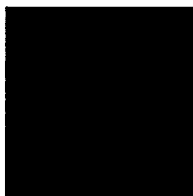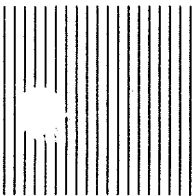All

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Report on

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Risk Management and Health & Safety

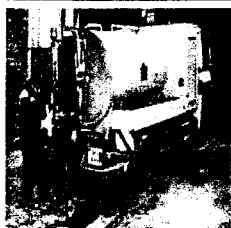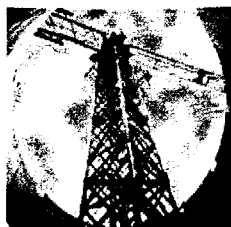Arrangements

for

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INTRODUCTION

The purpose of this report is to document the outcome of the Best Value review, carried out by Marsh UK Ltd in partnership with the Council's Best Value Review Team, of Carlisle City Council's current Risk Management and Health & Safety arrangements as specified in the Council's tender document. The report also outlines a programme of performance improvements, many of which are already being implemented.

EXECUTIVE SUMMARY

The management of Health & Safety, whilst primarily driven by compliance with statutory requirements, is an integral part of the risk management process and should therefore be considered within the context of the Council's overall risk management strategy.

As a general observation, there appears to be a clear recognition amongst those driving improvement in the Council's risk management arrangements of the strategic direction which requires to be adopted to bring the Council's performance in this area to the standards required by current governance and performance assessments.
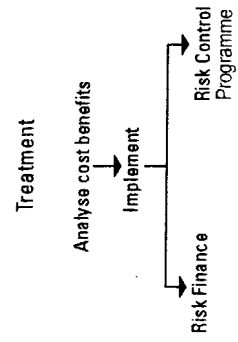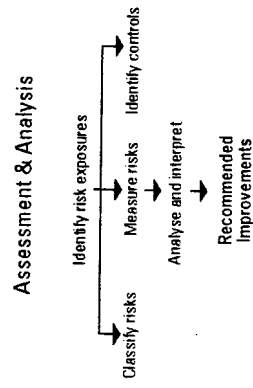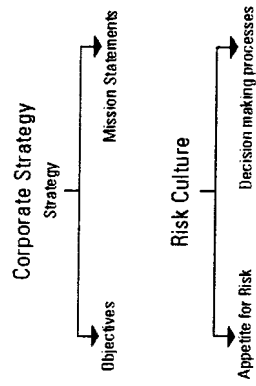
The aims and objectives stated in the draft Risk Management Policy Statement are valid and the Action Plan aimed at implementing these objectives is well intended. The corporate risk analysis carried out with District Audit identified a number of risks and categorised them according to likelihood and impact. However, no risk register appears to have been developed from this work and responsibility for developing and implementing risk solutions has not been allocated or acted upon.

As is recognised by the Council, plans to implement these objectives to the extent that risk management is seen to be embedded into service planning and delivery arrangements and decision-making processes require to be clarified and strengthened.

To demonstrate sound governance and performance management it is clear that risk management has to become an integral part of these processes and our recommendations for improvements to policies and procedures are made with that purpose.

In its simplest terms, by embedding risk considerations when strategic and operational service objectives are set, criteria for success can be determined and indicators established to monitor performance towards objectives. These same performance indicators can be used, within an appropriate framework of accountability, to provide early warnings of problems and allow intervention at a critical stage.

In so doing, the impact of risk can be minimised, ensuring successful delivery of quality services.

Upper diagram (rotated):

Corporate Strategy
- Strategy
  - Mission Statements
  - Objectives
- Risk Culture
  - Decision making processes
  - Appetite for Risk

Risk Management Strategy

Assessment & Analysis
- Identify risk exposures
  - Identify controls
  - Measure risks
  - Classify risks
- Analyse and interpret
- Recommended Improvements

Treatment
- Analyse cost benefits
- Implement
  - Risk Control Programme
  - Risk Finance

Monitor & Review

Lower diagram (rotated):

Corporate Strategy

Risk Culture

Risk Management Strategy

Monitor & Refine

Assessment & Analysis

Embedding

Monitor & Refine

Treatment

Embedding

It is also necessary to address <u>all</u> steps in the risk management process, not only the preliminary risk identification stage (see illustration opposite).
Our recommendations in respect of the Council's Risk Management arrangements, contained in detail on page 12, are focused around four key themes:-

- Arrangements for identifying and assessing significant risks.

- Framework for managing risk.

- Clarifying roles and responsibilities.

- Reporting and monitoring arrangements.

Recommendations for improvements in Health and Safety Management are summarised on Page 22.

BACKGROUND

The Local Government Act 1999 requires all authorities to make arrangements to secure continuous improvement in the way in which they carry out their functions. The Act requires authorities to prepare a Best Value Performance Plan to review all functions over a 5-year period ending 31st March 2005.

The Council engaged Marsh UK Ltd to assist in carrying out a review of the Council's Risk Management and Health & Safety functions within the context of Best Value criteria, the components of which include:-

Challenge
To challenge the needs for the service, its purpose and the means by which it is provided

Compare
To compare the performance of a service with others using performance management tools and techniques to identify best practice

Consult
To consult with stakeholders affected by the services to make sure that they are responsive to their needs and concerns.

Compete
To embrace competition by appraising different procurement methods to ensure cost-effectiveness

Whilst the review took account of all four components, we specifically focused on comparing the Council's performance with best practice and facilitating the implementation of improvements.
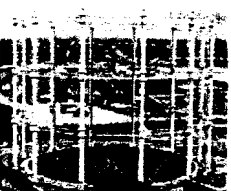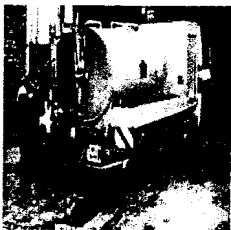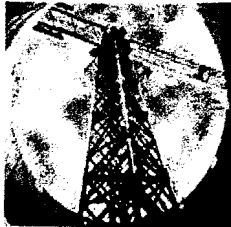
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METHODOLOGY FOR REVIEW

Given the different stages of maturity of the Council's Health and Safety arrangements and its risk management functions and the prescriptive approach required to comply with Health and Safety regulations, the two aspects of the review are considered separately. However, our recommendations address the synergies of the two functions within a structure which addresses all areas of risk: hazard, operational, financial and strategic.

Part 1 of the report addresses the current Risk Management arrangements and the management of Health and Safety is considered in Part 2.

The methodology for the risk management review comprised three main areas of activity:-

- Review of current policies, arrangements for delivering the services, culture and practices within the Council. This was conducted by means of examination of current policy and strategy documentation (listed at Appendix 1) and consultation with internal customers of the services and those responsible for strategic planning.

- Identification of best practice by researching current, published sector guidance (listed at Appendix 2) and comparison of the Council's performance with similar authorities.

- Development and recommendation of areas for continuous improvement and arrangements for their implementation.

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Part 1
Risk Management

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Part 1 – Risk Management

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CHALLENGING AND COMPARING THE CURRENT SERVICE

Definition of the Service

The following activities are required to deliver the risk management function effectively within all authority services:-

- Insurance procurement and advice.

- Internal service delivery(including allocation of cost of risk).

- Claims management.

- Risk management strategy (strategic, operational and project risk).

- Health and safety compliance.

In considering these issues in the review, particular attention is given to:-

- Policy/strategy in relation to the management of risk throughout the authority.

- Methods for identifying and analysing risk.

- Arrangements for controlling and mitigating losses within services.

- Performance monitoring procedures.

Current Arrangements for Delivering the Service

The management of risk is defined in the Council's Risk Management Policy Statement as:-

"the identification, evaluation and cost effective control of risks to ensure that they are eliminated or reduced to an acceptable level"

In Carlisle City Council it is the responsibility of the Insurance and Risk Manager (reporting through the Head of Financial Services to the City Treasurer) to advise on and arrange appropriate insurance cover for the Council and be the Council's principal risk management co-ordinator and adviser.

With occasional clerical support, the activities this function delivers include:-

- Insurance procurement, insurance policy administration and advice on coverage.

- The handling of liability, motor and property claims in conjunction with the Council's insurers.

- Risk management planning and advice.

- Maintenance of the Risk Management Information System (FIGTREE).

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Securing Value for Money

We have been unable to determine the estimated total cost of risk for the current financial year.

In delivering the service, elements of competition can be demonstrated in line with the principles of Best Value. Specific elements of the service are delivered in partnership with external agencies, for example:-

- Support in insurance procurement and advisory service (Marsh UK).

- Provision of insurance cover (principally St Paul).

- Specialist training (e.g. Zurich Municipal, Marsh & St Paul).

- Product suppliers (e.g. Figtree, Loss Adjusters etc).

These services are procured by competitive Tender in line with the EC Public Services Directive and associated OJEC procedures.

Current Risk Management Strategy

To support this function, "a risk management structure" is alluded to in the draft policy documentation, but in practice this appears to have been taken no further than the establishment of a risk management group. Whilst there is no further clarification of roles and responsibilities within the risk management policy documentation, we understand that the current organisational restructuring will set the framework for improvements in this area.

We considered two versions of a Risk Management Policy statement, along with criteria for funding risk management proposals (although we now understand that the allocated budget has been withdrawn due to other pressures on resources).

The Risk Management Statement fulfils a purpose as a policy document: a statement of intent, but is does not contain a measurable strategy for implementing stated objectives. Whilst the Risk Management Group has met on a number of occasions and served as a forum for identifying and developing specific loss control solutions, as with many local authorities, the approach has been "ad hoc" and aimed at addressing operational risk.

Whilst the group may have helped to raise awareness of risk management, it is clear that its actions need to be supplemented with an integrated risk management framework which also encompasses strategic risks and is embedded into the service planning and delivery processes.

The role of audit and scrutiny functions (including both internal and external audit) is a critical component in the risk management process, ensuring that adequate systems of control are in place and functioning. The Council's Internal Audit team's role at present is largely confined to addressing financial risk and regularity, though there is an awareness of the need to extend their operations to include areas of "business risk", both operational and strategic in line with corporate governance requirements. The Council has been working in

partnership with District Audit to develop its risk management strategy, whilst mindful of the need for audit functions to remain independent of policy-making.

Management of Project Risk

The modernisation of public services, the responsibility of local authorities in leading the Community Planning process and the increasingly complex options for delivering service have resulted in greater emphasis on partnership working. Strategic alliances, joint ventures and public/private partnerships bring additional risk to the Council and arrangements are required to ensure that these risks are properly managed by all parties to ensure that project objectives are achieved.

During this review, the need to properly manage project and partnership risk was seen as a priority by senior managers, though all acknowledged that the Council had no systematic approach to addressing these issues.

We considered the Chief Executive's report to the Policy and Resources Committee (18 April 2001) including District Audit's Management Investigation and Review of the Gateway City Project. These reports comment on:

> "the weakness of some key management and decision making processes; particularly the risk assessment process..."

The report recommends that senior managers and Members undertake training and development on risk management and that awareness sessions and workshops be arranged. A further recommendation proposed that any further major projects be accompanied by appropriate project management.

Whilst implementation of these recommendations will undoubtedly raise awareness of risk associated with major projects, this needs to be supported by an established framework for managing risk which is embedded into service planning and decision making processes.

The use of a Project Appraisal Form for projects ">£30,000" linked to key Council objectives is a positive control which can be used to record risk assessments, but requires incorporation into the risk management framework to ensure its use is systematic and actions monitored.

In addition to our recommendations for improving the management of project risk, we urge the Council to identify and review major projects and partnership ventures underway with a view to adopting risk mitigation strategies.

Comparing Performance

There is a distinct shortage of data available for comparison of these services amongst local authorities.

The Association of Local Authority Risk Managers (ALARM) undertook a national survey comparing the cost of risk among local authorities in 1999, details of which are shown at Appendix 3. It is difficult to draw any meaningful conclusions

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from this report as it is now generally accepted that the elements compared were not on a "level playing field".

In conjunction with the Council's Best Value Policy Officer we developed a questionnaire based around key elements of risk management performance which was issue to "family group" authorities in an attempt to establish a benchmark for Carlisle City Council. The results are attached at Appendix 5. Whilst the responses show generally positive perceptions about the development of risk management in local authorities, the extent to which these arrangements are embedded into service planning and delivery functions requires to be tested further.

We recommend that the Council's performance be benchmarked against accepted best practice for the sector as detailed in published guidance from authoritative sources. The results of these comparisons are shown in Appendix 4.

CONSULTATION

Whilst the proper management of risk ultimately affects all the Council's stakeholders, for the purposes of this review, consultation was restricted to internal service users and authorities within the benchmarking "family group".

As part of the consultation process, interviews were conducted with a number of key officers representing internal service users and those responsible for strategic planning. Interviewees included the Chief Executive, Head of Financial Services, Director of Housing, Head of Internal Audit, Head of Policy, Best Value Reporting Review Officer, Councillor Fisher and Risk Champion. The interviews were aimed at assessing perceptions of risk and the adequacy of the Council's current arrangements.

A presentation was made to the Cabinet to raise awareness of the role of risk management in the governance process. A discussion forum also took place-involving members of Scrutiny Committee, who participated in an exercise to demonstrate the tools and techniques for strategic risk assessment.

A questionnaire was issued to similar authorities to elicit their views. Although the level of response was disappointing, this may be symptomatic of the lack of progress within other authorities in developing risk management strategies.

PROGRAMME FOR IMPROVEMENT

The recent changes to the Council's political management arrangements, along with the current organisational restructuring provide a ripe opportunity for developing a programme of improvements to the Council's Risk Management arrangements (including Health and Safety Management).

As the new Strategic Planning arrangements are developed, the management of risk can be incorporated into policy planning and service delivery procedures, effectively enhancing the Council's system of internal controls.

As mentioned in the Executive Summary, our recommended improvement plan is formed around four key themes:-

- Arrangements for identifying and assessing significant risks.

- Framework for managing risk.

- Clarifying roles and responsibilities.

- Reporting and monitoring arrangements.

Our recommendations in each of these areas are as follows:-

Arrangements for identifying and assessing significant risks

- A **Strategic Risk Assessment** exercise should be undertaken to establish a systematic approach to the identification, prioritising and treatment of risk according to the likelihood of occurrence and potential impact on the Council's services. This initiative should encompass strategic risks arising from service planning options including those areas, such as Community Planning, where the Council is dependent on other bodies and agencies to ensure achievement of objectives.

- The strategic risk assessment should produce a **risk register** in which the Council's risk portfolio can be maintained, actions allocated and prioritised and controls recorded. The register should also be used to monitor improvements in performance.

- From this basis of systematic identification and assessment of risk, the Council can develop a **prioritised action plan** to direct its risk management activity and from which risk management objectives can be determined and strategies for risk control implemented.

Framework for managing risk

- Corporate governance requires evidence of **a sound system of internal controls**, including those for assessing and managing risk in service planning and delivery. In order to achieve this, risk management must be factored into service planning processes.

- All stages in the **risk management process**, as shown in the model on the facing page opposite page 3 require to be addressed for procedures to be **embedded** effectively.

- When setting strategic aims and service objectives, it should be recognised that perfect conditions may not always apply in translating these plans to delivery options. Checks need to be built into the **strategic planning process** to identify risks, in terms of both threats and opportunities, which could impact on ability to achieve delivery standards. The Council has already recognised this requirement and the appropriate wording has been developed for incorporation into the Corporate Plan.

- The **planning process** should allow for examination of each objective in turn and consider strategic risks such as political, financial, social, economic or technical issues which may assist in **appraisal of service delivery options** (e.g. partnerships, strategic alliances, outsourcing etc). At this stage, consideration should also be given to the mutually dependent nature of services, particularly where the successful achievement of objectives relies on performance of others, either external to the Council or cross-functional.

- At **service level**, plans require to address risk associated with the successful delivery of quality services to the community, as well as the achievement of service standards. Operational risk (e.g. adequate resources, contingency plans and performance monitoring) should be addressed within service plans. When drafting the **service plan model**, reference to risk, similar to that contained in the Corporate Plan, should be included.

- By establishing performance measures linked to SMART objectives, a system of "early warnings" can be integrated into the planning process to identify any threats at a stage where timely intervention can mitigate serious risk of a failure or loss.

- The Council has acknowledged the need for consistent procedures aimed at managing **project risk** in major ventures and noted that a more systematic approach was required. The issue requires attention at the **project planning stage**, where risk assessment and analysis can assist in the appraisal of options, but must continue through **implementation and operational phases**. We cannot emphasise strongly enough that the risk management process goes beyond the risk assessment and transfer stages: **treatment of risk**, particularly that residing with the Council is essential to avoid unforeseen or unquantified impact, financial or otherwise, at a later stage.

- At the heart of our recommendations in developing a framework to manage risk is the enhancement of **decision-making processes** to ensure that exposures are properly addressed in the same way as financial or resources are considered before approval is granted.

Clarifying roles and responsibilities

- Whilst everyone in the organisation has a role to play in managing risk, to sustain accountability, maintain controls assurance and to ensure that performance improvement is achieved, specific **roles and responsibilities should be assigned.**

- **Directors** should be responsible for **ensuring that systems are applied** for the identification and assessment of risk relating to their area of responsibility. This may require training and support in the tools and techniques available to assist in this process. **Heads of Service** may have responsibility for **implementing action plans** assigned to them, as well as being responsible for applying the necessary control measures to specific areas of service, in order to aid achievement of objectives.

- There is a requirement to designate responsibility for co-ordination of risk management activity, therefore it would be advantageous for the Council to appoint a **"risk champion"** at a senior level. The key function of this champion would be to spearhead the risk management strategy, with regard to measurable performance objectives. We consider that the proposal in the Council's Organisational Review to place this responsibility within Strategic Services to be an appropriate solution, given the apparent links with other aspects of the performance management process.

