AUDIT COMMITTEE
25 January 2023

MID YEAR RISK MANAGEMENT UPDATE REPORT 2022/23

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 risks.

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.

Ian Williams
Chief Executive

Background Papers

(i)   Council's Risk Management Strategy
(ii)   Corporate and Group Risk Registers
(iii) Annual Risk Management Report to Audit Committee 2021/22

Lee Downey 5451

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
Council Plan	Maintaining an appropriate oversight of risk will help contribute to the delivery of the Council Plan Objectives
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 set out in the Council plan, are identified together with the officer responsible for managing that risk. These risks are plotted on to a standard likelihood and impact matrix. There is also 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. they are priorities for improvement that have an appropriate improvement action plan.

7. Following a review of the Council's Risk Management Strategy, the risks plotted on the matrices are now categorised as Strategic Risks and linked to the relevant objective in the Council Plan, where appropriate. This is to ensure there is a greater focus on manging the risks to the Council delivering the objectives set out in the Council Plan and to ensure more effective management of inter-departmental risks. The revised risk matrices are attached at **Appendices A** and **B**.

8. All risks are continually managed during the year by Corporate and Departmental Management Teams including any emerging risks identified. In addition, Assistant Directors/Heads of Service 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.

9. 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) **Strategic Risks** (Appendix B) – nine risks have been identified as above the risk appetite line.

        i.   **(SR15 Risk Reworded) Inability to cope with significant increase in homelessness cases following the impact of COVID**

             Additional funding has been provided by the Department for Levelling Up, Housing and Communities (DLUHC) for homeless services. More accommodation and support has been commissioned to cope with increased demand and additional staff have been recruited to the Housing Options Team.

However, demand for emergency accommodation has remained high with the shortage of appropriate move on accommodation exacerbating the issue.

ii. **(SR16) Inability to contain placement costs for children looked after**

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 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.

iii. **(SR18) Inability to recruit and retain sufficient qualified suitably experienced social workers and reablement staff in Adult Services impacts on cost and quality of service**

Adult Services intend to undertake a timely national recruitment campaign to recruit to recently vacated posts, with agency cover to be arranged as required.

iv. **(SR20) Increased demand for Adult Services impacts negatively on plans for budget efficiencies**

There is increasing demand for adult social care and support specifically domiciliary care, aides, adaptations and support for people with significant learning disabilities. People are living with multiple conditions and disabilities and require intensive support to remain at home and as independent as possible. Covid has also had a significant impact on peoples wellbeing and support needs. Adult Social Care will continue with the Transformation Programme, and ensure that all assessments are strength based and outcome focussed with the support of the local community. Performance, practice and quality will be continuously monitored and reviewed to ensure we reduce, delay and prevent people from requiring care and support prematurely. Funding streams and grants from the Department of Health & Social Care will support the demand management and provide some temporary cost mitigation. However, with the introduction of the Integrated Care Systems there is further dialogue required to understand the resources available to support post covid recovery.

v. **(SR21) Increased demand for Children's services impacts negatively on budget**

Work is ongoing within the Transformation Programme to safely reduce the level of risk in children's services. Input to this work has been enhanced with colleagues from Leeds City Council under the DfE sponsored Strengthening Families Programme. The ethos of the work will continue despite the programme formally ceasing.

vi. **(SR27) Failure to respond appropriately to safeguard vulnerable children, in line with national legislation and safeguarding children, thresholds and procedures**

Services are in place to screen contacts and referrals, and to respond should concerns be identified. Pathways for intervention are both internal and multi-agency, and the Council ensures that its own staff understand and apply them robustly.

vii. **(SR34 Risk Reworded) Budget & resource implications arising from the ability to progress and complete schemes/projects in the event of further construction inflation, material supply and resource demands**

Within the construction industry there continues to be issues with rises in material prices and high demand for trades and resource to deliver projects of all sizes. These issues are across all sectors, both private and public. Projects developed prior to these issues materialising may not have built in contingencies into the budget or programme to absorb this. Therefore, this will require Programmes & Projects to be reviewed on an individual basis for affordability and deliverability as costs and programmes are finalised. Future project budgets will have inflation allowance built in linked to the proposed start and finish dates.

viii. **(SR39) The Council is unable to deliver housing targets detailed in the Local Plan as a result of the designation of nutrient neutrality catchment area.**

Nutrient Neutrality remains a risk for the Council in regards to meeting its housing targets. The impact is yet to be fully realised as it only affects new applications. The Council has been working closely with Natural England who will be publishing a mitigation strategy for developers on how they can ensure future building programmes meet the obligations of Nutrient Neutrality. It is expected this strategy will be published in early 2023.

ix. **(SR44 New Risk) April 2023 will see the implementation of the CQC inspection framework for Adult Social Care. The significant demands on adult social care, the pressures following covid and the workforce recruitment and retention issues may impact on the ratings resulting in a "requiring improvement" outcome.**

Adult Services have an implementation plan in place, containing identified actions to complete including, user feedback and engagement, evidence of quality of practice and outcomes and strategic leadership and engagement.

