Report of the Director of Finance

Agenda Item No:
Meeting: 27 September 2011

NORTH LINCOLNSHIRE COUNCIL

AUDIT SUB-COMMITTEE

RISK MANAGEMENT PROGRESS REPORT

1. OBJECT AND KEY POINTS IN THIS REPORT

1.1 To inform Members of key issues arising from Risk Management work.

1.2 Regular reporting on Risk Management issues is an important source of assurance for Members to fulfil their role and provides supporting evidence for the annual approval of the Governance Statement.

2. BACKGROUND INFORMATION

2.1 In June Members were advised that the council had procured a new risk management system. The system went live for operational risks in July 2011. Training sessions were arranged for operational risk owners and one to one training has been provided to those who could not attend the sessions. The overall feedback on the system, from those who received the training, is positive.

2.2 The new system has been populated with all the operational risk registers. Risk owners have been asked to review and update their registers with immediate effect. A central review of all operational risk registers will commence October 2011.

2.3 An important aspect of the risk management action plan is to continue to raise awareness across the council. This is achieved through comprehensive training programmes and communication networks. Regular risk management training is available and in October 2011 risk management awareness sessions have been scheduled for operational risk owners. In addition to information available on the web page and Intralinc the 8th edition of the Risk Roundup newsletter was also issued in July (Appendix A).

2.4 As part of a schedule of reviews of major projects, contained within the risk management action plan, a presentation on the conversion to an academy and the associated risks was delivered to the Risk Management Group. While the Government views this as a significant policy which will improve Education, for the council, schools moving to

academy status will bring significant financial risk, as well as reputational and organisational risks. This may also have an impact on educational outcomes.

2.5 In June Members were informed that the council had submitted data to CIPFA/ALARM's risk management benchmarking club. Results have now been received which show an encouraging level of compliance with best practice and risk maturity. Data was analysed over 7 factors and scored on a scale 1 to 5 (1 being the lowest and 5 the highest). A summary of the results is provided in Appendix B, and show arrangements are evaluated as level 4 (Embedded and Integrated) or level 5 (Driving).

3 OPTIONS FOR CONSIDERATION

3.1 The Sub-Committee should consider whether or not this update provides sufficient assurance on the adequacy of risk management arrangements as detailed in this report.

3.2 If the Sub-Committee considers that the report does not provide sufficient assurance on the adequacy of risk management arrangements further clarification may be sought and appropriate action considered.

4. ANALYSIS OF OPTIONS

4.1 This progress report updates Members on key internal control issues and complies with professional guidance available and is designed to provide this Sub-Committee with the assurance required.

4.2 The option set out in paragraph 3.2 indicates an opportunity missed to provide an important source of assurance to assist the Sub-Committee to fulfil its role effectively if adequate clarification is not provided.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY.IT)

5.1 Resources are met from Internal Audit and Risk Management budget.

5.2 Regular reviews of risk management arrangements should safeguard the council's assets and ensure that value for money is achieved in the use of resources. There are no staffing, property or IT implications.

6. OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 – CRIME AND DISORDER, RISK AND OTHER)

6.1 The Chief Financial Officer has a statutory duty under the provisions of the Local Government Act 1972 to ensure the proper administration of the council's financial affairs. The council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are

exercised, having regard to a combination of economy, efficiency and effectiveness.

6.2 The evaluation of the council's arrangements will help to promote good corporate governance. Risk management work, as a component of the council's internal control framework is a key source of assurance to support the Annual Governance Statement. The risk management framework addresses all key risks the council may face. It promotes appropriate action to manage risks to an appropriate level.

7. OUTCOMES OF CONSULTATION

7.1 The Risk Management Group is made up of representatives from all services and is therefore risk management outcomes are the result of a comprehensive consultation process.

8. RECOMMENDATION

8.1 The Audit Sub-Committee should consider the assurance provided by the Risk Management progress report on the adequacy of risk management arrangements detailed.

