
HALF YEARLY RISK MANAGEMENT REPORT 2014/15

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 March 2014

Elaine Hufford 2447

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	Diversity issues are referred to in Appendix A at Risk C9
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-E 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. Since the last report in March 2014 the People group has now been split between the Director of Commissioning, which includes Adult Services as well as the People Commissioning Service, and the Service Director for Children's Services..
9. 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) The overarching information governance risk comprises the key components of records management, data handling, data quality and information sharing. An information governance work programme has been developed to address the need for appropriate controls to be embedded and consistently applied across all services. As reported to the Audit Committee in September 2014, progress on delivery of the programme is gradual and monitored by Assistant Directors for evidence of effective delivery. Recently there has been a shift in focus from evidencing compliance with the Council's programme to compliance with the Department of Health IG Toolkit, a key enabler of the effective information sharing and collaborative working requirements of the Better Care Fund and the Care Act 2014.

(C12) Financial implications of the Carlbury Landslip

- (ii) The funding bid was successful in December 2013. The detailed delivery phase is in progress with anticipated completion in March 2015. There is on-going close monitoring of the project.

(C14) Failure to achieve movement towards the conditions needed for Darlington to survive and thrive in a climate of reduced resources will further threaten services.

- (iii) The Council is required to make significant reduction in spend in order to respond to reductions in government spending. Some ambitious proposals for change requiring decisions which will have direct impact on individuals; will require the achievement of challenging efficiency targets or which require significant behaviour change have been included within

the MTFP proposals. A robust change management programme with careful scrutiny, completion of impact assessments, realistic timescales and careful monitoring has been put in place to manage these risks.

(b) **Commissioning Group (Appendix B)** – three risks have been identified.

(DC2) Budget savings not realised through services promoting and supporting independence in the community

- (i) 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.

(DC4) Delivery of the outcomes of the Better Care Fund (BCF) Plan approved by NHS England is not achieved

- (i) Multi-Disciplined Teams (MDT) implemented and anticipated savings from January 2015. Tracking of BCF impact mainly via existing CCG finance routes / controls, but additional metrics for MDT being developed. Predictive modelling and examination of the evidence base suggests the BCF schemes will deliver the required reduction in non-elective admissions to deliver the savings. The MDT implementation group continue to meet to ensure delivery. The BCF plan has been through the national moderation processes and was deemed ‘approved with support’. Plan to address residual actions has been developed and only one action remains outstanding, linked to pooled budgets with work in hand between the Clinical Commissioning Group and DBC to address by early 2015. Discussions re: phase 2 of BCF sign off have been taken place with the NHS England, who noted the high quality of the plan and identified no reason why this shouldn’t become ‘approved’ following the next stage

(DC5) The challenges following the proposed introduction of the Care Act 2015 are unable to be met concerning unknown financial risk; capacity to undertake increased assessments; training and development for existing and new workforce; communications to the public; and systems readiness.

- (i) There are clearly defined work streams for the major parts of the Act. Capacity modelling is underway at a local and regional level (Darlington are leading work force at a regional level).
Delayed publication of the final guidance from the Department of Health has impacted on the progression of the work streams generally. This is now available, although there is a further delay in the National Communications Messages and Strategy on the Care Act with this impacting progress locally, regionally and nationally.
Changes to national eligibility criteria are to be aligned to current assessment processes and work is underway to assess the impact of

this across all frontline services. Contact Centre engagement and best use of this service and of traffic through the website is key. The most recent Department of Health Stocktake (2 of 3) has shown that Darlington is not progressing as planned in some areas. Work is underway to improve this especially the financial modelling/planning that is required. There is still an unknown risk on the 2016/17 implementation through the costs for the Dilnot Report on Social Care. The co-production group and wider voluntary sector are also engaged in the planning process and there is an open dialogue with this group as to how challenges from the Act can be met, particularly around service planning and advocacy.

(c) **Service Director Children (Appendix C)** – two risks have been identified.

