
HALF YEARLY 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 June 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-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)** – three 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 September 2015 and referenced recent work including development of a revised information risk assessment model; an updated Members' Guide to Information Security and refreshed Employees Guide to Information Security; and publication of a social media policy and guidelines. The report concluded that the timely delivery of the Programme remained an issue of concern given the competing demands on limited resources.

(C14) Insufficient funding to deliver statutory services

- (ii) In the lead up to the LG finance settlement in December 2015 officers are working to produce a budget that reflects the minimum statutory requirements and this will then be compared with available resources. Should there be insufficient resources the Council will need to consider what actions it could take to balance the budget including looking at additional income sources and 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) Draft Improvement Plan in place with targeted actions in priority areas to address the 18 OFSTED recommendations and demonstrate improvements in the service.

- (b) **Children Families and Learning (Appendix B)** – three risks have been identified.

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

- (i) Work is ongoing to monitor the numbers and trends as part of the strategies to strengthen data reporting. There is a foster carer recruitment strategy in place to increase in-house provision and reduce reliance on external providers.

(PE28) Staff Recruitment and retention

- (ii) The development of a recruitment and retention strategy to address underlying workforce issues to achieve a stable skilled workforce will be in draft form by the end of November 2015. This forms part of the Children's improvement plan.

(PE30) Failure to identify vulnerable schools and broker appropriate support to address needs

- (iii) Vulnerable schools have been identified through a review of the latest unvalidated performance data and other contextual information. Consultant support has been commissioned to conduct monitoring visits to those schools and lead on a self-assessment against the Ofsted framework for the inspection of Local Authority School Improvement Arrangements. A full report to Cabinet on school performance will be made in February based on an analysis of the validated performance data.

- (c) **Commissioning Group (Appendix B)** – four 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) Introduction of the Care Act 2015 negatively influences plans for budget efficiencies

- (ii) The government have decided to delay implementation of the major financial reforms until 2019/20, therefore many anticipated concerns about the financial impact will not be felt as expected. There has however been an increase in referrals for assessment and as a result an increase in demand for services. Work is ongoing to address this through the redesign of Adult Social Care which will aim to reduce the

need for paid support by working more closely with health partners and the voluntary sector.

(DC6) Market (Domiciliary Care Residential Care providers) failure following the Care Act/Living Wage

- (iii) 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, with the commitment to follow suit in respect of the national living wage in due course. A workshop was recently held with domiciliary care providers to understand the issues they faced and how this can inform the way services are commissioned moving forward to ensure a stable market position within Darlington.

(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

- (iv) 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.

- (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 2015/16

- (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)** – 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. There are currently over 70 health and safety champions supporting management to raise awareness, monitor work practices and communicate health and safety messages. At Quarter 2, the accident/incident statistics indicate nearly half the number of accidents reported to the HSE as at the same period in the previous year and zero occupational diseases identified (i.e. hand arm vibration, carpal tunnel syndrome), whilst the number of near miss reports continue to rise.
11. 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. The most recent update being a thorough revision to the Working at Height Arrangement. The revised arrangement provides guidance with risk assessment and identification of appropriate control measures to reduce the risk of injury.
12. 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. Works to strengthen Stonebridge have started and are scheduled for completion by mid-March 2016. The 3 year Street Lighting improvement programme has started with the first phase of replacing approximately 1200 columns. Works to replace 4000 lanterns will start in mid-November 2015. In addition to energy savings the LED lighting supplies a white light which allows better recognition of people and objects than conventional lighting. A similar amount of column replacements and LED conversions will be carried out for each of the next two years.
13. In the last six month period work instructions relating to the Fitting Shop and Enforcement have been updated focusing on Lone Working and Safe Systems of Work. Amendments made to instructions are communicated to operatives.
14. A review of working practices was completed by the Health and Safety Unit working with the Highway Construction Section and implementation has seen a reduction in the total amount of cable strikes noted by the service for the Quarter ending Sept 15 compared to previous years. In the coming months the service have a number of projects that will involve a large amount of excavation which will test the effectiveness of the new controls.

15. Risk Assessments for teams continue to be reviewed using the appropriate tools as recommended by the HSE. Since the last report, Risk Assessments covering all catering activities and all tasks involving lifting within the Civic Theatre have been reviewed using the new format.

