

AUDIT COMMITTEE

CARLISLE
CITY COUNCIL



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Committee Report

Public

Date of Meeting: 26th September 2012

Title: Corporate Risk Management

Report of: Deputy Chief Executive

Report reference: SD 07/12

Summary:

The purpose of this report is to update Members on the Council's risk management arrangements.

Recommendations: The Committee is asked to note the contents of the report as an indication of the continuing commitment to sound governance arrangements for corporate risk management

Contact Officer: Sarah Mason

Ext: 7053

CITY OF CARLISLE

To: Audit Committee
26th September 2012

SD07/12

CORPORATE RISK MANAGEMENT

1. Background

In accordance with the Council's Risk Management Policy, the Corporate Risk Register (CRR) is submitted to the Resources Overview and Scrutiny Panel (ROSP) and the Audit Committee for consideration on a quarterly basis.

This report contains the Risk Register (see Appendix A) that was presented to ROSP on 26th July 2012.

2. Comments on the Corporate Risk Register

The Corporate Risk Register has been reviewed by the Senior Management Team and the Corporate Risk Management Group. During the last quarter, the Current Action Status /Control Strategy sections have been addressed and the scoring of certain risks amended accordingly. The risks are detailed in Appendix A.

A number of risks have been removed from the Corporate Risk Register as these risks have been reduced through successful mitigation action. They will continue to be monitored by SMT during 2012/13.

SMT will be conducting an annual review of the corporate risks during September to identify any new/emerging risks and these will be incorporated into the Corporate Risk Register.

3. Travelers Insurance Healthcheck

As previously reported to this Committee, Travelers, the Council's insurance company, carried out a risk management healthcheck in April 2011. Six non mandatory issues were identified during the assessment and recommendations made:

- Driver assessment scheme for all employees who drive on Council business
- Driver licence and insurance checks
- Driver handbook to include Council's road safety policy, driver's code of conduct, reporting of accidents, driver assessments and driver licence requirements
- Tree stock survey
- Measure of operator exposure time to harmful vibration
- Improved health and safety arrangements within Highways Services

Whilst none of the recommendations made are mandatory, implementing them is considered good practice and may help the Council defend potential claims. The action plan put in place to address the issues raised is now nearly complete and is detailed in Appendix B.

Travelers are providing a number of training days on insurance related issues. A liability workshop was held on 19th June 2012 for managers. The main messages arising from the workshop were

- 'Documentation' - highlighting the importance of keeping adequate and accurate documentation (defensible documentation)
- Events insurance - ensuring adequate insurance cover at the start of the project and that insurers are aware of larger events from the outset
- Use of Safety Advisory Groups – to be used for advisory purposes only
- Defending claims – highlighting the importance of following policies, having achievable inspection regime targets and keeping defensible documentation
- Third Party Insurance – a lack of this type of insurance could leave the Council liable to claims under the Occupiers Liability legislation
- Risk Based Inspection Regimes – the Council was advised to look at this in more detail for all areas of service eg. property, trees, green spaces, play areas, highways, monuments
- Emergency Strategy – further examine procedures for dealing with serious personal injury or death
- Elected Members – advice for Members on how the Council's insurance cover responds for when they are carrying out official duties and also how cover responds to Public Liability claims
- Acting reasonably – the Council must act reasonably eg. keeping visitors reasonable safe. Lack of resources is not a defence.

A liability work programme/action plan is currently being put together to progress these issues. This will be taken to the Corporate Risk Management Group in September 2012.

Further insurance workshops will be held. An Events Insurance workshop has been organised for 18th September 2012 for those officers involved with organising events and a workshop for Members has been organised for later the same day.

4. Recommendations

The Committee is asked to note the contents of the report as an indication of the continuing commitment to sound governance arrangements for corporate risk management.

DARREN CROSSLEY
Deputy Chief Executive

Contact Officer: Sarah Mason

Ext: 7053

Corporate Risk Register July 2012

Note: Amendments in the last quarter are marked in italics. The inclusion of the previous and current risk matrices shows the effect that the control strategies have had on risk ratings since the last quarterly update. A target risk matrix shows the risk level that the Council is aiming to achieve from the successful implementation of the control strategies and the date for when this will be achieved.

