

AUDIT COMMITTEE
16 September 2020

ITEM NO.

ANNUAL RISK MANAGEMENT REPORT 2019/20

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 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
Managing Director

Background Papers

- (i) Council's Risk Management Strategy
- (ii) Corporate and Group Risk Registers
- (iii) Mid Year Risk Management Update Report to Audit Committee 29 January 2020

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 and Climate Change	There are no specific recommendations contained within the attached reports concerning Carbon Reduction.
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.
Impact on Looked After Children and Care Leavers	The report does not impact upon Looked After Children or Care Leavers.

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 updated Council structure from 1 June 2018, are attached at Appendices A-D and show the current Council Corporate and Departmental risks.
7. All risks are continually managed during the year by Corporate and Departmental Management Teams including any emerging risks identified. In addition, Assistant Directors are required to confirm in their Annual Managers' Assurance Statements (MAS) 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 departmental staff, details progress made on improvement actions for those risks identified as above the risk appetite line.
 - (a) **Corporate Risks (Appendix A)** – one risk has been identified as above the risk appetite line.

(C18) COVID-19:

1. **Health and safety of the Council workforce**
 2. **Health and safety of the public of Darlington**
 3. **The impact on the Economy of the Borough and its population**
 4. **Financial impacts on the Council of increased costs and reduced income**
- (i) In terms of mitigating this risk the Council has introduced safe working practices; is working with partners to make the public aware of risks and working to ensure compliance within businesses and other sectors in the Borough; will work with Government departments and the Tees Valley Combined Authority to seek to limit the impacts by utilising interventions to kick start the economy; and will keep its Medium Term Financial Plan

(MTFP) under constant review and take appropriate decisions to safeguard the Council's finances.

- (b) **Children and Adult Services (Appendix B)** – three risks have been identified as above the risk appetite line.

(C & A1) Inability to contain placement costs for children looked after.

- (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 needs of the looked after children. This includes in-house foster care, residential care and specialist provision for complex needs. Due to the changing complexities and the demand for placements not just locally, but also regionally and nationally, the work will be informed by other localities, and joint working will take place where this can add value.

(C & A8b) Increased demand for Children's services impacts negatively on budget.

- (ii) Work is ongoing within the Transformation Programme to safely reduce the level of risk in children's services. This work will be enhanced with colleagues from Leeds City Council under the DfE sponsored Strengthening Families Programme.

(C & A 14b) Failure to respond appropriately to safeguard vulnerable children, in line with national legislation and safeguarding children, thresholds and procedures.

- (iii) Services are in place to screen contacts and referrals, and to respond should concerns be identified. Thresholds for intervention are multi-agency, and the Council ensure that its own staff understand and apply them robustly.

- (c) **Economic Growth & Neighbourhood Services (Appendix C)** – two risks have been identified as above the risk appetite line.

(EG & NS 13) Risk Reworded - Significant impacts arising from the reduction in available cash/resources to the local economy, Council's GF and HRA and businesses due to the impacts of increased levels of unemployment and Universal Credit payments.

- (i) The Council has increased bad debt provision.

(EG & NS20) New Risk - Inability to cope with significant increase in homelessness cases due to new requirements by MHCLG to accommodate everyone irrespective of status in order to limit spread of COVID-19 and also increased levels of homelessness due to increased relationship breakdowns and financial difficulties.

- (ii) Work is ongoing with MHCLG and People's Commissioners to attract additional funding and commission new services.

