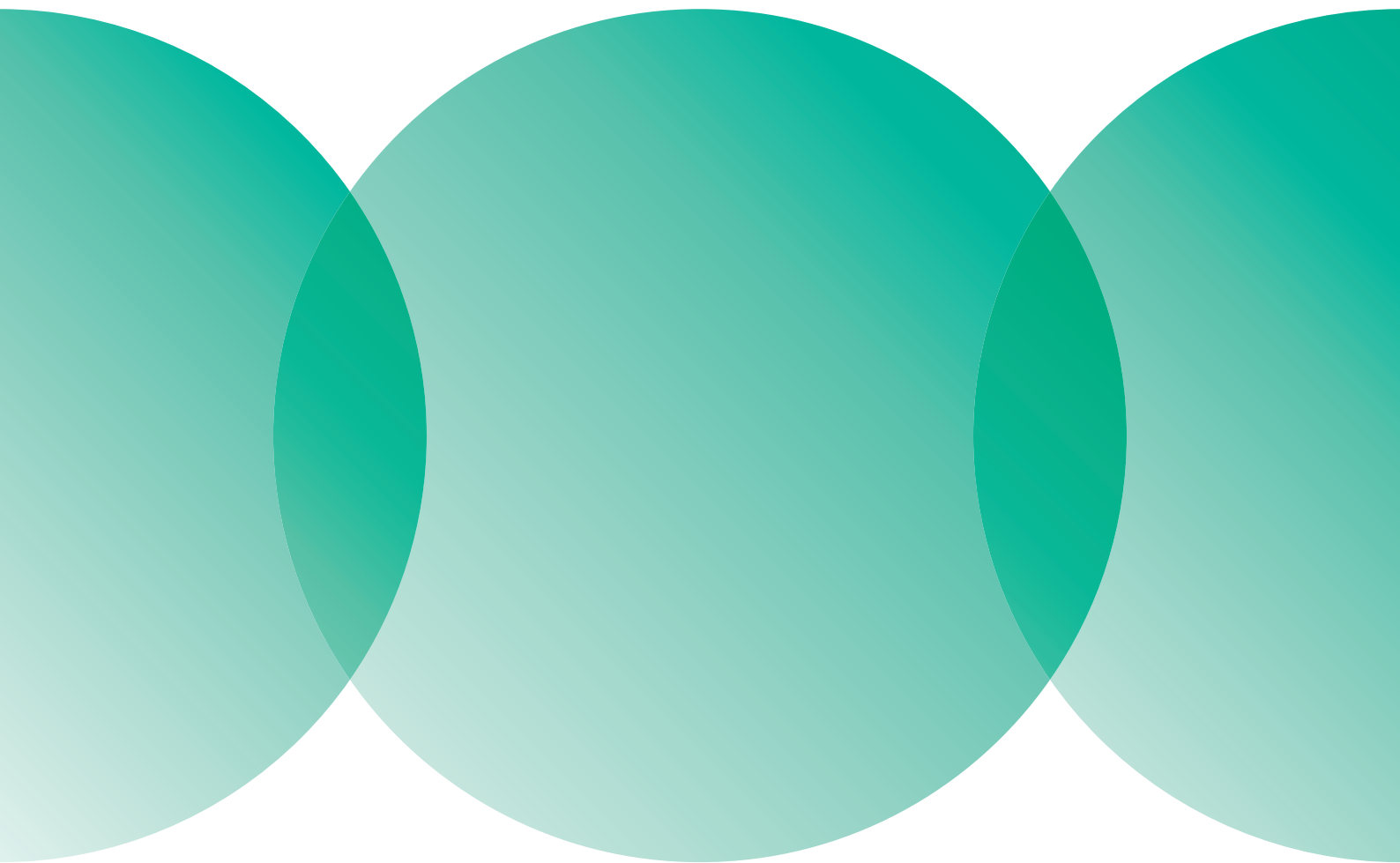


Perception and reality

The real risks for public service and charitable organisations



Contents

1	Executive summary and key conclusions	4
2	Research results	7
3	Education – schools	9
4	Education – further education	11
5	Education – higher education	13
6	Local authorities	15
7	Charities	21
8	Housing	26
9	Conclusion	31

About Zurich

In the UK we have a long association with public services, developing our public sector business from an initiative started by local councils over a century ago.

We have a wealth of experience and expertise to offer and we are always looking for new opportunities. We work with schools, colleges, universities, charities, voluntary organisations, local authorities, social housing, the health sector and the emergency services to provide an extensive range of services from strategic risk management to loss control advice and bespoke insurance packages. Through our direct dealing philosophy we establish close relationships with our customers. This partnership approach expands to other industry bodies, including the Local Government Association (LGA) and National Housing Federation (NHF), ensuring that issues are debated from different perspectives and support can be targeted at the correct levels.

Our employees combined have more years of service and more specialist experience than any other insurer operating with public service organisations. We have a risk management team dedicated to the public services consisting of around 40 consultants spread across the UK who specialise in strategic and business risk. The team has provided risk management advice for our customers for over 15 years and have, on average, 500 years' experience between them. Every year we survey over 2300 public properties, deliver approximately 75 risk management training courses and complete over 200 risk management consultancy projects. Our knowledge and understanding of public service risks is firmly rooted in this experience and allows us to give expert input to central government on a range of risk management issues.

Zurich is part of the Zurich Financial Services Group, which employs over 55,000 people and serves customers in more than 120 countries.

1. Executive summary and key conclusions

Executive summary

The success of local services is one of the most important factors affecting our quality of life; the way in which they are delivered will dominate political debate over the next decade. This means understanding the risks and issues facing the organisations that deliver these services is fundamental to the long-term wellbeing of our communities and to society in general.

Zurich, the leading insurer and risk manager for the public services in the UK, has assessed the major risks facing four sectors that are key to the delivery of essential public services: local authorities, educational institutions, housing associations and charities. The assessment was partly based on internal claims data and other published materials, but also focused on discussions with experts within these sectors.

From this process Zurich drew up a list of the major risks facing these sectors:

Key risks (in order of priority)

1. Managing partnerships with other organisations
2. Funding and good financial management
3. Human resource issues
4. Crisis planning
5. Tackling anti-social behaviour
6. Fire safety
7. Climate change
8. Project management
9. Changes in population
10. Compensation culture

Measuring public perceptions plays an increasing role in assessing the performance of key partnerships and services. For instance, the Audit Commission has said its future risk assessments will 'draw heavily on the views of local people and the various partner organisations that are commissioning and providing local services'.¹

To gain an insight into how the public might assess performance, Zurich commissioned Ipsos MORI to survey the British public to rank the key risks identified in order of significance to them to see how closely public perceptions matched the expert assessment.

Key risks – expert vs. public assessments

Expert ranking	Risk	Public ranking
1	Managing partnerships with other organisations	3
2	Funding and good financial management	2
3	Human resource issues	4
4	Crisis planning	8
5	Tackling anti-social behaviour	1
6	Fire safety	9
7	Climate change	5
8	Project management	7
9	Changes in population	6
10	Compensation culture	10

Ipsos MORI²

¹ Audit Commission (2007) The Transition from CPA to CAA, p. 22

² Ipsos MORI. Base: 1035 people in Great Britain aged 15+. Respondents were shown a list of the key risks, along with a brief explanation of each. They were then asked to list what they thought were the three most challenging and the three least challenging of the issues in order.

Key conclusions

The areas where expert and public opinion differed most were anti-social behaviour and climate change, where the public rated the risks as being more significant, and crisis planning, where public responses rated this far less important.