- The role of the **Risk and Insurance Manager** requires redefinition and a revised job profile should be developed for this role given the unwieldy scope of duties. We note that the proposed structure places responsibility for the insurance function within Finance Services. Whilst this may be expedient given synergies with other financial services, it remains an integral component in managing risk and clear lines of accountability and communication should be established between the Insurance function and Strategic Services. We do not recommend divorcing the two functions entirely.

- The remit and Terms of Reference of the **Risk Management Group** should be amended to ensure accountability through SMART objectives. Too often, these groups are established at operational level, with no real authority or accountability and inevitably fall by the wayside in time under pressure of greater priorities. Consideration should be given as to whether this forum should be responsible for reviewing risk management related issues arising in the audit, health & safety, emergency/contingency planning and insurance functions to provide co-ordinated support to Directorates in managing risk.

- The **Corporate Management Team**, and in particular the **Chief Executive**, is **ultimately accountable for governance** and for ensuring the adequacy of internal controls. The senior management team, whatever its shape or form, must be in a position to monitor performance in this area and set policy to ensure that appropriate policies and procedures are in place.

Reporting and monitoring arrangements

- The **role of audit and scrutiny functions** is critical to embedding a comprehensive risk management strategy and to demonstrating improvements in the Council's risk management performance. Their responsibilities in the risk management process should be specified, including those of Internal and External Audit and the Scrutiny or Review Committees charged with monitoring performance and controls assurance. Internal Audit requires to ensure that the Audit Plan includes review of control systems for operational and strategic risk as well as financial risk and regularity. This may have resource and training implications for the function.

- Recognition of **District Audit as a stakeholder** in the Council's risk management arrangements is a positive approach and in formulating the Council's risk management strategy, consideration should be given to how this support can be used to best effect.

- We also suggest the Terms of Reference for the **Audit and Scrutiny Forum** should be amended to reflect their risk management responsibilities.

- In considering the role of any audit function in managing risk, it is essential to ensure that the independence of audit is not compromised: auditors are responsible for **reviewing the adequacy of systems of control** – they cannot therefore be involved in formulating policy.

- Recognising that managing risk is a continuous process, **arrangements for identifying and managing new and emerging risks needs to be formalised**, as does the way in which these impact on the Council's risk profile. Operational and strategic managers will become aware of these risks as they perform their duties and legal, compliance and other professional advisers can all contribute to this process. However, consideration should be given to the methods for assessing the impact and likelihood of these issues, assessing actions required and informing the risk register. Clear responsibility should be allocated for ensuring that the necessary controls are in place to ensure this process.

- Performance cannot be monitored effectively unless systems are in place for the proper **recording, analysis and reporting of performance data**. Whilst loss data from insurable claims and accident statistics is useful, measurement of the effectiveness of intervention strategies, identification of risk trends or disruption to the provision or quality of services all form part of the performance management process.

- One of the objectives of the Council's Risk Management Strategy should be the **benchmarking of performance and comparison with other organisations** – the CPA and Best Value processes underline this requirement. Having agreed a framework of arrangements for managing risk, consideration needs to be given to the **content, format and frequency of reports** to those tasked with responsibility for risk management performance.

CONCLUSION

The forthcoming Comprehensive Performance Assessments provide an added driver and give direction to the management of risk in local government, as will the development of local codes of Corporate Governance.

Proposals for organisational change within Carlisle City Council and recent enhancements to the performance management and planning arrangements have already strengthened framework required to sustain improvements in control systems.

Embedding risk management into the Council's service planning and decision-making processes is another essential element of sound corporate governance and performance management and we commend the Council for the approach it has taken to achieve improvements in this area.

Implementation of the recommendations contained within this report will assist the Council in enhancing its system of internal controls and managing ventures with partners, thereby securing continued delivery of quality services to the community.

We have agreed to facilitate a further three presentations or discussion forums as part of this review to raise awareness of the benefits and processes of risk management among Council services.

We would be delighted to discuss our findings in this Best Value Review with the Council and the ways in which Marsh can support their implementation.

Part 2
Health & Safety
Management Services

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Part 2 – Health and Safety

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1. EXECUTIVE SUMMARY

1.1 Introduction

This report has been prepared in response to Carlisle City Council's (the Council's) consultancy brief for the Best Value Review of Health & Safety and Risk Management services. This brief required the chosen consultant to provide a comparison study and cost benefit analysis, the other elements of the overall best value review being undertaken by the Council's own project specific Best Value Review Team.

The criteria chosen for the assessment/comparison (together with the sections and subsections in which they are discussed by the report) are listed in Table 1 and more fully described in Section 3.3. The main discussion of the report is presented as Section 4 whilst Section 2 provides a list of the recommendations made.

1.2 Summary of Findings

The overall conclusion that may be drawn, from assessment and comparison against the various criteria listed in Table 1, is that the Council has broadly effective systems for the delivery of health and safety management services. Almost inevitably, there are some areas where it is considered that improvement can be made. In consequence of this, the report makes a total of 18 recommendations designed to guide and assist the Council in seeking to make improvement and to demonstrate further/ enhanced best value.

One of the factors that detracts from the Council's health and safety management system stems from the fact that, historically, it has, in effect, operated two separate health and safety management systems. One of these applied to the DSO and the other to the rest of the Council. Since May 2001, there has been a single Health & Safety Advisor operating across the whole of the Council, but this has not given sufficient time for integration of the two former systems to take place. By and large, the systems operated within the DSO are the better developed and should form the basis for higher standards elsewhere in the Council. One area where the difference is most obvious relates to the existence of two slightly health and safety policy statements, supported by two differing health and safety management organisations.

In relation to generally recognised good practices in risk and health & safety management, it is considered that there is scope to improve on existing standards of proactive monitoring. The report recommends the development and implementation of workplace inspection checklists to be completed by line managers.

The report also recommends a comprehensive review of the Council's risk assessments. This recognises the key importance that is placed on these documents by the HSE when themselves judging the effectiveness of an organisation's health and safety management system.

Whilst one of advice and guidance, the role of the Health & Safety Advisor is key to the effectiveness of the health and safety management service. The report is pleased to conclude that the existing jobholder (Mr. Brian Lennon) is highly competent to fulfil this role.

The Council will, however, need very urgently to determine where and how the Health & Safety Advisor's role is to be accommodated in the forthcoming re-structuring of the Council. The report concludes that the current arrangement is ideal. The Health & Safety Advisor reports directly to the Managing Board Director with responsibility for health and safety and, through this arrangement, can also have access to the Chief Executive when necessary. The report cautions that the Council should consider very carefully any re-organisation that could dilute this currently very direct reporting line.

The Health & Safety Advisor also has responsibility for the DSO's Quality & Systems. Currently this role takes up less than 10% of his time and, as such, is not a serious threat to the ability to deliver on the health and safety role. However, the report cautions that every effort should be made to ensure that further dilution of available time is avoided. The report also recognises that the Health & Safety Advisor reaches normal retirement age within the next 12 months. He has indicated that he would be willing to remain in post beyond this date. The report recommends that careful consideration should be given to the future planning, not only for the health and safety role, but also for the quality and systems role. It is unlikely that any single candidate would have the necessary skills set to take up and implement both roles effectively.

The potential benefits of the recently established Health & Safety Working Group are recognised, as is also is the need to ensure that the members of this group are empowered and motivated to fulfil their roles upon it. The report recommends that a review of its effectiveness should be completed.

The report acknowledges that it has only superficially examined standards of legislative compliance. It recommends that a full audit of compliance standards should be completed. This would also enable the Council to demonstrate a well-recognised standard of good practice.

Other recommendations made include in relation to:-

- Reconciliation of health and safety record keeping systems.

- Review of the Council's procedures and practices for monitoring and responding to sickness absence.

- On-going liaison with Trade Unions regarding the formation of a health and safety committee.

- Evaluation of more comprehensive and effective mechanisms for evaluating the health and safety performance of line managers and recognising this in performance appraisals and personal improvement plans.

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TABLE 1

Section	Sub-Section	Criteria
4.1		**RISK MANAGEMENT**
	4.1.1	Policy statement
	4.1.2	General management structure and organisation
	4.1.3	The support of the Chief Executive and Chief Officers/ Managing Board
	4.1.4	Planning and the setting of goals and objectives
	4.1.5	Implementation of cost effective improvement plans
	4.1.6	Identification of strengths, weaknesses, opportunities and threats
	4.1.7	Emergency response and maintenance of service delivery through business continuity plans
	4.1.8	The integration of health & safety management and risk management
	4.1.9	Monitoring, audit, review and reporting to the Managing Board
4.2		**HEALTH & SAFETY MANAGEMENT SYSTEMS**
	4.2.1	Risk assessment
	4.2.2	Control
	4.2.3	Competence
	4.2.4	Communication and consultation
	4.2.5	Selection and control of contractors
4.3		**HEALTH & SAFETY MANAGEMENT RESOURCES**
	4.3.1	Definition of the role of the Health & Safety Advisor
	4.3.2	Competence of the Health & Safety Advisor
	4.3.3	Internal resources, availability and support
	4.3.4	The long term position of health & safety management
	4.3.5	Use of external resources and expertise
4.4		**COMPLIANCE WITH LEGISLATION**
4.5		**COST, REPUTATION AND SERVICE DELIVERY**
	4.5.1	Recruitment of personnel
	4.5.2	Accidents and injuries
	4.5.3	Sickness absence
	4.5.4	Claims management

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2. LIST OF RECOMMENDATIONS

Section	Recommendation

4.1.1 As is currently under review, a unified health and safety policy statement, signed by the Chief Executive, should be developed and drawn to the attention of all employees. (For issue to the employees of the DSO, the countersignature of the General Manager should continue to appear.)

4.1.2 Following the re-organisation of the Council's structure, the organisation for health and safety should be updated, also taking into account this report's comments regarding consistency and comprehensiveness.

4.1.6 The Council should consider completing a SWOT analysis for health and safety management services.

4.1.9 One or more workplace safety inspection checklists should be developed. These should provide a framework for a line manager to carry out an effective safety inspection of his/her area of responsibility. There may be benefit in producing one checklist that applies to office environments and a second or more checklist(s) that applies to more complex workplaces such as the DSO workshops. If considered necessary, the line managers should be provided with training; there would be opportunity to do this in conjunction with the proposed training in techniques of accident investigation. Line managers should then be required to carry out a safety inspection and complete the checklist at least once every three months.

4.2.1 A comprehensive review of the general risk assessments throughout the Council should be completed as a matter of high priority. This review should seek to confirm:

- General and/or specific assessments have been completed for all activities where employees or other persons could be at significant risk.

- These assessments clearly identify the persons who could be at risk and the nature of the risks that they could face.

- The nature and effectiveness of the control measures that have been put in place to address the significant risks

- Any additional control measures that should be put in place to ensure an appropriate standard of control have been specified (and that responsibility has been assigned for ensuring that these improvements are made in timely fashion).

- Any potential for specific "groups of persons" to be at particular risk has been identified. These groups would include young persons, disabled persons, pregnant women/nursing mothers and lone workers.

4.2.3 The Council should evaluate mechanisms through the health and safety performance of managers can be recognised as an important element within the overall performance appraisal and development planning processes.

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Section	Recommendation
4.2.4	The Council should continue to liaise, as necessary, with the recognised Trade Unions in relation to the setting up and implementation of a health and safety committee.
4.2.5	As is already planned, a single system for selecting, monitoring and controlling contractors should be established across the Council.
4.3.1	A job description should be developed for the position of Health & Safety Advisor.
4.3.1	Careful consideration should be given to the reporting line of the Health & Safety Advisor following the forthcoming re-structuring of the Council. The current structure of reporting to the Managing Board Director with responsibility for health and safety is considered to be ideal.
4.3.3	A review of the effectiveness of the Health and Safety Working Group should be completed.
4.3.3	Checks should be carried out to confirm that job descriptions, goals/objectives and performance appraisals for members of the Health and Safety Working Group adequately reflect that fulfilment of this role is now one of the key elements of the work carried out by its members.
4.3.4	Consideration should be given to the succession planning for the Health & Safety Advisor recognising also the responsibilities that he undertakes in relation to quality and systems management for the DSO.
4.3.5	Checks should be made to confirm that adequate documentary evidence is available to confirm that contractors have been selected and contracts awarded in accordance with Standing Orders and with appropriate transparency and probity.
4.4	Consideration should be given to a formal audit of health and safety compliance standards.
4.5.2	The DSO's existing accident reporting, investigation and monitoring procedures should be rolled out to cover all Council departments.
4.5.3	A comprehensive review of the Council's policies and procedures for monitoring and reducing sickness absence levels should be considered.
4.5.4	A Council-wide review and reconciliation of health and safety record keeping systems should be carried out.

3. BACKGROUND INFORMATION

3.1 Purpose, Objectives and Scope of Work

This report has been prepared in response to Carlisle City Council's (the Council's) consultancy brief for the Best Value Review of Health & Safety and Risk Management services. This brief required the chosen consultant to provide a comparison study and cost benefit analysis, the other elements of the overall best value review being undertaken by the Council's own project specific Best Value Review Team.

The briefing document required three main principles to be incorporated into the review:-

- A number of systems/procedures are already in place particularly in financial and health and safety management and these need to be reviewed and the benefits defined.

- Systems need to be developed to improve strategic and operational management.

- Both of the above need to be integrated into the way the Council operates and risk management should be owned by staff and Members as a principal part of their work and not seen as a bolt-on to what they do now.

The full briefing document issued by the Council is included, for reference purposes, as Appendix 1 to this report.

It should be noted that this report deals specifically with health & safety management services. The results of the work completed for the other elements of risk management services are addressed under separate cover.

3.2 Methodology

This report has been prepared based on:-

- Interviews with Mr. Brian Lennon (Health & Safety Advisor) and with Mr. Michael Battersby (Director Environment and Development)who is also the Council's Managing Board Director with responsibility for Health & Safety.

- Review of health and safety documentation including the Council's Office Safety Manual and the Carlisle Works Employees' Handbook.

- Brief tours of the DSO/ Carlisle Works premises at Bousteads Grassing, Carlisle and of the Council Offices/ Civic Centre in Carlisle town centre.

The briefing document requires the outcome of the review to meet a range of standard criteria (extracted from ALARM Risk Management Guide – A Key to Success), amended as necessary to the organisation. The next subsection defines the criteria that have been used as the bases for comparison and analysis within the report. These broadly focus on the "risk management criteria" defined in the briefing document but also include several additional criteria that

are considered to be key to the provision of health and safety management services.

3.3   The Criteria for Comparison and Analysis

3.3.1   Risk Management Systems

This report particularly assesses health and safety management as a risk management discipline and considers all the criteria described in the briefing document. The wording has been subject to minor changes and additions to arrive at assessment/comparison criteria as defined below:-

- The formal framework for health & safety management.

- The strategy for managing health and safety risk.

- The support for health and safety management by the Chief Executive and the Chief Officers/ Managing Board.

- The setting, measuring, communication and effective implementation of goals and objectives.

- The development and timely implementation of cost effective improvement plans.

- The ability to identify and assess strengths & weaknesses and opportunities and threats.

- The ability to respond to emergency situations and to minimise interruption to service delivery through business continuity plans.

- The integration of health and safety management and risk management.

- The procedures for monitoring, comparing and reviewing performance and for reporting the results of these activities to the Chief Officers/ Managing Board on a regular basis.

3.3.2   Health & Safety Management Systems

It is considered that it is also necessary to examine the health and safety management systems on a standalone basis. There are well-established criteria defining good practice. The HSC/HSE uses guidance contained in the publication HS(G)65 – Successful Health and Safety Management as the key reference for assessing and benchmarking the effectiveness of health and safety management systems. In simplest terms, this guidance sets out various key requirements that, whilst broadly mirroring those listed above for general risk management, are specific to health and safety and include:-

- Health and safety policy statement, organisation and arrangements.

- Panning and the setting of standards, targets, goals and/or objectives.

- Implementation through:-

  - Risk assessment (by identification of hazards and risks)
  - Control (through policies, procedures, systems of work and other controls)
  - Competence (through provision of information, instruction, training and supervision
  - Communication and consultation

- Monitoring (reactive and proactive and audit).

- Performance review.

In parallel, the health and safety management system must ensure that the Council:-

- Meets its statutory duties as defined in the Health and Safety at Work, etc. Act (HSW Act) and the plethora of its subordinate legislation including the Management of Health and Safety at Work Regulations (MHSW Regs).

- Protects the health and safety both of its employees and any other persons affected either by the activities that it carries out or the premises/ equipment that it controls.

Obviously all these requirements put point broadly in the same direction so that, if the Council has an effective health and safety management system, then it should be meeting its statutory duties and ensuring the health and safety of its employees and other persons.

3.3.3   Health and Safety Management Resources

The MHSW Regs. place a duty on employers "to appoint one or more competent person to assist him in undertaking the measures he needs to take to comply with the requirements and prohibitions imposed on him by or under the relevant statutory provisions." The same regulations also, in effect, require the employer to ensure that this competent person(s) has suitable time and other resources necessary to enable him to fulfil that role that adequately taking due account of the number of employees and the nature and complexity of the risks that may arise.

Within the Council, the role of the competent person is fulfilled by the Health & Safety Advisor (Mr. Brian Lennon). It is therefore a central requirement of this study to assess and compare how well Mr. Lennon is able to carry out this role and the adequacy of the time and other resources that are at his disposal in this regard.

Additionally, there are some areas where the Council draws upon the expertise of external specialists to assist it in meeting its statutory duties and in demonstrating good practice. From a Best Value perspective, it is necessary to examine the use of such services from the viewpoints of justification for use, selection criteria, on-going management and cost effectiveness, etc.