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Limited Resources	There is a risk that scarce resources are not directed to priority areas within the Council's key objectives of local environment and local economy
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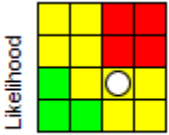
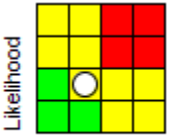
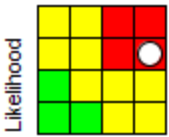
Present and Previous Matrices	Review Dates	Present and Previous Risk Scores	Current Action Status/Control Strategy	Target Risk Matrix
	12- Jul-2012	8	<ul style="list-style-type: none"> Work with the new Executive to agree the Council's new objectives is now well underway. Once these have been agreed, the Council will realign budgets to meet these priorities, whilst assuring the savings targets identified in the MTFP are met. 	
	23-Feb-2012	12	<ul style="list-style-type: none"> The Council is on track to make this year's savings target. A further £700,000 is required for 1st April 2013, £650,000 for 1st April 2014, £587,000 for 1st April 2015 and £36,000 for 1st April 2016. The Joint Management Team is currently working up plans to meet the required savings for 2013/14 and 2014/15 to be recommended to Executive. 	

Current Impact Description	Critical
Current Likelihood Description	Remote
Risk Score	8

Target Risk Date	31-Mar-2013
Target Risk Score	8

Managed By	Peter Mason
Portfolio Holder	Councillor Tickner

Welfare Reform agenda – Localisation of Council Tax - Reputation	Central Government is introducing a new system for administration of Council Tax support. Implementation will be from April 2013. The programme will include changes in responsibility for the City Council. There is potentially a significant reputational risk in setting the Council Tax scheme appropriately, administrating and managing the change process and in communicating with and supporting customers and claimants throughout.
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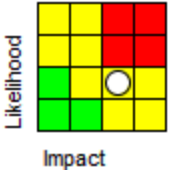
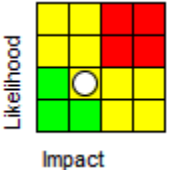
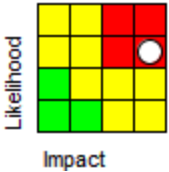
Present and Previous Matrices	Review Dates	Present and Previous Risk Scores	Current Action Status/Control Strategy	Target Risk Matrix
 <p>Likelihood</p> <p>Impact</p>	12-Jul-2012	6	<ul style="list-style-type: none"> A lead project officer has been appointed to lead the implementation of the new system and to manage the project up to and beyond April 2013. <i>Project plans and an implementation programme have been put together and are being delivered.</i> <i>A timetable of key decisions has now been put on the forward plan and monitoring processes for implementation of the system are in place.</i> 	 <p>Likelihood</p> <p>Impact</p>
 <p>Likelihood</p> <p>Impact</p>	29-Feb-2012	12		

Current Impact Description	High
Current Likelihood Description	Remote
Risk Score	6

Target Risk Date	01-Apr-2013
Target Risk Score	4

Managed By	Keith Gerrard
Portfolio Holder	Councillor Riddle

Welfare Reform agenda – Localisation of Council Tax - Finance	Aligned to the corporate risk related to the implementation of Council Tax support, there is a corporate risk to managing the financial implications of the new system.
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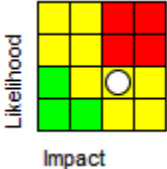
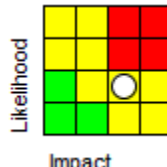
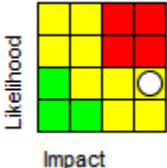
Present and Previous Matrices	Review Dates	Present and Previous Risk Scores	Current Action Status/Control Strategy	Target Risk Matrix
	12-Jul-2012	6	<ul style="list-style-type: none"> The Council decision making process for agreeing the localisation of Council Tax discount scheme has been placed on the appropriate forward plans. The Council has estimated that the potential impact of these changes to be between £120k and £190k. This will depend on the take up of the new benefit discount from pensioners who did not claim Council Tax benefit and agreement of the final scheme. Budget planning for 2013/14 is taking full account of this additional cost. 	
	29-Feb-2012	12		

Current Impact Description	High
Current Likelihood Description	Remote
Risk Score	6