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Background Papers used in the preparation of this report
Risk Management Strategy and Action Plan 2011-2012

RISK roundup

Issue 8
July 2011

A quarterly digest of risk management issues

Subsidence - tree damage claim page 5

Wet toilet floor slip claim fails

PUBLIC CONVENIENCES – WET FLOOR
Gardner v (1) Norfolk County Council, (2) Great Yarmouth Borough Council, 26.10.10, Norwich County Court

In August 2006 when leaving the gentlemen's public toilets at a shopping centre in Great Yarmouth, the claimant slipped on the floor, fracturing his left wrist. He claimed damages from the defendants, alleging the first defendant, D1, was responsible for cleaning and maintaining the toilets and the second defendant, D2, was responsible as owner/occupier. He alleged negligence in failing to warn him of the slippery floor and/or failing to reduce the risk of slipping, and allowing there to be a marble-tiled floor, with a small mat, at the entrance to the toilets.

The second defendant delegated its cleaning and maintenance of the toilets to D1 who used contractors for this work. D2 denied the flooring was defective or excessively slippery when wet and argued the accident was caused by the D1's negligence or the negligence of the contractors.

The court noted the claimant said he went back into the toilets after falling, to find an attendant. However, the letter from his solicitors 11 days after the accident said he did not try to find an attendant. The judge accepted he did try.

The judge also accepted the claimant fell where he said he did and that the floor was visibly wet. The claimant's sister, present at the time of the accident, gave evidence that the floor was wet. It had been raining heavily on the day but the judge held the available sign warning against slipping was not in the vicinity of the entrance. There are, though, highly visible warning signs fixed to the walls at the entrance but the claimant said he did not read them.

The judge said the toilets were tired and run down and it was clear it had been raining heavily. The floor had a smooth, washable surface which was easier to clean than a rough surface that would not be slippery when wet. The attendant was present and mopped up as needed.

The judge rejected the argument that D2 should have replaced the floor. There had not been any other slipping injuries reported to the attendant on duty at the time, in his 21 years working at this site. Further D2 was not, as occupier, under a duty to have carried out a risk assessment.

D1 had taken reasonable care to ensure visitors were reasonably safe, having placed a mat at the entrance, warning signs on the walls, and arranging for an attendant to be present most of the time. The claim was dismissed.

Although this claim failed, the judge said he had "no doubt" the entrance to these public toilets would be reviewed. However, the defendants had taken all reasonable care in the circumstances. Although the premises were "tired and run down", adults would have known what sort of building they were entering, it was abundantly clear it had been raining and warning signs were fixed to the wall at the entrance.

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Council employee ‘not harrassed’

WORKPLACE STRESS – HARASSMENT AND BULLYING – EVIDENCE
Burroughs v Peterlee Town Council, 04.02.11, Middlesbrough County Court

“The claimant had concealed from the defendant his previous psychiatric history when applying for the job.”

The claimant had worked for the defendant for two years before going on sick leave allegedly due to a stress-related condition. His employment was later terminated by agreement.

He claimed damages for psychiatric injury allegedly caused by stress, harassment and bullying at work. He alleged harassment under the Protection from Harassment Act 1997 (PHA), alleging bullying and harassment by officers of the defendant. He also alleged negligence, saying his heavy workload led him to take work home.

He said his repeated complaints to his manager about stress from his increased workload forewarned the defendant of his suffering a foreseeable risk of injury. He alleged his illness rendered him unable to work for five years and reduced his future earning capacity.

The court rejected the PHA claim, ruling that the matters complained of were normal for a manager. The conduct did not amount to harassment under the PHA.

The court also rejected the negligence allegations – once his manager knew of his concerns about overwork, his workload was reduced. This was a reasonable response and his workload was not so excessive as to have caused him psychiatric injury.

The claimant had concealed from the defendant his previous psychiatric history when applying for the job. The defendant had not breached its duty to him and if they had, this did not cause his illness.

The claim failed.

Once again, a claimant has failed to satisfy the court that conduct complained of constituted harassment under the PHA – several recent examples of the seriousness required, since the guidance in Majrowski, have emphasised the standard, most recently Dowson & others v Chief Constable of Northumbria.

