

Annual Report of the Corporate Risk Management Group

Report of the Chief Officer for Communities, Public Health, Environment and Prosperity

Please note that the following recommendations are subject to confirmation by the Committee before taking effect.

1. Recommendations

It is recommended that Audit Committee:

- (a) Monitor the effective development and operation of risk management in the Council
- (b) Consider and note updates to risk registers

2. Summary

This report provides an update on risk management practice in the Council in the form of the annual report of the Corporate Risk Management Group. As the report provides an update for the last year it is broken down into sections that reflect the organisational structure during this time. Future reports will be based on the new structure.

3. Introduction

The annual report is intended to support this Committee in carrying out its role in providing independent assurance of the adequacy of the risk management framework and the associated control environment.

4. General update

A revised policy came into effect at the beginning of 2016. Much of the old strategy remained useful and was retained but the new policy has built on best practice from the UK Office of Government Commerce and the Management of Risk Guidance. Unlike the old strategy it will not have a defined end-date but will be regularly reviewed to ensure it remains fit for purpose.

Feedback suggested that the council's risk recording tool – spar.net – did not meet the needs of users. As such it has been decommissioned and a new system built using the council's WordPress infrastructure. This will make it much more simple to make changes to the system and provide additional functionality as and when required. Early feedback has been positive.

Following the changes to the organisation's structure the Corporate Risk Management Group will identify new members to ensure that all parts of the organisation are represented.

The content of the refreshed Corporate, People, Place and Corporate Services risk registers are provided as Appendices A – D. These are regularly monitored at leadership teams and action taken to escalate or reduce the management of the risks to the appropriate level according to changes in perceived risk to the Council.

5. Risk management updates from Service areas

5.1. People

Risk management is well embedded within People with Heads of Service regularly reviewing service level risks, which are escalated on a monthly basis to the Leadership Team People for review of both the People and Corporate Risk Registers. Risks are proactively managed throughout the organisation with SPAR.net being the historical tool used to monitor and manage risk.

Whilst a diverse range of risks are included within the People and Corporate Risk Registers, looking forward key risks to the Council relate to market capacity, increasing demand for services and increasing pressure on costs.

Benchmarking of performance indicates Devon has both a greater incidence of people contacting the authority for adult social care support and a higher level of spend on those eligible for support from the council. There is work underway to ensure that we understand how the 'front door' for social care operates to ensure that people have the best opportunity to maximise their independence by being supported to find solutions within their local community and only where necessary receive care and support from adult social care in a timely and appropriate setting. This includes ensuring that individuals and their families have access to high quality information. Devon has launched Pinpoint as the digital solution to enable people to find a wealth of information, advice and support. The usage of this new improved facility will be monitored to support future improvements.

There remain on-going challenges securing supply of adult social care in some instances. Weekly tracking takes place of personal care packages not arranged in a timely way and this is reviewed weekly with all NHS partners. A new personal care framework has recently been let with responsibility for supply chain management being passed to the 'lead provider' in each zone. We expect this approach to make a difference but the workforce challenges of securing and retaining care workers remains a difficult one. It should be noted that the demand for personal care has significantly increased over the last 2 years and it is important to place supply and the availability of care in this context.

There are increasing costs and challenges in securing health, education and care placements for children with additional and complex needs due to a reducing market, stronger regulation and difficulty in delivering personalised services for individual children. Greater efficiency has been built into the process of securing joint agency placements and financial contributions. Commissioning arrangements with Virgin Care and other providers are under continuous review to ensure needs are appropriately matched.

5.2. Place

Service Risks are formally reported to Place Leadership Team (PLT) on a six monthly basis or more regularly as significant risk items require escalating.

All identified risks have associated management action plans which are regularly reviewed by Heads of Service.

The Place risk register continues to be kept under review in order taking into account changes in central government policy or new initiatives that may result in new or additional risks to the Local Authority.

5.3. Public Health

2015/16 has been a challenging year financially for Public Health, real decreases in grant from Department of Health meant that hard choices had to be made about rationalising or suspending services. This pressure is expected to continue into 2016/2017 and means that Public Health has to work creatively with partners to try and find funding solutions where possible. There continue to be difficulties in timely access to Public Health data which impedes the scrutiny function of Public Health, some of these are being addressed, but progress is slow. Response to Public Health emergencies is potentially still compromised because of the lack of a signed Memorandum of Understanding between all the parties. There is also concern about the capacity of the Public Health system to respond as Health Protection resource is reduced and becomes less local. Lastly, a perceived deficiency in emergency planning readiness was exposed by the Ebola outbreak, which is now being addressed.