Our main conclusions from the work show that:

1. The public is far more sensitive to the underlying factors affecting service delivery than might be expected.

Just over a quarter (26%) of public respondents rated human resource management as one of the top three issues facing public bodies and charities; over a third (38%) rated leading partnerships as one of the top three issues. These are 'behind the scenes' issues that rarely receive any media hype. In this sense expert concerns and public perceptions are very closely aligned.

2. Policymakers cannot ignore the issue of anti-social behaviour.

In our survey, the public rated this as the top risk facing local organisations (57%), while expert opinion rated it fifth. It is an issue that affects almost all areas of service delivery, for example:

- pupil behaviour is a central concern of teachers
- it will be an increasing concern for further education colleges as they take on students in the 14-16 age group under the 14-19 agenda
- controlling anti-social behaviour is central to producing well-functioning neighbourhoods, which is likely to be an increasing preoccupation for larger housing associations as well as charities and councils.

Perhaps one of the reasons for the disparity between public and expert perceptions here is that no single organisation 'owns' the problem. For example, the public survey shows that 77% of the British public think that pupil behaviour in schools is the responsibility of parents, not teachers.³ As long as people think that anti-social behaviour is the responsibility of families and individuals, organisations will feel less responsible for the risk. However, as all organisations at a local level are drawn into ever-closer partnerships, there is no guarantee that this risk will continue to slip between the cracks of accountability.

3. The influence of the 'compensation culture' has been exaggerated.

There has been a perception in parts of the media that many activities, from school trips to volunteering, have been choked by a fear of litigation. Although the risk of a growing compensation culture is recognised by different organisations, there is little evidence that this concern dictates behaviour. Zurich's risk assessment put it bottom of the top ten risks, as did the public response (at 10%). For example, there is evidence that charities are more concerned about day-to-day issues such as property management than they are about being sued; Zurich's claims data supports this point (see Section 7 of this report). Insurance companies use robust investigation processes that are leading to increased identification of fraudulent claims; these reduce costs for organisations delivering services to the public.

³ Ipsos MORI. Base: 1035 people in Great Britain aged 15+.

Nevertheless, this situation could still change. For example, at the time of this report going to print, the Department for Constitutional Affairs is consulting on reforms to the process for personal injury claims. This would have a fundamental impact on the ability of organisations like insurance companies to control the compensation culture in future.

4. Climate change is an immediate risk, not just a problem for the future.

The Government has said that, 'Local government has a pivotal role in achieving sustainable development and mitigating and adapting to climate change'.⁴ The Nottingham declaration on tackling climate change, signed by more than 200 authorities, reinforces this sentiment. The public survey also highlighted this as a key responsibility for local government, placing it fifth on the list of key risks. Leading partnerships on climate change will be a huge test for local authorities, underlining the need for the governance processes and skills that underpin successful partnership working.

⁴ Department for Communities and Local Government (2006), *Strong and Prosperous Communities: The Local Government White Paper*, p. 47

2. Research results

Zurich assessed the major risks facing four sectors crucial to the delivery of essential services: local authorities, educational institutions, charities and housing associations. The assessment was based in part on internal data and published materials, but most importantly focused on interviews with participants within the sectors.

2.1 The real risks – expert assessment

Key risks (in order of priority)

1. Managing partnerships with other organisations
2. Funding and good financial management
3. Human resource issues
4. Crisis planning
5. Tackling anti-social behaviour
6. Fire safety
7. Climate change
8. Project management
9. Changes in population
10. Compensation culture

Managing partnerships with other organisations was identified as the major risk across the sectors for two reasons. First, the size of partnerships involved – around £4 billion is spent on partnership projects each year – means that partnership working has a huge impact on the ability of organisations to achieve their objectives. Second, there is a high probability of these large projects encountering significant problems, for example, issues with the functioning of the voluntary sector Compact in practice.⁵

Partnership working is a risk that dominates the profile of local government in particular but is also very important for a wide range of charities, and is a growing issue in social housing as housing associations look to expand the scope of their operations.

Increased partnership working puts greater pressure on skill sets. The appearance of **project management** in eighth place on the list reflects the increased need to manage partnerships in an ever-shifting policy environment.

Funding and good financial management, a significant risk for all organisations, is often closely tied to changes in government policy. For example, as more spending is channelled through partnerships, it becomes more important for the financial wellbeing of public and voluntary organisations to ensure that they can manage their liabilities to cope with the realities of partnership working. Elsewhere, further education colleges have to ensure that increasing choices for 14 to 19-year-olds do not disrupt revenues that have to fund relatively static staff costs.

Another issue that has a huge bearing on stable funding and financial management is **crisis planning** or **business continuity management**, which explains why it appears so high up the list. For university education in particular, the loss of a key asset, such as a laboratory, can trigger a series of consequences, including a loss of reputation, disruption to revenues and loss of key staff.

Risks associated with **human resources** are significant across all the four sectors covered by the research. In the charity and education sectors, ensuring key staff with the right skills is a constant challenge. For local authorities, the issue of succession planning is compounded by an ageing workforce, which already has a 'greyer' profile than other industry sectors. This trend ensures that **changes in population** also features on the list.

⁵ The Compact refers to an agreement between the Government and the voluntary and community sector. Further details can be found at www.thecompact.org.uk

One significant factor in rates of staff turnover in schools is the level of **anti-social behaviour**, which is a concern for teachers, parents and staff. This issue also affects the overall quality of life in neighbourhoods managed by housing associations and impacts on wider issues faced by local authorities, such as community cohesion. The problem of arson in schools links issues of anti-social behaviour with **fire safety**. This issue also impacts all sectors significantly with the implementation of new fire regulations in October 2006.

Climate change is a relatively novel issue at local level, but is growing rapidly in importance. The Government and the public increasingly see the contribution of local government as crucial in this effort, leading action on a local level. These expectations will provide a significant test for the capacity of local authorities to lead effective partnerships.

Finally, the '**compensation culture**', such as instances of organisations being sued over personal injuries because of negligent management of local spaces or events such as school trips, is lower down the list than some press coverage of the issue would suggest.

2.2 The real risks – public perceptions

It would be reasonable to expect public perception of risks to be different from those of policy experts. However, in Zurich's survey, public responses tended to reflect expert judgement quite closely, with all but one of the risks identified in the top half of the expert's list also appearing in the top half of the public's list.

Key risks: expert and public assessments

Expert ranking	Risk	Public ranking
1	Managing partnerships with other organisations	3
2	Funding and good financial management	2
3	Human resource issues	4
4	Crisis planning	8
5	Tackling anti-social behaviour	1
6	Fire safety	9
7	Climate change	5
8	Project management	7
9	Changes in population	6
10	Compensation culture	10

Areas where expert and public opinion differed most were anti-social behaviour and climate change, where the public rated the risks as being more significant, and crisis planning, where public responses rated this as far less important. The results of the survey suggest that where long-term or remote risks such as climate change and changes in population are consistently placed high on the media agenda, public opinion will move away from more immediate and sensational concerns.

Equally, the research shows that policy experts are focused on the how of delivering policy through partnerships or through different management techniques, whereas public concerns are centred more around what the issues are, i.e. climate change, anti-social behaviour.

Finally, public opinion tended to rate issues that are significant at a national or international level higher than the expert ranking, which tended to focus on more local issues such as fire safety.

The remainder of this report will go on to examine key risks for each of the sectors in detail.