Further, this is another example of a claimant concealing their previous psychiatric history when applying for a job.

Tripping claim dismissed

TRIP – ACTIONABLE HEIGHT OF DEFECT – COSTS - PROPORTIONALITY
Robinson v Scarborough Borough Council, 20.10.10, Scarborough County Court

The claimant was injured when he tripped over an allegedly dangerously protruding edge of tarmac next to a BT manhole cover in Scarborough in 2007.

After his fall he went to the defendant’s offices to report the accident. Both parties attended the site the following day to photograph it. The claimant, with his wife, measured the protrusion with a fabric tape measure, recording it at one inch or 25mm. The defendant’s Highways Inspector, using sophisticated equipment, recorded it at 11mm.

The claimant claimed damages from the defendant, alleging breach of duty under s.41 of the Highways Act 1980.

The defendant denied liability, disputing the accuracy of the claimant’s tape measure compared with their own equipment. They also argued that, under their maintenance and inspection system, monthly walked inspections of the area took place. It was not until four months after the accident that the Highways Inspector recorded the site of the accident as needing non-urgent repair. Further, the monthly walked inspection for the month in which the claimant fell took place only four days beforehand, with no actionable defect recorded.

The claim was dismissed.

Comment: The judge sympathised with the claimant but said if defects of this height (11mm) gave rise to liability, “the consequences would be catastrophic to budgets and priorities of highway authorities up and down this land”. The judge expressed concern at the costs incurred by the defendant, £15,000 - £20,000, where damages would have been just over £1,000.

On summary assessment, while agreeing the hourly rate, he allowed the defendant just £4,000 profit costs, plus disbursements.

Court rejects pothole damage claim

POTHOLE DAMAGE TO PRIVATE VEHICLE – SMALL CLAIM – UNREASONABLE CLAIMANT
Threlfall v Milton Keynes Council, 20.01.11, Bedford County Court

The claimant claimed just over £1,100 for damage to the wheels and tyres of his vehicle allegedly caused by potholes.

The claimant said he repeatedly reported to the defendant pothole damage on the road. He did not identify in his claim form the road in question, or the duty the defendant had allegedly breached.

The defendant denied liability submitting a defence, under s.58 of the Highways Act 1980, that it operated a reasonable system of inspection and maintenance. The defendant said no previous complaints were received or accidents reported. They also argued contributory negligence by the claimant failing to avoid the defect and failing to drive with due care.

The judge held the claimant failed to identify the specific defect that allegedly caused the damage and therefore could not prove it was dangerous. The claimant had unreasonably pursued the claim, the defendant had identified a lack of cause of action in the claim form, and the claimant unreasonably failed to withdraw his claim before trial.

For his unreasonable behaviour, after dismissing the claim, the claimant was ordered to pay the defendant's costs of £130 counsel's fees and £15 witness expenses.

A useful decision for councils beset by pothole damage claims, though perhaps a harsh though salutary lesson for those making such claims. No specific pothole was identified so there was no evidence it was dangerous or that it caused the alleged vehicle damage.

No failing over employee accident

LEISURE AMENITIES – BARS – PRE-EXISTING INJURY – EVIDENCE
Haxby v Bracknell Forest Borough Council, 18.02.11, Reading County Court

The claimant, H, worked for the defendant as bar supervisor at its golf complex in Wokingham.

Part of H's duties involved cleaning yeast from beer lines. The beer lines had to be detached from the barrels by H using both hands to turn a bayonet lever. H's right thumb was already in a splint from a previous injury. H said there was no one to help him so he started trying to uncouple the beer lines on his own. As he did, he said his hand slipped and he broke his right thumb.

H alleged his injury was caused by the defendant's negligence and/or breach of statutory duty. His allegations included failing to carry out a suitable risk assessment, failing to provide him with assistance, and failing to provide safe equipment for him.

The defendant denied liability. From H's medical evidence they denied H broke his thumb but noted its degenerative condition.

