
ANNUAL RISK MANAGEMENT UPDATE REPORT 2016/17

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 2016

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)** – two corporate risks have been identified

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

- (i) As reported to the March 2017 Audit Committee, the Council continues to make gradual progress on the implementation of the information governance programme. Recent work includes a revised information risk checklist and associated guidance to incorporate the additional requirements of the General Data Protection Regulations; a streamlined incident management process; the appointment of the Director of Children and Adults Services as Caldicott Guardian together with a review of the Caldicott support function; face-to-face information security awareness sessions with Children and Adults Service Managers and staff; and an improved intranet presence for information governance processes, procedures and guidelines. The areas of highest priority in the information governance programme are the completion of the revised information risk assessments and the timely delivery of the associated improvement action plans and effectively communicating and embedding the revised incident management process across all services.

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

- (ii) Children's Services Improvement Plan – this was fully reviewed following the DfE Review in November 2016, to ensure continued focus and pace. This was followed by the Minister for Children and Families stepping down the Improvement Board to Bi-monthly from monthly. However, the risk still remains high until re-inspection. Quarterly monitoring visits, undertaken by Ofsted, enable further 'deep dive' reviews of services, which feed into updating the improvement plan. The last update of the improvement plan was approved at the February 2017 Improvement Board.

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

(C & A1) 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 17/18. Full review of placement mix against needs of looked after children including utilisation of in-house children's homes to be commissioned – September 17. LAC commissioning strategy is underway for completion in mid 2017.

(C & A 3) 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 17 Senior management team recruited to. All but one in place from June 17. Service Manager Looked After Through Care to commence in September 17

(C & A 5) 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. Academies that are underperforming are discussed with the Regional Schools Commissioner (RSC) who has responsibility for academies. Support is brokered or commissioned by the RSC for academies that underperforming. An SLA is in place with Durham to support and challenge vulnerable maintained schools. Currently Darlington has 4 maintained schools and none are in Ofsted adverse categories.

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

- (iv) Maximising Independence work stream will have a robust project plan developed with cases for reassessment and review prioritised based on activity and finance data. 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) 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) Market (Domiciliary Care Residential Care providers) failure following the Care Act/Living Wage

- (vi) This risk remains although likelihood has reduced to significant from high. All LA's in the North East are in similar positions. Retendering has been completed successfully. These contracts will commence on 01/10/2017, with a 3 month transition process post award. Currently we have 2 providers who have managed to increase capacity, and the volume of work off framework has decreased.

(C & A 10) 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 (COP) granting the authorisations. 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)** – two risks have been identified

(EG1) Investment in regeneration projects not delivered

- (i) The Leader, Chief Executive and Director of Economic Growth to influence through the Tees Valley Combined Authority (TVCA) governance process

(EG8) Ability to adequately address the affordable housing requirement

- (ii) Consideration of options awaiting the outcome of the General Election and progress of the Housing White Paper and development of the TVCA Housing Delivery Plan with the Homes and Community Agency.

- (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 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. A follow up safety culture survey was carried out in 2016/17, seeking the views and opinions of staff across all service groups. Five hundred and sixty eight responses were received to questions including, work environment, communication, lessons learnt and near miss reporting. The results are to be used to target future initiatives.
12. The 2016/17 accident/incident statistics show 13 accidents reported to the HSE, the total for 2015/16 was also 13. Zero occupational diseases have been identified i.e. hand arm vibration (HAV's), carpal tunnel syndrome. There have been 167 minor accidents reported which is a reduction on the previous year. The number of near miss reports has continued to rise with a total of 158 which is an increase of 25% on the previous year.
13. The Health and Safety Team continue to work with service managers to develop and review risk assessments and safe systems of work. The number of health and safety training modules available to employees on Academy 10 has increased and there is a full programme of internally delivered health and safety management training, including IOSH Managing Safely.
14. Highways maintenance work continues with the use of a specialised Multihog planning machine to allow a more consistent depth of patch. In addition a 'hot box' trailer is used in conjunction with the Multihog to ensure that materials are supplied to site at their optimum temperature therefore improving the quality of pothole repairs. This preventative maintenance should help reduce the number of future claims and significantly reduces HAV's and manual handling issues.
15. Members were previously informed that in the period December 2015 to April 2016 work instructions and procedures had been updated following reviews in Arboriculture, Street Scene and Catering activities. The remaining high risk work instructions that needed reviewing within the Quality Management System have been reviewed and updated where required. This included Environmental, Cultural and Highways Services.
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. Highways Construction continues to have a number of projects ongoing involving large amounts of excavation work including the street lighting replacement programme. However, further to paragraph 9, the period December 2016 to April 2017 has seen a small amount of cable strikes, as a result the Service Manager has met with the Assistant Director for the area and the Health and Safety Manager to review all information such as Method Statements, Risk Assessments etc. A further meeting is scheduled to discuss additional improvements that could be made to current systems.

