

**AUDIT COMMITTEE**  
**26 April 2023**

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**INTERIM RISK MANAGEMENT UPDATE REPORT 2023/24**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To update Members on the progress made in managing the risks identified as above the risk appetite line, in the Mid-Year Risk Management Update Report to Audit Committee 2022/23.

**Summary**

2. Positive progress continues to be made within the Authority regarding the management of those key strategic risks identified as above the risk appetite line.

**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) Mid-Year Risk Management Update Report to Audit Committee 2022/23

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 managing 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) 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. The recruitment campaign has been ongoing for the last year with success internally with retention rates improving and vacancies decreased from 25% to 14%. However, it remains a focus for Adult Social Care as there continue to be significant staff shortages within the care sector. There will be continued campaigns over the next 12 months to encourage recruitment and retention.

**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 people's 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 and Social Care (DHSC) 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.

The increased demands in adult social care have resulted in waiting lists for reviews and assessments. These are mitigated by a risk management matrix to prioritise people with high needs or significant carer issues. With support from the DHSC social discharge fund we have increased workforce capacity through agency, additional hours and fixed term contracts to manage demand however this is currently short-term funding.

**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 is continuing 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) 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. It is anticipated that as inflation reduces so too will the level of risk.

**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 published a mitigation strategy/actions for developers in March 2023, to help ensure future building programmes meet the obligations of Nutrient Neutrality.

**ix. (SR44) 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.

### **Conclusion**

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

### **Outcome of Consultation**

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

**COUNCIL PLAN OBJECTIVES**

<b>Council Plan Objective</b>	<b>Strategic Risk(s) relevant to delivery of Council Plan Objective</b>
<b>CP1</b> - Growing Darlington's economy	SR34, SR39
<b>CP2</b> - Maximise the potential of our young people	SR21
<b>CP3</b> - Supporting the most vulnerable in the borough	SR15, SR16, SR18, SR20, SR21, SR27, SR44
<b>CP4</b> - Working with communities to maximise their potential	
<b>CP5</b> - <i>A dedicated workforce who are proud to serve the borough and an accessible, effective and engaged council*</i>	

*\*While not a Council Plan objective the objectives are supported by...*

**RISK MATRIX**

**STRATEGIC RISK REGISTER**

<b>LIKELIHOOD</b>	A Very High				
	B High			<b>SR21, SR18</b>	
	C Significant			<b>SR15, SR16, SR20, SR34, SR39, SR44</b>	
	D Low				<b>SR27</b>
	E Very Low				
	F Almost Impossible				
		IV Negligible	III Marginal	II Critical	I Catastrophic
<b>IMPACT</b>					



**STRATEGIC RISK REGISTER**

<b>Risk No. &amp; relevant Council Plan objective(s)</b>	<b>Risk</b>	<b>Responsible Person</b>	<b>Movement in Period</b>	<b>Reason for Movement on Matrix</b>	<b>Progress on Action Plan for Risks Above the Appetite Line that have not moved</b>
<b>SR15 (CP3)</b>	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
<b>SR16 (CP3)</b>	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
<b>SR18 (CP3)</b>	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	None at B/II		See main body of report at paragraph 9 (a) iii
<b>SR20 (CP3)</b>	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
<b>SR21 (CP2, CP3)</b>	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

<p><b>SR27 (CP3)</b></p>	<p>Failure to respond appropriately to safeguard vulnerable children, in line with national legislation and safeguarding children, thresholds and procedures</p>	<p>Chris Bell</p>	<p>None at D/I</p>		<p>See main body of report at paragraph 9 (a) vi</p>
<p><b>SR34 (CP1)</b></p>	<p>Budget &amp; resource implications arising from the ability to progress and complete schemes/projects in the event of further construction inflation, material supply and resource demands</p>	<p>Ant Hewitt</p>	<p>None to C/II</p>		<p>See main body of report at paragraph 11 (a) vii</p>
<p><b>SR39 (CP1)</b></p>	<p>The Council is unable to deliver housing targets detailed in the Local Plan as a result of the designation of nutrient neutrality catchment area</p>	<p>Mark Ladyman</p>	<p>None at C/II</p>		<p>See main body of report at paragraph 9 (a) viii</p>

<b>SR44 (CP3)</b>	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	None at C/II		See main body of report at paragraph 9 (a) ix
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