- (d) **Resources (Appendix D)** – no risks have been identified as above the risk 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 development of an electronic incident management system, for the reporting and recording of all incidents (accidents, violent incidents, near miss reports and security concerns) has continued. Employees will be able to easily and quickly report incidents at work and on 'submission' the system will automatically notify the line manager that an incident has been reported and it is with them to investigate. On completion of the investigation the report will be 'submitted' to their senior manager for assessment and finally it will notify the Health and Safety Team who will carry out any further investigation/comment and sign off. The new system will provide real time management information on incidents, which will be available to management via dashboards. It was intended for the system to 'go live' on the 1 April, however this has been delayed due to COVID-19.
11. The Health and Safety Team have been working collaboratively on a project with Xentrall and Stockton Borough Council to develop a replacement to the current Employee Protection Register (EPR), which is no longer supported. The EPR is a data base of addresses/names where a warning indicator is placed to indicate a possible threat to staff. Access to the system is permissions based. The developed system will operate in a similar way to the current system and allow information to be shared in a secure way across relevant service areas.
12. The organisation has over 80 health and safety champions. Champions are Assistant Director appointed, receive health and safety training, meet regularly with Assistant Directors and play a key role in raising awareness, monitoring work practices and communicating health and safety messages.
13. The Health and Safety Team continue to carry out a schedule of health and safety audits, the purpose of which are to monitor the effective implementation of the health and safety management system against health and safety standards. In addition to these audits a comprehensive inspection programme has also been carried out to monitor health and safety practice during day to day operational activities including construction and highways projects, waste services, horticulture and culture.
14. It was previously reported that a review of working practices had been completed by the Health and Safety Team working with Highway Construction and implementation has seen a reduction in the total amount of cable strikes noted by the service. Services are continuing to monitor this closely.
15. In March 2020 a new Street Works Permit Scheme was implemented in Darlington. The Council has worked with the other north east authorities over the last 18 months to develop the scheme. Studies by the Department for Transport have

indicated that works durations are generally less in areas where a permit scheme operates compared with a noticing regime.

16. In 2019/2020 the Council repaired 5,075 potholes. This is the lowest number since we began collecting data seven years ago. The reduction corroborates the information obtained from the machine and visual surveys which show an improvement in road surface condition. These surveys are carried out by a contractor jointly procured with the other 11 north east authorities. The data from the surveys is used to inform decisions on scheme selection as well as providing performance indicator information which is reported to the Department for Transport.
17. The Council is preparing a programme of carriageway resurfacing works, including micro asphalt. At the present time it is not clear to what extent the highway schemes will be impacted by the COVID-19 restrictions. However, it is likely that at the very least the programme will be delayed. The schedule is being adapted as the situation develops.
18. During the COVID-19 restrictions our Highway Inspectors have continued to monitor the condition of our roads and footways. Due to the need to maintain social distancing and the closure of materials suppliers only urgent works have been carried out to ensure that the network is maintained in a safe condition.
19. In September 2019 the Council moved its highway asset management system to a cloud based service 'Symology Insight Online'. Due to this change several staff members have been able to work from home during the COVID-19 restrictions.
20. The proactive tree risk management processes continue to provide positive results enabling the Council to defend the majority of storm and subsidence compensation claims received.
21. Occupational Health (OH) is a specialist branch of medicine that focuses on the physical and mental wellbeing of employees in the workplace and considers an employee's ability and fitness to perform a particular job. It has a key role in assisting to manage risks in the workplace that may have the potential to give rise to work-related ill health. The Council's service operates as an in-house model with a directly employed OH Advisor and an OH Doctor provided via a contract with Durham County Council, both of which are suitably qualified and experienced. Together their aim is to prevent work-related illness and injury by:
 - Encouraging safe working practices and proactive absence management;
 - Health surveillance and vaccination programmes in line with HSE recommendations, relevant to the workplace and specific job roles;
 - Supporting the management of sickness absence and facilitating early return to work;
 - Working with HR, Health and Safety and managers to assist with policies to ensure we are health and safety compliant, including ensuring that reasonable adjustments are considered;
 - Providing specific advice to managers on hazards and risks to health with work functions;
 - Conducting pre-employment health assessments;
 - Supporting health promotion and awareness programmes;
 - Providing advice and signposting around non-health-related problems; and