3.3.4 Compliance with key health and safety legislation

The HSW Act and the MHSW Regs have already been recognised as key legislation with which the Council is required to comply. The diverse range of activities that are carried out by the Council does indeed mean that a plethora of other legislation also applies. The following are important among this legislation:-

Name of Legislation	Abbreviation
Workplace (Health, Safety and Welfare) Regulations	Workplace Regs
Provision and Use of Work Equipment Regulations	PUWER
Manual Handling Operations Regulations	MHO Regs
Personal Protective Equipment at Work Regulations	PPE Regs
Health and Safety (Display Screen Equipment) Regulations	DSE Regs
Control of Substances Hazardous to Health Regulations	CoSHH Regs
Noise at Work Regulations	Noise Regs
Electricity at Work Regulations	Electricity Regs
Pressure Systems Regulations	PS Regs
Reporting of Injuries, Diseases and Dangerous Occurrences Regs.	RIDDOR
Lifting Operations and Lifting Equipment Regulations	LOLER
Construction (Design and Management) Regulations	CDM Regs
Confined Spaces Regulations	CS Regulations

3.3.5 Cost, Reputation and Service Delivery

Should there be significant failings in the effectiveness of the health and safety management services, there is potential for risks of very significant impact to arise in financial terms, image/reputation terms and service delivery terms.

The report examines the following assessment/comparison criteria:-

- Recruitment of personnel.

- Accidents and injuries.

- Sickness absence.

- Claims management.

Within the broad remit of health and safety management/ service delivery, recruitment of personnel is important from the viewpoint of ensuring that selected persons are "fit" to carry out the work required. The report examines fitness in terms of qualifications/experience and medical fitness.

Very significant costs to the business can result from lost time as a result either directly from work-related injuries/ ill health or indirectly from sickness absence. These occurrences can adversely affect the timeliness, effectiveness and

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efficiency of delivery of other services. These can result from both the shortfall in manpower itself and also from the negative effects on moral if the employees perceive that their health, safety and welfare is not being given the necessary priority.

As a result of many circumstances, some arguably beyond the Council's control, claims can and are made against the Council for injuries and/or ill-health suffered both by its employees and by members of the public. These usually relate to actual or alleged shortcomings in the health and safety management systems. Whether agreeing to pay these claims or setting out to dispute them can incur significant costs.

3.4   Background Information

The Council currently employs circa 1200 persons. This number will reduce, probably by circa 230+ persons, in the event that there is, in July 2002, a vote in favour of the voluntary transfer of the Housing Stock. Employees will transfer, under TUPE, to a new Housing Services Company. Some 400 of the Council's employees are currently employed in the Direct Services Organisation (DSO) and most transfers will be from this department.

By virtue of the nature of the work carried out by the DSO, it is a reasonable argument that, on a day to day basis, these employees are at risk from a greater array of hazards than the majority of their fellow employees. For example, looking at the list of Regulations given in Section 2.4, all of those listed could routinely apply (to a greater or lesser extent) to employees within the DSO.

Many employees in the Civic Centre carry out their work within an office environment where the range of risks may not be as diverse as those faced by the employees of the DSO.

Nonetheless the risks they face can still be significant. For example, they can face serious long term ill-health effects from poor practices in relation to the design, provision, use and maintenance of PC workstations.

Many employees carry out work that routinely puts them either in direct and/or telephonic contact with members of the public. Sometimes this contact is in situations where there is a real risk of a member of the public subjecting that employee to abuse, threats or, in extreme cases, an actual act of violence. Work related stress is a risk that it is recognised to be growing within the workplace as a whole and may be recognised as a particular concern for employees and employers within the public sector.

It may be concluded, from all the above sections, that the demands placed upon the Council's health and safety management system can be many and various. It needs to be robust yet also flexible and wide ranging in order to stand up to these demands.

Historically Mr. Lennon acted as the DSO's own health and safety co-ordinator, based at Carlisle Works. A health and safety officer based in the Civic Centre provided health and safety advice/ guidance, for the Council's other departments. Both persons carrying out these roles also had other responsibilities. Approx. 12 months ago, Mr. Lennon took on the role of Health & Safety Advisor for the Council as a whole.

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This review must largely relate to the Council structure as it is at the moment (May 2002). However, it is known that a major re-organisation of the Council's structure has been proposed and which is likely to be effective by the end of August 2002. A proposed structural organisation has been published but did not include details of the reporting line for the Health & Safety Advisor. It will be important to ensure that this reporting line enables the Health & Safety Advisor to continue to have ready access to the Chief Executive and to receive effective day to day support from a member of the Council's Managing Board.

3.5 Limitations

In carrying out this work, Marsh does not claim to have identified an exhaustive list of suitable assessment/ comparison criteria This report has been prepared based on information obtained/ provided during and after the visit to the Council's premises. The report has been prepared in good faith based on the interpretation of that information.

Marsh has not particularly sought to verify the accuracy of this information. This report and any subsequent recommendations and/or services provided are advisory. They are designed to assist a Client in establishing and maintaining its own risk control efforts in providing a safe environment and in requiring safe practices for the safety of employees and the public.

4. DISCUSSION - EVALUATION AND COMPARISON

4.1 Risk Management

4.1.1 Policy Statement

Criteria:- The development and implementation of an overarching statement framework and of key commitments and objectives is widely recognised as the first element of any risk/health & safety management system.

The preparation, communication, review and update of a health and safety policy statement, supported by an organisation and arrangements, is a key legal requirement under HSW Act.

Evaluation:- The Council has two slightly differing health and safety policy statements. One is contained in its Office Safety policy manual, issued to all employees other than those in DSO. This policy manual document was last updated in February 2001 and the statement, together with its accompanying organisation (see Section 5.2), is indicated to be issued under the signature of the Chief Executive and Town Clerk. The other policy statement and organisation forms part of the Carlisle Works Employees Manual and this is given to the DSO employees. The date for this manual is August 2000 and here the policy statement is issued under the signature of the General Manager i.e. the person with overall responsibility for the Carlisle Works site and the DSO employees.

Assessment/Comparison:- Ideally any employer should only have a single policy statement signed off by its most senior officer (or at least by another Board member). The policy statement should have been reviewed within the last three years (as is the case for both statements issued by the Council). That there are two differing policy statements is largely historical and the Council has already recognised the need to develop a unified statement, together also with a consistent organisation and arrangements. The rationale behind issuing the DSO's policy statement under the signature of its General Manager is very understandable. This emphasises that its own most senior manager, based at Carlisle Works, is committed to health and safety management. However the signature also of the Chief Executive should appear.

Recommendation

As is currently under review, a unified health and safety policy statement, signed by the Chief Executive, should be developed and drawn to the attention of all employees. (For issue to the employees of the DSO, the countersignature of the General Manager should continue to appear.)

4.1.2 General management structure and organisation

Criteria:- The management structure should define the formal framework for management of the aspect of organisational risk and indicate through whom strategies can be delivered.

As noted above, to fulfil legal requirements under HSW Act, the policy statement should be supported by an organisation, defining responsibilities and accountability for health and safety management.

Evaluation:- There is an organisation for health and safety management contained within both the Office Safety policy manual and the Carlisle Works employees' manual. The latter specifically defines the management responsibilities for the DSO organisation whilst the former relates to a generic management structure. Both are well written and, in so far as they go, enable persons (including the employees) to gain a good understanding of the health and safety duties that they should be fulfilling. In both documents overall responsibility clearly lies with the Chief Executive and cascades from him through the Chief Officers to the Senior managers and so on. There are however, some differences between the documents and neither appears to fully reflect the whole picture for health and safety management within the Council. For example:-

- Within the Carlisle Works employees' manual, the Director of Environment and Development is (correctly) shown as having responsibility for championing health and safety at the Management Board level; this is not reflected in the Office Safety policy manual.

- In both documents, there is reference to a Safety Officer "responsible through the Head of Personnel services to the Chief Executive" for the provision of advice and assistance to the Council. In the Carlisle Works employees' manual there is also reference to a health and safety co-ordinator specifically providing advice and guidance to the DSO management team. There is now a single Health & Safety Advisor reporting to the Chief Executive through the Director of Environment and Development.

- Neither document recognises the key role of the recently established "Health & Safety Working Group". This meets monthly and provides a management forum for the planning, development, embedding and monitoring of health and safety policy. It is chaired by the Director of Environment and Development with the Health & Safety Advisor as secretary.

- Neither document recognises the role of the nominated Council Member (Councillor Geddes) holding the health and safety portfolio (although such recognition continues to be rare).

Another factor to consider is the pending major re-organisation of the Council's overall management structure. There will be a need to review and update the organisation for the management of health & safety in line with the changes stemming from the overall structural re-engineering.

Assessment/Comparison:- Whilst largely as a result of the historical approach to health and safety management, there was and still remains good justification for maintaining a separate organisation for the DSO. The disadvantage of doing this is that it means that two documents need to be kept up to date rather than just one. They also have to be consistent with each other. Though generally only in matters of detail, the Council has not been able to keep the documents up to date and consistent. From this basis, it must be concluded that there is scope to improve.

Recommendation

Following the re-organisation of the Council's structure, the organisation for health and safety should be updated, also taking into account this report's comments regarding consistency and comprehensiveness.

4.1.3   The support of the Chief Executive and Chief Officers/Managing Board

Criteria:-   The support and commitment of the Chief Executive and of the Managing Board is essential if improvement in any area of risk management (including health & safety) is to be achieved. These senior personnel must receive, consider and act on suitable "high level" information to ensure delivery of the required improvement.

Evaluation:-   The Director of Environment and Development has been recognised as the managing board director with responsibility for health and safety. He reports on this element of risk management to each Board meeting. The Health & Safety Advisor reports directly to him. As noted earlier the Chief Executive has signed off the health and safety policy statement that is contained in the office safety policy manual. All members of the Managing Board have recently attended a 1 day Institute of Occupational Safety and Health (IOSH – professional body) training course on health and safety management for executives.

Subjectively, feedback received indicated that the Chief Executive and the Director of Environment and Development both demonstrate a high level of personal commitment to health and safety.

Assessment/Comparison:- The systems established and the training provided should ensure that the members of the Managing Board not only receive appropriate information on a regular basis but should also be able to interpret and act on this information correctly. Once suitable cases have been presented, the Management Board has made financial Resources available to allow many health and safety initiatives to be pursued.

Recommendation

None made.

4.1.4 Planning and the setting of goals and objectives

Criteria:- Planning and the setting, measuring, communication and implementation of goals and objectives are recognised as key elements of any effective risk management system and also form a key element of the guidance in HS(G)65.

Evaluation:- An annual health and safety plan is drawn up and is submitted for comment to the HSE (as the Council's enforcing authority). Progress on action items is monitored regularly by the Health & Safety Advisor in conjunction with the Director of Environment and Planning. Any concerns/ serious slippage can be brought to the attention of the Managing Board if/as necessary. In any case an annual presentation is made to the Managing Board as part of the review process and also to enable input at this level into the new plan.

Accident/incident statistics are monitored and reported monthly within the DSO. Here also all accidents are investigated and there are mechanisms to ensure that the Chief Executive and/or Managing Board are promptly advised of any serious accidents. Reactive monitoring systems are less well developed elsewhere. There is some limited benchmarking against other local authorities.

Assessment/Comparison:- The above described procedures would appear to a represent reasonable and cost effective means of enabling planning , monitoring and measuring key elements of health and safety performance. There is scope to improve reactive monitoring outside of the DSO.

Recommendation

None made.

4.1.5 Implementation of cost effective improvement plans

Criteria:- Implementation of cost effective improvement plans is a key element of any effective risk management system. It is not specifically advised in HS(G)65 but underlies requirements for performance review and planning.

Evaluation:- The Council recognises that cost effectiveness is an important element in the release of funding for health and safety improvement projects. Proposals for release of funds must seek to demonstrate an appropriate cost-benefit analysis. However, there is also recognition that there may be occasions when safety projects must be pursued to ensure that the Council meets its statutory duty, under HSW Act, "to ensure the health, safety and welfare of employees etc. so far as is reasonably practicable." Contributions towards various health and safety projects have also been obtained by means of successful bidding for funding from the budget of the Council's risk management group.

Assessment/Comparison:- The Council's approach to the funding of health and safety improvement projects appears sound.

Recommendation

None made.

4.1.6 Identification of strengths, weaknesses, opportunities and threats

Criteria:- This is an aspect of risk management that does not translate "directly" into recognised best practice for health and safety management. It is valuable for the Council to be aware of its strengths and weaknesses. The progress of legislation and best practice in the field of health and safety could be recognised as both opportunity and/or threat depending on the position adopted by the Council.

Evaluation:- Within the DSO, the Council monitors accidents and incidents and compiles detailed statistics. As an example, these figures were used to provide final confirmation that the regular occurrence of manual handling injuries was a cause for concern and that action needed to be taken to improve in this area. Training for employees was implemented in consequence. Thus a weakness in the management system and/or a threat to the organisation was identified. Opportunity was taken to strengthen the standard of control. However, no formal "SWOT" analysis has been completed.

The Health & Safety Advisor attends meeting of the Northwest Employers health and safety forum, which membership includes representatives from many public sector bodies in the region. However, this forum is not particularly useful in uncovering the type of benchmarking/reference data that the Council could usefully utilise in any SWOT analysis.

Potentially more useful in this regard, there have also been meetings between the health & safety advisors of various local authorities in Cumbria (Allerdale, Eden, Copeland and South Lakes as well as Carlisle itself). Exchange of some benchmarking data has taken place in these meetings. These meetings have not been held for a while but it is intended to re-establish regular meetings from July 2002.

Assessment/Comparison:- The completion of a "formal" SWOT analysis is very rare in the realm of health and safety management. On the other hand, the compilation of accident/ incident statistics as a benchmarking tool is common, although here the benchmark is usually against the organisation's own historical performance rather than any collective information from similar organisations. On this basis the Council is performing at least at an average level and may be a little ahead of the field given that that it has carried out some limited benchmarking against other similar organisations.

Recommendation

The Council should consider completing a SWOT analysis for health and safety management services.

4.1.7 Emergency response and maintenance of service delivery through business continuity plans

Criteria:- Best practice in both management arenas recognises the need to recognise and respond to emergency situations. The MHSW Regs (and other regulations) place a statutory duty on employers to ensure that there are suitable arrangements in place to protect employees (or other persons) who could be at serious and imminent danger.

Evaluation:- The Health & Safety Advisor is recognised by the Council as its Emergency Planning Officer.

The Health & Safety Advisor gets heavily involved when the Council (on its own or in conjunction with others) organises major events. There are number of such events each year involving the mobile bandstand and also a fireworks display. A particular big recent event was a BBC Radio1 Roadshow from Carlisle. Risk assessments are completed and reviewed in this regard by the Health & Safety Advisor himself.

In relation to the Council's own activities/own employees, risk assessments and appropriate emergency response procedures have been completed for various scenarios including fire and bomb threat within the main Council Offices (9 storey building with multiple tenants) and other premises occupied by the Council. Fire safety standards are checked on a regular basis and fire drills are completed in accordance with the fire certificate/recognised best practice. These activities are managed by the Council's building surveyors. Similarly, there is an adequate number of trained first aiders/appointed persons for premises occupied by Council employees and/or persons in the Council's care.

In compliance with the CoSHH Regs, emergency procedures have been developed for the release/spillage of bulk quantities of various hazardous substances at the DSO premises/Carlisle Works. There is potential for a major incident but it is understood that arrangements/plans have been developed in conjunction with the emergency services to deal with any such incidents.

Assessment/Comparison:- Standards here appear to be at least fully satisfactory.

Recommendation

None made.

4.1.8 The integration of health and safety management and risk management

Criteria:- To ensure consistent, efficient and effective systems of control, it is important that the health and safety management systems and plans are consistent with those of the overall risk management policy and strategy.

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Evaluation:- A key factor is that the Health & Safety Advisor is part of the Council's risk management committee. There is already a proven track record of the risk management committee approving funding to support health and safety initiatives including driver training and improvements to several display screen equipment workstations. In a related area, the risk management committee has also approved funding to bring about many improvements to the Council's own emergency response and business continuity plans.

Assessment/Comparison:- Whilst it remains early days, there is already clear evidence of the health and safety and risk management strategies adopting an integrated approach. It will continue to be essential that the Health & Safety Advisor plays an active role in the risk management committee.

Recommendation

None made.

4.1.9   Monitoring, audit, review and reporting to the Managing Board

Criteria:-   Both the ALARM management guide and HS(G) 65 recognise the importance of systems/procedures that enable an organisation both to monitor and audit its performance. There must be review mechanisms in place and adequate reporting to the Managing Board. The members of this body should receive suitable and necessary information to make and support strategic change and to ensure that suitable and adequate resources are made available in timely manner.

Under RIDDOR, there are requirements to report to the HSE certain categories of injury, disease or dangerous occurrence.

Evaluation:- As indicated in preceding subsections, there are well-established reactive monitoring procedures. Accident investigations are completed by line managers and overseen/ "quality checked" by the Health & Safety Advisor. He also more specifically investigates any incident which is either reportable under RIDDOR and/or could result in a claim against the Council. He also holds the accident report book on behalf of the Council as a whole.

The current health and safety plan includes an objective to provide training in techniques of accident investigation to all line managers. This training should result in improved standards and also respond proactively to likely statutory requirements for accident investigation. Accident statistics are compiled and reported on a regular basis including to the Managing Board via the Director Environment and Development.

In the area of proactive monitoring, as is commonly the case, standards are not good. Whilst the Health & Safety Advisor does complete some inspections, there is little other proactive monitoring carried out. Health and Safety responsibilities for line managers (as defined in both documents showing the organisation for health and safety management) include carrying out regular safety checks. However, failure to act on these responsibilities is widespread. Thus, this is not down to the individual managers themselves but to a failure by the Managing Board to ensure that these duties are discharged.

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There has previously been no formal audit of health and safety performance. However, there is a now strong case to suggest that the work carried out in this Best Value review has audited the Council's health and safety management systems against well-recognised standards of good practice.

Assessment/Comparison:- Overall, in relation to reactive monitoring, standards appear very good. There is clearly scope to improve in the area of proactive monitoring and this is addressed in the recommendation made below.

Recommendation

One or more workplace safety inspection checklists should be developed. These should provide a framework for a line manager to carry out an effective safety inspection of his/her area of responsibility. There may be benefit in producing one checklist that applies to office environments and a second or more checklist(s) that applies to more complex workplaces such as the DSO workshops. If considered necessary, the line managers should be provided with training; there would be opportunity to do this in conjunction with the proposed training in techniques of accident investigation. Line managers should then be required to carry out a safety inspection and complete the checklist at least once every three months.