Operational Risk Outcomes

10. The Insurance Group continues to meet representatives of the Council's insurers to examine insurance claims. The insurers provide the group with an update in relation to trends and operational risks to enable continuous improvement to the risk management and health and safety culture within the organisation.

11. Health and Safety continues to be a key priority for the Council at all levels and continues to be promoted through all working practices. The total number of reports to the HSE, as required by the Reporting of Injuries Diseases and Dangerous Occurrences Regulations (RIDDOR) was 10 at the time of writing. All accidents and ill health reports are investigated by management and the Health & Safety Team to establish the causes, to identify issues or trends and make recommendations to prevent reoccurrence.

12. Reducing the risk of violence and aggression to staff continues to be a focus, including further work to embed the use of the Employee Protection Register across the Council and improving the use of personal safety devices. These devices are a discreet portable worker safety solution. In times of emergency the employee can summon help via the device and in a potentially threatening situation have someone listening in to assess the situation and take appropriate action i.e. call the police. This year 15 devices have been activated with genuine red alerts. This includes employees who were working in twos who both activated the alert when threatened. On 8 occasions the police were contacted by the Alarm Receiving Centre or the user and in some cases by both, all activations were closed safely without staff being harmed.

13. A full programme of health and safety audits will be completed in 2022/23. The purpose of the audit was to assess service areas compliance with the internal documented health and safety management system as well as applicable legislation and best practice. In addition to ensuring compliance, the audit process provides information for the assessment of the overall performance and effectiveness of the management system and identifying areas for improvement.

14. Following the 2021 staff survey, HR have undertaken staff focus groups to better understand the results of the survey and identify any areas for improvement. Staff taking part were asked questions about survey highlights, successes, hot spots and areas where we could do better. Themes suggest that the Council needs to work on:

    (a) Increased communications and trust between front line employees, through line managers and senior officers.
    (b) Senior officers being visible to employees particularly remote workers.
    (c) Teams having knowledge/understanding about the wider Council and how they fit within it.
    (d) Employees feeling valued by management.
    (e) Health and wellbeing to be a priority Council wide.

    Actions have been taken to start to address these issues above through the Senior Management Network.

15. The agile work project required officers to consider the health and safety implications of 'the new ways of working' including the provision of suitable display screen equipment, fire procedures and appropriate first aid provision, to ensure compliance with legal requirements. The implementation and suitability of these arrangements will be monitored throughout the pilot. A decision may be taken at the end of the project regarding whether to continue with the new ways of working going forward, after which some HR policies and procedures may need to be reviewed e.g. flexitime and travel and

subsistence. It is not anticipated that there will be an increase in those employees designated as home workers. However, any risks in this respect will be managed accordingly.

16. It was previously reported that in March 2020 a new Street Works Permit Scheme has been implemented in Darlington. The Permit Scheme requires all works promoters to provide adequate information when they intend to undertake works in the carriageways, footways and verges within the adopted highway to enable us to understand and more easily manage the impact of these essential works on the highway network.

17. The second Annual Report on the scheme is available on the Council's [website](#). There are no issues expected to be highlighted within this report.

18. The new "Report It" website for highway & street lighting defects has now received over 2,500 reports since it was introduced in June 2021. We can now begin to compare data. For example, in the period July to October 2021, Report It received 157 pothole/road condition reports. For the same period in 2022 the figure was 78. This reduction is reflected in the number of potholes repaired, including those identified on routine inspection. For the period July to October 2021, 1,937 potholes were repaired. For the same period in 2022 the figure was 1,306.

19. It is likely that the continuing micro-asphalt programme as well as a mild winter last year helped to reduce the number of potholes forming. We continue to carry out highway safety inspections at a suitable frequency to ensure that potholes are identified and repaired as soon as possible.

20. The work in recent years to convert the street lighting stock to LED lanterns continues to show benefits. As well as the reduction in carbon emissions and electricity costs there has been a decrease in the number of faults reported. Work is now underway to convert sign lanterns to LED, this work will be complete this financial year.