3. Education – schools

Top 10 risks in schools (in order of priority)

1. Inability to recruit and/or retain appropriately skilled staff, especially in key curriculum areas
2. Financial constraints and budget uncertainty limit ability to deliver services and plan effectively
3. Fluctuating pupil numbers affect planning and income
4. Poor inspections or exam results reduce pupil numbers and income
5. Failure to ensure pupil welfare, including accidental injuries (both on and off site), bullying and assault
6. Failure to protect staff from accidents, stress, bullying, false allegations and assault
7. Loss of school premises through fire, flood, escape of water or other perils
8. Criminal activity such as arson, theft, vandalism
9. IT failure caused by power issues, obsolete software/hardware, hardware failure, hacking or a virus
10. Access to premises by inappropriate individuals

Risks affect different schools in different ways. For some, pupil behaviour will dominate the agenda, while for others, the quality of exam results will be an overriding issue.

Risks in schools will also be perceived differently by different stakeholders. For local education authorities, which have the responsibility to find school places for all pupils, including those who have been excluded, the risk of failing to find a reasonable and appropriate school place is paramount.

For teachers, school discipline is the overriding issue. Parents share this concern but are also more likely to be concerned about bullying. For pupils, school facilities are the major preoccupation.

Teachers', parents' and pupils' top priority for schools

Top priority	Teachers	Parents	Pupils
School discipline	47	12	9
School facilities	9	9	16
Developing potential	6	8	2
Truancy control	5	1	2
Happiness of child	4	3	10
Developing moral values	4	2	1
Teaching quality	3	9	8
Community spirit	3	2	1
Control of bullying	2	10	11
School communication	2	9	1

Source: Kirkland Rowell; Times Educational Supplement, April 27th 2007

3.1 Anti-social behaviour in schools

Whatever the perspectives of different stakeholders, and different types of schools, any rise in anti-social behaviour is likely to impact on most of their key risks, since it can lead to:

- higher staff turnover
- worse school discipline
- higher levels of bullying, assault and truancy
- damage to school facilities and theft.

The warning signs of increasing anti-social behaviour are well understood. For insurers, the stages that lead to an extreme event, such as arson, are well documented.

Slide to ashes

A major criminal act such as arson is often preceded by a series of more minor problems with behaviour, which often grow, step by step, over time. These are:

- overnight incursions onto the school premises
- signs of drinking or drug taking on school premises
- cars being driven onto school property
- attempted break-ins
- small fires in bins
- small fires in entranceways and other alcoves.

Source: Zurich Insurance

It is widely accepted that parents have most responsibility for the behaviour of their children; in our research, 77% of the British public say they think bad behaviour in schools is the parent's responsibility.⁶

Nevertheless, schools can influence behaviour radically. Methods for managing anti-social behaviour in schools have developed considerably in recent years. The DfES and charities such as Childline produce toolkits, research, guidance and case studies on a range of issues from bullying and truancy to behaviour at lunchtime and in the playground.

Zurich's figures show that school fires cost the UK an estimated £74 million in 2006. This figure represents an increase of £7 million when compared to figures released at the end of 2005. In contrast, the USA, which has five times as many schools as the UK, has fire costs of only £50 million, mainly due to the extensive use of sprinkler systems. Zurich has worked with schools to run the Arson Combated Together scheme, which helps to address the kind of behaviour that can lead to serious crime such as arson. Many of the new behaviour management techniques address the wider context of anti-social behaviour, dealing with issues such as individual responsibility, peer pressure and the design of the school environment.

3.2 Conclusion

Control of anti-social behaviour in schools is an example of an operational risk that can have a serious impact on other, more strategic concerns, from staff turnover to exam results. This, combined with the fact that local authorities will build public opinion into risk assessments, makes this a strong and growing issue.

⁶ Ipsos MORI. Base: 1035 people in Great Britain aged 15+.

4. Education – further education

Further education institutions are significantly different from schools. Changes to government policy, however, could force some of the key risks found in schools into this sector.

Top 10 risks for further education (in order of priority)

1. Failure to meet training and educational needs of community
2. Fall in learner numbers
3. Loss of income due to changes in funding methodology
4. Failure to exploit Government initiatives – such as the 14-19 agenda
5. Increased competition from other providers
6. Staff, project and / or facilities costs incurred above budget
7. Loss of key staff
8. Changes in government policy affecting training and educational provision
9. Managerial and organisational ineffectiveness / inefficiency
10. Unable to sustain / gain partnerships with higher education

4.1 Exploiting Government initiatives – the 14-19 agenda

The Government sees greater participation amongst young people in education and training as fundamental to economic success. In March 2007 it published proposals to make education or training compulsory for all those up to the age of 18, and it wants pupils in the 14-19 age group to be 'able to study courses in the institution best placed to meet their needs and interests'⁷ whether that be a school, a further education college or a private training provider.

The 14-19 agenda represents a huge opportunity for colleges. Nevertheless, the mixture of compulsion and the involvement of younger age groups in further education colleges could dramatically change the whole culture of these institutions. This, in turn will introduce fundamental challenges for principals and staff.

Experience with increasing the school leaving age to 16 when it was implemented in 1972 showed that greater compulsion can be accompanied by a decrease in behavioural standards, including cases of arson and fire starting, petty theft, vandalism, malicious damage and assaults on teachers.

Different age groups also demonstrate different behaviours. For example, research suggests that younger age groups are more likely to engage in physical bullying, whereas by the age of 16 this tends to be replaced by bullying based on personal relationships.⁸

In addition, teaching pupils from lower age groups often requires a different approach and skill set in comparison to the usual college student. This raises issues such as:

- the inability to appropriately teach and control difficult pupils
- increased staff stress
- increased liability risks connected with failing to identify special needs such as dyslexia, or using an inappropriate teaching style for the age group.

⁷ Department for Education and Skills (2006) Further Education: Raising Skills, Improving Life Chances, p. 13

⁸ Smith, P.K. (2000) Bullying in Schools

Understanding differences in behaviour within the 14-16 age group will be essential if the 14-19 agenda is to succeed. The strategies needed to tackle these changes require significant effort and resource (see box below). However, if these differences in behaviour are not managed, the consequences could trigger other risks for further education colleges, including falling learner numbers, loss of key staff and even a perceived failure to meet the training and educational needs of the community.

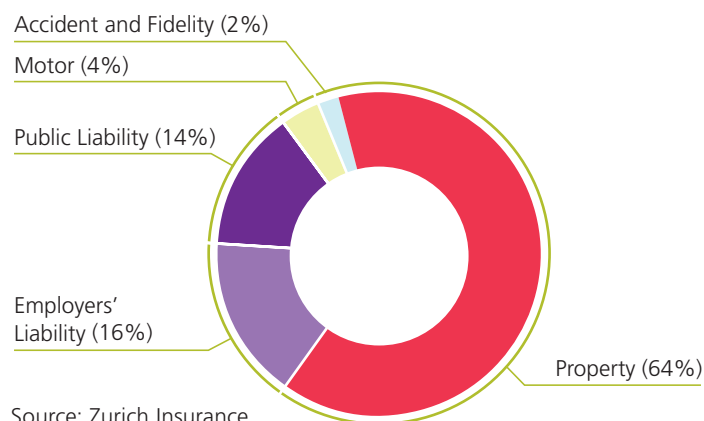
AoC/LEACAN Guidance: Strategies for changing culture to adapt to younger learners

- Communicating regularly with all staff including regular informal meetings to tackle concerns
- Providing support to achieve success
- Planning and resourcing change
- Training staff to work with the younger age group and working to their strengths
- Making use of external partners to achieve successful change management
- Providing effective leadership to drive change
- Disseminating good practice
- Creating a shared approach as a vehicle for effective change
- Recognising and using staff contributions
- Gaining the confidence of staff
- Dealing with negative perceptions of change and professional development
- Using accommodation to promote teamwork
- Recognising and dealing effectively with staff wants and needs

Extract from 'Guidance for FE Colleges Providing for Young Learners', published by the Association of Colleges at http://www.aoc.co.uk/Members/learning_quality/younglearners/index_html

4.2 Further education insurance claims

The following chart outlines the claims received by Zurich from the further education sector in 2006:



4.3 Conclusion

In further education, the risk environment is dynamic, influenced by external factors including societal change and government policy. The challenge in this sector is to understand the skills and motivation of staff and reshape the organisation to respond to new challenges and pressures.

