

Audit Committee

26 May 2011

The Work of Corporate Risk Management in the Quarter period January – March 2011



Report of Corporate Management Team

Don McLure, Corporate Director Resources

Purpose of the Report

1. The purpose of this report is to highlight the status of the key corporate and service strategic risks facing the Council, and to give an insight into the work carried out by the Corporate Risk Manager and the Corporate Risk Management Group during the period January - March 2011.

Background

2. Corporate strategic risks are the risks that either cut across Council Service Areas or where they will have a significant impact on the Council if they should materialise. They are agreed annually by Corporate Management Team (CMT) and Cabinet.
3. Service strategic risks are the risks which specifically affect the Service Grouping achieving its objectives.

Current status of the risks to the Council

4. As at 31 March 2011, there were 79 corporate and service strategic risks, a decrease of 34 from the previous period end at 31 December 2010. A summary of the key risks is included in Appendix 2.
5. Appendix 3 of this report lists all of the Council's corporate and service strategic risks as at 31 March 2011.
6. Management have identified and assessed these risks using a structured and systematic approach, and are taking proactive measures to mitigate these risks to a manageable level. This effective management of our risks is contributing to improved performance and decision-making across the Council.

Emerging Risks

7. The only item which emerged which may potentially raise a significant risk to the Council is changes to the default retirement age from April 2011, which may lead to insurance and benefits issues for employees.
8. New risks to reflect the potential failure in the external care provider market resulting in the closure of residential care homes and the potential impact of the

proposed NHS Reforms has also been added to the Council's Strategic Risk Register.

Recommendation

Audit Committee to confirm that this report provides assurance that strategic risks are being effectively managed within the risk management framework.

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Appendix 1: Implications

Finance - Addressing risk effectively reduces the risk of financial loss.

Staffing - Staff training needs are addressed in the risk management training plan.

Equality and Diversity - None

Accommodation - None

Crime and disorder - None

Human rights - None

Consultation - None

Procurement – None.

Disability Discrimination Act – None.

Legal Implications – None.

Appendix 2: Overall Council Strategic Risk Register

Summary

Risks are assessed at two levels:

- Gross Impact and Likelihood are based on an assessment of the risk without any controls in place.
- Net Impact and Likelihood are based on the assessment of the current level of risk, taking account of the existing controls/ mitigation in place.

As at 31 March 2011, there were 79 corporate and service strategic risks, a decrease of 34 from the previous period end at 31 December 2010. The total number of risks are summarised in the following matrix, based on their Net risk assessment as at 31 March 2011. Where there have been changes to the number of risks from the last quarter period end, the risk total as at 31 December 2010 is highlighted in brackets.

Overall number of Corporate and Service Risks as at 31 March 2011

Impact					
Critical	1(1)	4(4)	1(5)		
Major	(1)	4(9)	6(9)	4(4)	(1)
Moderate	1 (1)	15(16)	28(33)	4(6)	(4)
Minor	(1)	3(7)	8(10)	(1)	
Insignificant					
Likelihood	Remote	Unlikely	Possible	Probable	Highly Probable

In summary, key points to draw to your attention are:

1. Implementation of additional mitigation has enabled Service management to **reduce** the Net likelihood of the following key risks and deliver beneficial outcomes for the Council:

- “*Failure to deliver the restructured BSF programme on time and with minimal service disruption*”. Wave 3 schools have been completed satisfactorily and the reduced degree of uncertainty surrounding the programme has reduced the likelihood of the risk occurring.

- “Loss of income from planning and building control fees” reduced due to the number of existing control measures now in place to help mitigate the likelihood of this risk occurring.
- The likelihood of the risks “Legal Services unable to meet requirements of Directorates for legal work” and “Commercial and complex litigation cases outside the capacity of Legal and Democratic Resources” occurring has reduced as additional resources have been allocated.
- “Increase in concessionary fares leading to budget deficit” reduced due to the number of existing control measures now in place to help mitigate the likelihood of this risk occurring.

2. Over thirty risks have been **removed** from the register in this quarter. This is due in part to greater challenge of the risk with the Services, but also through effective management of the risks by the Services as all mitigating actions have been completed to reduce them to a level where management now consider existing controls to be adequate.

Key Risks

Those risks in the unshaded area of the following matrix are considered the key risks to the Council and are reported in the following table. Where there have been changes to the risk assessment from the last quarter period end, these are highlighted in the column headed ‘Direction of Travel’. The target for when the risk will be at an acceptable level, or where further improvements in mitigation are not possible, is highlighted in the column headed ‘Anticipated date when risk will be at an acceptable level’.