21. Work is now in progress to prioritise and design the maintenance schemes for 2023/24, this includes looking at using alternative materials which will help to reduce our carbon emissions and prolong the life of some of our roads.

22. A total of 13 schemes will be completed as part of this year's surfacing program including 2 footways, 1 back lane, 1 cycling scheme and 7 km of micro-asphalt surfacing.

23. The proactive tree risk management processes continues to provide positive results enabling the Council to defend the majority of storm and subsidence compensation claims received.

24. 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 OH Technician. The service also provides an OH Doctor via a contract with Durham County Council, all postholders are suitably qualified and experienced. Together their aim is to prevent work-related illness and injury by:

a) Encouraging safe working practices and proactive absence management.
b) Health surveillance and vaccination programmes in line with HSE recommendations, relevant to the workplace and specific job roles.
c) Supporting the management of sickness absence and facilitating early return to work.
d) Working with Human Resources, Health and Safety and managers to assist with policies to ensure we are health and safety compliant, including ensuring that reasonable adjustments are considered.
e) Providing specific advice to managers on hazards and risks to health with work functions.
f) Conducting pre-employment health assessments.
g) Supporting health promotion and awareness programmes.
h) Providing advice and signposting around non-health related problems; and
i) Challenging fit note advice from a GP to ensure a swift return to work that is suitable and safe for the employee and team.

25. The half year outturn is 4.85 days per full time employee (FTE), this equates to an attendance rate of 95.6%, a reduction (worse) of 1% compared to the same time last year. The predicted year end outturn is 10.29 FTE days (95.3% attendance rate). This is 2.79 days over the Council target of 7.5 days and 2 days more than the 2021/22 outturn. Compared to the same point in 2021/22 time lost to sickness absence has increased by 1398 days (929 long term and 469 short term).

26. The free flu jab initiative has continued in 2022 and remains popular, as is the new booking system, making the process slicker for employees, Human Resources (HR) and the OH Teams. Five clinics have been provided for Council employees with a total of 379 vaccines administered. Quantifying the wider impact of vaccinations on our workforce is not possible but it is likely that by vaccinating our employees we are protecting our clients, families and community. It appears that these clinics are having an effect, as the latest performance reports from the NHS puts Darlington PCN as one of the highest uptake in social care workers in the Tees Valley and in the top 20 across the North East and Cumbria.

27. Mental Health First Aiders and Mentors (MHFA/M) continue to be utilised. The availability of MHFA for employees to talk remains a frequent topic on communications, with the informal 'Tea and Talk' chats to share ideas about boosting mental health, wellbeing and getting help and advice about mental health in general. These were extended to 'Meet your MHFA face to face sessions held in November. Our confidential Counselling Service continues to be well used, issues covered include general anxiety, concerns for family, bereavement, Covid and stress, both personal and work related. Alliance have also delivered some targeted wellness sessions for us over the summer, including Adapting to Change, Self-Care & Wellbeing and Self-Care When Dealing With Secondary Trauma.

28. Wellbeing activities and events continue to be a key feature of the wellbeing strategy, with events on-going and booked in advance. Menopause and domestic abuse and mental health awareness have proved popular over the past few months. Health promotion and awareness will continue to be a focus for monthly Wellbeing Champion posters. OH briefings also continue to promote and raise awareness of health and we continue to target localised health inventions and topical messages to groups/teams. These continue to be popular talking points for team meetings.

29. An Employee Wellness Survey is currently underway which is aimed at targeting our wellness programme moving forward.

30. Our workforce strategy and workforce plans continue to be embedded through regular briefings and team meetings. Further improvements are currently being made to our recruitment and retention strategies.

31. The Ways we Work policy was introduced in April 2022. This has allowed some employees to return to the workplace fulltime while allowing us to build on the success of our approach throughout the pandemic and a 6 month pilot for blended working is currently underway. This provides flexibility for employees to work wherever is most appropriate for their day, to meet business needs and those who prefer to work from the office can do so by booking a desk in a designated space. Employees that need more regular support/contact may be required to access the office regularly. An Academy 10 online module for working in a blended way was published in February 2022 and outlines the expectations for both managers and employees. A managers guide for managing remote workers is currently being developed.

32. Two new modules have been added to our managers programme which cover equality and diversity and managing investigations. A number of modules have also been refreshed to ensure best practice is up to date.

33. Council policies are reviewed on an on-going basis and currently there are policy reviews taking place in relation to Special Severance Payments, Succession Planning and Recruitment.