5. Education – higher education

Top 10 risks for higher education (in order of priority)

1. Failure to maintain national and international profile
2. Inability to retain or attract sufficient leading academic staff to research and teaching posts
3. Inability to attract sufficient student numbers, home or overseas, under or postgraduate
4. Failure to generate required level of commercial or research income
5. Poor performance in 2008 Research Assessment Exercise
6. Failure to manage operations and change programmes effectively and efficiently
7. Failure to maintain, develop and exploit estate
8. Failure of IT systems
9. Changes in government policy relating to teaching, research and general funding
10. Widespread damage to property and premises

5.1 Business interruption risks facing universities

Business interruption is an excellent example of how a single event can trigger risks across the spectrum. In many senses, the physical assets of a university bind together researchers and students and the funding that goes with them. As technology dramatically changes the way research is carried out in many disciplines, the types of assets that a university depends on also change. The importance of the buildings that house these assets can also change radically, although the buildings themselves may not seem to alter much at all.

For example, a fire that destroyed a university faculty would carry significant direct costs but these in themselves are only enough to rate tenth on the risk ratings for universities.

However, the real impact of the event only becomes apparent when secondary factors are considered. The quality of a university's facilities is a crucial factor in attracting students. In a poll conducted by the University of Hertfordshire, for example, the quality of a university's facilities ranked third in importance for both national and international students.⁹ News of the fire will threaten the institution's national and international profile as prospective students ask if they want to join an institution where the key teaching and research assets are missing for the course they wish to take.

Just as prospective students will reconsider the attractiveness of a university without a certain department, so too will academics, damaging an institution's ability to retain or attract leading staff. This in turn affects the ability of institutions to generate the required level of research income and its ability to excel in its Research Assessment Exercise.

This kind of risk is especially acute for science faculties where access to alternative specialist equipment or the availability of spare laboratory capacity locally, and even across the UK, may prove difficult. The lead times for replacement equipment can be extremely long and rebuilding specialist laboratories, such as a clean room, can be a lengthy process. During this time, lab-based teaching is interrupted, research contracts may have to be cancelled, and leading researchers may leave taking research funding with them. This has a knock-on effect on both under and postgraduate students which has a longer term impact.

⁹ Quoted in The Guardian, October 1st 2004

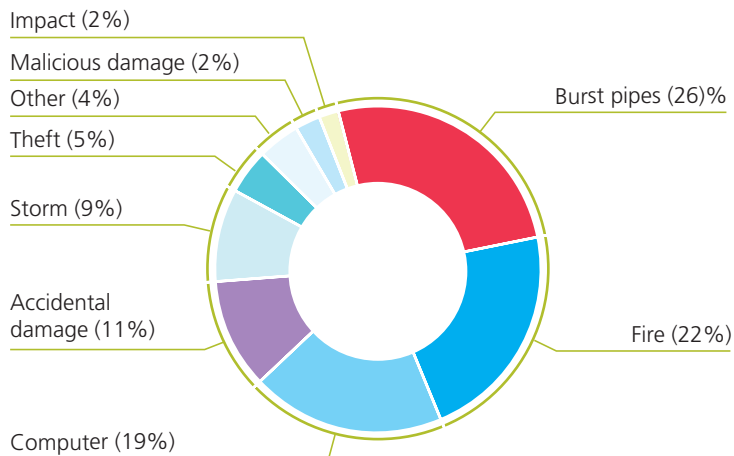
The effect of fire in universities

A number of leading UK universities have suffered major fires in the last five years. While the cost of the physical damage has been high the larger loss has come from business interruption. The provision of alternative premises for both teaching and research, the cost of hiring equipment time, the loss of research income and a fall in student numbers have a far greater cost.

Beyond these insurable costs the damage to staff morale, loss of research data and records, diminished department and university reputation (locally, nationally and globally), loss of key staff and reduction in research status have a far greater impact. These uninsurable impacts can still be felt many years after the physical damage has been rectified and equipment replaced. The ability of a university to plan for and cope with such an event will have a major impact on the future viability of that faculty.

5.2 Higher education insurance claims

The following table outlines the types of property claims received by Zurich from the higher education sector in 2005:



Source: Zurich Insurance

5.3 Conclusion

For universities, the major challenge in risk management in coming years will be identifying the assets that bind together the institution's key stakeholders, including scientific equipment, specialised research environments, unique research sources and electronic databases. Institutions must ensure that they are securely housed and protected and make rigorous contingency plans in case they are destroyed. The challenge can be greater than it seems, since the role these assets play in research may not be understood by many and the way in which they are threatened by the physical environment may not always be obvious.

6. Local authorities

For local authorities, delivery is key. All layers of government are now judged on their competence in managing vital services against a background of rising public expectations. However, public satisfaction with local authorities is low. In the research commissioned by Zurich only 31% of respondents said they felt they got good value for money for their council tax.¹⁰

The capacity of local government in meeting those expectations is determined by two major factors: the quality of the people managing and delivering services within the local authority and the capacity of the authority's partners to produce results.

For local government, the biggest risks lie in working with partnerships because external organisations can be harder to monitor and control. Nevertheless, workforce planning still provides significant challenges, not least because problems, once embedded, can take years to put right.

Top 10 risks for local authorities (in order of priority)

1. Partnerships
2. Funding and good financial management
3. Human resource issues
4. Crisis planning
5. Fire safety
6. Community cohesion, leadership and engagement
7. Climate change risks (flooding, temperature rise, liability etc)
8. Project management
9. Changes in population
10. Compensation culture

6.1 Partnerships

The Audit Commission estimates that £4 billion of public expenditure is spent through 5500 partnerships each year¹¹, and this does not include projects funded through the Private Finance Initiative or other huge public-private ventures such as the 2012 Olympics.

The growth in partnerships is fuelled by strong political and financial forces. All the major political parties have decided that it is essential to move away from monolithic, centrally controlled national services towards a delivery model that is shaped by and belongs to the local community. This means handing over power, not only to local government, but also to a co-ordinated network of local organisations. As the Local Government White Paper puts it:

'For 30 years or more, governments of different persuasions have acknowledged that many of society's most intractable problems can only be dealt with by agencies working together to tackle them at community level.'¹²

¹⁰ Ipsos MORI. Base: 1035 people in Great Britain aged 15+.'

¹¹ Audit Commission (2005) Governing Partnerships

¹² Department for Communities and Local Government (2006) Strong and Prosperous Communities: The Local Government White Paper, Vol. 1, p. 18

Partnerships and climate change

The Local Government White Paper promotes the use of partnerships in many areas, with one of the most novel being climate change. Potential partnerships in this area include:

- with other authorities – the Nottingham Declaration commits over 200 authorities to developing plans with the local community to address climate change.
- with charities – for example, Shropshire County Council works with the Marches Energy Agency to help local communities reduce emissions. The council also works with faith groups and Women's Institutes.
- through economic bodies – for example, Cornwall Strategic Partnership has already agreed to improve the sustainability of tourism in the area and to develop 'Cornwall as a centre of excellence for the sustainability of biodiversity resources' (Local Government White Paper, Vol. 2, p.50).

