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**RISK MANAGEMENT REPORT 2014/15**

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**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 December 2014

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-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. 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)** – two corporate risks have been identified

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

- (i) The Council has an Information Governance Work Programme shaped by a number of external assurance requirements that all represent good practice and have common objectives, namely compliance with information related legislation, approval to use essential external party systems and services, and improvement in service delivery. Progress on delivery of the Programme was reported to the Audit Committee in March 2015 and referenced that the Council was able to evidence compliance with the Health and Social Care Information Centre Information Governance Toolkit to a “satisfactory” assurance level for Social Care Services and Public Health. The report noted the timely delivery of the Programme remained an issue of concern given the competing demands on limited resources.

**(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.**

- (ii) 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)** – two 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.

**(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.**

- (ii) Regional work streams have now come to a natural end; Darlington continues to have several work streams in place led by the newly appointed Care Act lead who took up post on 20 April 2015. 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. National guidance on this will not be available until September 2015. This will mean that there is a risk to the system being implemented in time. This risk is recognised regionally and nationally. 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 one secure placement which has put additional pressure on the budget. Monitoring continues as a number of external factors continue to influence the current position which remains uncertain.

**(PE28) Staff Recruitment and retention**

- (ii) 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)** – three risks have been identified

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

- (i) Individual traffic management plans are in place for each project. Co-ordination and communication between developers, Council, stakeholders and project teams are underway to manage the impacts.

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

- (ii) Contingency Parking Plans have been prepared. These combined with the actions in the Car Parking Strategy and in risk EG5 should mitigate this risk

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

- (iii) Department for Transport Challenge Fund bid has been successful to mitigate some high risk Highway assets, this has a programme of delivery over the next 3 years. Heritage Lottery funding for the Civic Theatre has been obtained and Cabinet has allocated funding for the Dolphin Centre. A continued asset rationalisation plan is being pursued together with a feasibility study for a 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 significantly 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 financial liability for the Authority.

**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.
10. Proactive initiatives have continued to influence cultural improvements and embed the health and safety management system throughout the organisation. Initiatives have included further work to engage employees with an increase in the number of Health and Safety Champions across the organisation and the introduction of a monthly briefing to raise awareness and communicate health and safety messages to staff.
11. The Corporate Landlord Team within the Economic Growth Group continues to manage the Council's statutory compliance and liaises closely with the Council's

insurers Zurich Municipal who remain satisfied with the approach to risk management within the property portfolio

12. The number of reportable accidents has increased by one on the previous year. However, there have been zero occupational diseases (i.e. 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 2014/15, nearly doubling the previous year's figure, which indicates positive cultural improvement.
13. The Council continues to maintain its high repudiation rate on Highway public liability claims. There are currently 299 claims for incidents April 2012 to March 2015. Of these 241 have been closed with 229 having no payments made. The current repudiation rate is, therefore, 95%.
14. Darlington Borough Council was one of only 28 Highway Authorities nationally to make a successful submission to the Government's Challenge Fund. We have been awarded £5.792m out of a total cost of £7.742m for two projects. The first project is for essential works to strengthen Stonebridge. The second is to improve the street lighting stock to address structural issues with columns & upgrade lanterns to LED. The work will involve the replacement of approximately 1,200 columns and 4,000 lanterns over a three year period.
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 Chalara dieback of ash. Although high volumes of cases were initially reported these remain unfounded.
17. High risk work instructions relating to Asbestos, Hand Arm Vibration and Poolside activities have been reviewed to ensure all relevant information (safe systems of work, legislation etc.) is stated. Identified changes to systems continue to be communicated via toolbox talks.
18. Following recent cable strikes a review of working practices was completed by the Health and Safety Unit working with the Highway Construction Section and recommended improvements have been implemented.
19. Risk Assessments for teams continue to be reviewed using the appropriate tools as recommended by the HSE. Since the last report, work has been completed with Highway Construction and Fitting Shop on updating manual handling assessments. Support will be given to other sections as and when their assessments are due for review.

## **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**

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



## **CORPORATE RISK REGISTER**

<b>Risk No.</b>	<b>Risk</b>	<b>Responsible Person</b>	<b>Movement in Period</b>	<b>Reason for Movement on Matrix</b>	<b>Progress on Action Plan for Risks Above the Appetite Line that have not moved</b>
<b>C1</b>	Implementation of recommendations from the Capital Process Review is needed to improve effective capital project management	Ian Williams	None at E/III		
<b>C3</b>	Corporate Premises Risks	Ian Williams	None at D/II		
<b>C4</b>	Business Continuity Plans not in place or tested for key critical services.	Ian Williams	None at D/II		
<b>C5</b>	Council unable to meet its obligations under the information governance agenda.	Paul Wildsmith	None at C/II		See paragraph 8 (a) (i) in main report

<b>Risk No.</b>	<b>Risk</b>	<b>Responsible Person</b>	<b>Movement in Period</b>	<b>Reason for Movement on Matrix</b>	<b>Progress on Action Plan for Risks Above the Appetite Line that have not moved</b>
<b>C12</b>	Financial implication of the Carlbury Landslip	Ian Williams	Deleted	Completion of the detailed delivery phase of the project.	
<b>C14</b>	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 8 (a) (ii) in main report
<b>C15</b>	Non achievement of combined authority status adversely affects the ability to access additional external funding for the borough	Ada Burns	None at D/II		

**RISK MATRIX**

**DIRECTOR OF COMMISSIONING GROUP RISK REGISTER**

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

## DIRECTOR OF COMMISSIONING GROUP RISK REGISTER

<b>Risk No.</b>	<b>Risk</b>	<b>Responsible Person</b>	<b>Movement in Period</b>	<b>Reason for Movement on Matrix</b>	<b>Progress on Action Plan for Risks Above the Appetite Line that have not moved</b>
DC2 (formerly PE24)	Budget savings not realised through services promoting and supporting independence in the community	Ann Workman	None at B/II		See paragraph 8 (b) (i) in main report
DC4	Delivery of the outcomes of the Better Care Fund Plan approved by NHS England is not achieved	Andrew Stainer	From C/II to D/II	At present schemes are on track and delivering the required reductions in Non-Elective admissions, permanent admissions to residential homes and delayed transfer of care (DTC). Further improvements to the Multi-Disciplinary meetings include Mental Health input and weekly operational meetings to discuss support arrangements at weekends. Performance is monitored through the unit of planning meeting chaired by the Director of Commissioning and including representatives from all stakeholders.	