Conclusion

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

Outcome of Consultation

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

COUNCIL PLAN OBJECTIVES

Council Plan Objective	Strategic Risk(s) relevant to delivery of Council Plan Objective
CP1 - Growing Darlington's economy	SR1, SR7, SR8, SR10, SR13, SR14, SR22, SR23, SR24, SR33, SR34, SR35, SR36, SR39, SR40
CP2 - Maximise the potential of our young people	SR17, SR19, SR21, SR23, SR28, SR31, SR35, SR36, SR38, SR42
CP3 - Supporting the most vulnerable in the borough	SR3, SR15, SR18, SR16, SR17, SR18, SR20, SR21, SR22, SR23, SR24, SR26, SR27, SR28, SR29, SR35, SR36, SR38, SR42, SR43, SR44
CP4 - Working with communities to maximise their potential	SR35, SR36, SR37
***CP5** - A dedicated workforce who are proud to serve the borough and an accessible, effective and engaged council**	SR41

While not a Council Plan objective the objectives are supported by…

APPENDIX B

RISK MATRIX

STRATEGIC RISK REGISTER

LIKELIHOOD		IV Negligible	III Marginal	II Critical	I Catastrophic
	A Very High				
	B High			**SR18, SR21**	
	C Significant		**SR11, SR13, SR29, SR41**	**SR15, SR16, SR20, SR34, SR39, SR44**	
	D Low		**SR12, SR28**	**SR3, SR6, SR7, SR8, SR10, SR14, SR17, SR19, SR22, SR23, SR24, SR25, SR26, SR31, SR33, SR35, SR36, SR37, SR38, SR40, SR42, SR43**	**SR27**
	E Very Low		**SR1**		
	F Almost Impossible				

IMPACT

STRATEGIC RISK REGISTER

Risk No. & relevant Council Plan objective(s)	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
SR1 **(CP1)**	Implementation of recommendations from the Capital Process Review is needed to improve effective capital project management	Ant Hewitt	None at E/III		
SR3 **(CP3)**	Business Continuity Plans not in place or tested for key critical services	Dave Winstanley	None at D/II		
SR6	Risk of regulatory action and increased costs resulting from PCI-DSS Non-Compliance	Elizabeth Davison	None at D/II		
SR7 **(CP1)**	Financial implications of maintaining and conserving key corporate assets within the borough	Dave Winstanley	None at D/II		
SR8 **(CP1)**	Investment in regeneration projects is not delivered	Ian Williams	None at D/II		

SR10 **(CP1)**	Planning Performance at risk of Standards Authority intervention	David Coates	None at D/II		
SR11	VAT partial exemption breech due to exempt VAT being close to the 5% limit	Brett Nielsen	None at C/III		
SR12	Fraud in General	Andrew Barber	None at D/III		
SR13 **(CP1)**	Instability within financial markets adversely impacts on finance costs and investments	Brett Nielsen	None at C/III		
SR14 **(CP1)**	Financial pressures to the General Fund as a result of increased levels of unemployment and increased Council Tax Support claims	Anthony Sandys	None at D/II		
SR15 **(CP3)**	**Risk Reworded** Inability to cope with significant increase in homelessness cases following the impact of COVID	Anthony Sandys	None at C/II		See main body of report at paragraph 9 (a) i
SR16 **(CP3)**	Inability to contain placement costs for children looked after due to lack of sufficient in house placements	Chris Bell	None at C/II		See main body of report at paragraph 9 (a) ii

SR17 **(CP2, CP3)**	Inability to recruit and retain sufficient qualified suitably experienced social workers in Children's Services impacts on cost and quality of service	Chris Bell	None at D/II		
SR18 **(CP3)**	Inability to recruit and retain sufficient qualified suitably experienced social workers and reablement staff in Adult Services impacts on cost and quality of service	Joss Harbron	Increased to B/II		See main body of report at paragraph 9 (a) iii
SR19 **(CP2)**	Failure to identify vulnerable schools and broker appropriate support to address needs	Tony Murphy	None at D/II		
SR20 **(CP3)**	Increased demand for Adult Services impacts negatively on plans for budget efficiencies	Joss Harbron	None at C/II		See main body of report at paragraph 9 (a) iv
SR21 **(CP2, CP3)**	Increased demand for Children's Services impacts negatively on budget	Chris Bell	None at B/II		See main body of report at paragraph 9 (a) v
SR22 **(CP1, CP3)**	Market (Domiciliary Care Residential Care providers) failure following the Care Act/Living Wage	Christine Shields	None at D/II		