- Challenging fit note advice from a GP to ensure a swift return to work that is suitable and safe for the employee and team.
22. The Council has accredited Mental Health First Aiders and trained Mental Health Mentors in the workplace and has recently upped its promotion of mental health across the workforce. Mental Health First Aiders and Mentors are identified in numerous ways and can be easily contacted for confidential chats where employees are offered a listening ear and signposted to further help where applicable.
 23. Mental Health awareness sessions for both managers and employees are provided and have been received very positively. Both sessions have been built with localised input to ensure that the local offer and integration into wider policy/practice is reflected. These sessions are now a firm fixture of the training offer and both are run three times per year. Mental Health will continue to be a focus for wellbeing.
 24. The Council runs an annual winter flu vaccination programme and associated communications strategy offering its employees a free flu vaccination. This is extremely successful with a record number of free vaccinations administered to staff in the last year, equating to a total of 24% of the total workforce being vaccinated against flu.
 25. Wellbeing activities and events run throughout the year engaging with as many employees as possible, wherever possible events are tailored to meet the differing groups of employees and locations across the Council. These include Health Checks for employees, Cancer Awareness, Carers information and other initiatives in line with relevant NHS campaigns as well as workshops on 'Stress Busting' and 'Improving Sleep' which follow some core mindfulness practices and meditation techniques.

Conclusion

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

Outcome of Consultation

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

RISK MATRIX

CORPORATE RISK REGISTER

LIKELIHOOD	A Very High				
	B High				
	C Significant			18	
	D Low			3, 4, 5, 17	
	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 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
C17	Brexit could result in changes to laws, regulations, government policy or funding when/if the UK leaves the EU which could impact on Darlington Borough Council's ability to achieve its objectives	Paul Wildsmith	None at D/II		
C18	New Risk COVID-19: 1. Health and safety of the Council workforce 2. Health and safety of the public of Darlington 3. The impact on the Economy of the Borough and its population 4. Financial impacts on the Council of increased costs and reduced income	Paul Wildsmith	New at C/II		See main body of report at paragraph 8 (a) i

RISK MATRIX

CHILDREN AND ADULT SERVICES

APPENDIX B

LIKELIHOOD	A Very High				
	B High			8b	
	C Significant		9b, 16, 17, 19	1	
	D Low		18	3a, 3b, 5, 9a, 10, 14a, 15	14b
	E Very Low			8a	
	F Almost Impossible				
		IV Negligible	III Marginal	II Critical	I Catastrophic
IMPACT					

CHILDREN AND ADULT SERVICES 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 at paragraph 8 (b) i
C&A 3a	Inability to recruit and retain sufficient qualified suitably experienced social workers in Children's Services impacts on cost and quality of service	Jane Kochanowski	None at D/II		
C&A 3b	Inability to recruit and retain sufficient qualified suitably experienced social workers in Adult Services impacts on cost and quality of service	James Stroyan	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
C&A 5	Failure to identify vulnerable schools and broker appropriate support to address needs	Tony Murphy	None at D/II		
C&A 8a Adult	Increased demand for Adult Services impacts negatively on plans for budget efficiencies	James Stroyan	None at E/II		
C&A 8b	Increased demand for Children's Services impacts negatively on budget	Jane Kochanowski	None at B/II		See main body of report at paragraph 8 (b) ii
C&A 9a	Market (Domiciliary Care Residential Care providers) failure following the Care Act/Living Wage	Christine Shields	None at D/II		
C&A 9b	Market (Domiciliary Care Residential Care providers) for Vulnerable Families with Children (including SEND) experiences provider failure	Christine Shields	None at C/III		

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 D/II		
C&A 14a	Failure to respond appropriately to safeguard vulnerable adults, in line with national legislation and safeguarding adults procedures	James Stroyan	None at D/II		
C&A 14b	Failure to respond appropriately to safeguard vulnerable children, in line with national legislation and safeguarding children, thresholds and procedures.	Jane Kochanowski	None at D/I		See main body of report at paragraph 8 (b) iii
C&A 15	New Risk Working with other local commissioners to ensure their understanding of their responsibilities within the Childhood pathway.	Ken Ross	New at D/II	Following the national Healthy Child Programme. Implementing HDFT's Mobilisation Plan. Development of 0-19 Task and Finish Group.	
C&A 16	Risk of unsuccessful mobilisation of new	Ken Ross	New at C/III	Employment of experienced Independent Consultant to support	

