
ANNUAL RISK MANAGEMENT UPDATE REPORT 2018/19

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
Managing Director**

Background Papers

- (i) Council's Risk Management Strategy
- (ii) Corporate and Group Risk Registers
- (iii) Risk Management Report to Audit Committee December 2017

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.
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 1st June 2018, 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)** – one corporate risk has been identified.

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

- (i) As reported to the March 2018 Audit Committee, the Council has made steady progress against the General Data Protection Regulations (GDPR) compliance programme. The Data Protection Officer (DPO) has undertaken an extensive awareness raising campaign to ensure decision makers and key people are aware that the law has changed. The DPO has also written a GDPR training course to replace the existing mandatory data protection training course on Academy 10. The Council's Tender Documentation and Special and Standard Contract Terms and the Contract Particulars have been updated to ensure they comply with the GDPR and Information Asset Owners have been advised to issue variations to existing contracts. In order to ensure data protection is considered at the conception of new projects the requirement to seek GDPR advice has been embedded into the Council's existing project management process, ICT procurement documentation and the committee report approval process. The Council has also made significant progress in compiling a comprehensive record of its processing activities, following the approval of the Information Asset Register (IAR) template by the Systems and Information Governance Group (SIGG) and reasonable progress in making privacy notices available on the website. Internal Audit issued their final audit entitled Data Protection - GDPR / Data Protection Act 2018 on 5 July 2018 which concluded there is full assurance provided and a sound system of internal controls is currently being applied which will ensure the system achieves its objectives.

(b) **Children and Adults (now includes the Commissioning Group and Public Health) (Appendix B)** – five 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.

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 & A 5) Failure to identify vulnerable schools and broker appropriate support to address needs.

- (ii) 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 under-performing. Vulnerable schools are identified through review of performance data and other contextual information on a termly basis. The Local Authority has responsibility for its maintained schools. The schools@onedarlington initiative is aiming to 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.

- (iii) 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. Robust financial monitoring continues to be undertaken.

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

- (iv) 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 live from March 2018.

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

- (v) Procurement timeline is in place and the new service will be operational from 01/08/18. The procurement process is complete. Provider has been identified and the "Intention to award" notice has been issued. The mobilisation period commenced on 1st May 2018.

- (c) **Economic Growth & Neighbourhood Services Group (Appendix C)** – no risks have been identified as above the appetite line.
- (d) **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 are Assistant Director (AD) appointed and receive health and safety training and meet regularly with AD's 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 was issued to employees in December 2017. Employees with access to a PC will be able to access the Policy and through Academy 10 complete an assessment of understanding. The 'Think Safety' commitment poster has also been updated and signed by AD's and has been displayed within council buildings.
12. The organisation has continued to work at raising awareness of the benefits of near miss reporting, encouraging managers to talk about the benefits of near miss reporting and through the presentation of a tool box talk. A monthly near miss summary report is circulated 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. A council wide incident management system is being developed as part of the HR management system. 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. A Corporate wide Driving at Work Arrangement has been introduced which brings together existing council procedures for managing risks associated with driving i.e. medical fitness risk assessments and health surveillance, however, in addition it also introduces a number of additional requirements to further reduce the risk. New requirements include a driver profile and declaration which must be completed at 6 monthly intervals, a 'Driving at Work & Road Safety' module on Academy 10 and wider completion of on-road practical assessments.
15. 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 has seen a reduction in the total amount of cable strikes noted by

the service. Services are continuing to monitor this closely. Additional HSG47 training covering excavation works has been completed by all managers, site supervisors, foreman and operatives in February 2018. During the period 1 March 2018 to 16 May 2018 there had been no cable strikes in the service area with monitoring to continue.

16. Method statements and risk assessments are available for reference and have been issued to site personnel along with tool box talks. Previously all street lighting teams had insulated tools for excavating but this has now been extended to all civil engineering teams who carry out excavations.
17. The three year column replacement and LED installation programme has come to an end with 4000 street lighting columns over 40 years old have been replaced. The installation of LED lanterns will reduce the amount of faults and therefore help to light the highways and make them safer for all users during the hours of darkness.
18. A programme for the replacement of illuminated bollards, with highly reflective, impact resistant bollards on traffic islands, is nearing completion. This work should help reduce the amount of damage to the bollards as they designed to bounce back and therefore reduce the need for operatives to work in the centre of the road to carryout repairs. In addition there will not be an electricity supply to the traffic island which eliminates possible electric shocks as a result of an accident.
19. Following the wet winter the Council repaired 4,377 potholes in the first 4 months of 2018, compared with 2,240 in the same period last year. Central government has allocated an extra £185,000 to the Council this year from its Pothole Fund. This funding is contributing to an increase in patching, micro-asphalt surfacing & surface dressing. This work will help seal the road surfaces & reduce the risk of potholes forming in these areas next winter.