(PE1) Increased number of Looked After Children and budgetary impact

- (i) The figures now include two secure placements which have put additional pressure on the budget. These placements are due to cease late October. Continued monitoring will establish whether this is a blip or a consistent trend. In view of the range of external factors this current position is uncertain.

(PE28) Staff Recruitment and retention

- (i) New risk due to increasing evidence of recruitment difficulties and loss of staff to other authorities. Exit interviews sight salary levels and lack of wider business support. Action: increased training and development programme; review of salary structure/profiles in line with market position.

(d) **Economic Growth Group (Appendix D)** –four risks have been identified

(EG3) A sustained reduction in Group Income (e.g. car parks) adversely impacts upon the MTFP

- (i) Close monitoring of income targets continues but the loss of parking spaces and the offers such as three for two that have recently been made have the potential to further reduce income.

(EG5) Traffic Congestion in the Town Centre due to Regeneration projects

- (i) Individual traffic management plans for each project with combined assessment and mitigation

(EG6) Reduced usage of Town Centre and its facilities due to extensive capital developments and highways improvements during 2014/15

- (i) Contingency Parking Plans have been prepared and robust plans for the implementation are in place.

(EG7) Financial implications of Maintaining and conserving key capital assets within the borough

- (i) Heritage Lottery funding for the Civic Theatre has been obtained, Dolphin Centre feasibility study currently being carried out and work is ongoing to find a funding solution for the Market Hall
- (e) **Neighbourhood Services and Resources Group (Appendix E)** – one risk has been identified.

(RE8) Significant exposure to Equal Pay Claims.

- (i) The Council has a number of ongoing equal pay claims currently within the legal system. Although the Council's exposure in this area has been reduced with the implementation of Single Status and ongoing effective management of claims, there still remains the potential that such claims could result in a significant financial liability for the Authority. The situation is closely managed on a regular basis in liaison with the Director of Neighbourhood Services and Resources, the Assistant Director Finance and HR and legal advisors with appropriate action taken to limit exposure and liability as and when necessary.

Operational Risk Outcomes

10. The Terms of Reference of the Corporate Risk Management Group have been refreshed and approved by COB to ensure operational risks continue to be managed effectively. Representatives from the Council's insurers will attend the Group to provide an update in relation to trends in insurance claims and operational risks.
11. Proactive initiatives have continued to influence cultural improvements and embed the health and safety management system throughout the organisation. Initiatives have included the launch of the Employee Protection Register, a central database of potential warning indicators against an individual or address. The Health and Safety Champions role has also continued to be developed, supporting management within services and helping to improve employee involvement and communication of health and safety information.
12. The number of reportable accidents have increased compared to this period in the previous year however, there have been no reported occupational diseases (hand arm vibration syndrome, carpal tunnel syndrome) demonstrating measures taken to reduce the risk of vibration at work and the robust health surveillance programme are seeing positive outcomes. The continued drive to promote the importance of near miss reporting has seen a significant increase in the number of reports received in the first two quarters of 2014/15.

13. Highway Insurance Claims continue to have a high repudiation rate. For claims that have been settled in the last 3 years (2011/2014) the current repudiation rate is 97% compared to 91% for the previous 3 year period.
14. During this year an extra £400k has been received from government for highway maintenance. This has resulted in an enhanced programme of surface dressing & carriageway/footway micro asphalt surfacing to stop further deterioration of the carriageway/footway surface and to stop potholes forming. There has also been extra ordinary maintenance patching carried out as preventative maintenance to reduce the likelihood of actionable defects forming. The routine inspection system continues to identify potholes where they do form and repairs are carried out as quickly as possible.
15. The proactive approach to managing council owned trees, continues to produce positive results and a programme of surveying trees has been developed and maintained. This approach results in very few tree failures particularly during periods of extreme inclement weather. It has also enabled the Council to defend compensation claims successfully.
16. The Council's Arboriculture Officer continues to closely monitor the situation with regard to Ash dieback, although high volumes of cases were reported these all remain unfounded.
17. Neighbourhood Services and Resources Group have recently reviewed a number of working practices particularly those which are high risk such as driving to ensure that mandatory training is completed and refresher training identified. This is being communicated as part of tool box talks.
18. Recent cable strikes have also been reviewed to check if any changes to working practices need to be undertaken when digging near cables and to ensure that correct procedures are being followed every time.
19. Risk Assessments for teams are reviewed using the appropriate tools as recommended by the HSE

