

**AUDIT COMMITTEE
29 JANUARY 2020**

ITEM NO.

MID YEAR RISK MANAGEMENT UPDATE 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) Annual Risk Management Report to Audit Committee 31 July 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) 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. A violence working group has been established following an increase in the number of reported violent incidents. The remit of the working group is to review the Corporate Arrangement for Violence at Work, share best practice across the Council and apply a consistent approach to the measures taken to reduce risks. The group will also focus on ways to improve communication of arrangements and how to increase the reporting of incidents across all service areas.
11. Reliance Protect devices have been issued to staff where needed, as part of a safe system to work to reduce the risks associated with lone working. Over 40 teams are now using the devices, which is a discreet portable lone worker safety solution (ID badge). In times of emergency the employee can summon help via the device, the call centre staff will listen in to the situation and then take the appropriate action i.e. call the police if needed. Staff receive training in the use of the device and managers receive a monthly report to monitor use of the device.
12. Darlington Borough Council has achieved CHAS (Contractors Health and Safety Assessment Scheme) Certificate of Accreditation. This involved demonstrating compliance with the CHAS standard in line with SSIP (Safety Schemes In Procurement) Core Criteria and UK H&S Legislation and the Council has been awarded accreditation to the requirements of the CDM Regulations 2015 (Principal Designer, Designer, Principal Contractor and Contractor – Construction). Additionally the Council has demonstrated full compliance with 4 modules (Financial, Environmental, Quality and Equal Opportunities) of PAS 91.
13. The organisation has over 80 health and safety champions. Champions are Assistant Director (AD) appointed, receive health and safety training, meet regularly with AD's and play a key role in raising awareness, monitoring work practices and communicating health and safety messages.
14. 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.
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.
16. Highways are taking part along with the other North East authorities in a pilot scheme for the mapping of all underground services, once up and running this should enable authorities to have all underground service locations identified so the

information will be available on site using a tablet or mobile phone, it is hoped this system will be adopted across the country at some stage if it proves successful.

17. The Council's Street Lighting team is currently working through a programme to update our cable records. We currently have 2,500 cables recorded out of an estimated total of 4,000.
18. There was an audit by the Health and Safety Executive in August 2019 where operational activities at Allington and Lingfield depots were observed. Feedback received from the audit was very complimentary regarding the safe systems of work in place being effective. Special comment was made regarding good standards of housekeeping observed across both sites.
19. 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. Last year showed a 6% improvement of the unclassified road network and this year will see a similar sized program of work being carried out around the town.
20. 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 March 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 Symology system is now being managed externally which will help with the management of the new permit system as well as assets and works management.
21. 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.
22. The recent court case of Witley Parish Council v Cavanagh [2018] where a tree fell from Parish Council Land onto a bus saw the Judge find that Highway trees should be inspected bi-annually. The Council has adopted this practise, which will be reflected in the Council's new Tree and Woodland Strategy 2020-2030.

Conclusion

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

Outcome of Consultation

24. 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				
	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		

RISK MATRIX

APPENDIX B

CHILDREN, ADULTS AND PUBLIC HEALTH

LIKELIHOOD	A Very High				
	B High			8b	
	C Significant		9b	1	
	D Low			3a, 3b, 5, 9a, 10, 14a	14b
	E Very Low			8a	
	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 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

RISK MATRIX

APPENDIX C

ECONOMIC GROWTH & NEIGHBOURHOOD SERVICES GROUP

LIKELIHOOD	A Very High				
	B High				
	C Significant		9		
	D Low			1, 7, 8, 13, 14, 16	
	E Very Low			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/ 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 Previously RE 16	Risk Reworded Significant impacts arising from the reduction in available cash/resources to the local economy, Council and businesses due to the impacts of Universal Credits	Pauline Mitchell	None at D/II		

EG & NS14 Previously RE 24	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	New Risk Delay in delivering replacement cremators resulting in failure of existing equipment and therefore closure of the service	Ian Thompson	New at D/II	Work is ongoing on developing proposals to go through Planning to enable the project to be delivered during 2020-21	

RISK MATRIX

APPENDIX D

RESOURCES GROUP

LIKELIHOOD	A Very High				
	B High				
	C Significant		1, 2, 9		
	D Low		3, 5		
	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	Risk Reworded 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		

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
RE16 Now EG & NS13	Risk Reworded Significant impacts arising from the reduction in available cash/resources to the local economy, Council and businesses due to the impacts of Universal Credits	Pauline Mitchell		Shown on Appendix C Risk Matrix	
RE24 Now 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		Shown on Appendix C Risk Matrix	