Conclusion

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

Outcome of Consultation

21. 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			5	
	D Low			3, 4, 15, 16	
	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		
C5	Council unable to meet its obligations under the information governance agenda.	Paul Wildsmith	None at C/II		See main body of report at paragraph 8 (a) i

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
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.	Paul Wildsmith	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	Suzanne Joyner	Moved from C/II to D/II	Re-inspection completed, Ofsted judgement improved from Inadequate to Requires improvement to be Good, resulting in formal intervention ceasing	

RISK MATRIX

CHILDREN, ADULTS AND PUBLIC HEALTH

LIKELIHOOD	A Very High				
	B High			6	
	C Significant		13, 9, 10	1, 5, 8, 12	
	D Low			3, 4, 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 at 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	Moved from C/II to D/II	Vacancy rate is now within normal business parameters for both Children and Adults' Services	
C&A 4	Insufficient school places to meet parental preferences and expansion of house building in the borough.	Tony Murphy	Moved from C/III to D/II	Pupil place planning procedures are being enacted to ensure sufficient capacity in the system	
C&A 5	Failure to identify vulnerable schools and broker appropriate	Tony Murphy	None at C/II		See main body of report at paragraph 8 (b) 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
	support to address needs				
C&A 6	Budget savings not realised through services promoting and supporting independence in the community.	Suzanne Joyner	Moved from B/II to C/II	Budget savings achieved in 17/18. Currently underspending on 18/19 budget	See main body of report at paragraph 8 (b) iii
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 at paragraph 8 (b) iv

C&A 9	Market (Domiciliary Care Residential Care providers) failure following the Care Act/Living Wage	Christine Shields	None at C/III		
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Risk No.	Risk	Responsible Person	Movement in Period	Reason for Movement on Matrix	Progress on Action Plan for Risks Above the Appetite Line that have not moved
C&A 10	The Deprivation of Liberty Safeguards Threshold changes significantly increases the amount of people deprived of their liberty resulting in potential for increased legal challenge	James Stroyan	None at C/III		
C&A 12	Risk now re-worded Failure to re-procure an integrated sexual health service and impact of people accessing sexual health services	Miriam Davidson	None at C/II		See main body of report at paragraph 8 (b) v
C&A 13	Changes to Education Funding, resulting in expected loss of grant income	Tony Murphy	None at C/III		

RISK MATRIX

ECONOMIC GROWTH & NEIGHBOURHOOD SERVICES GROUP

LIKELIHOOD	A Very High				
	B High				
	C Significant		9		
	D Low			1, 7, 8, 10, 13,14	
	E Very Low		15	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
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	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 10	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)	Dave Winstanley	None at D/II		

Risk No.	Risk	Responsible Person	Movement in Period	Reason for Movement on Matrix	Progress on Action Plan for Risks Above the Appetite Line that have not moved
EG & NS 12	Planning Performance at risk of Standards Authority intervention	David Coates	None at E/II		
EG & NS 13 Previously RE 16	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		
EG & NS14 Previously RE 24	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		
EG & NS 15 and RE 25	Risk of legal challenge on decisions made at Group level	Ian Thompson /Pauline Mitchell	None at D/III		

RISK MATRIX

RESOURCES GROUP

LIKELIHOOD	A Very High				
	B High				
	C Significant		1, 2, 9		
	D Low		3, 5, 25		
	E Very Low				
	F Almost Impossible				
		IV Negligible	III Marginal	II Critical	I Catastrophic
IMPACT					

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		
RE16 Now EG & NS 13	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		Shown on Appendix C Risk Matrix	

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
RE24 Now EG & NS14	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		Shown on Appendix C Risk Matrix	
RE 25 and EG & NS 15	Risk of legal challenge on decisions made at Group level	Elizabeth Davison/ Luke Swinhoe/ Ian Miles	None at DIII		