The defendant said H did not complete an accident report form or otherwise report his alleged second injury, despite training colleagues in accident report procedures.

The defendant said if the beer lines needed cleaning H should have waited for help due to his already injured thumb. They accepted H was expected to clean beer lines until his first injury to his right thumb. An adequate risk assessment had been carried out and H knew a safe system of work was in place.

The defendant argued the alleged second accident was caused or at least contributed to by H's own negligence.

The judge noted the claimant had been changing beer lines for many years. Gloves were provided but did not fit over H's splint.

When H returned to work after his first injury other staff were told to help him if requested. An adequate risk assessment was carried out which H signed, identifying manual handling as a hazard.

The judge said he would not expect every manual handling operation to be set out. The judge held it would not be reasonable or proportionate for the defendant to have suspended H on health grounds. It was reasonable to assume that H would know whether he could continue the task of cleaning beer lines. He could have asked for help but proceeded alone and any further injury was not caused by any failing by the defendant.

Although only a small claim in terms of monetary value the judge did not criticise the defendant for spending about three times the amount agreed in damages (subject to liability) in defending it This is another example of a highly experienced employee, already injured, taking it upon himself to undertake an obviously risky task, knowing he could await assistance but attempting to hold his employer liable for his own ill-conceived decision.

Partial blame for workplace injury

OFFICE FURNITURE – MINOR INJURY – CONTRIBUTORY NEGLIGENCE
Bhandal v Walsall Borough Council, 14.12.10, Birmingham County Court

The claimant, B, was a care worker employed by the defendant Council.

While at work, B crouched at a filing cabinet . On top of the cabinet was a safe with a metal door. The door had been left open by a colleague. As B stood up she hit her head on the safe door and sustained a minor head injury .

B sought damages from the defendant, alleging negligence and breach of statutory duty.

Her allegations of breach of statutory duty included failure to maintain the workplace in a suitable condition, contrary to reg. 5 of the Workplace (Health, Safety and Welfare) Regulations 1992 (the Regulations) and failure to carry out a risk assessment, contrary to reg. 3. Her allegations of negligence included that a colleague left the door to the safe open without warning her of this, and the defendant failed to place a warning on the door to the safe until after the accident.

The defendant denied liability, saying adequate risk assessments were carried out and no previous similar incidents had occurred.

They argued B had asked her colleague to leave the door open. They also alleged the accident was caused wholly or partly by B's own negligence, including forgetting she had asked for the door to be left open.

They denied the post-accident warning sign constituted an admission of liability. The filing cabinet was later moved.

The judge held that when B was crouched, accessing the filing cabinet drawer, she must have known the safe door was open, having shortly beforehand asked her colleague for something requiring the safe to be opened. When B stood up she forgot the door was open.

The judge held the duty under reg.5 of the Regulations is to maintain the workplace in an efficient state. This could be said to include, from a health and safety viewpoint, whether the safe door should have been left open and whether it was appropriate to have a filing cabinet underneath a safe with a metal door.

The judge held this was not "efficient" under the regulations.

The defendant had carried out an adequate risk assessment but the door had been left open and this amounted to a breach of duty of care.

However, B could not escape partial blame – she knew the door was open – and the judge held her 50% responsible.

Although this relatively minor injury was caused to a great extent by the claimant's own negligence, the court held that positioning a safe with a metal door above a filing cabinet amounted to failing to maintain the workplace in an "efficient state" under reg 5 of the Workplace (Health, Safety and Welfare) Regulations 1992.

"The defendant denied liability, saying adequate risk assessments were carried out and no previous similar incidents had occurred."

Council negligent over tree removal

FOOTPATHS – DEFECT FROM TREE REMOVAL – FORESEEABILITY
Angell-Allpass v Bristol City Council, 13.01.11, Bristol County Court

One dark evening in December 2006 the claimant was walking along a pavement in Bristol when she fell heavily, sustaining multiple soft tissue injuries. She claimed damages, alleging the defendant's breach of duty under s.41 of the Highways act 1980.