The Government argues that, 'given the strong local interest in the environment, it is likely to be reflected in the local priorities set by local authorities and their partners', (Local Government White Paper, Vol. 2, p.50). Zurich's research suggests that this is already happening; our survey showed that public responses put climate change fifth on the list of risks faced by organisations delivering public services and our expert assessment put the issue seventh.

This desire for local organisations to work together to shape their communities will be consolidated even further when the Audit Commission introduces its Comprehensive Area Assessments in 2009.

Comprehensive Area Assessments

From April 2009, all local public services will be measured through a new process of CAAs (Comprehensive Area Assessments). These will:

- look to cut through silos by assessing neighbourhoods as a whole rather than individual bodies
- cover local government, housing, health, education and community safety
- focus on local needs, and 'draw heavily on the views of local people and the various partner organisations that are commissioning and providing local services'
- centre delivery on local strategic partnerships, including all the main service providers in an area to form what the Audit Commission calls a 'partnership of partnerships'.

Source: Audit Commission, 'The Transition from CPA to CAA'

Partnership working is an essential aspect of managing communities and is used by all local authorities. Yet in 2004, a quarter of authorities reported problems with partnerships. These included failure to deliver targets, poor financial management and damage to reputation. Common causes of problems include the risk management process being introduced at too late a stage, a lack of openness in the process, a failure to identify key risks, poor governance requirements and the involvement of the wrong players.

Although the risks attached to partnership projects can be high, they do not have to be unmanageable. Many local authorities use a range of risk management techniques that help to overcome these challenges. The right approach differs according to the size and scope of the partnership but common features in effective partnership management include:

- a clear partnership agreement, especially between the groups who have most influence on success, i.e. elected members, senior officials and middle managers
- clear governance arrangements with the partnership being incorporated into a formal organisation where necessary
- strong communications and accountability to stakeholders and end-users
- clear and effective procedures for auditing the performance of partnerships.

Case study

Chiltern District Council – Managing partnerships effectively

In 2004, Chiltern District Council undertook a risk identification exercise, which showed the Council's key risks were centred round the delivery of services in partnership with other organisations. It undertook a mapping exercise that covered over 120 partnerships.

It gave key partnerships clear objectives, detailed terms of reference, adequate governance arrangements, a formal risk and opportunity assessment and accountability for funding, where necessary.

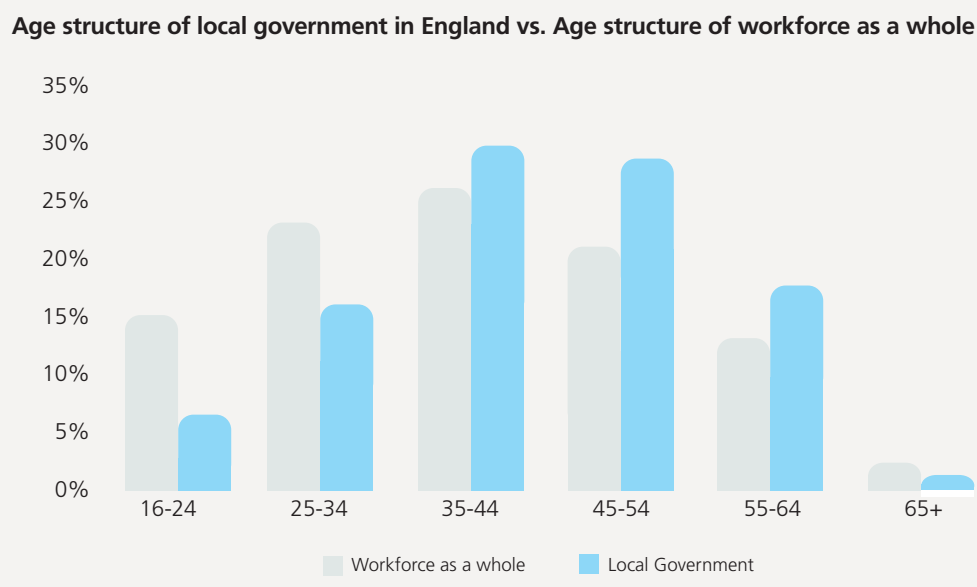
In 2004, the Audit Commission commented that 'The Council works well in Partnerships, realising that its relatively small size means that it must utilise effective working relationships with other agencies if it is to deliver on its objectives'.

Benefits of a systematic approach to partnership working include being better prepared for the unexpected, clear prioritisation and enhanced strategic planning.

Source: Chiltern District Council

6.2 Workforce Planning

All organisations face significant challenges recruiting and retaining staff and ensuring that skills are developed in line with changing demands and objectives. However, local government faces special challenges, with a workforce that is significantly older than the labour force as a whole; 34% of its workforce is over 50.



Sources: Local Government Pay and Workforce Strategy, Labour Force Survey

Note: Local government figures relate to 2006, wider workforce figures to winter 2004-5; local government figures relate to England only

Clearly, the need for a new generation of leaders is a challenge that has to be managed over the long term. Yet the need for effective succession planning is only gradually being acknowledged and in 2006 only just over a quarter of local authorities had succession plans in place.

Succession plans have to be supported by effective development of skills and here, too, significant gaps still exist in strategic areas such as change management, project management and partnership working.

However, increased use of professional workforce planning has helped to identify these gaps and has helped councils to respond, through:

- developing leadership skills amongst senior officers
- developing effective succession plans
- improved projections of future trends in services delivery and skills gaps
- better design of appropriate organisation structures and job roles
- effectively promoting equality and diversity
- creating appropriate pay and reward structures.

Skills needs and development, local authorities in England, 2006 (% of authorities)



Source: LGAR Local Government Workforce Pay and Strategy Survey, 2006

Talent management in a local authority

Mid-Sussex District Council has taken a ‘talent book’ approach to developing its workforce towards leadership positions, avoiding some of the costs and risks of recruiting from the open market.

Using tools developed by Zurich, the Council has assessed existing skills, potential and preferences using a diagnostic grid among its 50 senior managers. This forms the basis of a strong succession plan.

Crucially, the aim is not always to move individuals into leadership roles. Instead, progression can develop individuals into key specialist roles, which better suit their preferences and skills.

6.3 Health and safety

Changing legislation around health and safety focuses attention on this risk, which is an essential part of effective workforce management. Key risks are fire safety, workplace stress, corporate manslaughter, falls from height and lone working. On our list of top risks, health and safety plays an important part in fire safety and the compensation culture.

New legislation on **fire safety** came into force in October 2006 and, in our surveys, was a large enough project to gain its own ranking in the top ten risks for local authorities. The legislation creates a responsibility for all organisations in control of non-domestic premises to undertake and act on a fire safety assessment.

Five key steps to managing fire safety

1. Identify fire hazards, i.e sources of ignition and potential fuel
2. Identify the risks to people, especially the most vulnerable
3. Evaluate and act – reduce risks and take steps to protect people and premises
4. Record, plan and train
5. Review

Source: Communities and Local Government

Workplace stress costs the UK economy 10.5 million working days in 2006 and is particularly acute among teachers.¹³ Recent court judgments have put boundaries on employers' responsibility for stress. For example, any condition has to be attributable to stress at work; the harm done must have been foreseeable and employers are not liable if they have taken reasonable steps to avoid harm. However, it is still important to have proper systems in place, not just to minimise liability, but also to counter the wider economic problems of stress-related illness.

