk Management Progress Report to 14 December 2007 Audit Committee
- Corporate Risk Management Group minutes
- Property Risk Management Group minutes

George Cornforth : Extension 2324
TAB

APPENDIX A – CORPORATE RISKS

LIKELIHOOD	A Very High				
	B High				
	C Significant			27	
	D Low				
	E Very Low				
	F Almost Impossible				
		IV Negligible	III Marginal	II Critical	I Catastrophic
		IMPACT			

Risk No.	Risk	Responsible Person
2	The Council works hard to attract capital investment to the Borough and often has many Capital projects ongoing at any one time	Cliff Brown
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				
	D Low				
	E Very Low				
	F Almost Impossible				
		IV Negligible	III Marginal	II Critical	I Catastrophic
		IMPACT			

Risk No.	Risk	Responsible Person
	No risks above the line	

APPENDIX C – CHILDREN’S SERVICES

LIKELIHOOD	A Very High				
	B High			12	
	C Significant				
	D Low				
	E Very Low				
	F Almost Impossible				
		IV Negligible	III Marginal	II Critical	I Catastrophic
		IMPACT			

Risk No.	Risk	Responsible Person
12	School Place Planning issues resulting in additional school places being required	George McQueen

APPENDIX D – COMMUNITY SERVICES

LIKELIHOOD	A Very High				
	B High				
	C Significant			2 4 11	
	D Low				
	E Very Low				
	F Almost Impossible				
		IV Negligible	III Marginal	II Critical	I Catastrophic
		IMPACT			

Risk No.	Risk	Responsible Person
2	Not delivering on financial recovery plan in Adult Social Services	Cliff Brown
4	Implication of the increase in the number of people with high need requiring community care	Jane Robinson
11	Failure to deliver major capital project – Darlington Eastern Transport Corridor	Cliff Brown

APPENDIX E – CORPORATE SERVICES

LIKELIHOOD	A Very High				
	B High				
	C Significant			10 14	
	D Low				
	E Very Low				
	F Almost Impossible				
		IV Negligible	III Marginal	II Critical	I Catastrophic
		IMPACT			

Risk No.	Risk	Responsible Person
10	Information Governance - Council unable to meet its obligations under the information governance agenda	Brian James
14	Implementation of the Darlington / Stockton Partnership	Paul Wildsmith