Conclusion

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

Outcome of Consultation

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

RISK MATRIX

CORPORATE

LIKELIHOOD	A Very High				
	B High			12	
	C Significant			5, 14	
	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	From D/III To E/III	The recommendations of the Capital Process review are now well embedded	
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 paragraph 9 (a) (i) in main report
C9	Failure to deliver public sector general duty under the Equality Act 2010 Now Merged with C10	Paul Wildsmith			

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
C10	The risk of legal challenge in relation to the Council's decision making, contracting and other processes'. Now merged with C14	Paul Wildsmith/Cath Whitehead			
C12	Financial implication of the Carlbury Landslip	Ian Williams	None at BII		See paragraph 9 (a) (ii) in main report
C13	Managing budgeted MTFP through cultural changes and inputs from the public and partners, this would risk cuts in priority services if not achieved. Now Merged with C14	Paul Wildsmith/Ada Burns			
C14	Failure to achieve movement towards the conditions needed for Darlington to survive and thrive in a climate of reduced resources will further threaten services	Cath Whitehead/Ada Burns	None at C/II		See paragraph 9 (a) (iii) in main report

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	Non achievement of combined authority status	Ada Burns	New at D/II	If not delivered inability to access additional external funding for the Borough – plans and consultations are in place and being given priority by the council.	

RISK MATRIX

DIRECTOR OF COMMISSIONING GROUP RISK REGISTER

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

DIRECTOR OF COMMISSIONING 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
DC1 (formerly PE15)	Self -Directed Support – inability to ensure compliance with requirements for self-directed support; individual budgets and direct payments within required timescales	Ann Workman	Deleted	Self -directed support now included in Departmental working practices and procedures	
DC2 (formerly PE24)	Budget savings not realised through services promoting and supporting independence in the community	Ann Workman	None at B/II		See paragraph 9 (b) (i) in main report
DC3 (formerly PE27)	Failure to deliver Integrated Transformation Fund (Better Care Fund) report to Health and Wellbeing Board by mid February 2014	Murray Rose	Deleted	Submissions have been made on each statutory date with the approval of the Health & Well Being Board. NHS England have approved the BCF Plan.	

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
DC4	Delivery of the outcomes of the Better Care Fund Plan approved by NHS England is not achieved	Andrew Stainer	New at C/II		See paragraph 9 (b) (ii) in main report
DC5	The challenges following the proposed introduction of the Care Act 2015 are unable to be met concerning unknown financial risk; capacity to undertake increased assessments: training and development for existing and new workforce; communications to the public; and systems readiness.	Ann Workmen	New at B/II	<p>The introduction of The Care Act in April 2015 (with a further implementation in April 2016) is expected to raise the profile of the support that people can expect. The Act is built around people; it outlines the following;</p> <p>Ensures that people's well-being, and the outcomes which matter to them, will be at the heart of every decision that is made;</p> <ul style="list-style-type: none"> Puts Carers on the same footing as those they care for; Creates a new focus on preventing and delaying the need for care and support, rather than only intervening at crisis point; Puts personal budgets on a legislative footing for the first time, which people will be able to receive as a direct payment if they wish 	See paragraph 9 (b) (iii) in main report

RISK MATRIX

CHILDREN

LIKELIHOOD	A Very High				
	B High				
	C Significant		23, 29	1, 28	
	D Low				
	E Very Low		26		
	F Almost Impossible				
		IV Negligible	III Marginal	II Critical	I Catastrophic
IMPACT					

CHILDREN 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
PE1	Increased number of Looked After Children and budgetary impact.	Jenni Cooke	None at C/II		See paragraph 9 (c) (i) in main report
PE23	Continuity of external funding streams and financial allocation	Jenni Cooke	None at C/III		
PE26	Foster Carers Recruitment and Retention	Jenni Cooke	From D/III to E/III	Increased recruitment following proactive work with Communications and appointment of "intern" who has recruitment focus	
PE28	Staff Recruitment and retention	Jenni Cooke	New at C/II		See paragraph 9 (c) (ii) in main report
PE29	Sufficient school places to meet parental preferences and expansion of house building in the borough	Jenni Cooke	New at C/III		