Estimated rates of self-reported stress, depression or anxiety caused or made worse by current or most recent job (rate per 100 employed in the last 12 months)



Source: Health and Safety Executive

At the time of writing, legislation on **corporate manslaughter** is still making its way through Parliament. Although this legislation is unlikely to add many new duties for organisations, it again emphasises the need for proper systems and controls. In particular, future regulation and litigation is likely to focus on whether senior managers ensured appropriate, ongoing monitoring of systems; the quality of management information on health and safety is likely to become as important as the existence of a policy.

¹³ Health and Safety Executive (2007) Why Tackle Work-Related Stress? at <http://www.hse.gov.uk/stress/why.htm>

The most common kind of fatal work injury is a **fall from height** and it is a significant issue in the public sector.

	Number of major injuries due to fall from height	% of major injuries in each sector
Public administration	237	7
Education	87	9
Health and social work	103	4

Source: Health and Safety Commission

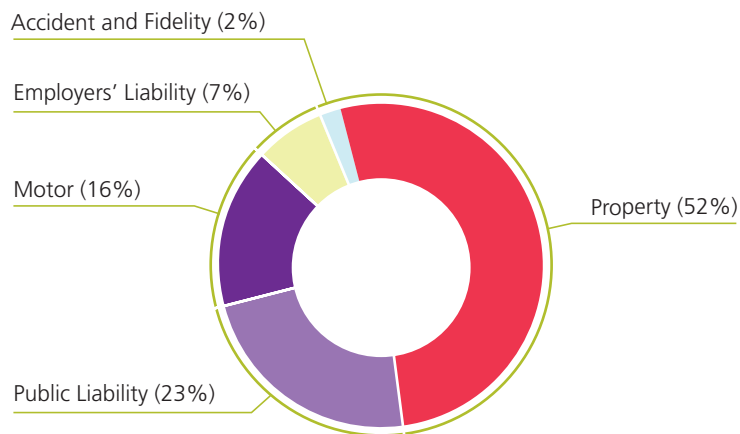
Steps to manage this risk include:

- conducting risk assessments
- carrying out adequate training
- taking measures to prevent falls before considering measures aimed simply at mitigating the risks of a fall.

Lone working is a growing issue as working practices become more flexible. Lone workers have to be trained to deal with all health and safety situations, including emergencies due to accidents, illness and fire. It is often a complex issue to manage as it is often difficult for organisations to know for certain how many of its employees are lone workers at any given point in time and because lone working can take place in many different environments, e.g. off site, in enclosed interview rooms or at home.

6.4 Local authority insurance claims

The following chart outlines the claims received by Zurich from local authorities in 2006:



Source: Zurich Insurance

6.5 Conclusion

A changing policy environment means the risk profile of local authorities is changing faster than ever. At a strategic level, partnership working is transforming the way authorities manage issues. In addition to this, new partnerships around new issues such as climate change need to be formed and led. At an operational level, new legislation in areas such as health and safety are significantly changing the way these risks are managed. All this puts the skills of local authority leaders to manage projects, change, people and specialist issues at a premium.

7. Charities

The voluntary sector clearly has a radically different risk profile from most public sector organisations. Although all the segments in this study span a variety of institutions, diversity is strongest in the charitable sector, diversity that stems not just from differences in the size and maturity of its organisations, but radically different purposes and funding methods.

Top risks for charities (in order of priority)

1. Partnerships and loss of independence
2. Partnerships and transfer of risk
3. Attracting and retaining trustees
4. Balancing sources of income
5. Operational issues – Property
6. Operational issues – Public Liability

The Government is committed to using the voluntary sector to deliver public services, with significant support from the public; 63% of the British public agree that charities and local voluntary groups could do a better job than local or national government in delivering some public services.¹⁴ This is particularly true of larger and regional charities, for example 62% of charities with an income above £500,000 deliver public services.¹⁵

Charities delivering public services by geographic scope

Scope of charity	% delivering public services
Operates within a local area	30
Operates across more than one county	45
Operates nationally or internationally	20

Source: Charity Commission, 'Stand and Deliver'

Charities also have other major risks in common with other organisations covered by this report. Attracting and retaining key staff and retaining sustainable sources of funding remains a constant challenge.

7.1 Retaining independence

To succeed, a charity must remain true to its aims and vision. If donors and volunteers sense that it is moving away from its original purpose their support will diminish. If a charity that delivers public services begins to be perceived as another arm of government, donors may feel that they are taking up a burden that should be borne by taxpayers and volunteers may feel that they are simply becoming used as substitutes for public servants.

The scope of the potential issue does not end with those who give time and money to the charity. Research suggests that volunteering in the public sector may give rise to more problematical relationships between paid staff and volunteers than it does in the charity sector. This is often because paid staff in the public sector feel their jobs are under greater threat from volunteers.¹⁶

As charities take on more of the kind of roles traditionally associated with the state sector, the relationship between paid and voluntary staff may become more problematic. This is an issue charities must manage carefully; with formal volunteers contributing the equivalent of 1.1 million full time workers each year,¹⁷ organisations cannot afford to make voluntary workers feel unwelcome at any level.

¹⁴ Ipsos MORI. Base: 1035 people in Great Britain aged 15+. People were asked 'Do you think that charities and local voluntary groups could do a better job than local or national government in delivering public services, such as meals on wheels and playgroups for young children?'

¹⁵ Charity Commission, 2006 Stand and Deliver, p. 5

¹⁶ Gaskin, K. (2003) A Choice Blend: What Volunteers Want from Organisation and Management

¹⁷ NCVO (2006) UK Voluntary Sector Almanac: The State of the Sector, p. 10

There is evidence that some charities may be experiencing strains on their independence as a result of the pressures of public service delivery. A survey by the Charity Commission shows that charities delivering public services are less likely to believe that they are free to pursue their core aims (see table below).

Autonomy of charities

Statements on independence	% of charities agreeing with statement that provide public services	% of charities agreeing with statement that do not deliver public services
Our charitable activities are determined by our mission rather than by funding opportunities	52	65
Our charity is free to make decisions without pressure to conform to the wishes of funders	26	58
Our charity trustees are always involved in decisions about what activities or projects that charity will undertake	70	85

Source: Charity Commission

These pressures on autonomy can also be seen on the balance of funding for charities delivering public services, compared to funding for the sector as a whole. Charities that provide public services are likely to be far more dependent on state funding, blurring the distinction between state and voluntary sectors. Of all charities providing public services, 34% rely on public service delivery for 80% or more of their income.¹⁸ In contrast, across the sector as a whole, 38% of income comes from the public sector.¹⁹

Many charities are able to deliver public services and retain a strong link to their original aims and values. This is a risk that can be managed but that will continue to produce tensions into the future.

7.2 Partnerships and the transfer of risk

Not only can partnership work put pressures on the culture and aims of charities, it can also pose challenges when planning and accounting for risks.

A recent study by the National Council for Voluntary Organisations reported that several government departments were registering significant breaches of the 1998 Compact (see below).

Problems identified with partnerships between Government and the voluntary sector
<ul style="list-style-type: none"> • Government departments not paying organisations in advance for delivering key services. • Not enough time to respond to Government consultations. • Government departments not paying organisations the full costs of delivering key services. • Inadequate discussion of project risks up front.

Source: NCVO, March 2007

When community and voluntary sector organisations take on the running of public services they also take on a significant amount of extra risk. This ranges from the day-to-day operational risks to the strategic risks inherent in running such services. An operational risk posed by contracting out a meals on wheels service could be an increased likelihood of volunteers injuring themselves through lifting; strategic risks could include volunteers not arriving at the allotted time and the service being unable to function on a particular day.

