SOUTH LANARKSHIRE COUNCIL

Report

Report to:	**Risk and Audit Scrutiny Forum**
Date of Meeting:	**19 May 2011**
Report by:	**Chief Executive**

Subject:	**Risk Management Year End Report 2010/11**

1.   Purpose of Report
1.1.   The purpose of the report is to:-

♦   provide an update on progress with risk management activity undertaken during 2010/11

2.   Recommendation(s)
2.1.   The Forum is asked to note the following recommendation(s):-

(1)   that the progress being made in delivering the actions within the risk management work plan 2010/11 is noted

(2)   that the progress made by Resources in complying with the requirements of the risk management strategy is noted

(3)   that the proposed areas of work for next year are noted

3.   Background
3.1.   The Council's risk management strategy encourages management of risk in two ways; by requesting a core set of tasks to raise risk awareness among officers, members and partners and by recognising that the best way to manage risk is by embedding risk considerations into normal service delivery.

3.2.   In July 2010, the CMT approved a risk management work plan for delivery by Resources, their Risk Sponsors and the central Risk Management team. The actions within the work plan resulted from an assessment of the Council's progress on risk management using the Best Value Two (BV2) toolkit and other risk management standards. Actions from the 2009/10 work plan that were not completed were also brought forward and included in the 2010/11 work plan.

4.   Progress with Risk Management work plan 2010/11
4.1.   The 2010/11 Risk Management work plan is attached at Appendix One and assesses progress using the same scoring mechanism as IMPROVe, the Council's performance management system. By the end of March 2011, 79% of actions had been completed or nearing completion.

4.2.   Significant progress has been made during the last year in the following areas:
   ▪   Risk information contained in Committee reports within "other implications"
   ▪   Risk considered as part of the savings exercise
   ▪   Learn on Line training module in Risk Management ready for launch
   ▪   Guidance on risk management in partnership actively promoted

4.3. The Forum is asked to note the progress being made in the delivery of actions within the 2010/11 Risk Management work plan.

5. Improvements and achievements as a result of managing risk

5.1. The main risk management achievements for 2010/11 include:

- Top risk review – Consultation with Executive Directors and on-line survey was completed as well as taking views from Elected Members. Results were presented to CMT in report dated 28 April 2011.
- Sponsors involvement – Productive meetings with all Resource Risk Sponsors continues with frequency changed to quarterly to reflect increased volume of business and interest.
- Targeted workshops – Workshops have been held for major areas of change and for specific projects, including the International Children's Games, Waste Management and for the transfer of halls and culture to South Lanarkshire Leisure and Culture Ltd.
- Bulletins – All risk management advisory bulletins have been reviewed and updated where necessary and are available on the intranet. A newsletter was also issued to Elected Members to advise them of risk management progress.
- Training and development – Risk Management training was recently delivered to Elected Members. Training continues at Management Development level and is available for all employees with the introduction of a specific "Learn on Line" module.
- Benchmarking – Meetings with other local authorities were completed and outcomes reported to the Risk and Audit Scrutiny Forum.
- Savings – The annual savings exercise for the first time included an evaluation of risk against each proposal. This helped to prioritise suggestions for decision taking.
- Identification of cross cutting and emerging risks – Risk Sponsors have been engaged in identifying risks that have cross Resource implications and any new emerging risks that may pose problems for the Council. Examples include potential increase in fly tipping, metal theft and increased fire risk in communal housing areas. Increasing claims areas were also identified including pupil losses and injuries and pathways incidents.

6. Major risk control initiatives

6.1. Specific risk control initiatives continue to be implemented at a corporate level throughout the Council. Examples of work that has been undertaken over the last year includes:

- Hot spots –Work on completing the actions previously approved by the CMT continues with only a small number outstanding. An external audit of the implementation and effectiveness of these actions will be carried out in June 2011 by an external consultant from Gallagher Bassett.
- Occupational Road Risk – The Occupational Road Risk (ORR) Policy and updated associated documentation took effect from 1 April 2010. An update on the number of drivers who required further training will be included in the forthcoming Insurance Annual Report to CMT. A review of the ORR policy is underway and the Driver Safety Group continues to meet and consider Council wide issues relating to driving at work.
- Security Working Group - This group continues to progress initiatives to improve security at Council properties. These include joint working with school design teams, surveys targeted at potential problem sites including old schools, property insurance surveys (six high profile Council properties during 2010/11), security assessments for all International Children's Games establishments, extension of the scope of the security strategy extended to Housing properties. All performance indicators for the reduction of crime and property insurance claims

have been exceeded. Crime statistics are at the lowest level, since detailed monitoring began in 2007. Table One below summarises the results.