RISK MATRIX

ECONOMIC GROWTH GROUP

LIKELIHOOD	A Very High				
	B High				
	C Significant		8	3, 5, 6, 7	
	D Low			1, 2, 4	
	E Very Low				
	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 (previously PL4)	Investment in regeneration projects is not delivered	John Anderson	From C/II to D/II	The Council's project management and engagement with developers is well proven and effective. Risk management is integral in individual projects and is responsive to changing circumstances. Darlington projects are aligned to the Tees Valley Strategic Economic Plan Further capital investment in key projects will be obtained subject to due diligence. Further capital funding is anticipated.	
EG2 (previously PL6)	The management of Council risks in respect of Tees Valley Unlimited and LEP	John Anderson/ Ian Williams	None at D/II	Work in progress in respect of governance and financial risks of a combined authority model.	

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
EG3 (previously PL8)	A sustained reduction in Group Income (e.g. car parks) adversely impacts upon the MTFP	Bill Westland Dave Winstanley	None at C/II		See paragraph 9 (d) (i) in main report
EG4 (previously PL22)	Provision of sufficient Car Parking space within the Town Centre	John Anderson	From C/II to D/II	Cabinet have agreed a Car Parking Strategy that seeks to secure the appropriate number and quality of spaces to serve the long term needs of the Town Centre and support it as a vibrant and thriving heart of the borough. Planning permission in place for new MSCP and improvements of provision.	
EG5 (previously PL23)	Traffic Congestion in the Town Centre due to Regeneration projects	Dave Winstanley	None at C/II		See paragraph 9 (d) (ii) in main report
EG6 (previously PL24)	Reduced usage of Town Centre and its facilities due to extensive capital developments and highways improvements during 2014/15	John Anderson	None at C/II		See paragraph 9 (d) (iii) in main report

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	Brian Boggon joint risk with Neighbourhood Services and Resources	None at C/II		See paragraph 9 (d) (iv) in main report
EG8 Previously RE21	Ability to adequately address the affordable housing requirement	John Anderson	None at C/III		

RISK MATRIX

NEIGHBOURHOOD SERVICES AND RESOURCES GROUP

LIKELIHOOD	A Very High				
	B High				
	C Significant		2,	8,	
	D Low		1, 3, 5, 7,	16, 22	
	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 D/III		
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		
RE7	Sustained reduction in departmental income (e.g leisure and building services adversely impacts upon the MTFP)	Ian Thompson/ Pauline Mitchell	None at D/III		
RE8	Significant exposure to Equal Pay claims	Elizabeth Davison	None at C/II		See paragraph 9 (e) (i) in main report
RE9	Instability within financial markets adversely impacts on finance costs and investments	Elizabeth Davison	None at E/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
RE15	Unable to create a culture of change and gain community support for Building Stronger Communities and achieve associated demand reduction. Now merged with C14	Cath Whitehead			
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.	Cath Whitehead	None at D/II		
RE18 Risk now merged with RE 7	A sustained reduction in Group Income (eg Leisure, Building Services) adversely impacts upon the MTFP				
RE19	Delivery of Strategic Options including Housing and Building Services, MTFP and Transformation Projects	Pauline Mitchell	Deleted from C/II	Majority of actions delivered and remainder of the risks are managed appropriately within the services	

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
RE20	Failure to relocate the Depot	Ian Thompson	Deleted from C/II	Depot relocation now completed	
RE21 Now EG 8	Ability to adequately address the affordable housing requirement				
RE22	Rental Income could be adversely affected by Welfare benefit reforms	Pauline Mitchell	From C/II to D/II	The creation of a dedicated Income Management Team has proved successful in reducing rent arrears. As a percentage of the debit, arrears are now only 1.86%, which is the lowest they have been in many years.	