

**AUDIT COMMITTEE  
31 JULY 2019**

**ITEM NO.**

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**ANNUAL RISK MANAGEMENT REPORT 2018/19**

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**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 30 January 2019

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 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 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 departmental staff, details progress made on improvement actions for those risks identified as above the risk appetite line.
  - (a) **Corporate Risks (Appendix A)** – no risks have been identified as above the appetite line.
  - (b) **Children and Adults (now includes the Commissioning Group and Public Health) (Appendix B)** – three risks have been identified as above the 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) Risk Reworded - 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) New Risk - 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 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. Members were previously informed that the Council's insurers had reported that our claims experience was extremely favourable. In particular, public liability claims had a repudiation rate of 92.6% compared to 79% nationally. These positive figures continue to be maintained.
11. The organisation has over 80 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.
12. Violence and aggression, manual handling and slips, trips and falls continue to be the main accident kinds within the organisation. Measures to reduce the risks of injury and ill health in these areas include the ongoing implementation of arrangements such as; the Employee Protection Register, lone working devices and conflict management training. Moving and handling of people processes have been reviewed resulting in improved risk assessments, procedures and the development of further training for key employee groups. We continue to promote the importance of near miss reporting corporately. A significant number of near miss reports relate to the potential for slip, trip and fall accidents, these are thoroughly investigated by management and appropriate action taken to reduce the risk of future accidents.
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 and including; construction and highways projects, waste services and horticulture and culture.
14. It was previously reported that a review of working practices had been completed by the Health and Safety Unit working with the Highway Construction Section and implementation 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 previously been completed by all managers, site supervisors, foreman and operatives. During the six month period August 2018 to January 2019, one cable strike had occurred and this was a result of the operative not following the correct system of work. This is being dealt with through the Council's disciplinary procedure. Apart from this one incident, the only one within the last nine months, a good culture within the service area seems to be embedded when undertaking excavation works.
15. Last summer the Council carried out a £900k programme of Micro Surfacing. This process helps seal the road surface to prevent potholes forming. 103 streets

totalling almost 13 miles of road were treated. This year will see a similar sized program of work being carried out around the town.

16. After receiving strong guidance from Department for Transport, Highways are currently working on the implementation of a permit system to manage our own and utility street works. We are working on this in conjunction with other North East authorities and should be in a position to start using it from January 2020. This system will replace the existing noticing system and should help to reduce the length of time works are on the highway. The Highway Asset Management is being migrated to a cloud solution which should help with the management of the new permit system as well as assets and works management.
17. 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.
18. Housing and Customer Services staff are all trained and routinely use identicomms when carrying out appointments out of the office. This reduces the risk when visiting vulnerable customers as the units link into a security company that can call the Police if needed. The units also use GPS so staff can be located.
19. Panic alarms are installed in all interview rooms within Customer Services and staff are trained and refresher training carried out when necessary. Alarms alert other staff and customers to an issue within the interview room allowing CCTV to monitor and staff and customers to move to a safe place. Panic alarm pendants are also used by staff dealing with customers face to face. CCTV is also in place in Customer Services. All staff have recently visited the CCTV Control Room so they are aware of what can be seen and how images are viewed. Appropriate signage is in place so that staff, customers and visitors are aware that the area is covered by CCTV.

## **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**

<b>LIKELIHOOD</b>	A Very High				
	B High				
	C Significant				
	D Low			<b>3, 4, 5, 17</b>	
	E Very Low		<b>1</b>		
	F Almost Impossible				
		IV Negligible	III Marginal	II Critical	I Catastrophic
<b>IMPACT</b>					

**CORPORATE RISK REGISTER**

<b>Risk No.</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>C1</b>	Implementation of recommendations from the Capital Process Review is needed to improve effective capital project management	Ian Williams	None at E/III		
<b>C3</b>	Corporate Premises Risks	Ian Williams	None at D/II		
<b>C4</b>	Business Continuity Plans not in place or tested for key critical services.	Ian Williams	None at D/II		
<b>C5</b>	Council unable to meet its obligations under the information governance agenda.	Paul Wildsmith	Moved from C/II to D/II	As reported to Audit Committee in June 2019 the Council has now implemented its General Data Protection Regulations (GDPR) compliance programme, with the exception of completing a review of CCTV which is ongoing. The work to date in delivering the Council's GDPR compliance programme has provided the assurance required to reduce our information risks to an acceptable level.	

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
				<p>While the Council has now implemented the vast majority of its GDPR compliance programme it must be recognised that the data processing activities of the Council continually evolve and documents including Information Asset Registers (IAR), Privacy Notices and Information Sharing Agreements (ISAs) are live documents that require periodic review to ensure they accurately reflect the Council's data processing activities. The processes implemented by the Council include review mechanisms to ensure this takes place.</p>	
<b>C17</b>	<p>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.</p>	Paul Wildsmith	None at D/II		



**RISK MATRIX**

**CHILDREN, ADULTS AND PUBLIC HEALTH**

**APPENDIX B**

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

**CHILDREN, ADULTS AND PUBLIC HEALTH RISK REGISTER**

<b>Risk No.</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>C&amp;A 1</b>	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
<b>C&amp;A 3a</b>	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		
<b>C&amp;A 3b</b>	Inability to recruit and retain sufficient qualified suitably experienced social workers in Adult Services impacts on cost and quality of service.	James Stroyan	Moved from C/II to D/II	We have been able to recruit to vacancies so whilst it still remains a risk it is not at the same level as previously.	