Table One – Crime related indicators

Indicator	Baseline 2009/10	Target for 2010/11	Actual 2010/11
Number of criminal incidents at general services properties	711 incidents	5% reduction 675 total incidents	32% reduction 483 total incidents
Cost of criminal incidents at general services properties	£333,967	5% reduction £317,268	18% reduction £274,566
Number of property insurance claims as a result of criminality at general services properties	58 claims	5% reduction 55 claims	24% reduction 44 claims
Cost of insurance claims at general services properties	£263,792	5% reduction £250,602	20% reduction £208,904

- <u>Fraud</u> – An internally hosted reporting telephone line, "FraudAlert" was launched for members of the public to report insurance and other fraud. The Anti-Fraud and Corruption Strategies were revised.
- <u>Information governance</u> – All Resources are currently undertaking self assessments which will identify the control measures and initiatives that are in place and will also highlight areas where gaps exist. Full briefings have been provided to all Resources management teams to raise awareness of the importance of information governance. The Information Governance group meets regularly.
- <u>Health and Safety</u> – The Health and Safety strategy which outlines the long term strategic choices for the Council was approved by CMT on 27 January 2011. The Health and Safety policy was reviewed to promote legal compliance and to provide clarity in roles and responsibilities. A gap analysis leading to Resource specific Health and Safety plans is underway. Robust monitoring and evaluation will be carried out by the centralised Health and Safety team to ensure effective delivery of health and safety.
- <u>Insurance programme review</u> – This review was reported to CMT on 10 March 2011. The amendments made to purchased insurance covers resulted in a significant premium saving and reflects an increased appetite for measured risk.
- <u>Administration of medicine</u> – Gallagher Bassett conducted a review of procedures within Social Work Resources and Education Resources. This included discussions and visits to schools and residential units. The Council performed highly with Social Work Resources achieving an overall score of 93 per cent and Education Resources 92 per cent.
- <u>Environmental</u> – The Council's response to the risk of increased fuel costs has been to review its carbon management plan. Key measures taken include increased energy efficiency investment, improved energy performance information, increased use of renewables in new buildings and staff awareness initiatives. The Council is working collaboratively with other public sector organisations to secure the best possible prices for energy. A reviewed

Sustainable Development Strategy action plan was approved by Executive Committee in August 2010. Actions have been integrated within Resource Plans which allows monitoring using IMPROVe.

- <u>Business continuity</u> – Most Resources have completed plans for category one and two functions. A work plan for 2011/12 is to be presented to CMT.
- <u>Investors in People</u> - An internal review of IIP compliance is underway and results to date indicate that key employee related risks are being well managed. This includes ensuring employees are adequately developed, that their contribution is valued and that arrangements are in place to encourage employees to be involved in decision making processes.

7.   Resource compliance with Risk Management Strategy

7.1.   Resource Risk Sponsors were recently asked to reassess compliance with the Risk Management Strategy and provide supporting evidence. The information gathered was used to update the end of year compliance statement which is attached at Appendix Two.

7.2.   There has been an overall annual improvement in performance of 24 per cent since the year end Risk Management Report for 2009/10. Appendix two shows that the average Resource score is 28.5 out of a maximum of 36.

7.3.   The main areas of improvement are in Resources keeping up to date risk registers, and in reporting risk registers and risk control plans to Committee.

7.4.   Some Resources are still preparing to address specific areas, such as formal risk sharing in partnerships. These areas should be a priority for Resources in the forthcoming year.

7.5.   It is important that the level of compliance is maintained in order not only to satisfy external examiners and auditors but to avoid any unexpected events impacting on service delivery and to improve decision taking.

7.6.   On a quarterly basis, Resources performance in completing actions on their Risk Control Plans is reported through Improve. As at 31 March 2011, the percentage of actions completed was 46 per cent against an overall target of 60 per cent. Some further work is required by Resources to complete outstanding actions and thereafter to update Figtree accordingly.

7.7.   The Forum is asked to note the much improved level of compliance across all Resources in meeting the requirements of the Risk Management Strategy.

8.   Resource activity

8.1.   As well as corporate activity, the following reflect Resource contributions to the significant levels of risk management activity being undertaken:

- Social Work Resources – Recent external inspections confirmed improved performance in management of residential, day and home care and child protection risks. Controls include "good" to "excellent" gradings and quick responses to concerns. The few accepted improvement areas include better use of IT for care assessments, reporting outcomes for adults and joint working to resolve procurement risks associated with care provision.
- Education Resources – A good inspection report was received which reflects the work on pupil behaviour. Major investment in improving security at schools has led to a significant drop in levels of theft, vandalism, fire and the associated costs.