Target Risk Date	31-Oct-2013
Target Risk Score	4

Managed By	Keith Gerrard
Portfolio Holder	Councillor Riddle

Provision of Disabled Facility Grants (DFGs)	<i>Risk to be removed from the Corporate Risk Register but monitored at operational level</i> Ongoing sufficient provisions will need to be made for DFGs in 2013/14 budget. There is a litigation and reputational risk to the Council if the 6 month grant claim timeframe is exceeded due to insufficient funding being available.
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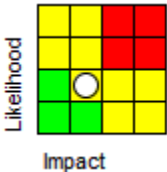
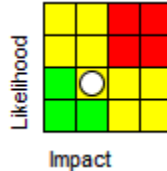
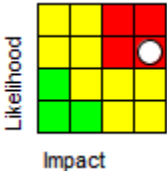
Present and Previous Matrices	Review Dates	Present and Previous Risk Scores	Current Action Status/Control Strategy	Target Risk Matrix
	12-Jul-2012	6	<p><i>The control strategies put in place 2011-12 are now ensuring that the Council is dealing with the financial and reputational risk.</i></p> <p><i>The risk will now be removed from the Corporate Risk Register. It will remain on the Strategic and Private Housing Operational Risk Register, in order to maintain control of the risk.</i></p>	
	29-Feb-2012	8		

Current Impact Description	High
Current Likelihood Description	Remote
Risk Score	6

Target Risk Date	01-Nov-2011
Target Risk Score	6

Managed By	Keith Gerrard
Portfolio Holder	Councillor Riddle

Redundancy payment provision	<i>Risk to be removed from the Corporate Risk Register but monitored at operational level</i> Trend analysis suggests that, there is a risk of insufficient redundancy payment provision. The Council is required to make a further £2-£2.5m in service efficiencies
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Present and Previous Matrices	Review Dates	Present and Previous Risk Scores	Current Action Status/Control Strategy	Target Risk Matrix
	12-Jul-2012	4	<ul style="list-style-type: none"> Enhanced redeployment initiatives. Leaving new posts created by service restructures vacant until redundancy costs of restructure are met. Reserves have been topped up by £250k as part of the year end accounts, so there is likely to be sufficient funds to meet redundancy costs in 2012/13. The longer term funding is still to be agreed. <p>The risk will now be removed from the Corporate Risk Register. It will remain on the Financial Services Operational Risk Register, in order to maintain control of the risk.</p>	
	28-Feb-2012	12		

Current Impact Description	Critical
Current Likelihood Description	Remote
Risk Score	8

Target Risk Date	31-Mar-2013
Target Risk Score	4

Managed By	Peter Mason
Portfolio Holder	Councillor Tickner

Sickness Absence	<i>Risk to be removed from the Corporate Risk Register but monitored across directorates</i> There is a risk that excessive sickness absence impacts on the Council's capacity to deliver services and its reputation for delivering value for money
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Present and Previous Matrices	Review Dates	Present and Previous Risk Scores	Current Action Status/Control Strategy	Target Risk Matrix
	28-Jun-2012	6	<i>The impact of the mitigation actions taken to date on the sickness trends going forward will be monitored during 2012/13.</i>	
	02-Feb-2012	6	<i>The risk will now be removed from the Corporate Risk Register and remain on the Personnel Operational Risk Register.</i>	

Current Impact Description	High
Current Likelihood Description	Remote
Risk Score	6

Target Risk Date	31-Mar-2013
Target Risk Score	6

Managed By	Peter Mason
Portfolio Holder	Councillor Tickner

Vision for the City	<i>Risk to be removed from the Corporate Risk Register but monitored in Economic Development</i> There is a risk that there is no clear consensus/vision for the City's Economy and no agreed strategy with Partners
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Present and Previous Matrices	Review Dates	Present and Previous Risk Scores	Current Action Status/Control Strategy	Target Risk Matrix
	12-Jul-2012	6	<p><i>The Carlisle Economic Partnership (CEP) has now put a draft vision and clear direction for growing the economy of Carlisle through the work undertaken to produce the Carlisle Economic potential report.</i></p> <p><i>The risk will be removed from the Corporate Risk Register.</i></p>	
	15-Dec-2011	6		

Current Impact Description	High
Current Likelihood Description	Remote
Risk Score	6