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	None at B/II		See paragraph 8 (b) (ii) in main report
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**RISK MATRIX**

**CHILDREN**

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

## CHILDREN RISK REGISTER

<b>Risk No.</b>	<b>Risk</b>	<b>Responsible Person</b>	<b>Movement in Period</b>	<b>Reason for Movement on Matrix</b>	<b>Progress on Action Plan for Risks Above the Appetite Line that have not moved</b>
PE1	Increased number of Looked After Children and budgetary impact.	Jenni Cooke	None at C/II		See paragraph 8 (c) (i) in main report
PE23	Continuity of external funding streams and financial allocation	Jenni Cooke	Deleted	Grants relating to Troubled Families have now been secured for a further 3 years and are now reflected within the MTFP.	
PE26	Foster Carers Recruitment and Retention	Jenni Cooke	None at E/III		
PE28	Staff Recruitment and retention	Jenni Cooke	None at C/II		See paragraph 8 (c) (ii) in main report
PE29	Sufficient school places to meet parental preferences and expansion of house building in the borough	Jenni Cooke	None at C/III		

**RISK MATRIX**

**ECONOMIC GROWTH GROUP**

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



## ECONOMIC GROWTH GROUP RISK REGISTER

<b>Risk No.</b>	<b>Risk</b>	<b>Responsible Person</b>	<b>Movement in Period</b>	<b>Reason for Movement on Matrix</b>	<b>Progress on Action Plan for Risks Above the Appetite Line that have not moved</b>
EG1	Investment in regeneration projects is not delivered	John Anderson	None at D/II		
EG2	The management of Council risks in respect of Tees Valley Unlimited and LEP	John Anderson/ Ian Williams	Deleted	Issue covered by C15 on the Corporate register	
EG3	A sustained reduction in Group Income (e.g. car parks) adversely impacts upon the MTFP	Bill Westland Dave Winstanley	Deleted	Revised service income projections built into the Medium Term Financial Plan	
EG4	Provision of sufficient Car Parking space within the Town Centre	John Anderson	None at D/II		
EG5	Traffic Congestion in the Town Centre due to Regeneration projects	Dave Winstanley	None at C/II		See paragraph 8 (d) (i) in main report
EG6	Reduced usage of Town Centre and its facilities due to extensive capital developments and highways improvements.	John Anderson	None at C/II		See paragraph 8 (d) (ii) in main report

<b>Risk No.</b>	<b>Risk</b>	<b>Responsible Person</b>	<b>Movement in Period</b>	<b>Reason for Movement on Matrix</b>	<b>Progress on Action Plan for Risks Above the Appetite Line that have not moved</b>
EG7	Financial implications of Maintaining and conserving key capital assets within the borough	Brian Boggon	None at C/II		See paragraph 8 (d) (iii) in main report
EG8	Ability to adequately address the affordable housing requirement	John Anderson	None at C/III		
EG9	Significant delay in adoption of the Local Plan	John Anderson	New at D/II	A recent planning appeal decision has caused the authority to refresh its evidence base for housing delivery in the Local Plan. An Objectively Assessed Housing Needs Study has been commissioned and is to be completed by July 2016. The risk may be completely mitigated if the study evidences that the Local Plan work is soundly based.	

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
EG10	Complexity of delivering Central Park regeneration to meet growing demands and ambitious time scales.	John Anderson	New at D/11	Availability of government grants has accelerated delivery of infrastructure requirements in advance of the refreshed Master Plan. The delivery of the TVU programme for 2016-2018 is largely dependent upon making Central Park ready for inward investment	

**RISK MATRIX**

**NEIGHBOURHOOD SERVICES AND RESOURCES GROUP**

<b>LIKELIHOOD</b>	A Very High				
	B High				
	C Significant		2,	8,	
	D Low		1, 3, 5, ,	16, 23	
	E Very Low			9	
	F Almost Impossible				
		IV Negligible	III Marginal	II Critical	I Catastrophic
<b>IMPACT</b>					

## NEIGHBOURHOOD SERVICES AND RESOURCES GROUP RISK REGISTER

<b>Risk No.</b>	<b>Risk</b>	<b>Responsible Person</b>	<b>Movement in Period</b>	<b>Reason for Movement on Matrix</b>	<b>Progress on Action Plan for Risks Above the Appetite Line that have not moved</b>
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	Deleted	Revised service income projections are now built into the Medium Term Financial Plan	
RE8	Significant exposure to Equal Pay claims	Elizabeth Davison	None at C/II		See paragraph 8 (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
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		
RE22	Rental Income could be adversely affected by Welfare benefit reforms <b>Now merged with RE 16</b>	Pauline Mitchell			
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	Cath Whitehead	New at D/II	DBC's maximum liability under the Company's Performance Guarantee with the Ministry of Justice is capped at £2.45million. DBC has voting rights commensurate with the investment risk and established governance arrangements act as a control to prevent call on the guarantee by ensuring contract compliance and insurance and if appropriate suitable reserves to limit loss.	