6. Risk management updates from areas of risk specialism

6.1. Finance

At its meeting of 7 September 2016, the Audit Committee approved the 2015/16 Statement of Accounts. The Committee also received the External Auditor's report of Audit Findings for the year ended 31st March 2016. The report stated that the draft financial statements and supporting working papers were prepared to a good standard and no material issues or significant adjustments were identified to the Consolidated Income and Expenditure Account or Balance Sheet. The report anticipated that the External Auditor would provide an unqualified audit opinion in respect of the financial statements.

Throughout last financial year, Cabinet received bi-monthly budget monitoring reports which outlined the pressures, both financial and non-financial, on Children's Social Work and Child Protection. At its June 2016 meeting, Cabinet received the financial outturn report which confirmed a large overspend in People Services, dominated by the Children's Service financial outcome. However, underspends, savings and change of accounting practice in other areas resulted in the small net underspend by the Authority as a whole at the year-end.

Budget forecasts for the current financial year, 2016/17, indicate further finance pressures in People Services and management action will be required to secure a balanced financial position at the end of the year.

The Medium Term Financial plan outlines the required budget savings through to 2019/20. Significant savings remain to be identified and delivered and it is intended that a large element will be provided by the implementation of the "purposeful systems" approach.

Finance Services has implemented two major systems during the past year, designed to improve efficiencies across the Council and deliver savings within the Finance function. The

automated ordering and accounts payable system (P2P) enables officers to order goods and services online, authorise receipt of those items and automatically process invoice payment. Budget monitoring, reporting and forecasting has also been automated using the Collaborative Planning package. This has enabled staff to risk assess budgets and focus Finance staff resources to high value, volatile budgets. The implementation of both systems has been steady and as their capabilities become better known and use increased across the Authority, the intended efficiencies will become realised.

6.2. Human Resources

As part of the HR Strategy 2013 – 2017, the Resourcing theme described how vital it is for DCC to have ‘the best people with the best skills to deliver our services, goals and vision’. Without effective workforce and succession planning in place, the risk to the organisation is that internal and external factors affecting supply and demand are not identified and planned for and the workforce doesn’t have the capability and capacity to deliver the organisation’s goals and vision in the future. As a result of the Comprehensive Spending Review², HR has worked with service areas over the last few years to deliver the required reductions and service redesign across the organisation. During this period, there have been targeted interventions to address attraction, recruitment and retention issues affecting particular service areas. For example, within Children’s and Adults’ Services a range of initiatives particularly within Social Work, which include the targeted approach to recruiting ASYE’s (Assessed and Supported Year in Employment), use of financial incentives including market supplements, and new approaches to attraction have been successfully introduced. In addition a new workforce planning model has been trialled within Engineering Design Group producing a workforce plan to identify and address future workforce requirements.

In the new HR Service Delivery Plan workforce planning is identified as a key priority to be rolled out across the organisation. The workforce plans would be used to develop both service level interventions and corporate wide actions to address potential problems and build workforce capacity and capability. For instance, this could include new initiatives within the apprenticeship schemes on offer to take advantage of the apprentice levy being introduced in April 2017, and development of career pathways and succession planning.

6.3. Health and Safety

Health, Safety and occupational health risk management, when effectively undertaken, is a management discipline aimed at loss minimisation, increasing productivity and improving the quality of service delivery. Consequently effective health, safety and well-being risk management is critical to the success of the Council and the Council’s Risk Management Strategy and the Council’s Strategy for Improvement and Efficiency.

The annual report on progress for 2015-16 and a detailed action plan for 2016-17 was presented to the Devon Health & Safety Panel on 10th October 2016. The report identifies a number of achievements and initiatives throughout the Council since the previous report.

Headlines from the annual report include:

- The occupational health provision was outsourced from the 1st April 2016 to Industrial Medical and Scientific Services Ltd. (IMASS). This followed a competitive tender process.
- No breaches of statutory duty occurred in the past 12 months (e.g no action taken against DCC from the Health and Safety Executive or other enforcing body).
- Employee assistance programme continues to provide support to employees for a second year. This provision is currently out to tender with 7 returns to be evaluated imminently.
- An increase in accidents to employees reported centrally has occurred – up from 1274 to 1313, with the number of violent incidents being the most increased from 748 to 787 last year. This increase is significantly less than over the previous period and could be a result of increased awareness and reporting. Work on strategies to reduce workplace violent incidents remains one of the 2016/17 priorities.
- Another priority is the continuing work with the Estates Team around landlord arrangements and the transfer of assets to non-DCC organisations.