SR23 **(CP1, CP2, CP3)**	Market (Domiciliary Care Residential Care providers) for Vulnerable Families with Children (including SEND) experiences provider failure	Christine Shields	None at D/II		
SR24 **(CP1, CP3)**	**Risk reworded** Market (Domiciliary Care Residential Care providers) failure as a result of increased transmissibility of new variants	Christine Shields	None at D/II		
SR25	The Deprivation of Liberty Safeguards Threshold changes significantly increases the amount of people deprived of their liberty resulting in potential for increased legal challenge	Joss Harbron	None at D/II		
SR26 **(CP3)**	Failure to respond appropriately to safeguard vulnerable adults, in line with national legislation and safeguarding adults procedures	Joss Harbron	None at D/II		
SR27 **(CP3)**	Failure to respond appropriately to safeguard vulnerable children, in line with national legislation and safeguarding children, thresholds and procedures	Chris Bell	None at D/I		See main body of report at paragraph 9 (a) vi

SR28 (CP2, CP3)	Working with other local commissioners to ensure their understanding of their responsibilities within the Childhood pathway	Penny Spring	None at D/III		
SR29 (CP3)	Risk of unsuccessful mobilisation of new service - Support, Recovery and Treatment In Darlington through Empowerment (STRIDE)	Penny Spring	None at C/III		
SR31 (CP2)	Failure to maintain dedicated home to school transport services	Tony Murphy	None at D/II		
SR33 (CP1)	Impact of national cost of living crisis on customers and audiences for Leisure and Cultural facilities	Ian Thompson	None at D/II		
SR34 (CP1)	**Risk Reworded** Budget & resource implications arising from the ability to progress and complete schemes/projects in the event of further construction inflation, material supply and resource demands	Ant Hewitt	None to C/II		See main body of report at paragraph 11 (a) vii

SR35 (CP1, CP2, CP3, CP4)	Potential impact on public transport networks if commercial services do not recover or continue to receive support from Government and routes are withdrawn	Ant Hewitt	None at D/II		
SR36 (CP1, CP2, CP3, CP4)	Failure to meet the Council's commitment to becoming Carbon neutral by 2050	Mark Ladyman	None at D/II		
SR37 (CP4)	Failure to operate an effective Channel Panel	Ian Thompson	None at D/II		
SR38 (CP2, CP3)	Reputational and regulatory risk if reinspection not successful	Tony Murphy	None at D/II		
SR39 (CP1)	The Council is unable to deliver housing targets detailed in the Local Plan as a result of the designation of nutrient neutrality catchment area	Mark Ladyman	None at C/II		See main body of report at paragraph 9 (a) viii

| SR40 (CP1) | **New Risk** Managing the impact of severe weather events | Mark Ladyman/Ian Thompson | New at D/II | Climate change will have a major impact on Darlington Borough Council and the communities it serves. A Climate Change Strategy and Action Plan have been agreed by Cabinet that cover every Council department and include actions that will ensure climate change is embedded into all Council projects/policies/strategies, etc. Work is ongoing across the organisation to influence partners and residents to make low carbon choices and improve their own climate resilience. The Council also has plans in place through Emergency Planning to manage the impacts of any incidents across the Borough. Plans are continually reviewed and updated as new risks emerge and from learning from dealing with incidents as they occur. | |

SR41 (CP5)	**New Risk** Staffing risk – failure to recruit to vacant posts	Brett Nielsen	New at C/III	There are national shortages of staff across a number of service areas post-pandemic, coupled with an increase in local employment opportunities as a result of increased investment in the borough. The Council has undertaken a number of initiatives over the past year to increase the attractiveness of our offer for potential employees.	
SR42 (CP2, CP3)	**New Risk** Risk of enforcement action from the ICO	Luke Swinhoe	New at D/II	The sufficiency of resources to respond to all Subject Access Requests within the timescales set out in UK GDPR/The Data Protection Act 2018. The Council has recruited an agency worker to try and clear the backlog. It is envisaged that scanning the historic Adult and Children's Social Care Records would significantly increase the likelihood of the Council being able to achieve statutory deadlines. This is being considered as part of the Council's project to vacate Central House.	

SR43 (CP3)	**New Risk** Risk of new dangerous variant or a significant wave of COVID-19/the activation of UKHSA Contingency plan impacts on the Council's ability to provide services	Penny Spring	New at D/II	Included in response the UKHSA contingency plan	
SR44 (CP3)	**New Risk** April 2023 will see the implementation of the CQC inspection framework for Adult Social Care. The significant demands on adult social care, the pressures following covid and the workforce recruitment and retention issues may impact on the ratings resulting in a "requiring improvement" outcome.	Joss Harbron	New at C/II		See main body of report at paragraph 9 (a) ix