She alleged the defendant removed a large tree from the pavement but failed, among other things, to fill the resulting hole properly or fence it off. She said it posed a hazard to pedestrians.

The defendant denied liability.

The judge considered Mills v Barnsley Metropolitan Borough Council (1992, Court of Appeal) where the Court held an unreasonable burden must not be placed on highway authorities for minor depressions in the highway – it is wrong to adopt a 'mechanical' approach and say every depression exceeding one inch is dangerous. But on the evidence here, the hole was dangerous.

The judge said although the defendant operated an appropriate inspection regime, they could not show when the tree was removed, what repairs were done or how long they might last. The defendant had not taken sufficient care in removing the tree and repairing the hole, and this amounted to negligence and breach of statutory duty.

The judge rejected allegations of contributory negligence and the claim succeeded. Agreed damages of £6,100 were awarded.

Although the judge accepted the principle in Mills v Barnsley MBC, he held the defendant was unable to show it had taken the necessary care when removing a tree and filling the remaining hole The hole was "an accident waiting to happen".

Tree root claim rejected

TREES – SUBSIDENCE – PROPERTY DAMAGE – AGE OF TREES AND PROPERTY
Park and Park v Swindon Borough Council, 01.12.10 Swindon County Court

The claimants owned and occupied a semi-detached house to the side of which are two mature oak trees for which the defendant, S, was responsible.

P alleged the trees caused cracking to their property by subsidence. They sought damages from S, alleging nuisance and/or trespass and/or negligence. Their allegations included allowing the roots to trespass on to and damage their property, failure to control the growth of the trees and failure to remove them either in part or entirely.

P's claim included the cost of underpinning and superstructure repairs, about £4,500.

S argued the trees had been standing for over 100 years. The property was built in about 1970 and should have had suitably deep foundations to withstand subsidence or heave. They denied the trees' roots caused any damage to P's property and that such damage was reasonably foreseeable.

The trees were the subject of tree preservation orders and P only informed S in 2006 about the damage despite arranging repairs in 2004.

P first reported to their insurers cracking to their house at the end of 2003 when it had become more serious.

The judge said pollarding the trees would have risked heave and would not have been a reasonable option. Removing the trees would have aggravated the problem further.

Although S owed a duty of care to P, it was a duty to do what was reasonable but there was nothing reasonable it could have done.

The judge said if he had to decide contributory negligence, he would have held that P knew, from the pre-purchase survey, that there was a risk of damage from the trees. The surveyor advised P to insure against that risk.

The judge held P went ahead with the purchase and therefore willingly exposed themselves to the risk of damage to their property from the trees. They obtained suitable insurance to cover the risk. This was not conventional contributory negligence but rather something to be taken into account when deciding what reasonable steps S could have taken to avoid the risk of damage from the trees. There was nothing reasonable they could have done. The claim was dismissed.

In claims alleging tree root damage, consideration should be given to the age of both the trees and the damaged property. If, as here, the trees have been standing far longer than the property, the survey carried out when the claimant purchased the property might shed light on what the claimant, as prospective purchaser, knew about the trees, for example, the trees' potential to affect the property, at the time of purchase, and the steps the claimant took to insure against any risk of damage.

Also, the duty on a defendant is to do what is reasonable but there will be no breach of duty if no reasonable steps, such as reducing or removing the trees, could be taken due, for example, to the risk of exacerbating the problem.

Council liable for cyclist hazard

CYCLE PATHS – TEMPORARY ROAD SIGNS – HAZARD TO CYCLISTS
Excell v Borough of Poole, 09.02.11, Bournemouth County Court

One dark, rainy morning the claimant, E, was cycling on a cycle path on an A road in Poole when he collided with the rear of a metal temporary road sign. E fell off, sustaining several soft tissue injuries and concussion.

E alleged his accident was caused by the negligence of the defendant, P. His allegations included allowing the sign to obstruct the cycle path, creating a danger to cyclists, failing to use a smaller sign positioned on the grass verge, and failing to highlight the sign by means of tape, a traffic cone or by situating it near a street light. He did not allege breach of statutory duty.