4.2   Health and Safety Management Systems HS(G)65

Many of the elements of an effective health and safety management system as recognised in HS(G)65 have already been addressed in Section 4.1. However, this section deals with 4 key elements not so far addressed i.e. risk assessment, control, competence and communication & consultation.

4.2.1   Risk Assessment

Criteria:-   Many series of health & safety regulations, notably MHSW Regs (but also CoSHH, MHO, PPE, Noise and other Regulations), require employers to complete and document the significant findings of risk assessments. This is also an underlying principle of HS(G)65.

Evaluation:- Responsibility for completion of general risk assessments, as required by MHSW Regs., has been assigned to line managers. A training programme has been developed and has largely been rolled out throughout the Council. (There are still some managers to be trained!) Standards of completion of the general risk assessments are variable and some managers may not yet have completed assessments even after they have been trained. As noted earlier, the Health & Safety Advisor has himself completed the risk assessments in relation to major events. The training programme stresses the need for risk assessments also to include members of the public where they could be at risk and there are some good examples where this has been done.

Assessment/Comparison:- Any weaknesses in the Council's standards of risk assessment must be regarded as a cause for concern. The standard of the applicable risk assessments tends to be the first evidence of effective management that an HSE enforcing officer will analyse in any investigation into a serious accident. The lack of a suitable and sufficient assessment could well be the trigger for prosecution in such circumstances. HSE inspectors are also now regularly issuing Improvement Notices against employers whom they consider not to have completed adequate risk assessments. Increasingly the lack of an adequate risk assessment is likely also to undermine the Council's case when defending a claim for compensation by an employee or other person.

Based on the evidence collected for use in this report, the Council is currently seriously under performing in this area and should therefore see this as an area for high priority in its future health and safety planning.

Recommendation

A comprehensive review of the general risk assessments throughout the Council should be completed as a matter of high priority. This review should seek to confirm:-

- *General and/or specific assessments have been completed for all activities where employees or other persons could be at significant risk.*

- *These assessments clearly identify the persons who could be at risk and the nature of the risks that they could face.*

- *The nature and effectiveness of the control measures that have been put in place to address the significant risks*

- *Any additional control measures that should be put in place to ensure an appropriate standard of control have been specified (and that responsibility has been assigned for ensuring that these improvements are made in timely fashion).*

- *Any potential for specific "groups of persons" to be at particular risk has been identified. These groups would include young persons, disabled persons, pregnant women/nursing mothers and lone workers.*

4.2.2 Control

Criteria:- It follows from the process of risk assessment that a suitable programme of controls must be established. These controls may take a wide variety of forms. The HSW Act requires the employer (so far as is reasonably practicable) to establish safe systems of work to protect the health and safety of employees and other persons.

Evaluation:- The concerns expressed above concerning the adequacy of the risk assessments must also cast doubt on some elements of the Council's approach to the control of risks. The recommendation made above advises that the review proposed should address the nature and effectiveness of control measures.

On a wider scale, "the Council" has developed certain specific policies and arrangements that should mean that it is well placed to address some generally significant risks faced by its employees. Thus it already has in place policies addressing harassment, violence and stress etc. As is noted below, there has (correctly) been considerable emphasis placed on employee training. In many cases, there is good evidence to suggest that the training programmes have been effective in getting employees to adopt an appropriate safety culture and to follow safety procedures and instructions correctly.

Assessment/Comparison:- The Council has in place some good policies addressing key areas of risk that may arise out of its activities. He need to link these into effective risk assessments has been highlighted previously.

Recommendation

None made.

4.2.3   Competence

Criteria:-   Putting in place the necessary recruitment, development, appraisal, training and related programmes to ensure that persons are competent to discharge their health and safety responsibilities is a key element of the best practice recommended within HS(G)65. The HSW Act requires the employer (so far as is reasonably practicable) to provide information, instruction, training and supervision for the employees.

Evaluation:- The Council, primarily through the direct actions of its Health & Safety Advisor, places considerable emphasis on the training of its employees. The range of relevant health and safety training programmes provided includes:-

* Induction training.

* General skills e.g. manual handling training (all employees including "volunteers"), display screen equipment (one to one following workstation risk assessments and set up and completed by the Council's ICT department), first aid and safety representatives, etc).

* Specialist skills (e.g. fork truck driving, abrasive wheels, correct use of access equipment etc. as needed for specific jobs.

* Management development training (already completed in Housing, IT and Design departments and due to rolled out throughout the Council, 4 day NEBOSH "Managing Safely" for members of the Health & Safety Working Group, 1 day IOSH training for Executives for the Managing Board/ Councillor Geddes).

Individual training records are held either at Carlisle Works (for the DSO) or by the Personnel Department (all other employees).

There is little recognition of health and safety performance in performance appraisal and/or employee development planning and this is an area where the Council could improve.

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Assessment/Comparison:- Information, instruction and training standards may be considered to be good but there is scope to improve in the area of employee appraisal and development.

Recommendation

The Council should evaluate mechanisms through the health and safety performance of managers can be recognised as an important element within the overall performance appraisal and development planning processes.

4.2.4　Communication and Consultation

Criteria:-　Communication and consultation are recognised, within HS(G)65 as key elements of any effective health and safety management system. The HSW Act, MHSW Regs and Safety Committees and Safety Representatives Regulations variously establish legal requirements for employers to communicate and consult with employees.

Evaluation:-　The Council's various mechanisms used to communicate with employees and other stakeholders were discussed during the conduct of the work. The Health & Safety Advisor operates "an open door" policy in relation to his office at Carlisle Works and also regularly visits other Council locations, notably the Civic Centre where he is clearly well known.

The Health & Safety Advisor was tasked with setting up a public "health and safety" folder on the Council's general ICT server. A wide variety of health and safety information is progressively being made available to all the Council's employees (providing that they have access via a network PC).

There is a Works Committee forum operating within the DSO and this meets every six months. Health and safety information is presented at each of these meetings which are attended by the appointed shop stewards for the recognised Trade Unions. An initial request has been made by Trade Unions for an official safety committee to be set up. The Council awaits a more detailed proposal in this regard.

Assessment/Comparison:- Arrangements for communication on issues of health and safety appear to be fully satisfactory. Many Councils do operate safety committees and these may include either Union appointed safety representatives and/or representatives of employee safety (elected from among the general workforce where there is either no recognised Trade Union or the Union has not pressed for a committee with Union appointed representatives.)

Recommendation

The Council should continue to liaise, as necessary, with the recognised Trade Unions in relation to the setting up and implementation of a health and safety committee.

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4.2.5 Selection and Control of Contractors

Criteria:- There is a clear general and statutory duty to ensure that any contractors carrying out work on the Council's behalf should do so without significant risk to the Council's employees and/or to the public. In similar manner, the Council must ensure that its own activities do not place the employees of contractors at risk.

Evaluation:- This is another area where the Council operates two systems in parallel i.e. one system implemented by the DSO and the other by the other Council departments. In the latter case, the arrangements are normally made through the Design Department. In both cases the arrangements are broadly similar and include contractors being required to demonstrate appropriate standards of health and safety management in order to be recognised on an approved list of contractors. This would include submission of health and safety policy documentation, risk assessments and insurance details. Invitations to tender for work are then made exclusively to contractors on the approved list and would normally require method statements and associated specific risk assessments.

Assessment/Comparison:- Notwithstanding previously expressed concerns over the Council having parallel health and safety management procedures (i.e. one for DSO and the other for the rest of the Council), the arrangements are broadly consistent with recognised best practice. The need to develop and adopt a single effective system has already been recognised.

Recommendation

As is already planned, a single system for selecting, monitoring and controlling contractors should be established across the Council.

4.3 Health and Safety Management Resources

4.3.1 Definition of the role of the Health & Safety Advisor

Criteria:- Broad based responsibilities for the role of Health & Safety Advisor should be defined in the organisation for health and safety. Beyond this, as a reasonably senior person within the Council's overall hierarchical structure (see reporting line and competence below), it is anticipated that the Council's normal personnel policies and procedures would apply. The Council would therefore be expected to have considered the needs or otherwise for a job description, performance appraisal and/or "goal setting" etc. Given that the role should encompass some level of provision of advice and guidance to the Chief Executive and Managing Board (as the person(s) with overall responsibility for health and safety) the reporting line to these persons should not be tenuous. There should be ability for the Health & Safety Advisor to gain direct access to this level of the organisation in instances of serious concern.

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Evaluation:- Broad based responsibilities are defined in the two health and safety organisation documents (see Section 4.1.2). These have not been changed to reflect that there is now (correctly) a single Health & Safety Advisor with an advisory/guidance role across the Council as a whole. The writer is advised that, despite requesting one, the Health & Safety Advisor does not have a job description that applies to his current job role. There has been no formal performance appraisal or key goals/objectives set.

The Health & Safety Advisor currently reports directly to the Director Environment and Development, who in turn is recognised as the Director with responsibility for health and safety on the Managing Board. This is an ideal arrangement. However reporting lines for the Health & Safety Manager appear not yet to have been put forward for the new organisation after the re-structuring planned to be completed by end August 2002.

Assessment/Comparison:- Given his experience and competence (as recognised in the next subsection), the lack a clear definition of the role and responsibilities of the position should not manifestly affect the ability of the Health & Safety Advisor to perform in it. However, the lack of a job description, performance appraisal and key goals/objectives could have an adverse effect on morale.

The current reporting structure for the Health & Safety Advisor is considered to be ideal i.e. a direct report to the Managing Board Director with responsibility for health and safety. Every effort should be made not to compromise this in any future re-structuring programme.

Recommendations

(1)   A job description should be developed for the position of Health & Safety Advisor.

(2)   Careful consideration should be given to the reporting line of the Health & Safety Advisor following the forthcoming re-structuring of the Council. The current structure of reporting to the Managing Board Director with responsibility for health and safety is considered to be ideal.

4.3.2   Competence of the Health & Safety Advisor

Criteria:-   As noted previously the MHSW Regs. place a duty on employers "to appoint one or more competent persons to assist him in undertaking the measures he needs to take to comply with the requirements and prohibitions imposed on him by or under the relevant statutory provisions." Whilst this appointment does not have to be from within the Council itself, the HSE has indicated that it prefers such appointments to be made from within the organisation. Given the number of employees within the Council and the wide range of risks that they could face, it is considered that the HSE would need a very strong argument to be persuaded to view positively any appointment of a non-Council employee into the position of the competent person.

Evaluation:- The current Health & Safety Advisor (Mr. Brian Lennon) fulfils the role of the Council's recognised competent person. He is qualified to NEBOSH safety certificate level and also holds specialist qualifications from RoSPA as a manual handling trainer and a risk assessment trainer. He has almost 10 years experience in providing health and safety advice to the Council, initially providing this experience into the DSO until being appointed into the Council wide role in 2001. Importantly he also gained very considerable management experience in a wide variety of other roles both within the Council and prior to joining it. Also very importantly, based on the information gained during the interview with the Director Environment and Development (Mr. Battersby), Mr. Lennon has the confidence of the Managing Board. The tours of Carlisle Works and of the Civic Centre also confirmed that he is well known and respected generally by a wide cross-section of the Council's employees.

Mr Lennon also has a positive reputation outside of the Council having been requested to provide training on various subjects to other local authorities (including Richmond, South Lakeland and Eden).

He keeps up to date with developments in health and safety legislation and best practice through a variety of mechanisms including through on line access subscription to Croners (well respected within the health and safety profession as a source of general information and development). He has, in the past, attended meetings of the various Health & Safety Advisors of the local authorities in Cumbria. There have alas not been any such meetings in the recent past. They would potentially provide an excellent source of benchmarking data.

Mr. Lennon is a member of the Council's Risk Management Group providing the necessary key link and integration between the actions of this Group and the delivery of the health and safety management services.

Assessment/Comparison:- Mr. Lennon is well suited to act in the role of the Council's competent person.

Recommendation

None made.

4.3.3 Internal Resource Availability and Support

Criteria:- The MHSW Regs. in effect, also require the employer to ensure that this competent person(s) has suitable time and other resources necessary to enable him to fulfil that role that adequately, taking due account of the number of employees and the nature and complexity of the risks that may arise.

Evaluation:- As well as his role as the Council's Health & Safety Advisor, Mr Lennon also has a key role in the Council's emergency planning team and acts as the Quality/Systems Manager for the DSO. In practice, Mr. Lennon's time recording for the year 01/04/2001 - 31/03/2002 confirms that over 90% of his available time was spent on health and safety related work. It would be considered a concern if the amount of time that he was able to dedicate to the health and safety role were to drop too much below this figure.

Mr. Lennon has carried out the DSO's quality/systems management role since he joined the Council in 1992. Indeed he was largely instrumental in setting up the systems which continue to operate. That he needed to spend only very little time on quality/systems management may therefore relate to his familiarity with these systems. This may be a critical factor when considering the long term position of health and safety management in the Council (see 4.2.4 below).

The Health and Safety Working Group should also be playing a key role in developing and embedding health and policy, procedures and culture within the Council. Available information confirms that most members of this Group are allocating between 5-10% of their time to health and safety. Given that this Group comprises 9 members, it could therefore be argued that at least a further "0.5 person" of resource is being made available to the health and safety management function. On face value, these figures seem reasonable though it remains too early to judge the full effectiveness of the Group.

Line Managers should also be devoting some element of their time to health and safety management. However, since this should primarily relate to implementation and monitoring of the systems of control (rather than development of those systems), the decision has been taken not to evaluate this element at this time.

Assessment/Comparison:- It will be important to ensure that other responsibilities do not hamper the ability of the Health & Safety Advisor to fulfil his primary role. In most instances, it is considered that any employer with over 2000 employees should be looking to employ a full time qualified health and safety practitioner as its competent person. The diversity of the risks faced by employees of the Council strengthens this argument, as also does the high profile of the Council as an employer in general. The role of the Health and Safety Working Group is likely to become increasingly more important in the future. In particular it could emerge as the key "driving force" behind change and improvement in the Council's health and safety management standards.

Recommendation

(1) *A review of the effectiveness of the Health and Safety Working Group should be completed.*
(2) *Checks should be carried out to confirm that job descriptions, goals/objectives and performance appraisals for members of the Health and Safety Working Group adequately reflect that fulfilment of this role is now one of the key elements of the work carried out by its members.*

4.3.4 The long term position of Health & Safety Management

Criteria:-   This subsection has been included specifically to reflect two important factors i.e. the pending re-structuring of the Council and the potential retirement of the current Health & Safety Advisor. Whilst arguably neither affects Best Value in May 2002, both could have very significant impact in the coming months and neither appears yet to have been fully evaluated.

Evaluation:- This report has already discussed the pending restructuring of the Council (in Section 4.3.1) and made a recommendation accordingly. It may, however, be helpful to recognise this factor (and the associated recommendation) when considering the longer term strategy for health and safety management in the light of the possible retirement of Mr. Lennon within the next 12 months.

Mr. Lennon reaches NRD at the end of March 2002. He advised that he would be prepared to remain in position beyond this date. In recruiting a successor (at whatever point in the future) the Council will need to consider not only the health and safety "competence" (qualifications, experience and personal qualities) of the would-be successor but also how Mr. Lennon's other roles are to be filled. In particular the arrangements for on-going quality and systems management for the DSO will need to be addressed, it being unlikely that a candidate will emerge who also has the necessary skills to undertake this task.

As has also been inferred, the on going coupling of this task to that of the Council-wide Health & Safety Advisor's role would also have to be carefully addressed. Any further dilution of the time available to carry out the primary health and safety "competent person's role" would need to be very carefully assessed. The Council would need to be able to put forward a persuasive argument that it was continuing to make available adequate resource for health and safety management.

There are two other persons within the Council's workforce (the Head of Personnel and as Senior Personnel Officer) who hold similar health and safety qualifications to Mr. Lennon. They could be called upon to provide advice and guidance on a short-term basis but neither would have the necessary available time to fulfil the competent person's role in addition to their existing responsibilities.

Assessment/Comparison:- The need to reach a decision on the structural position and reporting line for the Health & Safety Advisor is one that will need to be addressed in the very near future. More time is available to consider how the Health & Safety Advisor's role is to be fulfilled, particularly if the decision is reached to offer Mr. Lennon the opportunity to carry on in position beyond NRD. However, at some point, the need to determine his succession will need to be addressed taking due account of his auxiliary roles. In any case, a hand-over period would be advisable to enable Mr. Lennon's successor to build up the necessary understanding and contacts before assuming full responsibility for competent person's role.

Recommendation

Consideration should be given to the succession planning for the Health & Safety Advisor recognising also the responsibilities that he undertakes in relation to quality and systems management for the DSO.

4.3.5 Use of External Resources and Expertise

Criteria:- There are many areas where the Council draws upon the expertise of external specialists to assist it in meeting its statutory duties and in demonstrating good practice. From a Best Value perspective, it is necessary to examine the use of such services from the viewpoints of justification for use, selection criteria, on-going management and cost effectiveness, etc.

Evaluation:- In relation to health and safety management services, the Council uses external organisations to carry out various inspection, testing and maintenance activities on specialist equipment. These are largely in fulfilment of statutory duties. The contracts include cover for:-

- Fire extinguishers in Council controlled premises (annual contract at circa £6k).
- Fire detection and alarm systems (*).
- Emergency lighting systems (annual contract at circa £6k and includes * the fire detection and alarm systems).
- Lifts in Tullie House (annual contract via insurers circa £12k).
- Pressure systems, lifting equipment and other similar equipment (annual contract via insurers circa £11k).

Additionally during 2001/2002, the Council organised for health and safety training to be provided by an external training organisation in compliance with the requirements of IOSH. These were:-

- Day IOSH "Managing Safely" training course for 9x Senior Managers (circa £3k).
- ½ day IOSH "Directing Safely2 training course for Chief Officers (circa £220).