	service - Support, Recovery and Treatment In Darlington through Empowerment (STRIDE).			mobilisation process and weekly meetings with new Provider. Public Health working with Council Officer to develop options for a town centre venue.	
C&A 17	New Risk Impact of NECA not retaining the Drug & Alcohol Contract on the Stop Smoking Service - Will the provider be able to manage the Stop Smoking staff if the Gate is no longer used by the Service.	Ken Ross	New at C/III	CDDFT (as joint provider) would have to take the staff in house or the Council would have to offer a suitable venue for the service (capacity at Eastbourne Sports Complex). Public Health are working with the Provider to find a suitable venue and with CDDFT considering options.	
C&A 18	New Risk Impact of COVID-19 on team capacity.	Ken Ross	New at D/III	The team to support the Public Health Principal and Director of Public Health in responding to request and providing advice to Senior managers and members of the Council. Additional capacity being brought into the Public Health team.	
C&A 19	New Risk New Director of Public Health transition.	Ken Ross	New at C/III	The Director of Public Health will produce a robust handover plan. The team work together and with the current Director of Public Health to prepare for the new Director of Public Health.	

RISK MATRIX

APPENDIX C

ECONOMIC GROWTH & NEIGHBOURHOOD SERVICES

LIKELIHOOD	A Very High				
	B High				
	C Significant		9	13, 20	
	D Low			1, 7, 8, 14, 16, 17, 18, 19	
	E Very Low			12	
	F Almost Impossible				
		IV Negligible	III Marginal	II Critical	I Catastrophic
IMPACT					

ECONOMIC GROWTH & NEIGHBOURHOOD SERVICES 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
EG & NS 1	Investment in regeneration projects is not delivered	Ian Williams	None at D/II		
EG & NS 7	Financial implications of Maintaining and conserving key capital assets within the borough	Guy Metcalfe/ Pauline Mitchell/Dave Winstanley	None at D/II		
EG & NS 8	Ability to adequately address the affordable housing requirement	David Hand	None at D/II		
EG & NS 9	Delay to new Local Plan	David Hand	None at C/III		
EG & NS 12	Planning Performance at risk of Standards Authority intervention	David Coates	None at E/II		

EG & NS 13	Risk Reworded Significant impacts arising from the reduction in available cash/resources to the local economy, Council's GF and HRA and businesses due to the impacts of increased levels of unemployment and Universal Credit payments	Pauline Mitchell	Up to C/II		See main body of report at paragraph 8 (c) i
EG & NS14	Regulatory 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		
EG & NS16	Delay in delivering replacement cremators resulting in failure of existing equipment and therefore closure of the service	Ian Thompson	None at D/II		
EG & NS17	New Risk Impact of COVID-19 on customers and audiences on confidence to return to leisure and cultural facilities	Ian Thompson	New at D/II	Work ongoing in developing a strategy for reopening in a safe, phased and managed way in line with Government guidance and minimise financial impact	

EG & NS18	New Risk Impacts arising from the ability to progress and complete schemes/projects in the event of further COVID-19 lockdowns	Dave Winstanley	New at D/II	Projects are being delivered in a managed way in line with Government guidance. The impact of the level of lockdown would need to be assessed on a project by project basis	
EG & NS19	New Risk Potential impact on public transport networks if commercial services do not recover or continue to receive support from Government and routes are withdrawn	Dave Winstanley	New at D/II	Work ongoing with TVCA to monitor and highlight issue with Government. Ongoing ENCTS scheme payments to operators to support the public transport network	
EG & NS20	New Risk Inability to cope with significant increase in homelessness cases due to new requirements by MHCLG to accommodate everyone irrespective of status in order to limit spread of COVID-19 and also increased levels of homelessness due to increased relationship breakdowns and financial difficulties	Pauline Mitchell	New at C/II		See main body of report at paragraph 8 (c) ii

RISK MATRIX

RESOURCES

APPENDIX D

LIKELIHOOD	A Very High				
	B High				
	C Significant		1, 2, 9, 26		
	D Low		3, 5		
	E Very Low				
	F Almost Impossible				
		IV Negligible	III Marginal	II Critical	I Catastrophic
IMPACT					

RESOURCES 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 partial exemption breach due to exempt VAT being close to the 5% limit	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		
RE26	New Risk Joint Venture Arrangements impacted by a slow down in house building	Elizabeth Davison	New at C/III	A slowdown in house building could impact on the financial returns for the Council	