6.4. Information Governance

The council has robust security incident management procedures in place which actively monitors and manages incidents as they occur. Staff are actively encouraged to report incidents when they occur.

Feedback and an agreed action plan is provided to services following every incident on how they can improve their data handling practices to prevent similar incidents from re-occurring.

The council's Senior Information Risk Owner, Rob Parkhouse (Head of Business Strategy & Support) is kept informed about the level and types of incidents occurring and mitigations carried out, on a regular basis.

The Information Governance team have delivered regular Data Protection and Information Sharing training across the council to promote good security practices, which includes a new Data Protection e-learning training package which is live from October 2016.

The council has rolled out an email encryption system called Egress Switch, which shall ensure email communications are more secure and will reduce the likelihood of security incidents occurring.

Peer checking procedures are being incorporated into the day to day handling procedures of certain front-line teams.

The council's main information assets have been recorded in a corporate Information Asset Register and have assigned Information Asset Owners attached to them.

Risks for 2015/16

- Data Protection / Security Breaches
- Failure to adhere to Information Management standards
- Reputational damage from complaints
- Potential Impact of the Highlighted Risks

- Imperfect Sharing of information
- Complaints
- Legal Action
- Fines

Current Mitigation

- Staff training and awareness
- Adherence to existing codes of practice and policies
- Prioritisation of complaint resolution
- Customer Relations Team pro-active involvement in resolving and appropriate learning and actions from complaints
- Customer Relation team work with Services to appropriate redress

6.5. Insurance

The insurance premiums for DCC's policies reduced by 2% last year as a result of the decreasing property portfolio and motor fleet, a reduction in the number of claims, and renegotiation of the cost of our Contract Works policy which had not been reviewed for many years (we achieved a 50% premium reduction for that policy).

The insurance renewal papers for 2017 have been submitted to our brokers and we are awaiting sight of the renewal terms. Although the property portfolio continues to decrease, it is likely that the premium will increase next year as we have recently revalued the whole portfolio and the total value of our property assets has increased by approximately 25%.

The rate of Insurance Premium Tax (which is not recoverable) has risen yet again from 9.5% to 10% so an allowance will need to be made for this when paying the premiums.

Once again we have had a good year claims wise with a total of 539 new public liability claims received this year to date - 381 of these relate to incidents which occurred in 2016. As usual, the vast majority of the PL claims are for highway related incidents.

The number of Employers Liability claims remains very low with just 4 new claims for incidents occurring in 2016.

6.6. Emergency Planning

The Emergency Planning Team works closely with the Highways Operations Control Centre, the Flood Risk Management Team and the Council's social care infrastructure to ensure that the Council is able to respond to major incidents and emergencies in a speedy and effective way. It also liaises regularly with colleagues in Public Health and Animal Health specialists from Trading Standards.

In the past year they have established Devon Emergency Planning Service to provide emergency planning advice, standardised plans and training to Devon district councils. Six of the eight decided to join although we remain hopeful that the others will join in the future. This brings in a substantial sum but its true value is the increased resilience and a joined up approach to emergency planning across Devon.

Weather-wise we now respond to storms with names and got as far as Katie last winter. Other incidents included a capsized French trawler, escaped wild animals, two aircraft

incidents, the fall-out from an anti-terror incident in Newton Abbot as well as two major fires in Exeter at Richer Sounds and the sad loss of buildings on Cathedral Green.

The team continues to work with the blue lights and other responding agencies in the Local Resilience Forum to make sure Devon remains as safe as possible. The team also tweets community resilience messages on @devonalert which now has almost 3200 followers.

Virginia Pearson

Chief Officer for Communities, Public Health, Environment and Prosperity

Appendices

Appendix A: Corporate Risk Register

Appendix B: Leadership Team People Risk Register

Appendix C: Place Leadership Team Risk Register

Appendix D: Corporate Services Leadership Team Risk Register

Electoral Divisions: All

Cabinet Member for Community and Environmental Services: Councillor R Croad

Chief Executive: Dr Phil Norrey

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