The competency of all these service providers was confirmed to have been checked prior to their appointment. Contracts were stated to have been awarded in accordance with Council's Standing Orders. There had been no concerns expressed over the standards of service delivery provided. It is anticipated that the area of selection, contract award and performance monitoring for all contracts awarded by the Council would be an area of risk monitored by the Council's risk management committee.

Assessment/Comparison:- Almost all organisations draw upon external specialist expertise to provide inspection, testing and maintenance services of the types described above. It is also common practice to utilise external specialists to provide health and safety training, particularly to senior management personnel. Indeed, if any comparative conclusion can be reached, it would be that the Council probably calls upon such service providers to a lesser amount than most of its counterparts.

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Recommendation

Checks should be made to confirm that adequate documentary evidence is available to confirm that contractors have been selected and contracts awarded in accordance with Standing Orders and with appropriate transparency and probity.

4.4 Compliance with Health and Safety Legislation

Criteria:- Section 3.3.4 lists several key areas of health and safety legislation with which the Council is required to comply. There are likely to be other statutory instruments that also apply.

Evaluation:- Standards of legal compliance were not checked in detail but discussions were held in relation to each of the various series of health and safety regulations listed in Section 3.3.4. Information provided in these discussions indicated that the arrangements established by the Council to control risks and meet its statutory duties in these areas should be broadly effective. There are some natural and understandable concerns that the standards of implementation and/or fulfilment of the arrangements may not be to a uniformly high standard throughout the Council.

The HSE is advised regularly of the Council's health and safety plan and there is ongoing dialogue with the enforcing authority, recognising that the Council is one of the major employers in the area. HSE inspectors have been involved in dealing with some occasional areas of concern following accidents and/or other incidents.

The Council has not, in the recent past, been subject to any enforcement action. Thus, it has not received any Improvement or Prohibition Notices, nor has it been prosecuted for failing to meet its statutory health and safety duties.

Assessment/Comparison:- The Council appears broadly to be meeting its key health and safety responsibilities. There has been no formal audit of health and safety legal compliance standards and such should be considered.

Recommendation

Consideration should be given to a formal audit of health and safety compliance standards.

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4.5 Cost, Reputation and Service Delivery

4.5.1 Recruitment of Personnel

Criteria:- From the health and safety perspective, a generally key element of the recruitment procedure is to seek to ensure that persons are medically fit to carry out the work. In some instances there may be a need to confirm that applicants hold appropriate qualifications (e.g. a driving licence or a particular NVQ or equivalent)

Evaluation:- Prospective employees are required to complete an application form that requires them to declare relevant qualifications and also details of various pre-existing medical conditions. Unfortunately a copy of this form was not requested. It was, however, confirmed that the medical questionnaire had been used successfully to defend the Council against a claim made by an employee for a manual handing injury. The employee had not declared a relevant pre-existing medical condition.

Assessment/Comparison:- Based on the available information, the Council appears to have appropriate recruitment systems and procedures that minimise the risk of recruiting unsuitable personnel either because of lack of qualifications or because of pre-existing medical conditions.

Recommendations

None made.

4.5.2 Accidents and Injuries

Criteria:- Work carried out by the HSE has indicated that the true cost of accidents can be between 8-36 times what an employer pays out in Employers' Liability insurance premium.

Clearly, as well as the direct impact of any accident, there can often be impacts on service delivery because:-

- The injured employee loses time off of work.

- Other employees become involved (providing first aid, investigating the accident, being distracted and/or shocked by the incident, etc.).

- Plant or equipment is damaged as a result of the accident.

The reputation of the Council can be put at risk both because of adverse publicity surrounding a major accident and/or because of the interruption to service delivery that can occur.

It follows that any health and safety management system must seek to minimise accident/injury incidence and severity.

Evaluation:- Systems for reporting, investigating and monitoring injuries and occurrences of ill health are well developed in the DSO. This is, almost certainly, the area of the Council where such instances are most prevalent.
As discussed earlier, within the DSO line managers are responsible for reporting internally and initially investigating all accidents. The Health & Safety Advisor investigates all serious accidents and/or those where there is potential for a claim to be made against the Council.

Detailed accident statistics are compiled and are used to identify areas of concern (common accident types and/or departments where the incidence rate is significantly higher than average, etc.) In turn, knowing the areas of concern enables improvement plans to be identified and the effects to be monitored.

These systems are yet to be rolled out effectively to other departments within the Council.

Assessment/Comparison:- Whilst standards are good in the DSO, there is a clear need to introduce similar systems across the Council as a whole.

Recommendation

The DSO's existing accident reporting, investigation and monitoring procedures should be rolled out to cover all Council departments.

4.5.3 Sickness Absence

Criteria:- General sickness absence costs can be very significant to the Council and, like for accidents, the non-availability of employees can have serious adverse effects on service delivery standards and on reputation.

Evaluation:- Sickness absence is carefully monitored within the DSO but again here not as well elsewhere within the Council. The DSO procedures enable the Health & Safety Advisor to be made aware of any instances where sickness absence may be due to work related factors. Persons off sick for extended periods are visited.

The Council does have a contractual arrangement with an Occupational Health Physician who is able to carry out medical assessments of any persons with particular ill-health concerns or an adverse sickness absence record. The Personnel Department administers the contract with the Occupational Health Physician. As far as possible the Council seeks to involve a patient's GP in the process of rehabilitation and return to work. "Light work" and/ or alternative duties can be offered in many instances.

Assessment/Comparison:- Notwithstanding the policies and procedures followed in t he DSO, it is considered that they may be general scope for the Council to improve upon its standards of sickness absence management. This could be an objective/key goal for the Risk Management Committee.

Recommendation

A comprehensive review of the Council's policies and procedures for monitoring and reducing sickness absence levels should be considered.

4.5.4 Claims Management

Criteria:- Under the reforms introduced through the Woolff Report, it is more important than ever for an organisation's health and safety management system to have comprehensive and effective recordkeeping systems. These should enable all relevant records to be retrieved readily. The relevant records might be expected to include:-

- Risk assessments.

- Safe working procedures or similar documents.

- Permits to work.

- Accident investigation reports.

- Instruction/ training records.

- Records of the issue of personal protective equipment, etc.

Evaluation:- The Health & Safety Advisor is promptly advised of claims received by the Council and plays an active role in the identification and evaluation of discovery evidence. He is able to provide a professional opinion as to whether or not the Council should seek to defend a claim or to admit liability at the outset.

Health & Safety records are split. For example, the DSO retains its own training records whilst those for other departments are retained by the Personnel Department.

Assessment/Comparison:- The procedure that enables the Health & Safety Advisor play an early role in claims management/administration is admirable. On the other hand, the existence of separate and/or parallel record keeping systems must be a cause for concern. This may be even more of a concern if there is a key dependence on the knowledge of the current Health & Safety Advisor.

Recommendations

A Council-wide review and reconciliation of health and safety record keeping systems should be carried out.

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Appendix 1

Documents Reviewed

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Carlisle City Council Documents Reviewed

1) Risk Management Policy Statement

2) Risk Management Group Minutes and associated documentation

3) Best Value Performance Plan

4) Carlisle City Council "Vision"

5) Office Safety

6) Service Continuity Plan

7) Performance Management Plan

8) Health and Safety Policy

9) Decision Making Procedure (e.g. Major Project Evaluation)

10) Audit Plan 2002-3

11) Corporate Plan

12) Constitution

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Appendix 2

Best Practice Guidance

MARSH

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Appendix 3

Cost of Risk Comparison

ALARM

National Survey

Cost of Risk - 2000 Survey Results

Phase 1 - Insurable Risks

Sponsored by

The St Paul

Insurance and Risk Management

with support and
co-ordination by

W Watson Wyatt
Worldwide

Cost of risk

Phase 1 – Insurable risks – 2000 survey results

Contents

1 Introduction and purpose

1.1   This survey was carried out to provide ALARM members with an overview of the cost of insurable risks. All authorities will be obliged to conduct a best value review within the next five years. ALARM is pleased to provide these results as an aid to its members undergoing this review.

1.2   As an extension, the survey examines any causal links between insured risk costs and the characteristics and risk management activity of the contributing organisations. Resulting analysis was carried out in order to provide some insight into best practice in the management of employers liability, public liability, property and motor risks.

1.3   As is often the case with such surveys not all respondents answered all questions. Best use was made of the available data, which was generally to a satisfactory level.

1.4   This is the first such survey to be carried out by ALARM and it has produced some interesting results. It is hoped to repeat the survey in the future to provide insight into other aspects requested by ALARM members, including the cost of non-insurable risks.

Participants profile

1.5   The ALARM Council was delighted at the response rate to the questionnaire: the 133 respondents comprise 28% of the organisations represented by ALARM. The survey represents some 30% of local government bodies. Numbers of respondents were 47 Districts, 30 Unitaries, 10 Counties, 11 London Boroughs, 17 Metropolitans and 18 Others.

1.6   The chart below illustrates the breakdown of responses by type of public body. Further detail on respondents is given in Appendix B – Profile of respondents.
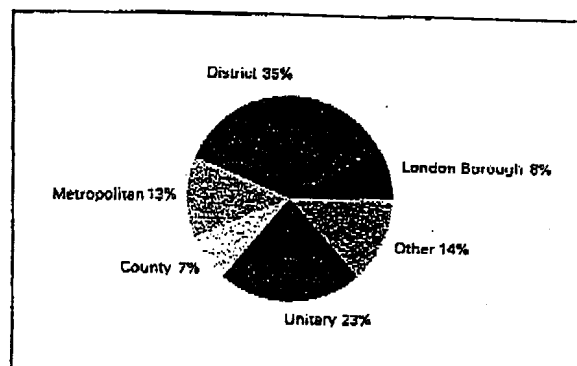
1.7   The responses represent approximately 30% of each of the total number of Counties, Unitaries and London Boroughs and 47% of Metropolitan Authorities. Such percentages should enable representative results to be produced. 18% of District Councils responded; less of a representative sample but a significant proportion. The 'Other' category includes Police and Fire authorities and some respondents who chose to remain anonymous!

Additional comments – feedback

1.8   As was said in the introduction to the questionnaire this survey is intended to provide a 'launch pad' to facilitate benchmarking of key risk management costs and practices.

1.9   ALARM appreciate that this can be extended and wish to incorporate as much as practicable into future surveys. For example, whilst organisations have been grouped together as District, Unitary, County, London Borough, Metropolitan and Other in this survey, the nature of organisations within each grouping is very diverse. One alternative indicator of the nature of an organisation might be the income ranking of constituents and a suggested grouping might be of organisations with similar constituents' incomes.

1.10   ALARM encourage members to provide feedback on this survey and enquiries/comments should be addressed to the ALARM office:

Queens Drive
Exmouth
Devon .
EX8 2AY
Tel no: 01395 223399
Fax no: 01395 223304
E-mail admin@alarm-uk.com

1.11   Members may already have 'family' groups or be aware of groupings which might be analysed together to provide results which can be benchmarked. If this is the case then the ALARM office should be contacted to ask Watson Wyatt to carry out this comparative work. Watson Wyatt cannot be contacted direct on this as they are not aware of the identity of respondents to the questionnaire. A separate charge will be made to carry out such work.

1.12   ALARM greatly appreciate the sponsorship provided by St Paul for the project and the indirect sponsorship of Watson Wyatt in co-ordinating the project at greatly discounted rates.

2 Key findings and conclusions

2.1 This section initially examines the average cost of risk of participants divided between District, Unitary, County, London Borough, Metropolitan and Other. Overall this represents an average of £1,352,424 per respondent.

Average cost of risk
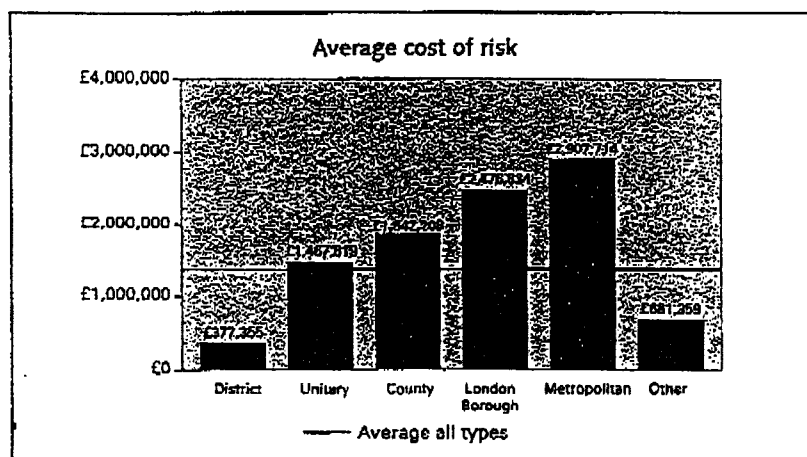
2.2 It is appreciated that such an average can be dramatically changed by addition or deletion of one or two large organisations but it is useful to establish a headline figure to be used as a benchmark for subsequent surveys. The average is probably best linked to population and revenue, as shown in the tables below.

Average cost of risk per 1000 people

Average cost of risk per £1000 revenue
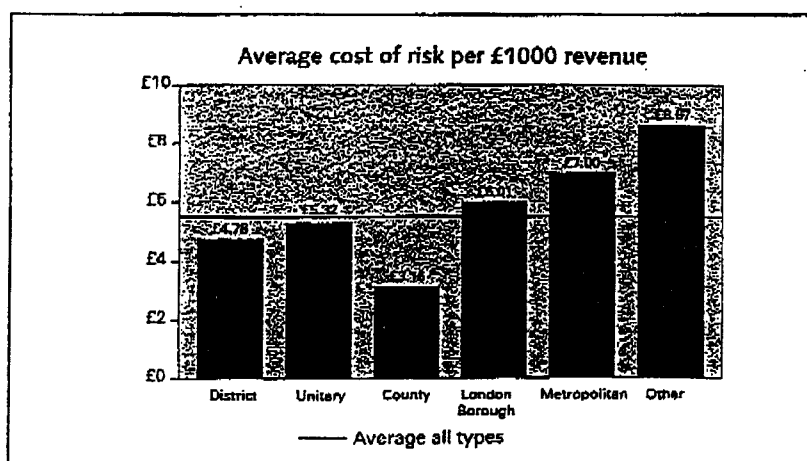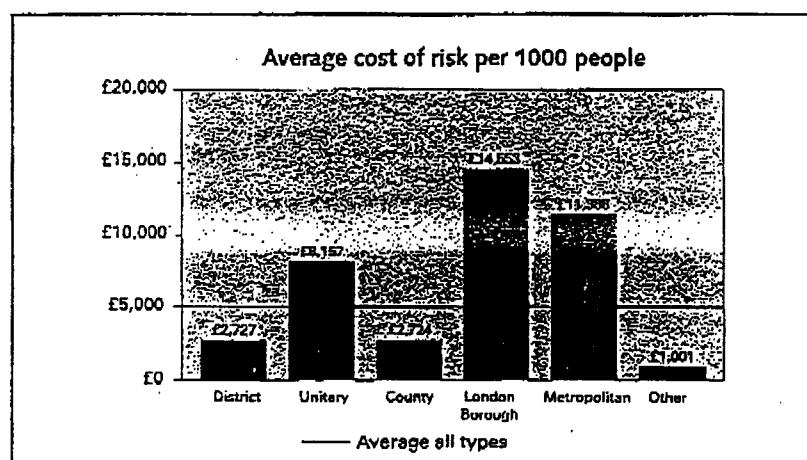
These should be compared to the average retained and insured claims costs (combined liability, property and motor vehicle) by population and revenue as shown on the following tables.

Average cost of claims per 1000 people

Average cost of claims per £1000 revenue
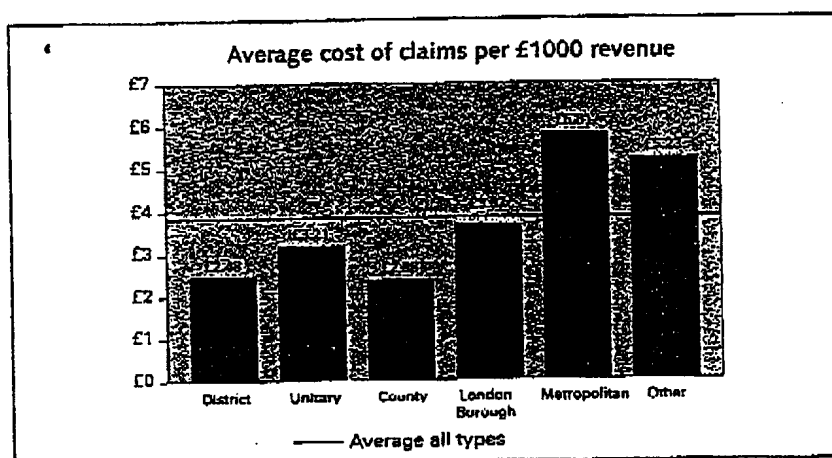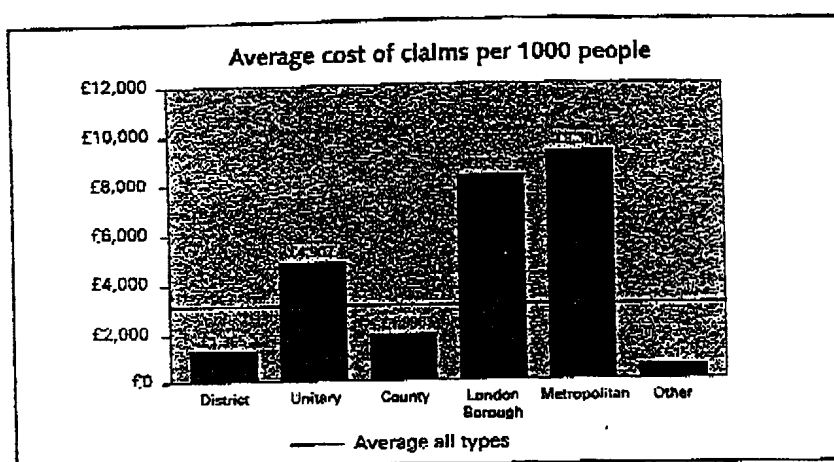
2.3   The total insurable cost of risk was taken from the survey as the sum of:
- average retained claims costs per year for combined liability, property and motor
- total external insurance premiums
- costs of internal insurance and risk management departments
- external claims handling fees
- cost of external claims management system.
- costs of broking, risk management and consultancy services.