Target Risk Date	31-Mar-2011
Target Risk Score	3

Managed By	Darren Crossley
Portfolio Holder	Councillor Glover

National Non Domestic Rates	<p><i>Risk to be removed from the Corporate Risk Register but monitored at operational level</i></p> <p>The current system of pooling and redistributing business rates will cease by April 2013 and Councils will retain their locally-based business rates. The purpose is to give local authorities stronger incentives to grow the business rates base and promote economic growth. Initially local authorities will be protected from any substantial change; however, in the long term, the business rates will be affected by economic growth. As a consequence there is a potential financial risk as any downturn in the local economy will directly affect the Council's finances.</p>
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Present and Previous Matrices	Review Dates	Present and Previous Risk Scores	Current Action Status/Control Strategy	Target Risk Matrix
	12-Jul-2012	6	<p><i>The control strategy is substantially delivered. Actions arising from the Economic Potential report will seek to ensure that the local economy is sustained and grows. The risk will be removed from the Corporate Risk Register and remain on the Economic Development Operational Risk Register.</i></p>	

Current Impact Description	High
Current Likelihood Description	Remote
Risk Score	6

Target Risk Date	01-Apr-2015
Target Risk Score	4

Managed By	Jane Meek
Portfolio Holder	Councillor Glover

Risk Improvement Requirements and Recommendations – Update July 2012

Travelers Insurance Co. Ltd, 19 April 2011

The following recommendations were assigned a Risk Improvement Code E which refers to a non mandatory risk improvement recommendation which may avoid the need for increased terms and deductibles at some future date.

Recommendations made April 2011.	Update July 2012	Responsible Service Manager/Health & Safety Manager (advisory capacity)
<p>Driver assessment scheme should include all employees who drive on Council business.</p> <p>Driver assessments should include health surveillance and fitness checks, particularly high mileage drivers (>20k miles) or drivers who operated vehicle machinery.</p>	<p>Complete.</p> <p>All employees that drive Council vehicles are provided with health surveillance. No drivers who drive their own vehicles exceed 20k miles.</p>	<p>Relevant Managers and SHE Manager</p>
<p>Driver licence checks should be carried out following accidents.</p> <p>Insurance checks should be carried out for those drivers who are on Council business and who provide their own insurance cover.</p> <p>Monitoring arrangements should be in place to ensure these arrangements are adhered to.</p>	<p>As part of Council procedures all driver licences and insurances are systematically checked. There will be a periodic random sweep of 20% of these. In the event of a serious accident, if the police did not check the driving licence, the Council would check their records to show that all reasonable checks had previously been taken.</p>	<p>Relevant Service Managers who have persons driving on Council business within their teams.</p>
<p>Produce a comprehensive driver handbook to include Council's road safety policy, driver's code of conduct, reporting of accidents, driver assessments and driver licence requirements etc.</p>	<p>This has been developed and provided for checking with the Transport Co-ordinator, who is the holder of the operating licence.</p>	<p>SHE / Transport Co-ordinator / Managers of teams using Council Vehicles</p>
<p>Loss control arrangements within Neighbourhoods and Green Spaces require further evaluation and improvement.</p>	<p>A tree survey programme will form part of the transformation programme 2012-13 and this will prioritise the work. Survey results will be recorded electronically.</p>	<p>Neighbourhoods and Green Spaces Team. This is now included on their Operational Risk Register.</p>
<p>A system should be implemented to a reliably measure operator exposure time to harmful vibration.</p>	<p>All equipment has been checked by external consultant in 2007. The managers (NAGs) have systems in place to monitor that their staff are not exposed to non compliant levels of HAVS. All staff also receive occupational health surveillance. All staff showing signs or symptoms of HAVS are recorded and addressed. Refresher training for Neighbourhood and Green Spaces team will be carried out early 2012/13.</p>	<p>Neighbourhoods and Green Spaces Manager</p>
<p>Improve health and safety arrangements within Highways Services –</p> <p>Ensure risk assessments are suitable and sufficient</p> <p>Ensure working practices are always safe</p> <p>Ensure working practices are always enforced</p>	<p>Following on from consultation, risk assessments within Highway Services have been updated.</p>	<p>Local Environment Asst Director / Highways Manager.</p>