
MID YEAR RISK MANAGEMENT UPDATE REPORT 2017/18

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 September 2017 Audit Committee, the Council continues to make progress on the implementation of the information governance programme. Recent work includes appointment of a Data Protection Officer in line with the new General Data Protection Regulations (GDPR); ongoing development of a compliance programme for GDPR; face-to-face information security and update sessions with senior management teams; continued adoption of the corporate secure information sharing and collaboration system across services; progress on service based information risk assessments and associated action plans; achieving our target for the completion of on-line mandatory information governance training courses. The areas of highest priority in the information governance programme are the completion of the revised risk assessments and the timely delivery of the associated improvement action plans; effectively communicating and embedding the revised incident management process across all services; the effective and timely implementation of the GDPR compliance programme; and approval to connect to the Health and Social Care Network (HSCN).

(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 and rewritten, following the DfE Review in June 2017, with a continued focus on embedding change and quality of practice. The feedback from the fifth and final monitoring visit undertaken by Ofsted in September 2017 was very positive in terms of the trajectory and the progress made. Inspectors confirmed that services were compliant in required areas, therefore whilst the risk remains, it has been reduced from High to Significant. Children’s Services are now in readiness for the re-inspection.

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

(C & A1) Inability to contain placement costs for children looked after due to lack of sufficient in house placements.

- (i) A full Transformation and Efficiency programme is being delivered with the key objective of developing sufficient provision within or close to Darlington that meet the projected needs of the looked after children population. This will include in-house foster care, residential provision and specialist provision for complex needs.

(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) A recruitment and retention plan has had significant success. The Senior Management team has now been recruited to. All but one Team Manager is in place from November 2017. Vacancy rate in Children's Services is down to 17%, with the agency rate in reducing to 16%.

(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 are underperforming. The schools@onedarlington initiative will facilitate a sector led improvement model in Darlington. This will identify support needs in individual schools and where capacity and expertise may be available in other settings.

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

- (iv) The Transformation Programme for Adult Services has a number of work streams, one being Maximising Independence. This has a robust project plan developed. Cases for reassessment and review have been planned, based on activity and finance data. In line with national best practice the service has adopted a strength based approach to maximising independence. This approach has enabled the council to deliver positive outcomes while also delivering its efficiencies targets for 2017/18. Robust financial monitoring continues to be undertaken.

(C & A 8) Increased demand for services impacts negatively on plans for budget efficiencies.

- (v) The Transformation Programme continues to remodel and redesign the way Adult Social Care is delivered in Darlington. All four key work streams contribute to how demand is being managed. There is a specific work stream that is redesigning the way enquiries are screened and dealt with, to improve efficiency and effectiveness of contacts. This is progressing well, with the online directory on track for go-live during December.

(C & A 12) Failure to re-procure an integrated sexual health service and impact of people accessing sexual health services.

- (vi) The re-procurement process has commenced. Every effort is being made to stimulate the market in preparation for tendering.
- (c) **Economic Growth Group (Appendix C)** – no risks have been identified as above the appetite line.
- (d) **(Neighbourhood Services and Resources Group (Appendix D)** – 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. The Corporate Health and Safety Policy has been reviewed along with the General Statement of Intent. The Policy booklet and tool box talk will be issued to employees in December 2017. Employees with access to a PC will be able to access the Policy and through Academy 10 and complete an assessment of understanding. The 'Think Safety' commitment poster has also been updated and signed by Assistant Directors and will be displayed within council buildings.
12. The organisation has continued to work at raising awareness of the benefits of near miss reporting and has seen the number reported rise by 34% on the same period last year. A near miss summary report is circulated regularly to managers for discussion at team meetings and serves to highlight issues that might affect other services and identify action taken to address near miss incidents.