2.4   In order to demonstrate where individual organisations fall within the range the tables below provide a top level basis for comparison. For example, an organisation with total cost of risk per £1000 revenue of £9.00 falls close to the 75th percentile. This means that only 25% of respondents have a higher ratio. The table also shows how varied this measure of cost is.

Table 1

Percentile	Total cost of risk £000	Total cost per £1000 revenue £	Total cost per 1000 people £
90	3,247	14.71	15,223
75	2,196	8.73	8,930
50	841	6.13	4,835
25	338	4.02	2,704
10	161	3.21	1,639

2.5   We believe that this reflects the differences in size and responsibilities of the respondents. A recurring theme in the analysis was the difficulty of allowing for different risk exposures. To help overcome this, the tables in Section 3 show figures that are divided by some factor which helps to define the size and nature of the risk exposures. In this case, total insurable cost of risk divided by revenue is considered the best comparator.

2.6   When evaluating performance for best value benchmarking, it is likely to be worthwhile going further to define a peer group with similar responsibilities and similar outsourcing strategies. In this case the size of the organisation can be easily allowed for and the impact of different risk management activities is likely to be more significant.

3 Cost of risk by insurance class

3.1   The percentiles of total insurable cost of risk are given on page 4. It is suggested that, whilst a useful benchmark overall, it is more telling to compare organisations by examining the four different insurance classes (employers liability, public liability, property, motor) separately. The tables and discussion below are, however, based upon retained claims costs and external insurance premiums only, as other components of insurable cost of risk were not divided between insurance classes.

3.2   There are many factors which combine to define an organisations 'exposure to risk'. The best benchmarking measure is open to debate but it is felt most appropriate to make comparisons after dividing claim numbers and cost of risk as follows:

Employers liability:
▪ numbers by the number of employees and cost of risk by payroll.

Public liability:
▪ numbers by the population and cost of risk by revenue.

Property:
▪ numbers by number of properties and cost of risk by value of property.

Motor:
▪ numbers and cost of risk by the number of vehicles.

Total costs:
▪ by revenue
▪ by population.

Employers liability

3.3   Of the 133 respondents, 113 provided separate details for employers liability claims. The results below show claim numbers and claim cost percentiles divided by various factors. Of these, analysis suggests that the most appropriate comparison factors to use are:

▪ employee numbers for claim numbers
▪ payroll for cost of risk.

It is also worth pointing out that claim numbers is a more statistically significant comparator between organisations than cost of risk, as the numbers of incidents are more easily controllable than their eventual financial impact.

Table 2

Claim numbers			Cost of risk		
Percentile	Total	Number per 1000 employees	Total £000	Cost per £1000 revenue £	Cost per £1000 payroll £
90	47	6.8	329	1.38	3.23
75	21	4.1	160	0.90	2.30
50	7	2.7	55	0.55	1.59
25	2	1.5	18	0.34	0.89
10	1	0.8	7	0.18	0.45

Table 3

Employers liability claim numbers per 1000 employees						
Percentile	Districts	Unitaries	Counties	London Boroughs	Metropolitans	Others
90	7.2	4.7	1.5	3.2	9.1	10.6
75	4.4	3.6	1.5	2.8	5.3	5.6
50	2.9	1.9	1.0	2.6	4.0	2.3
25	1.9	1.1	0.9	2.6	3.1	1.4
10	1.3	0.7	0.7	2.2	2.5	0.0

Table 4

Employers liability cost of risk (£) per £1000 revenue						
Percentile	Districts	Unitaries	Counties	London Boroughs	Metropolitans	Others
90	1.24	1.21	0.50	0.59	1.46	3.11
75	0.89	0.86	0.32	0.51	0.98	2.32
50	0.52	0.67	0.18	0.33	0.87	0.87
25	0.38	0.39	0.14	0.22	0.48	0.40
10	0.17	0.30	0.12	0.15	0.29	0.34

Table 5

Employers liability cost of risk (£) per £1000 payroll						
Percentile	Districts	Unitaries	Counties	London Boroughs	Metropolitans	Others
90	3.29	2.59	1.01	1.84	2.60	5.83
75	2.50	1.93	0.63	1.46	2.14	4.53
50	1.90	1.30	0.40	1.03	1.74	1.73
25	1.36	0.90	0.35	0.60	1.18	0.56
10	0.47	0.81	0.30	0.43	0.51	0.50

Public liability

3.3   As with employers liability 113 respondents provided separate details for public liability claims. More so than employer's liability, we would expect that the responsibilities of the organisation would be a key determinant in exposure to public liability claims.

Table 6

Claim numbers			Cost of risk	
Percentile	Total	Number per 1000 people	Total £000	Cost per £1000 revenue £
90	880	4.2	1,311	5.58
75	484	2.2	396	2.73
50	178	1.2	146	1.63
25	35	0.3	62	0.95
10	21	0.2	33	0.56

Table 7

Public liability claim numbers per 1000 people						
Percentile	Districts	Unitaries	Counties	London Boroughs	Metropolitans	Others
90	1.3	4.6	1.4	10.5	5.6	0.6
75	0.8	2.9	1.3	4.8	4.3	0.4
50	0.4	2.0	1.3	2.4	2.9	0.2
25	0.2	1.6	0.8	1.4	2.4	0.0
10	0.2	1.3	0.6	1.2	1.9	0.0

Table 8

Public liability cost of risk (£) per £1000 revenue						
Percentile	Districts	Unitaries	Counties	London Boroughs	Metropolitans	Others
90	4.08	2.42	0.99	3.31	6.79	11.57
75	2.73	1.95	0.75	2.74	5.70	4.66
50	1.65	1.27	0.59	1.83	3.53	1.61
25	1.15	0.66	0.47	1.49	1.45	0.83
10	0.72	0.55	0.29	1.30	0.87	0.57

Combined liability

3.4 Not all respondents (14%) were able to provide separate results for employers and public liability. Although these claims arise from very different exposures it is increasingly common to consider these two risks together, particularly when seeking external insurance.

3.5 The tables below present results for combined liability. Where specific combined liability data was not provided it was calculated by adding employers and public liability together. It is preferable, where data is available, to benchmark employers and public liability separately.

Table 9

Claim numbers			Cost of risk	
Percentile	Total	Number per 1000 people	Total £000	Cost per £1000 revenue £
90	977	4.4	1,795	6.19
75	578	2.5	781	3.24
50	221	1.3	287	2.06
25	47	0.4	104	1.49
10	24	0.2	55	0.92

Table 10

Combined liability claim numbers per 1000 people						
Percentile	Districts	Unitaries	Counties	London Boroughs	Metropolitans	Others
90	1.6	4.5	1.3	7.6	5.7	0.6
75	1.0	3.0	1.3	4.9	4.6	0.4
50	0.5	2.1	0.9	3.0	3.7	0.1
25	0.3	1.7	0.9	1.4	2.6	0.0
10	0.2	1.3	0.8	1.2	2.2	0.0

Table 11

Combined liability cost of risk (£) per £1000 revenue						
Percentile	Districts	Unitaries	Counties	London Boroughs	Metropolitans	Others
90	5.14	3.49	2.24	3.35	7.39	14.21
75	3.18	2.49	1.88	3.14	6.30	5.92
50	2.02	1.87	1.64	2.08	4.16	2.18
25	1.83	1.25	0.87	1.59	2.36	1.37
10	1.34	0.91	0.67	1.37	1.52	1.15

Property

3.6   The benchmarking of property claims presents further difficulty. Few properties are similar and the property portfolios of organisations will differ materially even for organisations with similar responsibilities and size. The geography of the UK is such that exposure to perils such as storms and flooding also varies significantly.

We therefore recommend that benchmarking of property experience should be done with care and no undue weight should be given to the following tables.

Table 12

Claim numbers			Cost of risk		
Percentile	Total	Number per 1000 properties	Total £000	Cost per £1000 revenue £	Cost per £1000 property value £
90	217	101.2	637	2.53	1.01
75	76	38.5	373	1.81	0.58
50	22	6.3	179	1.20	0.32
25	8	2.8	56	0.71	0.22
10	4	1.4	21	0.42	0.16

Table 13

Property cost of risk (£) per £1000 revenue						
Percentile	Districts	Unitaries	Counties	London Boroughs	Metropolitans	Others
90	3.57	2.05	1.21	4.05	2.38	5.64
75	1.97	1.70	1.11	2.54	1.71	1.93
50	1.49	1.11	0.96	1.11	1.20	0.77
25	0.97	0.85	0.69	0.52	0.71	0.17
10	0.50	0.47	0.63	0.43	0.60	0.12

Table 14

Property cost of risk (£) per £1000 property value						
Percentile	Districts	Unitaries	Counties	London Boroughs	Metropolitans	Others
90	0.77	0.69	0.68	1.02	1.42	1.67
75	0.39	0.47	0.52	0.49	1.06	1.02
50	0.24	0.32	0.48	0.20	0.72	0.51
25	0.18	0.23	0.40	0.12	0.36	0.29
10	0.12	0.20	0.28	0.09	0.25	0.19

Of these, claim numbers divided by property value provide the most reliable comparator.

Motor

3.7 Of the 133 respondents, 130 provided separate details for motor claims. The results below show claim numbers and cost of risk percentiles divided by various factors. Of these, analysis suggests that the most appropriate comparison factors to use are vehicle numbers for claim numbers and cost of risk.

Table 15

Claim numbers			Cost of risk		
Percentile	Total	Number per 100 vehicles	Total £000	Cost per £1000 revenue £	Cost per vehicle £
90	485	89.3	351	2.28	758
75	252	57.2	240	1.17	569
50	119	38.2	136	0.78	411
25	34	27.4	50	0.45	320
10	14	20.6	17	0.26	248

Table 16

Motor claim numbers per 100 vehicles						
Percentile	Districts	Unitaries	Counties	London Boroughs	Metropolitans	Others
90	63.7	69.8	65.7	137.9	101.0	108.8
75	43.0	51.1	53.6	117.7	88.9	52.3
50	31.7	39.7	51.9	38.2	67.4	45.3
25	24.6	23.9	36.0	29.7	45.7	29.4
10	14.4	20.6	30.6	26.5	34.8	23.4

Table 17

Motor cost of risk (£) per vehicle						
Percentile	Districts	Unitaries	Counties	London Boroughs	Metropolitans	Others
90	571	758	685	768	483	998
75	468	569	517	737	414	884
50	371	411	376	547	322	646
25	273	320	312	437	303	463
10	192	248	257	296	253	316

4 Risk management activity

4.1   As expected, this section of the survey showed a wide range in the level and type of activity, even after allowing for an organisation's size.

4.2   However, it was not possible to draw numerical comparisons in a survey of this type, restricted to insurance cost of risk, because of the wide range of responsibilities and sizes of the respondents.

4.3   For example, if average numbers of insurance and risk management staff are taken for each of the different types of organisation, Districts are disproportionately high. However, this is probably because they generally do have insurance and risk management staff but averaged against a relatively small employee base.
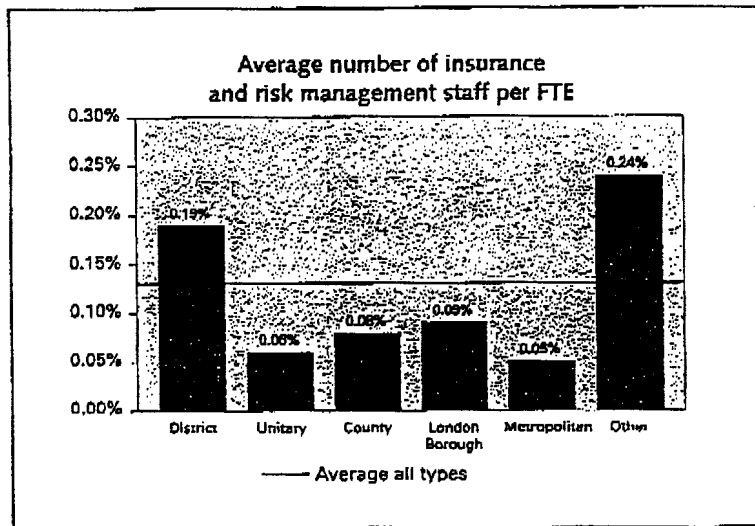
4.4   The average numbers of insurance and risk management staff were:

Districts	1.4
Unitaries	3.4
Counties	6.1
London Boroughs	5.7
Metropolitans	4.7
Others	0.9

4.5   External indications are that there is an increasing tendency by organisations to employ a dedicated risk manager and it will be interesting to see from future surveys how this develops. This was one of the organisational questions asked, the results of which are set out in the table below.


| | Yes | No | Unanswered |
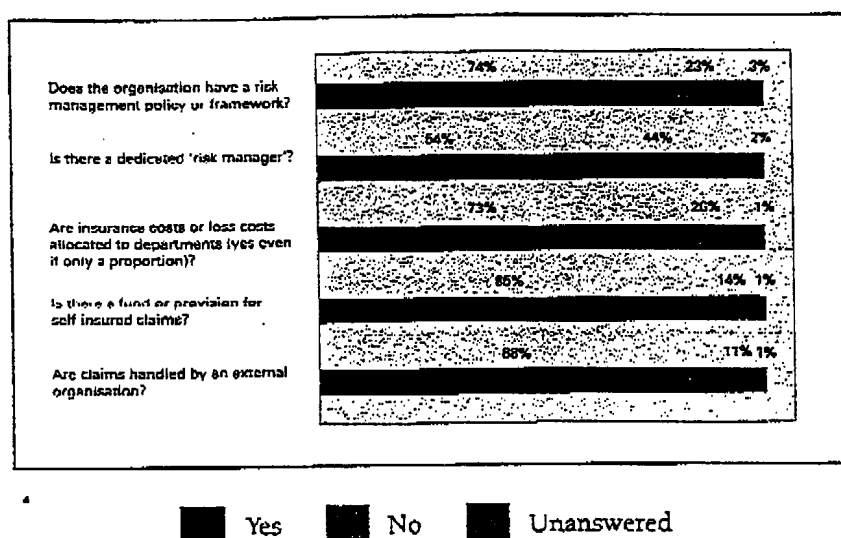
4.6   Allocation of costs back to the source of claims is a generally accepted procedure to encourage attention to reduction in risk. The data received did indicate that allocation of costs to departments does have a positive effect in reducing both numbers and costs of claims but was insufficient to enable definite confirmation of this.

4.7   A number of analyses were carried out with the objective of determining whether increased numbers of insurance and risk management staff had an effect on the cost of risk. Authorities with higher numbers of claims had higher numbers of insurance and risk management staff to manage these issues.

4.8   In addition various questions were asked on specific risk management projects. While costs were requested these were not provided by many and have not, as a result, been analysed.

4.9   Although only 54% of authorities employ a dedicated risk manager, 60% have an internal risk management group. We suspect that this is also likely to increase.

Risk management projects

| | Yes | No | Unanswered |
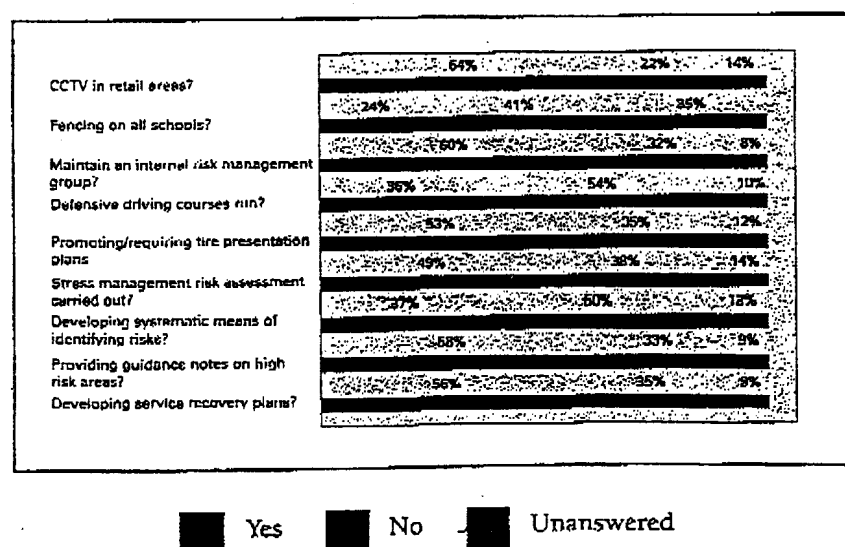
4.10   It is difficult to define best practice when the impact of projects and activities are hidden by the random nature of claims. For example, how can we ever show the value of school fencing, often installed as a deterrent to violent individuals during school hours – has it really averted a major fire?