P denied liability, arguing the sign was visible, being placed in a well-lit area. P alleged E would have seen it had he been using appropriate lights on his cycle. P denied the sign created a danger or an obstruction and that its size was suitable for the road, size being determined by the speed of the road, in this case, a dual carriageway.

At trial E conceded he was familiar with the cycle path but gave inconsistent evidence about the lights on his cycle and his speed at the time of the accident.

P's witnesses said it was not reasonable to place cones at the base of metal signs, and the signs complied with the national standard. They said cyclists were taken into consideration and signs were

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Council liable for cyclist hazard

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therefore placed under lamp columns for illumination. They conceded a gap of one metre would ideally be left for cyclists to ride between the sign and the cycleway.

The judge held that P should have left a one metre gap – this was not required by law but would be sensible when considering risks to cyclists.

The judge held that reflective tape would have increased visibility of the sign and would not affect their ability to collapse if hit by a motor vehicle. The judge held P entirely liable for the accident.

Some highway authorities might regard this as a surprising decision. There is no requirement on them to fix reflective tape on metal road signs – this is not in issued guidance or statute. Further, the claimant's evidence was inconsistent in parts. An appeal was considered but, for commercial reasons, not pursued.

BEST PRACTICE

The new era of commissioning

It will benefit both Local Authorities (LAs) and Community and Social Organisations (C&SOs) to work more closely together in this new era of commissioning and procurement. This article looks at how they could become more adaptable to identify and manage new and associated risks.

LAs are in a significant period of change and have a new role and purpose: to achieve promised outcomes. They will inevitably increase outsourcing and partnerships to help achieve these outcomes.

With the move towards the Big Society, more services that were provided traditionally by councils will be provided by the community. Often the LA may become the commissioner rather than the provider of services. In some instances, the LA will commission services previously outside of their jurisdiction, for example: health. Consequently, approaches may change towards commissioning and procuring community services: LAs and C&SOs will need to identify and manage new and associated risks.

To optimise the situation LAs may need to revise how they manage working practices and relationships between themselves and civil society. Andrew Jepp, Head of Local Government, Zurich Municipal, says: "It would make sense for LAs to give more help and guidance to charities. The move may be for LAs to provide training, guidance and support and to be more flexible and adaptable in their approach when they tender. Producing specifications with 100 pages of minutiae will not be the best way to achieve a deal with C&SOs, which are not used to this sort of contract.

A better approach would be: these are the outcomes we expect, can you help? Hopefully LAs will procure services more collaboratively, which will reflect a degree of dialogue between the parties. Ideally there should be increased co-operation between the two parties."

"LAs may need to revise how they manage working practices and relationships between themselves and civil society."

C&SOs are being asked to deliver more services to the community in line with David Cameron's wish to create a Big Society. To achieve this, they will have to tender for contracts instead of relying on public donations and grants, especially as the latter are being reduced. Many organisations' grants ceased for good in March 2011.

Nick Hurd, Minister for Civil Society, said in August 2010 that charities involved in public service delivery should expect longer contracts of up to ten years, payment-by-result models funded by the private sector and the end of full cost recovery as well as less grant money. However, he added that the Office for Civil Society will be developing a central website of grants and funding opportunities.

In 2007, the Charity Commission published 'Stand & Deliver, a report on its findings of a survey of 3,800 registered charities concerning their participation in delivering public services. This found that a third of charities delivering public services obtained 80 per cent or more of their income from this source, that over two-thirds of all funding agreements were for one year only and that only 12 per cent of the charities responding always obtained full cost recovery. 43 per cent did not obtain full cost recovery for any of the services delivered.

Research by the Charity Commission in March 2010 showed that almost a quarter (24 per cent) of charities with an income of £100,000 or more consider public sector funding to be their most important source of income. In this research 59 per cent of charities report having been affected by the downturn and 62 per cent have experienced a drop in income.