¹⁸ Charity Commission (2006) Stand and Deliver p. 6

¹⁹ NCVO (2006) UK Voluntary Sector Almanac: The State of the Sector p. 8

Whatever services third sector groups take on, they will find that they incur increased risk management costs, whether through increased insurance premiums or in administration time to manage uninsurable strategic risks. Zurich is concerned that this fact is not understood during the letting of contracts and the community and voluntary sector is leaving itself exposed to greatly increased risks with no financial recompense.

Research by the Charity Commission reports that 43% of charities offering public services did not obtain full cost recovery for any of the services they delivered and that only 12% obtained full cost recovery for all the services that they delivered.

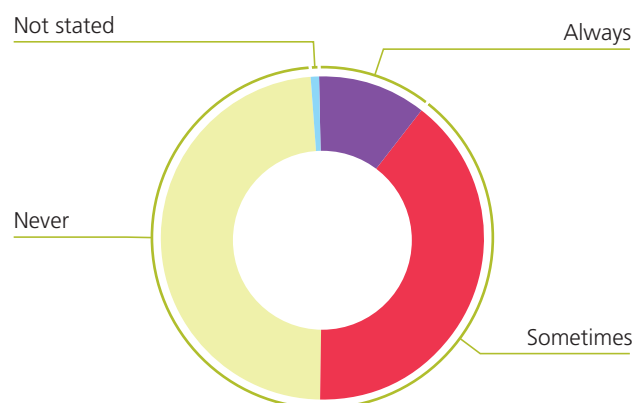
There is even anecdotal evidence of charities being asked to take out insurance bonds to cover the risks of non-delivery, stretching the requirements of the Compact to the limit.

These trends show that mastery of project management and negotiating techniques will continue to be essential to any charity delivering services in partnership with the state sector, producing new challenges for trustees and the organisations recruiting them.

7.3 Attracting and retaining trustees

For about half of all charities, finding trustees does not pose a problem (see below). However, there are still risks to be managed. For smaller charities these often involve finding people who are willing to commit enough time to the cause. Larger charities are more likely to report difficulties with finding people with the right skills.

Are problems encountered in filling vacancies on the trustee body? – Responses from charities



Source: Charity Commission

Main reasons why charities experience problems recruiting trustees

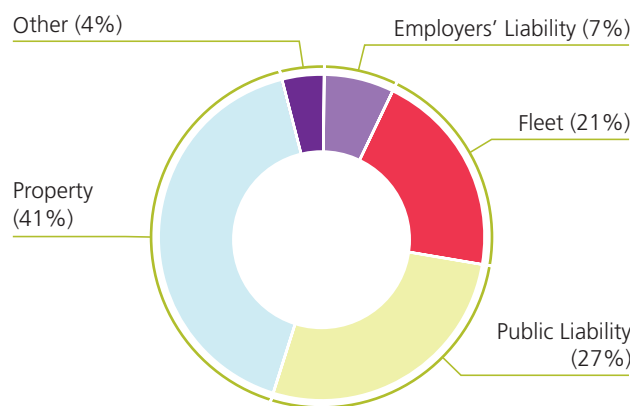
Difficulties	Total %	Small %	Medium %	Large %	Very large %
Shortage of applicants	35	35	39	35	24
Difficult to find people willing to make the time commitment	82	84	86	79	68
Difficult to find people with the right skills/experience	41	21	44	66	72
Difficult to find people who want the responsibility or are willing to take on the legal obligations	53	50	61	59	39

Source: Charity Commission

Another major issue is finding people who are prepared to take on legal obligations, especially in medium to large charities. An examination of the kind of operational risks faced by charities, as shown by insurance claims, suggests that this problem may be one of perception rather than reality; the fear of being held responsible if something goes wrong could be greater than the actual experience that charities face day-to-day.

7.4 Insurance claims for charities

The following chart outlines the claims paid to charities by Zurich so far in 2007:



Source: Zurich Insurance

Public and Employers' Liability claims form around a third of all claims. However, most insurance claims arise from damage to property and vehicles rather than injuries to individuals. Despite the reports of increased fear of litigation against volunteers, particularly when leading outdoor or adventurous activities, most charities state that their key concerns have more to do with issues such as running properties, local and national government policy and funding. While staff issues are a significant enough issue to feature on the list of most significant events, they only trouble a minority of charities.

Events experienced by charities that were unexpected or had unexpected consequences

Event	% of charities that have experienced it
Funding: failure to obtain/reduction/need for sudden increase	39
Change in government/ council policy or legislation	25
Changing costs in rent/insurance/maintenance of premises	16
Staff shortages/problems	13
Others	7

Source: Charity Commission

Most significant key events for charity

Milestone event	% of charities that reported it
Acquiring/repairing/planning/leasing/selling property	30
Securing grant/contract	25
Setting up as a charity/registration/registration as a charitable company	19
Employing/losing staff/problems with staff	12
Setting/exceeding financial targets/thresholds	8

Source: Charity Commission

7.5 Conclusion

Despite the considerable diversity within the charitable sector, many of the major risks faced by charities are common to all organisations, such as attracting and retaining key staff and maintaining adequate funding streams.

However, for a substantial and growing number of charities, particularly those that deliver public services, external factors will have a major impact on their risk profile. These include:

- changes to government policy
- the way in which government manages contracts at both a local and national level
- the way in which public service delivery impacts on charities' independence.

It is this aspect of partnership working that gives the sector its unique challenges and is most likely to influence the way charities are managed in future.

8. Housing

With Gordon Brown announcing the development of five new eco-towns and reaffirming his commitment to a rapid expansion of social housing, it is a long time since the sector's development has been as high up the political agenda. And the public seems to be warming to the sector; in the research commissioned by Zurich, 89% of respondents said that all new housing developments should include a percentage of affordable housing.²⁰

However, housing associations face significant risks, including maintaining market share, meeting efficiency targets and tackling anti-social behaviour, which will affect their success in the future.

Top risks in social housing (in order of priority)

1. Maintaining market share
2. Adapting to new partnership environment
3. Attracting and retaining high calibre staff
4. Meeting efficiency targets
5. Managing anti-social behaviour
6. Meeting targets for decent social housing
7. Meeting wider expectations from tenants
8. Achieving right geographical profile

8.1 Maintaining market share

The level of attention currently given to social housing comes with demands as well as opportunities. The Gershon review of public sector efficiency demanded major improvements for social housing. Studies by the Treasury, the Audit Commission and the Housing Corporation also emphasised the need for efficiency, particularly through improved economies of scale.²¹

Following on from this, in 2004, the ODPM²² set demanding targets for social housing:

Expected efficiency gains in social housing

Total social housing efficiency gains (£m)			Estimated contribution from registered social landlords (£m)		
2005-06	2006-07	2007-08	2005-06	2006-07	2007-08
274	550	835	177	260	355

Source: ODPM

One of the most important levers for reinforcing economies of scale is funding for new building. As the Housing Corporation concentrates spending on new development on a smaller number of housing associations, large to medium-sized organisations merge to ensure that they can build in future. As a result, protecting market share becomes a key objective.

²⁰ Ipsos MORI. Base: 1035 people in Great Britain aged 15+.

²¹ Barker Review (2004) Final Report

²² Office of the Deputy Prime Minister, now the Department for Communities and Local Government

Incentives for merger in housing associations

Reasons for merger	%
Increase/protect market share	31
New/greater geographic markets	26
Portfolio diversification	15
Economies of scale	6
Other/no overriding goal	22

Source: KPMG, 2007

Other reasons given for mergers include the ability to attract finance, enhanced investment opportunities and the ability to attract better staff.²³

Consolidation within the sector already means that the top 20 housing associations account for over a quarter of the sector's total turnover;²⁴ 1% of housing associations collectively own 35% of the total housing association stock.²⁵ Between 2003-5 the rate of mergers was around twice that of the 1990s, and the Audit Commission predicts that:

'Housing association mergers will continue, particularly within the top 200, as they apply economies of scale to improve efficiency which they can translate into business growth through new development or diversification.'²⁶

Mergers, however, bring challenges and risks of their own (see box).