4.11   In answer to the question 'which claims management system do you use?' responses were:
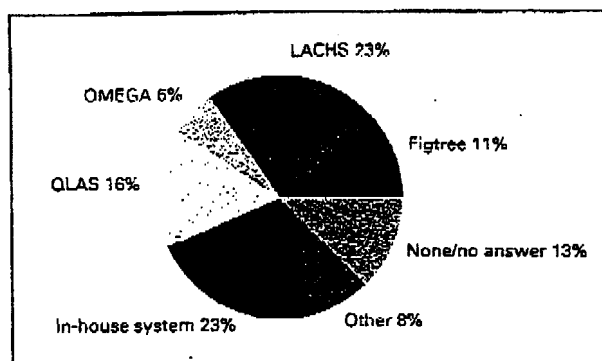
4.12   The key generic activities governing risk exposures carried out by the respondents are summarised in the following table:

Table 18

Activity	Percentage (%) of respondents				
	Total responsible	Responsible in house	Responsible outsource	Responsible no further detail	Not responsible/ no answer
Highways	66	53	4	9	34
Refuse collection	80	52	21	7	20
Refuse treatment	29	14	11	3	71
Street cleaning	78	44	23	11	22
Parks	78	56	6	16	22
Ground maintenance	83	53	20	11	17
Housing	69	56	2	12	31
Planning	83	61	0	23	17
Leisure facilities	80	50	17	14	20
Social services	53	43	0	11	47
Education	53	42	0	11	47
Catering	59	40	11	8	41
Cleaning	62	38	16	8	38
Markets	53	39	5	9	47
Environmental health	80	59	0	21	20
Libraries	53	41	0	11	47
Museums, art galleries and theatres	69	53	2	15	31
Fire	7	5	0	2	93
Police	8	5	1	2	92

Appendices

Appendix A

External insurance programmes

This appendix summarises the major aspects of the respondents external insurances.
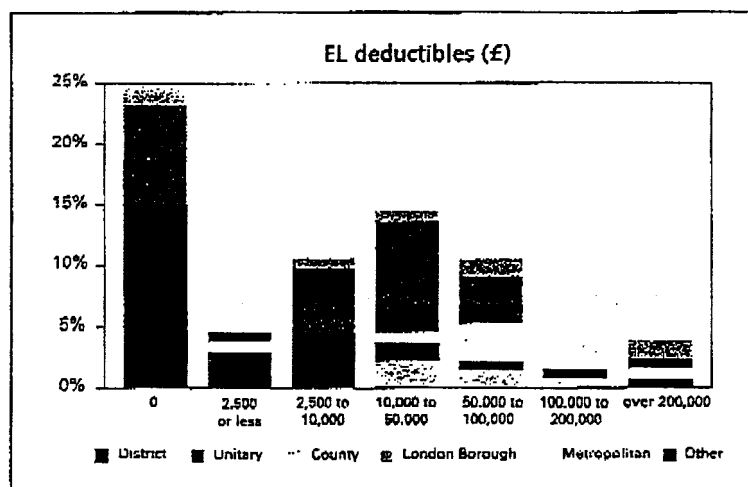
Employers liability

The periods of external insurance arrangements are split as follows:
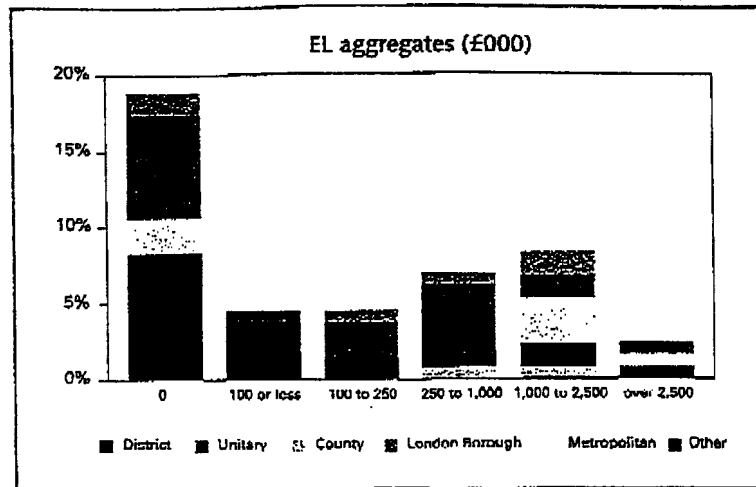
Table 19

Less than 3 years %	3 years %	4 years %	5 years %	Over 5 years %	No answer %
7.5	27.1	2.3	42.1	0.8	20.3

Analysis of each and every and aggregate deductibles has produced some interesting results. The table below shows that approximately 10.5% of respondents carry an EL deductible between £2,500 and £10,000, made up of 4.5% Districts, 5% Unitaries and 1.0% London Boroughs. Subsequent tables can be interpreted in a similar way.

We believe that the current tendency to purchase long term policies reflects discounts provided by insurers and authorities wishing to secure stability at a time when market premiums are low. As will be seen from what follows, this applies not only to employers liability but also to the other classes examined.

EL deductibles (£)

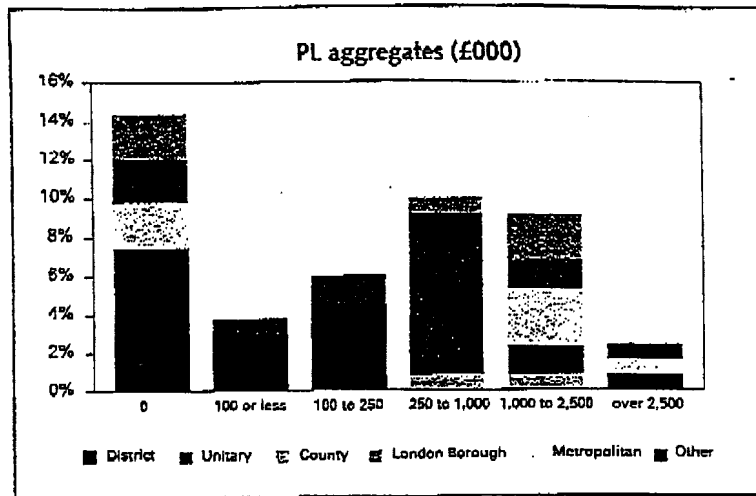**EL aggregates (£000)**

Public liability

The periods of external insurance arrangements are split as follows:

Table 20

Less than 3 years %	3 years %	4 years %	5 years %	Over 5 years %	No answer %
6.0	27.1	3.0	42.1	0.8	21.1

PL deductibles (£)

PL aggregates (£000)
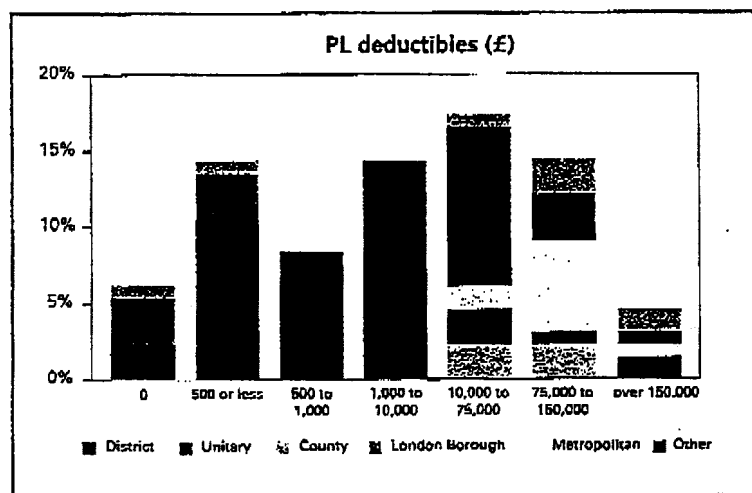
The average indemnity levels of Employers and Public Liability covers purchased by category are shown on the table below.

Average current indemnity level (£m)
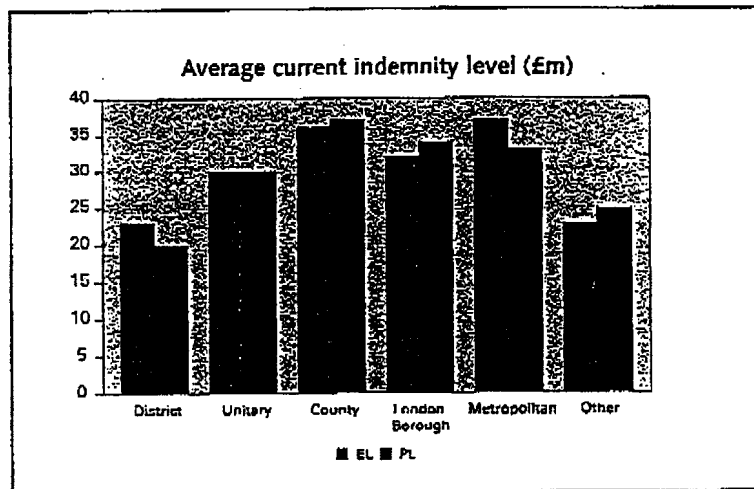
Property

The extent of external insurance cover varies significantly. This was expected given the difference in portfolios. Numbers of organisations having dry perils (for example, aircraft explosion, terrorism and impact) are shown in the following tables. Wet perils include storm, flood and burst pipes.
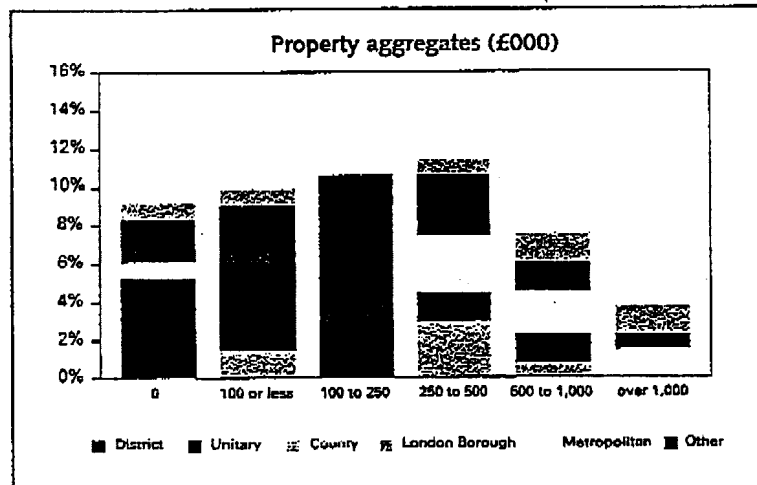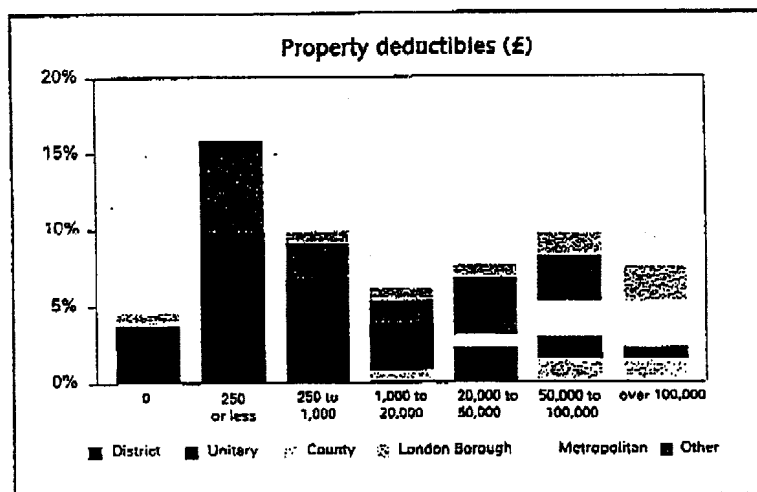
Table 21

Extent of cover	Yes	No	No answer
Dry	121	4	8
Wet	99	22	12

The periods of business interruption purchased for principal property risks are split as follows:

Table 22

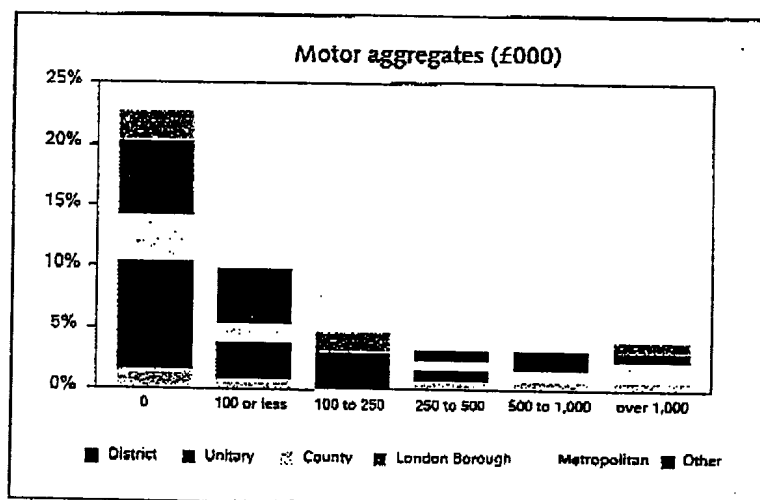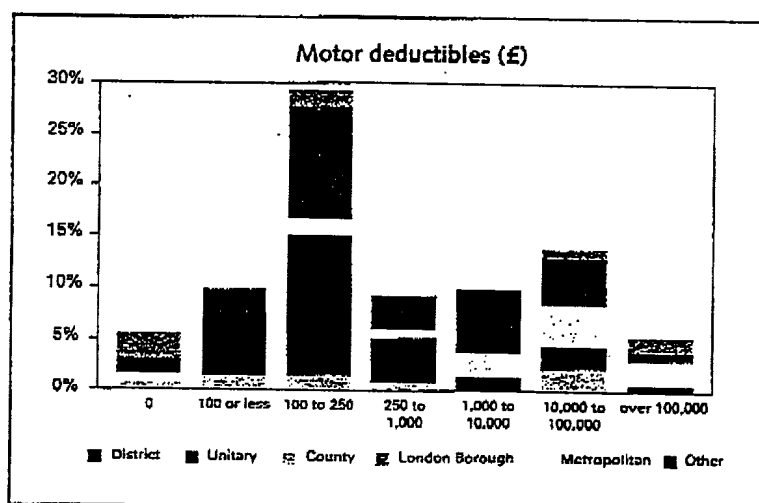| Business interruption period				
Less than 12 months %	13-24 months %	25-36 months %	Over 36 months %	No answer %
4.5	47.4	24.8	12.8	10.5

Property deductibles (£)

Property aggregates (£000)

Motor

The periods of external insurance policies are split as follows:

Table 23

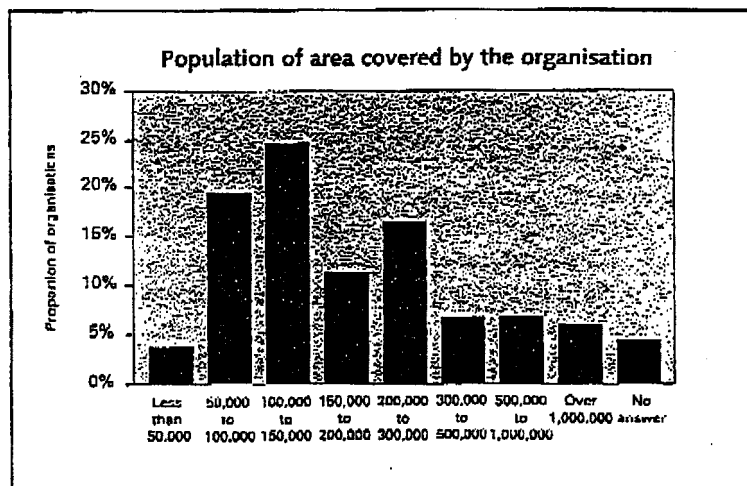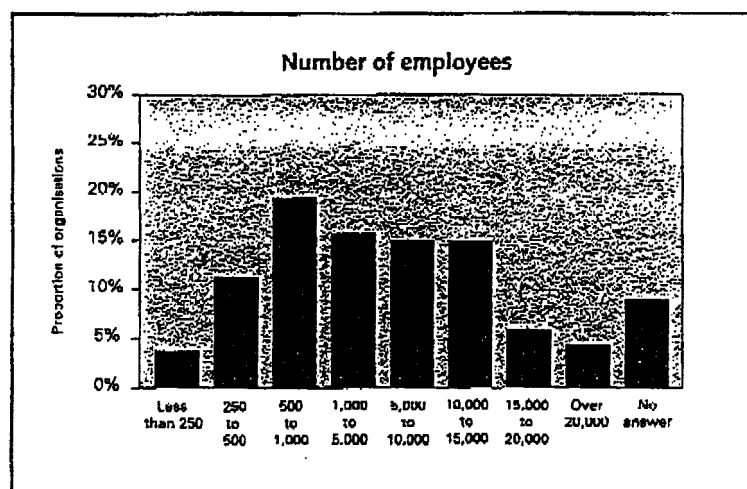| Less than 3 years %	3 years %	4 years %	5 years %	Over 5 years %	No answer %
21.8	28.6	4.5	42.1	0.8	2.3

Appendix B

Profile of respondents

The survey was limited to organisations represented in ALARM. There is clearly much interest among ALARM members in the results, particularly with best value reviews imminent.