Figure1

Impact					
Critical			Risks 1 and 5		
Major				Risks 2, 3, 4 and 6	
Moderate					
Minor					
Insignificant					
Likelihood	Remote	Unlikely	Possible	Probable	Highly Probable

Ref	Service owning the risk	Corporate Theme	Risk	Net Impact	Net Likelihood	Proposed Actions	Direction of Travel	Anticipated date when risk will be at an acceptable level
1	Resources	Altogether Better Council	If the programme of savings is not successfully delivered, then the MTFP targets will not be achieved	Critical	Possible	The Delivery plan implementation will be monitored by CCG, CMT and Cabinet.		This will be a significant risk for at least the next 4 years. No further improvements in mitigation are planned at the current stage.
2	Resources	Altogether Better Council	The Council may be liable to legal challenge if a single status agreement is not implemented in full	Major	Probable	Develop the pay and reward project that considers all of the eight council arrangements and includes proposals for implementation		Target actions to bring this risk to an acceptable level should be completed by April 2012.
3	Resources	Altogether Better Council	Insufficient number of adequately skilled staff to maintain the expected level of services	Major	Probable	<ul style="list-style-type: none"> ➤ Funded training and development will be considered by Senior Service Management Teams in line with the protocol. ➤ ResourceLink PID & project plan to be developed to underpin reorganisation support project to ensure accurate & timely establishment control data. ➤ Organisation Development design principles to be reviewed. 		Target actions to bring this risk to an acceptable level should be completed by April 2011.
4	RED	Altogether Wealthier	The loss of Area Based Grant funding results in the CDEP failing to narrow inequality and deprivation	Major	Probable	Produce an Action Plan		The action plan will be in place by July 2011
5	NS	Altogether Greener	Failure to identify and effectively regulate Contaminated Land	Critical	Possible	Top 140 sites of potential concern have been identified for further assessment.		The Contaminated land strategy, which will bring this risk to an acceptable level, will not be in place until November 2011

Ref	Service owning the risk	Corporate Theme	Risk	Net Impact	Net Likelihood	Proposed Actions	Direction of Travel	Anticipated date when risk will be at an acceptable level
6	AWH	Altogether Healthier	Potential failure in the external care provider market resulting in the closure of residential care homes	Major	Probable	<ul style="list-style-type: none"> ➤ Develop contingency plans for moving residents ➤ Carryout stakeholder analysis ➤ Develop communication strategy for stakeholders ➤ Focus safeguarding arrangements to required service users 	New Risk	Management are monitoring the situation and developing contingency plans.

Appendix 3: List of all Strategic Risks

Corporate Theme – Altogether Better Council

Ref	Service	Risk
1	RES	If the programme of savings is not successfully delivered, then the MTFP targets will not be achieved (Corporate Strategic Risk)
2	RES	The Council may be liable to legal challenge if a single status agreement is not implemented in full (Corporate Strategic Risk)
3	RES	Insufficient number of adequately skilled staff to maintain the expected level of services (Corporate Strategic Risk)
4	NS	Industrial Action arising from substantial change programme
5	RES	Lack of staff resource to deliver the HR function
6	NS	Limited knowledge of DEBS live system by some budget holders could adversely impact on service delivery and performance in NS
7	ACE	Unauthorised release of information into the public domain or to unauthorised persons (Corporate Strategic Risk)
8	RES	Loss of income from land charge fees
9	RES	If contractual relationships with Suppliers are not effectively managed by Services, then the Council will not achieve the optimum outcome from these relationships (Corporate Strategic Risk)
10	NS	Failure to improve the performance of building services to make them more competitive
11	NS	Failure to deliver an effective intervention regime, leading to adverse impact on public health
12	NS	Failure to effectively support events organised by the Council or taking place on Council land (Corporate Strategic Risk)
13	ACE	Data quality of performance information is not to the required standard across the Council and Co Durham Partnership
14	NS	Failure to deliver harmonised policies and action with regards to licensing and enforcement across all areas
15	RES	Failure to deliver efficiency savings and transformed Assets service delivery model
16	RES	Inability to maximise the capital receipts to underpin the Council's Capital Programme and support the delivery of the MTFP
17	RED	Loss of income from planning and building control fees
18	ACE	Lack of a shared understanding around community cohesion
19	RES	Major Interruption to IT Service Delivery
20	RES	Council Services will not be operating effectively due to inadequate level of IT service delivery to end users
21	RES	Due to the amount of change occurring across the Council, the potential for fraud and error is increasing (Corporate Strategic Risk)
22	RES	The New Revenues & Benefits & attendant Cash Management and Document flow systems will not be successfully implemented
23	ACE	Breach of legal requirements regarding management of data and information, resulting in the issue of an Enforcement Notice
24	RES	Legal Services unable to meet requirements of Directorates for legal work.
25	AWH	Work Related Stress - STAFF