17. All Manual Handling Risk Assessments have now been updated using the Mac tool format recommended by the HSE.

Conclusion

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

Outcome of Consultation

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

RISK MATRIX

CORPORATE

LIKELIHOOD	A Very High				
	B High				
	C Significant			5, 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		

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
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	Insufficient funding to deliver Statutory Services as a result of non-delivery of the MTFP savings	Chief Officers Executive	Deleted from C/II	A comprehensive exercise has now been undertaken through the MTFP identifying savings which has enabled sufficient funding to be found to deliver both statutory services and the futures fund until 2020/21	
C15	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 C/II		See main body of report paragraph 8 a (ii)

RISK MATRIX

APPENDIX B

CHILDREN, ADULTS AND PUBLIC HEALTH

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

CHILDREN, ADULTS AND PUBLIC HEALTH 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	Inability to contain placement costs for children looked after due to lack of sufficient in house placements.	Jane Kochanowski	None at C/II		See main body of report paragraph 8 b (i)
C&A 3	Inability to recruit and retain sufficient qualified suitably experienced social workers in Children and Adult's Services impacts on cost and quality of service.	Jane Kochanowski/ James Stroyan	None at C/II		See main body of report paragraph 8 b (ii)
C&A 4	Insufficient school places to meet parental preferences and expansion of house building in the borough.	Steve Nyakatawa	None at C/III		
C&A 5	Failure to identify vulnerable schools and broker appropriate support to address needs	Jane Kochanowski	None at C/II		See main body of report paragraph 8 b (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 6	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	Delivery of the outcomes of the Better Care Fund Plan approved by NHS England is not achieved	Christine Shields	None at D/II		
C&A 8	Increased demand for services impacts negatively on plans for budget efficiencies.	James Stroyan	None at B/II		See main body of report paragraph 8 b (v)
C&A 9	Market (Domiciliary Care Residential Care providers) failure following the Care Act/Living Wage	Christine Shields	Moved to C/II from B/II	Contract retendering exercise now complete	See main body of report paragraph 8 b (vi)

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 10	The Deprivation of Liberty Safeguards Threshold changes significantly increases the amount of people deprived of their liberty resulting in potential for increased legal challenge	James Stroyan	None at B/II		See main body of report paragraph 8 b (vii)
C&A 12	Women in Darlington unable to access Contraceptive Services	Miriam Davidson	Moved from C/III to D/IV	The Contraception and Sexual Health service in Darlington is well established and has been fully operational since September 2016. The first two quarters of activity information has been received. Progress against all Key Performance Indicators is satisfactory. Routine quarterly performance monitoring meetings are scheduled	
C&A 13	Changes to Education Funding, resulting in expected loss of grant income	Steve Nyakatawa	None at C/III		

RISK MATRIX

ECONOMIC GROWTH GROUP

LIKELIHOOD	A Very High				
	B High		8		
	C Significant		9	1	
	D Low		11	10, 7	
	E Very Low			12	
	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	Moved from D/II to C/II	Combined Authority appears to be moving towards loans payable with interest rather than genuine gap funding.	See main body of report paragraph 8 c (i)
EG7	Financial implications of Maintaining and conserving key capital assets within the borough	Bill Westland	None at D/II		
EG8	Ability to adequately address the affordable housing requirement	John Anderson	None at B/III		See main body of report paragraph 8 c (ii)
EG9	Delay to new Local Plan.	John Anderson	Moved from C/II to C/III	Plan timetable likely to slip due to Objectively Assessed Need and Housing Targets methodology. Implications are reducing as the Authority is less likely to be penalised for any delay and housing is coming forward through Development Management processes.	
EG10	Complexity of delivering Central Park regeneration to meet growing demands and ambitious time scales.	Dave Winstanley	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
EG11	An adverse report following a recent EU audit of the Business Hub which could potentially result in Grant clawback	John Anderson	Moved from C/III to D/III	Feedback from audit has reduced the financial risk to £300,000. Legal advice is that the scheme is compliant with European Union rules.	
EG12	Planning Performance at risk of Standards Authority intervention	John Anderson	Moved from C/II to E/II	Planning performance is now within Government performance targets for the year ending 2017. However, increased performance is required to meet a higher target for 2018	

RISK MATRIX

NEIGHBOURHOOD SERVICES AND RESOURCES GROUP

LIKELIHOOD	A Very High				
	B High				
	C Significant		1, 2, 9		
	D Low		3, 5, 25	16, 24	
	E Very Low				
	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		
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 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
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	Deleted from D/II	The Community Interest Company has now been established for over 2 years. There is sound financial planning within the company and income streams are now established. There is now minimal risk of the company being in financial difficulties.	
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		

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 25	Risk of legal challenge on decisions made at Group level	Ian Thompson/ Pauline Mitchell/ Elizabeth Davison/ Luke Swinhoe/ Ian Miles	New at D/III	Decisions made at Group level may be made without full consideration of Equality Impact Assessments further training/advice is required within the team.	