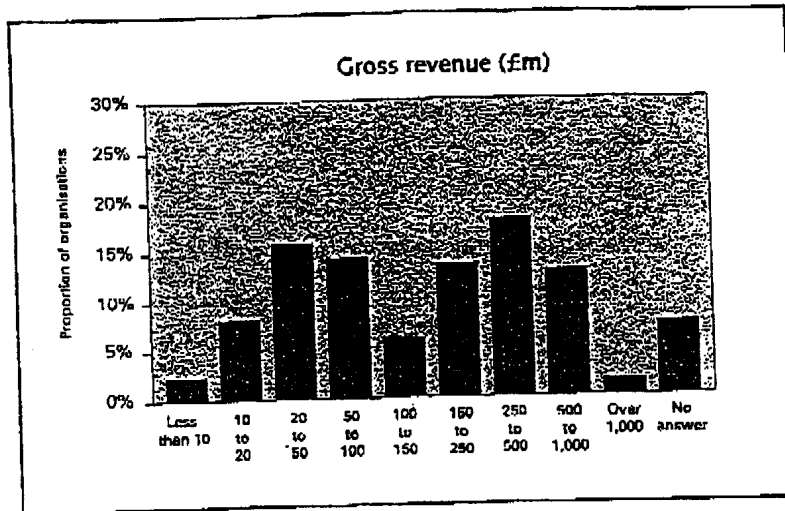The populations of the respondents were distributed as follows:
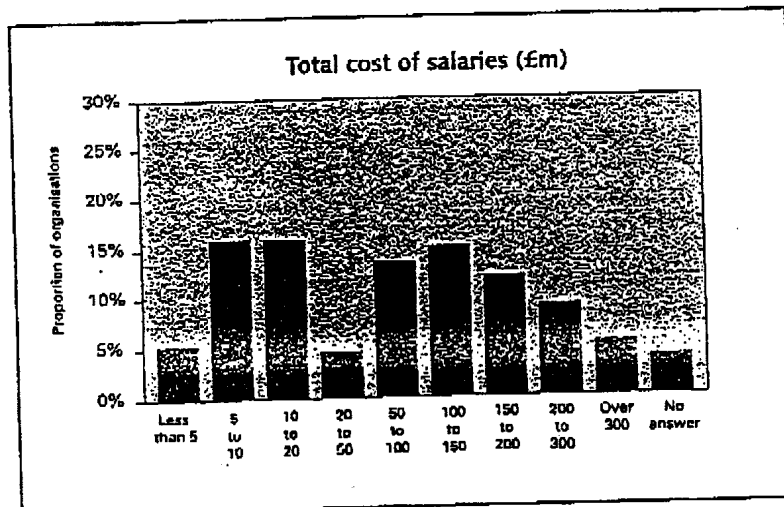

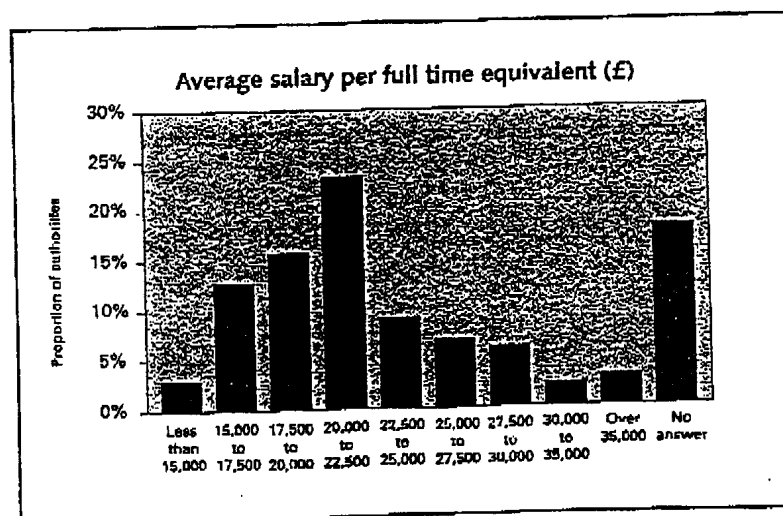Number of employees

Insurable Risks Survey Results 2000

Revenue

Gross revenue (£m)

Salaries

Total cost of salaries (£m)

Average salary

Average salary per full time equivalent (£)

ALARM exists to assist, advise and represent public sector organisations in the development of risk management strategies aimed at addressing the identification, analysis and economic control of all risks which threaten the assets and objectives of an organisation. ALARM also aims to raise the profile and importance of risk management within the public sector.

ALARM seeks to make a positive contribution to loss reduction in the public sector. ALARM through its members and in collaboration with others brings together a variety of experiences. Committed to a partnership approach ALARM exists to share this pool of knowledge to avoid duplication of effort and waste of scarce resources.

St. Paul International Insurance Company Limited is part of The St Paul Companies, Inc., a worldwide property and liability insurance organisation which was founded in 1853 in Saint Paul, Minnesota, USA. The St Paul has assets worth $38.9 billion and is one of the 500 largest companies in the world.

It is a specialist insurer with a research-led approach to the development of products and services for clients in specified industry segments. As part of a major worldwide organisation, St Paul concentrates on particular industry sectors, especially those that may find difficulty in obtaining insurance through traditional markets.

Watson Wyatt is a global actuarial, benefits and human resources consulting firm, with specialists in risk management and non-life insurance. Watson Wyatt has over 5,500 associates in 30 countries. They are backed by the best and most current research on people and financial management issues.

Working with clients of all sizes and types, Watson Wyatt bring together two disciplines - people and financial management - to help clients improve business performance. Their comprehensive range of consulting services covers: benefits, human capital, HR technologies, insurance and risk management, and investment. While technical excellence is a vital component of Watson Wyatt services, the ability to translate this into practical solutions to real life problems is their main strength.

For further information about this survey or any Watson Wyatt services, please contact Richard Bulmer on 01737 241144.

Appendix 4

Benchmark Against Best Practice

MARSH

Characteristics of Good Risk Management	"Worth the Risk"	"Shorten the Odds"	Current Status	Programme for Improvement
Shared awareness and understanding of the nature and extent of the risks the authority faces.	▪ Councils that avoid risk are unlikely to be good performers. ▪ Initiatives to date have tended to focus on insurance related, health and safety or property protection issues. There is little evidence within Councils of the use of a holistic risk management approach covering all types of risk. ▪ Members should seek implementation of a strategic risk management process as soon as practical and agree on appropriate structures across the authority. ▪ Throughout the risk management process it is essential to gain the input from a wide range of stakeholders. ▪ All employees must be aware of the importance of risk management and effective communication is critical to the implementation the implementation and ongoing success of risk management.	▪ Risk management is not simply about insurance or health and safety. Effective risk management provides Councils with a means of improving their strategic, operational and financial management. ▪ Risks should be identified and managed systematically and consistently across the Council. ▪ All elected members and employees have a part to play. ▪ Risk must be identified and managed strategically across the Council. ▪ A corporate risk management strategy should be adopted and implemented. ▪ Training is essential to ensure all staff are aware and have the necessary understanding – building and understanding of risk management can often be tackled through existing training programmes or communication channels.	▪ The Council has recognised the need for risk management but it is not embedded throughout the council. ▪ Although risks are identified and assessed, this is not undertaken systematically and consistently. ▪ A corporate risk management policy/strategy is in place but awareness of its existence is low. ▪ Risk management is increasingly incorporated into the day to day running and decision making of the Council but many employees lack sufficient understanding of risk management. ▪ Operational risk management is relatively well established but strategic issues are not routinely risk managed.	▪ Integrate into Strategic Planning process. ▪ Conduct Strategic Risk Assessment. ▪ Series of awareness sessions. ▪ Series of awareness sessions. ▪ Strategic Risk Assessment/ framework for managing risk.

MARSH

Characteristics of Good Risk Management	"Worth the Risk"	"Shorten the Odds"	Current Status	Programme for Improvement
Shared awareness and understanding within the authority of the extent and categories of risks regarded as acceptable.	■ Councils are entering into increasing numbers of partnerships. Some of these organisations may not have the same sensitivities to the risks that a Council may see as important. ■ Risks that need to be taken into account are likely to include: **Strategic** (political, economic, social, technological, legislative, environmental, competitive, customer/citizen), **Operational** (professional, financial, legal, physical, contractual, technological, environmental). ■ Members should approve the Council's policy on risk – including the degree to which the Council is willing to accept risk. ■ The Chief Executive should be the clear figurehead for implementing risk management.	■ Risk management is integral to both strategic planning and operational management. ■ Understanding the breadth of hazards facing the Council will help managers to identify all of the potential risks associated with providing their services. ■ Strategic hazards and risks need to be taken into account in judgements about the medium to long term goals and objectives of the Council. ■ Managing strategic risks is a core responsibility for senior managers in close liaison with elected members. Strategic risk assessments should be undertaken as part of the community, corporate and service planning process and as a key element of service reviews. ■ Operational hazards and risks will be encountered by managers and staff in the daily course of their work. ■ Two criteria should be used to determine the scale of risk associated with each hazard: the likelihood and severity. Neither criterion can be taken in isolation. Using these criteria, the Council should quantify the scale of risk involved in each area of its activity. ■ Recently there has been a move towards self-insurance. Risk management will be critical in helping each service strike a balance between self and external insurance. ■ Managers should identify and manage operational risk in a systematic way. This information should be collated to create a risk portfolio, capable of being continually updated.	■ Risk management is not central to the partnerships that the Council is forming. ■ Risk management tends to have an operational focus. ■ The Council has begun to address strategic risks but risk management needs to become an integral part of strategic planning. ■ Different Council departments have different risk appetites and the degree to which risk is accepted is not consistent. ■ Managers don't always view risk management as their responsibility. ■ The developments made by the Council in incorporating risk management are inhibited by the lack of a risk-aware culture throughout the organisation. ■ Risk management is often viewed as an additional "bolt on" and is left until the end rather than an integral part of decision making.	■ Integrate into Project Management process. ■ Necessary but build on at strategic level. ■ Integrate into SP processes. ■ Roll out at strategic risk assessment to services. ■ Incorporate into performance management arrangements. ■ Communication, training and awareness sessions. ■ Embed into planning process.

Characteristics of Good Risk Management	"Worth the Risk"	"Shorten the Odds"	Current Status	Programme for Improvement
Shared awareness and understanding of the likelihood and potential impacts of the risk materialising within the authority.	■ Members have a responsibility to understand the strategic risks that their Council faces and decide how these risks should be managed. ■ Members should consider appointing a particular group or committee to oversee risk management and provide a focus for the process. ■ Agree the list of most significant risks – this should be kept to a manageable level and prioritised. ■ Internal audit has a vital role to play, however, their role should be separated from the establishment and operating of risk management. ■ For each identified risk: acceptable?, control strategy?, who is accountable?, residual risk?, early warning mechanisms? ■ Written record should be maintained of who is responsible for managing each key risk.	■ Risk management is very much part of every manager's day-to-day management responsibilities – it informs judgements about the appropriateness and effectiveness of policy options or service delivery methods.	■ Risk management is not yet regarded as a normal management responsibility across the Council. ■ Information presented to Councillors does consider risks, but this information needs more detail. ■ The Council has already appointed a Risk Management Group, although its focus is on traditional, operational type risks and the Internal Audit function is not represented on the Group. ■ Details of the risks faced by the Council have been collected in some cases, but this process has not had the formality required to produce a prioritised risk register. ■ Risk assessment are routinely carried out by various departments but few, if any, allocate a responsible person to monitor the risk and update the assessment/ controls.	■ Link to service planning objectives. ■ Role of Scrutiny Forum in engaging elected members. ■ Clarification of roles and responsibilities. ■ Strategic risk assessment. ■ Improved reporting and monitoring arrangements.

MARSH

Characteristics of Good Risk Management	"Worth the Risk"	"Shorten the Odds"	Current Status	Programme for Improvement
Shared awareness and understanding within the authority of its ability to reduce the incidence and impact on the organisation of risks that do materialise.	■ Features of risk management will already be in place and efforts should be targeted at improving and codifying existing processes. Rolling out a separate risk management strategy should be avoided. ■ Risk management must be integrated into the day-to-day management practice in a formalised and consistent manner.	■ Many of the skills and resources needed to manage risk effectively already exist in Councils, but they must be co-ordinated to deliver a more structured approach. ■ Identifying and evaluating the consequences of policies or actions is now always referred to as risk management. ■ Systematic assessments of risk need to be undertaken when judging all policy and service delivery options available to the Council. ■ Risk management is not an end in itself, instead it is a means of minimising the costs and disruption to the Council caused by undesired events. ■ To manage risk effectively, the risk management cycle should be embraced: risk identification, risk analysis, risk control and risk monitoring. ■ Effective risk management will deliver a number of tangible and intangible benefits. These vary from service to service, but they will be important to the Council's reputation and its ability to deliver Best Value.	■ Considerable risk management activity is already underway within the Council, but it would be beneficial if there was one person co-ordinating risk management. ■ In many instances, Council employees already undertake features of risk management, but there is often no formality and little evidence of this. ■ Risk management is becoming common practice throughout the Council, but risks need to be addressed earlier in the decision making and service planning process. ■ Elements for risk management exist throughout the Council, but greater benefit (e.g. protection of reputation) could be derived through a more formalised approach.	■ Review of roles and responsibilities. ■ Prioritisation of risks, maintenance of a risk register. ■ Link to service delivery and strategic planning objectives. ■ See Marsh recommendations in full.

MARSH

Characteristics of Good Risk Management	"Worth the Risk"	"Shorten the Odds"	Current Status	Programme for Improvement
A regular and ongoing monitoring and reporting of risks including early warning mechanisms.	■ Members must correctly position risk management as a strategic and operational tool, through a top-down approach. ■ Reports to committee should include an explicit section on the risks associated with a decision and the steps to be taken to manage those risks. ■ Councils should utilise risk management to focus on opportunities as well as seeking to deal with potential threats.	■ Risk management should be integral to policy planning and operational management – it cannot be seen as a "bolt on". ■ Risk management activity needs to be planned and managed if the risks to be Council are to be minimised – the Council's risk manager has a critical role to play in this process, but responsibility for managing risks associated with progressing service activities lies with service managers. ■ Identifying and allocating roles and responsibilities for risk management is essential if the strategy is to be developed, implemented and reviewed effectively. ■ Formal cross-service working will help identify and manage overlapping risk – possibly via a corporate risk management working group. ■ The risk management group may be sub-divided into smaller groups organised around particular themes.	■ Current focus on operational risks is inhibiting the establishment of risk management as a strategic and operational tool, through a top-down approach. ■ Committee reports have a section on risk, but more detailed information should be sought. ■ Culturally, risk management is predominantly viewed as something to deal with threats, rather than something to realise opportunities. ■ Although the importance, and increasingly the benefits, of risk management are recognised by managers, there is still a reluctance to embrace risk management. ■ Risk management activity is underway in several Council departments, but these initiatives could be enhanced through central co-ordination. ■ The Council's Risk Management Group has provided a focus for risk management activity that could be further enhanced through the introduction of smaller, themed groups.	■ Review role and function of risk management groups. ■ Integrate risk considerations into decision making processes. ■ Awareness sessions to promote the positive benefits of managing risk. ■ Awareness sessions to promote the positive benefits of managing risk. ■ Review of roles and responsibilities - see also Framework for Managing Risk.

Characteristics of Good Risk Management	"Worth the Risk"	"Shorten the Odds"	Current Status	Programme for Improvement
Appropriate assessments made of the cost of operating particular controls relative to the benefit obtained in managing the related risk.	▪ Members must promote the desired mindset and attitude that is essential for successful implementation and robust ongoing risk management processes. ▪ Sufficient resources must be committed to risk management both from implementation perspective and to ensure that systems are sustainable. Implementation should be recognised as significant change and managed appropriately.	▪ The aim is to reduce the frequency of risk events occurring (wherever possible) and minimise the severity of their consequences if they do occur. Even when likelihood of an event occurring cannot be controlled, steps can be taken to minimise the consequences.	▪ Awareness of risk management among elected members and senior managers is improving, but an increased awareness of risk management would help reinforce the use of risk management at all levels throughout the Council. ▪ The Council has already demonstrated its commitment to risk management but to ensure systems and procedures continue to develop and the maximum benefit is achieved, adequate resources must continue to be allocated in the future.	▪ Explore opportunities to engage all elected members in governance arrangements. ▪ Review roles and responsibilities as part of current organisational restructuring.
Annual review of the effectiveness of the system of internal control in place.	▪ Organisations can build risk management procedures into the way that they operate as part of a quality revolution to demonstrate real improvements in value. Without good risk management processes, authorities are unlikely to achieve competitive advantage and excellent performance in the best value regime. ▪ Regular reporting on risk management and internal control to satisfy members that the functions are operating effectively and in the manner they have approved.	▪	▪ Risk management has been increasingly adopted by the Council, but its adoption could be extended to help the Council meet performance targets and justify decisions. ▪ Risk management has become increasingly common within the Council, but to date very little of the activity is documented and reported.	▪ Embedding into performance management and planning processes. ▪ Review arrangements for recording, analysis and reporting of performance.

MARSH

Characteristics of Good Risk Management	"Worth the Risk"	"Shorten the Odds"	Current Status	Programme for Improvement
Public reporting on the results of the review incorporating an explanation of the action taken by the authority to address any significant concerns identified.	• Approve public disclosure of the annual assessment of effectiveness, including publishing in an appropriate manner.	• Councils should consider agreeing a risk management mission statement that expresses their commitment to the effective management of risk.	• The Council discloses very little information on risk management in any of its public documentation.	• Consider methods for engaging stakeholders in process and development of public performance reporting.

Appendix 5

Risk Management Questionnaire

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Carlisle City Council Risk Management Review 2002

During June/July 2002 a short questionnaire on risk management was circulated to around 30 other authorities, including Carlisle City Council's Historic Cities group. 17 authorities responded, giving a response rate of 57%.

The authorities said how strongly they agreed or disagreed with a list of statements.

64.5% agree that 'The Council has a risk management policy':

Strongly agree	23.5%	(4)
Agree	41%	(7)
Disagree	23.5%	(4)
Strongly disagree	12%	(2)

82% agree that 'The Council has a strategy or plan to implement the risk management policy':

Strongly agree	35%	(6)
Agree	47%	(8)
Disagree	12%	(2)
Strongly disagree	6%	(1)

94% agree that 'The Council has a sound system of internal control':

Strongly agree	23.5%	(4)
Agree	70.5%	(12)
Disagree	6%	(1)

82% agree that 'Risk management is factored into our service planning':

Strongly agree	0%	(0)
Agree	53%	(9)
Disagree	29%	(5)
Strongly disagree	18%	(3)

47% agree and 47% disagree that 'Risk management is an integral part of our project management and appraisal processes':

Strongly agree	6%	(1)
Agree	41%	(7)
Disagree	41%	(7)
Strongly disagree	6%	(1)
Don't Know	6%	(1)

76.5% agree that 'Improving awareness of risks and the control environment is a priority for senior management':

Strongly agree	53%	(9)
Agree	23.5%	(4)
Disagree	23.5%	(4)

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"How many examples do you have of risks not adequately controlled in your Authority?"

Almost two thirds replied 'we have a few examples of risks not adequately controlled', see chart below:

Examples of risks not adequately controlled in your Authority

- ■ No reply
- ■ We have lots of examples of risks not adequately controlled
- ▨ We have several examples of risks not adequately controlled
- ■ We have a few examples of risks not adequately controlled
- ☐ We have only one example of a risk not adequately controlled
- ▨ We do not have any examples of risks not adequately controlled
- ■ Don't Know

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