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
<b>C&amp;A 5</b>	Failure to identify vulnerable schools and broker appropriate support to address needs	Tony Murphy	Moved from C/II to D/II	LA has 4 maintained schools. Three Ofsted judgements are good, with one recent graded RI. Plans are in place for school improvement. All other schools are Academies, which are the responsibility of each Academy trust, and overall the Regional Schools Commissioner. The LA is sighted on schools at risk through various Boards and regular meetings with Regional Schools Commissioner.	
<b>C&amp;A 8a Adult</b>	<b>Risk Reworded</b> Increased demand for Adult Services impacts negatively on plans for budget efficiencies	James Stroyan	Moved from B/II to E/II	Work has commenced to analyse current changes in increased demand, with a transformation programme in place. More recent work with Leeds City Council, sponsored by DfE, will support this going forward.	
<b>C&amp;A 8b</b>	<b>Risk Reworded</b> 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
<b>C&amp;A 9a</b>	<b>Risk Reworded</b> Market (Domiciliary Care Residential Care providers) failure following the Care Act/Living Wage	Christine Shields	Moved from C/III to D/II	This likelihood of this happening is low as the market is stable locally. Should this happen however, then the impact would be critical. The LA has robust plans for dealing with issues locally, and would be included in any national issues should they arise.	

<b>C&amp;A 9b</b>	<b>Risk Reworded</b> Market (Domiciliary Care Residential Care providers) for Vulnerable Families with Children (including SEND) experiences provider failure	Christine Shields	None at C/III		
<b>C&amp;A 10</b>	The Deprivation of Liberty Safeguards Threshold changes significantly increases the amount of people deprived of their liberty resulting in potential for increased legal challenge	James Stroyan	Moved from C/III to D/II	The likelihood of this happening has reduced to low. This will continue to be monitored and adjusted according should the situation start to change.	
<b>C&amp;A 14a</b>	Failure to respond appropriately to safeguard vulnerable adults, in line with national legislation and safeguarding adults procedures.	James Stroyan	New at DII		
<b>C&amp;A 14b</b>	Failure to respond appropriately to safeguard vulnerable children, in line with national legislation and safeguarding children, thresholds and procedures.	Jane Kochanowski	New at DI		See main body of report at paragraph 8 (b) iii

**RISK MATRIX**

**APPENDIX C**

**ECONOMIC GROWTH & NEIGHBOURHOOD SERVICES GROUP**

<b>LIKELIHOOD</b>	A Very High				
	B High				
	C Significant		<b>9</b>		
	D Low			<b>1, 7, 8, 13,14</b>	
	E Very Low			<b>12</b>	
	F Almost Impossible				
		IV Negligible	III Marginal	II Critical	I Catastrophic
<b>IMPACT</b>					

**ECONOMIC GROWTH GROUP RISK REGISTER**

<b>Risk No.</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>EG &amp; NS 1</b>	Investment in regeneration projects is not delivered	Ian Williams	None at D/II		
<b>EG &amp; NS 7</b>	Financial implications of Maintaining and conserving key capital assets within the borough	Guy Metcalfe, Pauline Mitchell, Dave Winstanley	None at D/II		
<b>EG &amp; NS 8</b>	Ability to adequately address the affordable housing requirement	David Hand	None at D/II		
<b>EG &amp; NS 9</b>	Delay to new Local Plan.	David Hand	None at C/III		
<b>EG &amp; NS 12</b>	Planning Performance at risk of Standards Authority intervention	David Coates	None at E/II		
<b>EG &amp; NS 13</b> <b>Previously RE 16</b>	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		

<b>EG &amp; NS14</b> <b>Previously</b> <b>RE 24</b>	<b>Risk Reworded</b> 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		
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**RISK MATRIX**

**APPENDIX D**

**RESOURCES GROUP**

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



**RESOURCES GROUP RISK REGISTER**

<b>Risk No.</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>RE1</b>	<b>Risk Reworded</b> VAT (partial exemption breach due to expenditure decline and capital schemes)	Elizabeth Davison	None at C/III		
<b>RE2</b>	Fraud in General	Andrew Barber	None at C/III		
<b>RE3</b>	ICT security arrangements inadequate	Ian Miles	None at D/III		
<b>RE5</b>	Increased sickness absence adversely affects service delivery	Elizabeth Davison	None at D/III		
<b>RE9</b>	Instability within financial markets adversely impacts on finance costs and investments	Elizabeth Davison	None at C/III		
<b>RE16 Now EG &amp; NS13</b>	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	<b>Risk Reworded</b> 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		Shown on Appendix C Risk Matrix	