- Finance and IT Resources – Upgrading work on fire protection systems at the Caird Centre has been completed, providing an opportunity for more external bodies to use the hosting facilities on offer.
- Housing and Technical Resources – Working in partnership with Strathclyde Fire and Rescue and local residents groups, a programme of removing combustible materials from communal areas of multi storey flats has taken place. This has reduced the fire risk within these premises.
- Enterprise Resources – The severe weather experienced during last winter presented a significant risk to the quality of the roads network. To address this, additional safety inspections were brought forward. Following inspections, significant resources both in terms of finance and labour were utilised to repair all urgent safety defects. Between the Council's workforce and external contractors, 20 teams worked on the backlog of repairs. At the time this report was written, the vast majority of identified repairs had been undertaken. Against this backdrop, claims have reduced. At the same time last year, 356 claims had been intimated for incidents which occurred during 2009/10, with a total estimated cost of £438,000. This compares with 315 claims for 2010/11, with an estimated cost of £355,000.
- Community Resources – At Low Parks Museum, security fencing was erected to prevent access to the roof of the museum, the intruder alarm was upgraded and flammable wall insulation was removed from an artefacts store. At Chatelherault, security barriers and three external centrally monitored CCTV cameras were installed. The intruder alarm was also upgraded.

9. Next steps

9.1. The last review of the Council's Risk Management Strategy took place in 2009. The strategy will be updated during 2011/12 with the views of Executive Directors and Risk Sponsors being taken into account.

9.2. Actions from the 2010/11 Risk Management work plan which have not yet been delivered will be discussed with lead officers and carried forward to the 2011/12 Risk Management Work Plan, where appropriate. Other actions from internal and external reviews such as medication administration will also be included.

9.3. Internal Audit will be undertaking a review of the Council's risk management functions. They will be basing their audit on compliance against a compilation of standards and best practice guidance. Agreed recommendations and actions arising from the audit will form part of the 2011/12 risk management work plan.

9.4. The Forum is asked to note the approach in determining areas of risk management work for the forthcoming year.

10. Employee Implications

10.1. Resource Risk Sponsors are crucial to embedding risk management in routine service planning, delivery and performance and their dedicated time to this function is vital to success.

10.2. All employees should endeavour to identify and manage risks which impact on their services. Training on risk management is available for all employee levels.

11. Financial Implications

11.1. Some costs associated with the implementation of risk initiatives which cannot be met from Resource revenue budgets can be considered for partial funding from the risk management budget provided there are on-going insurance savings in the fund. A bidding system is in place through Risk Sponsors.

11.2. The central Risk Management team operates with a net budget of £234,352 which was £15,581 under-spent as at period 13.

12. Other Implications

12.1. Failure to implement basic risk management requirements in Resources and partnerships will make it difficult to achieve compliance with BV2 basic practice standards. To mitigate against this, Resource risk groups are in place and management team talks are on offer and guidance on decision taking, options appraisal and reporting risk to elected members is currently available.

12.2. The full financial benefit of any risk management initiative may take time to evolve but efficiencies identified during 2010/11 are listed below:
- Claims settlements have been offset against individual debt, savings £33,372
- The insurance programme review made premium savings of £45,715
- Hosting the fraud reporting line in house saved £5000
- Reducing the size of the central Risk Management team in October 2010 saved £2,898
- Continuing with low value in-house claims handling saved £28,704

12.3. Annual savings outlined above amount to £115,689. If the security and roads claims reductions are included the total potential, 2010/11 efficiencies amount to £253,577.

13. Equality Impact Assessment and Consultation Arrangements

13.1. There is no requirement to equality impact assess the risk management work plan. Risk Sponsors have been fully consulted during the preparation of this report and given opportunity to advise on further areas of risk management activity that has been completed.

13.2. As part of the consultation process, as in previous years, any amendments made during the review of the Risk Management Strategy will be reported to Trade Unions for discussion.

Archibald Strang
Chief Executive

27 April 2011

Link(s) to Council Values/Improvement Themes/Objectives
Governance and Accountability

Previous References
Risk Management Year End Report 2009/10 – report to Risk and Audit Scrutiny Forum – 8 July 2010

List of Background Papers
Sponsors meeting minutes and risk files

Contact for Further Information
If you would like to inspect the background papers or want further information, please contact:-
Joan Allan, Risk and Audit Manager
Ext: 5957 (Tel: 01698 455957)
E-mail: joan.allan@southlanarkshire.gov.uk

Delivery of the Risk Management Work Plan 2010/11

Improve status
1) Achieved
2) On course to achieve
3) Progress but potential issues
4) Slippage
5) Not on course to achieve – major slippage