Dame Suzi Leather, Chair of the Charity Commission, said: "There is a real concern that charities which receive money from the public purse to fund their valuable work could find themselves at the financial cliff edge in March 2011." To help charities through this difficult time, the Commission has produced advice and guidance, which is on its website. "The problem is that many C&SOs will not have the experience and skills to tender and they will need to look

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The new era of commissioning

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carefully at how they do so," says Paul Emery, Head of Community and Social Organisations, Zurich Municipal. "They need to understand the constraints and the legal implications."They will also need to help themselves more, sharing expertise and working together.

"Tendering for a contract involves different skills, which large organisations are more likely to have. If smaller organisations do not have people with the necessary skills, they will have to either up-skill on tendering or employ people with this expertise. With the reduction of costs at the forefront, this might not be an option. Instead, the smaller organisation can partner a larger organisation that does have the expertise and the two can work together," says Paul.

C&SOs will need to have a balanced revenue model with revenue generated through traditional donations, contracts and private sector funding. Contracts are more complex to tender for than grants and there is more risk associated with the cost of fulfilling a contract. Paul Emery: "To begin with, there is a risk of moving some of the organisations' best people from the front line to back office to deal with this and therefore there will be a drain on talent. Then, the charity might not win the tender, so will have to recover the costs of the tender without being given any money.They also need to make a conscious decision as to whether they are tendering to recover the cost fully, tendering to generate revenue or tendering to leverage their existing income to deliver a service. The third reason means they will be subsidising the cost of service delivery, which could win them the contract. This is OK if it is done consciously to benefit the community. It is when a tender for delivery of a service ends up being unconsciously subsidised that problems occur," Paul adds.

Risks

For LAs:

- Local charities may be perceived as more vulnerable, not as robust, have less resilience and use less governance in their operations. So there may be more chance for the charity and service delivery to fail
- The LA may be wary of giving certain services to a local charity, because of uncertainty of its ability to deliver. LAs will have to weigh up the risks and opportunities for individual contracts.

For C&SOs:

- Disenfranchising volunteers
- Scaling up an organisation and recruiting more volunteers to deliver a service, which has not yet been paid for
- Having to become more accountable
- Inability to fulfil the outcome and therefore not receive the outcome payments
- As tendering becomes more commercial, awareness that their mission statement is compromised
- Being subsumed into a larger organisation that can accommodate the new contracts
- Going bust if the C&SO can't deliver what's needed to win contracts

Opportunities

For LAs:

- Better quality outcomes
- Engagement of more local organisations
- Greater connection to the local community
- Better, more appropriate services delivered to the local community.

For C&SOs:

- Creation of a sustainable funding stream on a commercial basis. As long as the tender process is robust, it should work and deliver a fully costed outcome
- Possibility of winning contracts if C&SOs can deliver services more efficiently than other organisations because they have a particular skill and expertise in the field
- Increased opportunities for social enterprises.

The council gratefully acknowledges the contribution made by its insurers, Zurich Municipal, in providing articles for this publication.

While every effort has been made to ensure the accuracy of these reports, this publication is intended as a general overview and is not intended, and should not be used, as a substitute for taking legal advice in any specific situation. Neither Zurich Municipal, nor any member of the Zurich group of companies, will accept any responsibility for any actions taken or not taken on the basis of this publication.

Any employee intending to take action arising out of these articles should, if in any doubt, contact the council's legal section for advice before doing so.

NOTICEBOARD

Operational Risk Registers (ORR)

RMG have approved the new format of the ORR. The 3x3 matrix is being replaced by a 4x4 matrix. This will provide a more improved analysis of risk which in turn will help the prioritisation of risk. Guidance is currently being drafted and training is scheduled for later in the year.

Following the retirement of Rob Walters, Caroline Wilson, Group Auditor, has taken over the responsibility for checking and monitoring ORRs. Any amended ORRs should be forwarded to Caroline and if you have any queries.

Risk Management System

A new risk management system has been procured. The system will allow for better management of the council's risks and is capable of analysing risks and for providing comprehensive and timely information. Training on the system is scheduled for July with the system going live soon after.