Ref	Service	Risk
26	RES	The corporate approach to managing procurement across the Council is not consistently applied.
27	RES	Impact of delays in implementing the FMS Migration Project
28	ACE	Incompatibility / inconsistency of organisation's & partners' performance management frameworks
29	NS	Failure to embed health and safety policies, practices and procedures across the Neighbourhoods Service
30	ACE	Uncertain position regarding physical condition, H&S reqts, DDA reqts and management practices around Community Buildings
31	ACE	Failure to effectively deliver the Corporate Improvement Programme (Corporate Strategic Risk)
32	NS	Extreme weather conditions result in inability to treat priority networks 1 & 2
33	RES	Commercial and complex litigation cases outside the capacity of Legal and Democratic Resources
34	RES	Interruption to service delivery due to the unavailability of accommodation
35	RES	The Council's ICT will be inadequate due to poor integration between ICT services and the rest of the organisation
36	CYPS	Uncertain, large-scale financial demands (e.g. on Safeguarding and Specialist Services), leading to breached MTFP targets.
37	RED	Increase in concessionary Fares leading to budget deficit.
38	ACE	Failure of Area Action Partnerships to fulfill their remit to engage, empower, lead action & review performance in local areas.
39	ACE	Failure to meet organisational goals on Equality and Diversity within the Council, and across the County
40	RES	Failure to comply with legislation (Data Protection Act, Freedom of Information Act, Copyright Act, H&S, etc.)
41	RES	Existing accommodation does not meet the requirements of the Council
42	ACE	Failure to maintain strong working relationship with the 7 VCS infrastructure organisations
43	ACE	Failure to understand and respond appropriately to representations from the community
44	RES	Council loses challenges because of unlawful calling of meetings.

Corporate Theme – Altogether Wealthier

Ref	Service	Risk
45	RED	The loss of Area Based Grant funding results in the CDEP failing to narrow inequality and deprivation gaps
46	RED	Diminishing Capital Resources, continuing depressed land values and slow growth in the private sector will impact on the ability to deliver major projects and Town initiatives within proposed timescales.
47	RED	Private housing stock condition worsens with adverse implications for local economy, health & neighbourhood sustainability.
48	RED	Reduced future allocations of deprivation based grants to county resulting from changes to Council's new deprivation status.

Ref	Service	Risk
49	RED	East Durham Homes additional Government funding is not forthcoming due to Government cut backs.
50	RED	Government policy and the weakening regional governance arrangements could result in greater difficulty in promoting County Durham's economic interests.
51	RED	Constrained staff resources reduces the ability to identify investment opportunity.
52	RED	Inability to provide additional low cost affordable accommodation.

Corporate Theme – Altogether Better for Children and Young People

Ref	Service	Risk
53	CYPS	Children/families experience lack of interface between Adult/Children's Services as a result of failure to work closely together
54	CYPS	Failure to deliver integrated services (incl NHS) by Sept 2011, resulting in breach of grant condition and missed MTFP targets.
55	CYPS	Failure to deliver the restructured BSF programme on time and with minimal service disruption (Corporate Strategic Risk)
56	RED	Failure to adequately support young people into employment or training

Corporate Theme – Altogether Safer

Ref	Service	Risk
57	RES	Disused mine workings of the Coal Authority on DCC land resulting in serious injury or financial claims against the Council
58	CYPS	Failure to protect child from death or serious harm (where service failure is a factor or issue) - CYPS
59	AWH	A service failure of Safeguarding leads to death or serious harm to a service user.
60	ACE	Failure to meet our statutory duties to prepare for, respond to and recover from a major incident or interruption and continue to provide essential services both internally & to the public. (Corporate Strategic Risk)
61	AWH	Unauthorised encampment
62	AWH	Gypsy and Travellers Sites Health and Safety
63	AWH	Violence and Aggression Staff
64	AWH	Lone Working – Staff
65	AWH	Inadequate and ineffective emergency planning in AWH
66	RES	Increased risk of accidents occurring due to staff lack of awareness of H&S policies and procedures
67	RED	Serious injury or loss of life due to Safeguarding failure (Transport Service)
68	ACE	Darlington Borough Council terminates Civil Contingencies SLA

Corporate Theme – Altogether Healthier

Ref	Service	Risk
69	AWH	Potential financial, operational and reputational risks arising from proposed NHS Reforms
70	AWH	Inability to manage markets for the delivery of Adult Social Care Services
71	AWH	Potential failure in the external care provider market resulting in the closure of residential care homes
72	CYPS	Failure to meet escalating costs of external and high-cost placements effectively
73	AWH	Inability to transform social care infrastructure and support systems in line with personalisation/transformation requirements
74	AWH	Management and administration of service users medications

Corporate Theme – Altogether Greener

Ref	Service	Risk
75	NS	Failure to identify and effectively regulate Contaminated Land
76	NS	Failure to effectively develop the proposed Waste Management Solution (Corporate Strategic Risk)
77	RES	Failure to achieve targeted CO2 reductions
78	NS	Damage to Highways assets as a result of a severe weather event.
79	RES	Failure to deliver a carbon free/ neutral pilot school (Brandon or Esh)