Action Number	Action	Progress
AC/3923	Send reminders to risk sponsors with annual timetable of requirements and reports to be completed. Also send copy of Finance and IT report as an example	1
AC/3930	Explore options for more closely linking Resource Planning and risk management, including updating the Resource planning guidance to ensure that risk is adequately taken into account	1
AC/3933	Gather some examples of risk embedment, to show how risk is integrated into procedures and practices	1
AC/3934	Promote guidance on risk management in partnerships, through presentations to management teams	1
AC/3935	Promote guidance on risk management in partnerships, through risk sponsors meeting	1
AC/3936	Include guidance on risk management in partnerships/projects in management development training	1
AC/3937	Regular annual risk and audit meetings with Directors/Heads of Service	1
AC/3942	Complete training materials for frontline managers and employees using the Brightwave e-learning tool	1
AC/3943	Publish approved articles for Works Magazine	1
AC/3946	Deliver risk control actions and evidence monitoring of Resource risk control plans	1
AC/3949	Gather examples of how risk management has improved performance or saved time or money	1
AC/3950	Promote the inclusion of risk evaluation in savings exercises	1
AC/3951	Assess the risk management module within Improve for future use	1
AC/3952	Issue BV2 toolkit to Risk Sponsors for Resource self assessment	1
AC/3955	Confirm PR policy on reporting both public and Council sides of complaints and policy on publication of good news stories	1
AC/3956	Risk sponsors to keep Resource risk registers up to date and inline with Connect Council wide actions and values. Also update regularly to reflect incidents and service changes.	1
AC/3957	Risk sponsors to ensure SMART risk control plans are in place to manage designated risks	1
AC/3959	Update Council wide risk register	1
AC/3928	Progress paper to Corporate Resources re involving elected members in the risk agenda	2
AC/3929	Executive Committee reports to be issued 2/3 per annum - top risk review, top risk control and general progress report	2
AC/3931	Agree process to risk evaluate proposals for Connect	2
AC/3938	Raise awareness by attending a selection of partnership meetings (selected from Corporate Register) e.g. Community Health Partnerships or Child Protection Committee	2

Action Number	Action	Progress
AC/3941	Identify training needs analysis based on risk management competency document for sponsors, advisers and general employees	2
AC/3947	Check that Connect actions have been risk assessed and that results have been recorded in registers.	2
AC/3953	Research best practice guidance on inclusion of upside risk and opportunity within risk strategies and update SLC materials if required	2
AC/3954	Gather information on examples of upside risk being implemented in Resources	2
AC/3932	Integrate risk evaluation within project business case standard	3
AC/3939	In conjunction with the Corporate Improvement Unit, speak to lead officers re risk management in major change projects, including lean reviews where appropriate	4
AC/3940	Include top risk register in FOI publication scheme	4
AC/3945	Establish a method for transparently evaluating risk when entering contracts. Ensure risk assessment carried out and recorded in all instances	4
AC/3948	Update risk management handbook and issue	4
AC/3944	Existing contracts to be reviewed to highlight areas of risk retained by the Council	5
AC/3958	Build into standard invitation to tender the need to formally identify shared risks and arrangements for sharing management of such shared risks. Add the requirement for contractors/sub-contractors to adhere to SLC risk management practices and establish process to monitor	5

Summary of current compliance with Risk Management Strategic requirements   **Appendix Two**

Score 3=Up to date and in line with requirement
Score 2=Work in progress
Score 1=Needs addressed

Risk Management Requirements from Strategy	Community	Corporate	Education	Enterprise	Housing and Technical	Finance and IT	Social Work	CPP	Average across all	2009/10 Average
Up to date risk registers	3	3	3	3	3	3	2	3	2.9	2.4
Risk assessed for all Connect actions assigned to the Resource	3	2	3	3	3	3	1	3	2.6	2.4
Risk Registers and Risk Control Plans reported to Resource Management team	3	3	3	3	3	3	2	3	2.9	2.5
Risk Registers and Risk Control Plans reported to Committee	3	2	2	3	3	3	2	1	2.4	1.1
Risk evaluations prior to major projects and changes	3	2	2	2	2	3	2	1	2.1	1.3
Formal risk sharing partnerships	2	2	2	2	1	1	2	3	1.9	1.5
Evidence behind major decisions shows formal identification and evaluation of risk	3	2	2	2	2	2	2	1	2.0	1.5
Risk information in committee papers under "other implications"	1	3	1	3	3	3	2	1	2.1	1.4
Pro-actively monitoring delivery of risk controls	2	2	2	3	3	3	2	2	2.4	2.3
Contractors' assurance that risk controls in place for example insurance, health and safety practices, equalities, sustainable development.	3	2	3	3	3	1	3	2	2.5	2.4
Use of Figtree for risks and action tracking	2	2	2	3	2	3	2	2	2.3	2.1
Regular Resource risk group meetings	2	2	2	3	3	2	2	3	2.4	2.1
Overall total and average	30 2.5	27 2.3	27 2.3	33 2.8	31 2.6	30 2.5	24 2	25 2.1	28.5 2.4	
Comparative total and average at end 2009/10	24 2	17 1.4	18 1.5	28 2.3	28 2.3	29 2.4	14 1.2	25 2.1	22.9 1.9	
Average level of improvement (across all)									+24%	