Risk Management Group (RMG)

Following the Corporate Management Team (CMT) review of groups across the council the Strategic Risk Management Group (SRMG) has been reformed and renamed as RMG.

Training

To support all members in their role, in particular the Audit Committee, training was provided on 16 June on Governance issues which included risk management.

Audit Committee

The Audit Committee have approved the Forward Plan and Map of Assurance for 2011/12.

This included regular reports on risk management arrangements.

Designed by North Lincolnshire Council Publications Unit. Ref 8665

	Leadership & Management	Strategy & Policy	People	Partnership & Resources	Processes	Risk Handling & Assurance	Outcomes & Delivery
Level 5 Driving	Senior management uses consideration of risk to drive excellence through the business, with strong support with reward for well- managed risk taking	Risk management capability in policy and strategy making helps to drive organisational excellence	All staff are empowered to be responsible for risk management The organisation has a good record of innovation and well managed risk taking Absence of a blame culture	Clear evidence of improved partnership delivery through risk management and that key risks to the community are being effectively managed	**Management of risk and uncertainty is well-integrated with all key business processes and shown to be in key driver in business success**	Clear evidence that risks are being effectively managed throughout the organisation Considered risk-taking part of the organisational culture	Risk management arrangements clearly acting as a driver for change and linked for plans and planning cycles
Level 4 Embedded & Integrated	**Risk management is championed by the CEO** **The Board and senior managers challenge the risks to the organisation and understand their risk appetite** **Management leads risk management by example**	**Risk handling is an inherent feature of policy and strategy making processes** **Risk management system is benchmarked and best practices identified and shared across the organisation**	**People are encouraged and supported to take managed risks through innovation** **Regular training and clear communication of risk is in place**	**Sound governance arrangements are established** **Partners support one another's risk management capability and capacity**	A framework of risk management processes in place and used to support service delivery Robust business continuity management system in place	**Evidence that risk management is being effective and useful for the organization and producing clear benefits** **Evidence of innovation risk-taking**	**Clear evidence of significant improved delivery of all relevant outcomes and evidence of positive and sustained improvement**
Level 3 Working	Senior managers take the lead to apply risk management thoroughly across the organisation	Risk management principles are reflected in the organisation's strategies and	A core group of people have the skills and knowledge to manage risk effectively and	Risk with partners and suppliers is well managed across organisational boundaries	Risk management processes used to support key business processes	Clear evidence that risk management is being effective in all key areas	Clear evidence that risk management is supporting delivery of key outcomes in all relevant areas

	They own and manage a register of key strategic risks and set the risk appetite	policies Risk framework is reviewed, refined and communicated	implement the risk management framework Staff are aware of key risks and responsibilities	Appropriate resources in place to manage risk	Early warning indicators and lessons learned and reported Critical services supported through continuity plans	Capability assessed within a formal assurance framework and against best practice standards	
Level 2 Happening	Board/ Councilors and senior managers take the lead to ensure that approaches for addressing risk are being developed and implemented	Risk management strategy and policies drawn up, communicated and being acted upon Roles and responsibilities established, key stakeholders engaged	Suitable guidance available and a training programme has been implemented to develop risk capability	Approaches for addressing risk with partners are being developed and implemented Appropriate tools are developed and resources for risk identified	Risk management processes are being implemented and reported upon in key areas Service continually arrangements are being developed in key service areas	Some evidence that risk management is being effective Performance monitoring and assurance reporting being developed	Limited evidence that risk management is being effective in, at least, the most relevant areas
Level 1 Engaging	Senior management are aware of the need to manage uncertainty and risk and have made resources available to improve	The need for a risk strategy and risk-related policies has been identified and accepted The risk management system may be undocumented with few formal procedures present	Key people are aware of the need to understand risk principles and increase capacity and competency in risk management techniques though appropriate training	Key people are aware of areas of potential risk in partnerships and the need to allocate resources to manage risk	Some stand-alone risk processes have been identified and are being developed The need for service continuity arrangements has been identified	No clear evidence that risk management is being effective	No clear evidence of improved outcomes