Conclusion

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

Outcome of Consultation

17. 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 report paragraph 8 (a) (i)

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
C14	Risk Reworded Insufficient funding to deliver Statutory Services	Ada Burns/Paul Wildsmith	None at C/II		See main report paragraph 8 (a) (ii)
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/ Alison Murphy	New at B/II	New Risk following "inadequate" judgement from Ofsted inspection of services to children in need of help and children looked after.	See main report paragraph 8 (a) (iii)

RISK MATRIX

CHILDREN, FAMILIES AND LEARNING

LIKELIHOOD	A Very High				
	B High				
	C Significant		29	1, 28, 30,	
	D Low				
	E Very Low		26		
	F Almost Impossible				
		IV Negligible	III Marginal	II Critical	I Catastrophic
IMPACT					

CHILDREN FAMILIES AND LEARNING 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.	Alison Murphy	None at C/II		See main report paragraph 8 (b) (i).
PE26	Unable to retain and recruit local foster carers	Alison Murphy	None at E/III		
PE28	Unable to recruit and retain qualified and sufficiently experienced Social Workers and 1 st line managers	Alison Murphy	None at C/II		See main report paragraph 8 (b) (ii).
PE29	Insufficient school places to meet parental preferences and expansion of house building in the borough	Alison Murphy	None at C/III		
PE30	Failure to identify vulnerable schools and broker appropriate support to address needs	Alison Murphy	New at C/II		See main report paragraph 8 (b) (iii).

RISK MATRIX

DIRECTOR OF COMMISSIONING GROUP RISK REGISTER

LIKELIHOOD	A Very High				
	B High			2, 5, 6, 7	
	C Significant		8, 9		
	D Low			4	
	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
DC2	Budget savings not realised through services promoting and supporting independence in the community	Suzanne Joyner	None at B/II		See main report paragraph 8 (c)(i)
DC4	Delivery of the outcomes of the Better Care Fund Plan approved by NHS England is not achieved	Andrew Stainer	None at D/II		
DC5	Introduction of the Care Act 2015 negatively influences plans for budget efficiencies	Kevin Kelly	None at B/II		See main report paragraph 8 (c) (ii)
DC6	Market (Domiciliary Care Residential Care providers) failure following the Care Act/Living Wage	Kevin Kelly	New at B/II		See main report paragraph 8(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
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	New at B/II		See main report paragraph 8 (c)(iv)
DC8	The reduction in Public Health Grant adversely affects service provision	Miriam Davidson	New at C/III	The reduction of the grant (approximately £520k) will be deducted in January 2016. 9 proposals have been identified to meet the reduction. Cabinet will make the decision on 8 th December 2015.	

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
DC9	Women in Darlington unable to access Contraceptive Services	Miriam Davidson	New at C/III	<p>This is a Mandated Service. This risk has been identified due to the current provider terminating the community contraceptive service contract on 4th January 2016. (The contract was awarded until 31st March 2018). There will be a period of time when the service will not be fully accessible to women, although, work is being undertaken to mitigate the risk. Provision of Long Acting Reversible Contraception has been established and will continue until 30th June 2016. Emergency Oral Hormone Contraception contracts will be awarded to Pharmacies until the same period. This will enable a review of the service model and redesign of the service for a new service to be procured and operational from 1st July 2016</p>	

RISK MATRIX

ECONOMIC GROWTH GROUP

LIKELIHOOD	A Very High				
	B High				
	C Significant		8, 11	5, 6, 7	
	D Low			1, 4, 10	
	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	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	None at D/II		
EG5	Traffic Congestion in the Town Centre due to Regeneration projects	Dave Winstanley	None at C/II		See main report paragraph 8 (d) (i)
EG6	Reduced usage of Town Centre and its facilities due to extensive capital developments and highways improvements.	John Anderson	None at C/II		See main report paragraph 8 (d) (ii)
EG7	Financial implications of Maintaining and conserving key capital assets within the borough	Bill Westland	None at C/II		See main report paragraph 8 (d) (iii)
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	Deleted	A new process started for the completion of a Local plan has now been started	

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	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	New at 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	From D/III to 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		
RE8	Significant exposure to Equal Pay claims	Elizabeth Davison	Deleted	The Equal Pay claims against the Council were all concluded as at October 2015. Risk of EP claims associated with historic bonus payments and single status was removed from July 2015, following the implementation of new terms and conditions and pay model on 1/7/2006 and the Protection Period relating to Single Status expiring on 30/6/2009. Claims can only be backdated a max. of 6 years; therefore claim risk and validity of new claims is removed.	

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
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		
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		

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 24	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	New at D/II	Acknowledgement of inherent risks involved with service delivery	