13. Work is continuing with regards the purchase of a council wide incident management system, to support managers and employees to fulfil their health and safety responsibilities in relation to incident reporting, investigation and management information. The system will allow employees to report health and safety incidents (accidents and near misses), to their manager more easily and provide real-time data for managers and the Health and Safety Team to assist in the monitoring of health and safety performance.
14. 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.
15. Method statements and risk assessments are available for reference and have been issued to site personnel along with tool box talks. At present all street lighting teams have insulated tools for excavating but this will now be extended to all civil engineering teams who carry out excavations.
16. The three year column replacement and LED installation programme is coming to an end by April 2018 and 4000 street lighting columns over 40 years old will have been replaced, excavation work will therefore be reduced and the risk of cable strikes will reduce considerably.

Conclusion

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

Outcome of Consultation

18. 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 | Paul Wildsmith | 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) |
| 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

CHILDREN, ADULTS AND PUBLIC HEALTH

| | | | | | |
|-------------------|------------------------|------------------|---------------------|--------------------|-------------------|
| LIKELIHOOD | A Very High | | | | |
| | B High | | | 6, 8 | |
| | C Significant | | 4, 13, 9, 10 | 1, 3, 5, 12 | |
| | D Low | | | 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. | Tony Murphy | None at C/III | | |
| C&A 5 | Failure to identify vulnerable schools and broker appropriate support to address needs | Tony Murphy | 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/III from C/II | New contract now in place for domiciliary care from 2 nd Oct 2017, although the risk on residential care still remains around the national living wage. | |

| 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 | Moved from C/11 to C/III | Resources in place, managing associated demand, but remains critical if any further increased demand or reduction in resource base. | |
| C&A 12 | Women in Darlington unable to access Contraceptive Services Risk now re-worded Failure to re-procure an integrated sexual health service and impact of people accessing sexual health services | Miriam Davidson | Moved from D/IV to C/II | Currently the Sexual Health Service is provided by two separate providers. Following a review of the service a re-procurement process has now been started with the new service operational from August 2018. If the re-procurement failed, the service would be provided on a tariff basis. The risk of failing to re-procure would destabilise the service. | See main body of report paragraph 8 b (vi) |
| C&A 13 | Changes to Education Funding, resulting in expected loss of grant income | Tony Murphy | None at C/III | | |

RISK MATRIX

ECONOMIC GROWTH GROUP

| | | | | | |
|-------------------|------------------------|------------------|-----------------|--------------------|-------------------|
| LIKELIHOOD | A Very High | | | | |
| | B High | | | | |
| | C Significant | | 9 | | |
| | D Low | | | 1, 10, 7, 8 | |
| | 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 C/II to D/II | Combined Authority approach to funding clarified. Darlington's priority projects are all supported subject to due diligence. | |
| 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 | Moved from B/III to D/II | Clarification on housing needs, plus broader approach to meeting housing needs by all agencies. Policies will be considered in the emerging Local Plan. The Tees Valley Housing Investment Strategy will address the issue. | |
| EG9 | Delay to new Local Plan. | John Anderson | None at C/III | | |

| | | | | | |
|-------------|---|------------------------|---------------------|--|--|
| EG10 | <p>Complexity of delivering Central Park regeneration to meet growing demands and ambitious time scales. Risk Reworded Complexity of delivering multiple Economic Growth sites to meet growing demands and ambitious timescales. (eg Central Park, Ingenium Park, Faverdale, Darlington Growth Hub, Morton Palms and other investment enquiry sites)</p> | <p>Dave Winstanley</p> | <p>None at D/II</p> | | |
|-------------|---|------------------------|---------------------|--|--|

| 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 | Deleted | Financial risk has gone away as scheme is compliant with European Union rules | |
| EG12 | Planning Performance at risk of Standards Authority intervention | John Anderson | None at E/II | | |

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 | Andrew Barber | 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 | | |
| 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 | | |
| RE 25 | Risk of legal challenge on decisions made at Group level | Ian Thompson/ Pauline Mitchell/ Elizabeth Davison/ Luke Swinhoe/ Ian Miles | None at D/III | | |