Risks involved in housing association mergers

- Culture of different associations may not be compatible.
- May create geographical anomalies that are difficult to rationalise.
- May distort business mix.
- May increase distance between customers and the organisation, resulting in poorer service and missed targets.
- Potential cost benefits may be lower than expected.
- Government policy may favour and offer incentives for other strategies in future.
- Structure of organisation may become complex and unwieldy.

Source: Zurich Insurance

While it may be essential for housing associations to grow in order to maintain their current activities, care has to be taken that the drive for growth does not obscure equally important objectives, including customer satisfaction and organisational coherence.

8.2 Meeting wider expectations from tenants

Housing associations already provide more than simply social housing; they also deliver services such as sheltered accommodation, security services and landscaping. In a survey by the Housing Corporation almost 20% of registered housing associations had a non-social housing turnover of 5% or more.²⁷

²³ Chartered Institute of Housing (2006) The Costs and Benefits of Groups, Mergers and Partnerships

²⁴ Housing Corporation (2006) Global Accounts and Sector Analysis of Housing Associations

²⁵ Chartered Institute of Housing (2006) The Costs and Benefits of Groups, Mergers and Partnerships

²⁶ Audit Commission (2007) Submission to Future Regulation of Housing Consultation

²⁷ Housing Corporation (2004) Sector Study 30b: Diversification

As the stock managed by housing associations improves, wider issues and services will determine attitudes towards landlords. There is already evidence that a significant number of tenants want landlords to supply a greater range of services, either directly or in partnership with others.

What should landlords be involved in within tenants’ neighbourhoods?

Percentage of tenants who think their landlord should be involved in certain activities in their neighbourhood

Activity	%
Help tenants in the neighbourhood to get better services from the local council	50
Helping tenants to get their local environment improved	43
Reduce crime	40
Providing community facilities in your neighbourhood, for example nurseries and youth clubs	35
Working with local organisations to improve services for example public transport and shops	32
Employment and training support for tenants	24
Advice and support to help tenants start their own business	23

Source: Housing Corporation

Summary of importance of services to respondent as a tenant: percentage of tenants rating services as ‘very important’

Service	%
Home repairs and maintenance	73
Security	57
Helping tenants get improved services from other service providers	42
Taking tenant views into account	49
Helping tenants improve their local environment	37
Providing community facilities	30
Helping tenants access jobs and/or training	26
Money, benefits and debt advice	33

Source: Housing Corporation

The Government’s agenda, set out in the Local Government White Paper, to turn local authorities into ‘place shapers’ has important impacts for social landlords. As local authorities take on more of a ‘commissioning’ role, looking for solutions to local problems that may or may not depend on traditional institutions for delivering services, registered social landlords may find themselves competitively placed to run a number of social services in areas that they have never participated in before.

Partnerships can carry obligations as well as opportunities. In the area of anti-social behaviour, the Home Office is introducing a 'duty to co-operate' with Crime and Disorder Reduction Partnerships (CDRP):

Housing Corporation's view of Crime and Disorder Reduction Partnerships and involvement by housing associations

"If housing associations are to play a larger part in the ASB and Respect agenda, it is essential that they have access to and knowledge of what CDRPs can offer, and that CDRPs have access to and knowledge of what housing associations can offer them. CDRPs are the gateway to organisations and agencies that housing associations can work alongside and share information with. In addition they may also be able to assist with access to funding.

"However, up to now, engagement between CDRPs and housing associations has been variable. In some areas, local housing associations play a key role in these partnerships as both sides have realised the benefits that such an approach can bring.... However, in other areas they will never have come into contact. Housing associations may not even know that these partnerships exist. This situation might exist for a number of reasons, including:

- inadequate publicity from CDRPs to housing associations
- associations feeling that there is no need for them to get involved
- disparity in CDRP working practices when it comes to engaging partners and
- geographical issues – the association is unsure how it can engage with all the CDRPs in the areas it covers or there may be a large number of associations operating in that one area."

Source: Housing Corporation (2007) Promoting Respect: Tackling Anti-social Behaviour Through Partnership Working

Tackling anti-social behaviour is a key issue for housing associations. Since 1996 16% of all housing association insurance claims to Zurich were as a result of anti-social behaviour. The following table shows the breakdown of claims:

Cause	% of all claims in housing market since 1996
Malicious damage	14.45
Fire – malicious	1.36
Vandalism	0.24
Fire – riot	0.01
Total	16.06

Source: Zurich Insurance

In a completely different policy area, the Treasury's proposals to encourage the provision of generic financial advice could also reinforce a trend in Housing Association development. As the National Federation of Housing Associations puts it:

"Housing associations tackle financial exclusion as part of their commitment to improving their tenants' opportunities and quality of life, offering money advice, affordable insurance, savings and loans schemes, and working together with Credit Unions and Community Development Finance Institutions to make credit available and affordable".

“In addition housing associations offer a wide variety of programmes aimed at delivering financial advice and improving financial capability that revolve around five key areas:

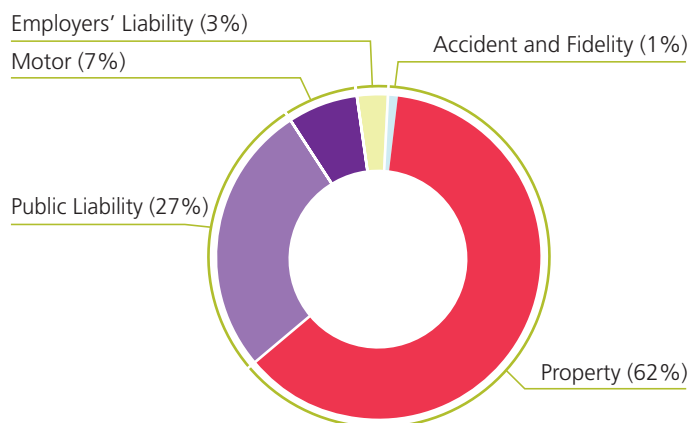
1. Acting as intermediaries signposting new and existing tenants to relevant organisations and suitable financial products
2. The provision or referral to general financial advice
3. The provision or referral to debt advice
4. The provision and support of financial capability schemes
5. The provision or referral to welfare and benefit advice.”

These activities present opportunities for housing associations to enhance the service they give to tenants and, in the longer term, to diversify into new areas of business. However, there are risks attached, for example:

- if duties grow more quickly than the resources needed to meet them
- liability for non-core areas of business (financial advice, security etc.)
- the need to create new skill sets
- greater dependence on local partners to achieve positive results.

8.3 Housing insurance claims

The following chart outlines the claims received by Zurich from the social housing sector since 1996:



Source: Zurich Insurance

8.4 Conclusion

In the short term, the risks faced by larger housing associations are dominated by the need to protect market share and to meet central targets for efficiency and decent homes. However, in the longer term, the issues faced by housing associations centre round their ability to meet wider expectations, both from tenants and from government, about the part housing associations have to play in the improvement of the neighbourhood as a whole. Managing and meeting those expectations is the major task facing this sector.

9. Conclusion

Our expert assessment shows that profound changes in the way services are delivered are introducing a greater level of risk for all the organisations involved. Funding through partnerships (in areas such as local government) and increased choice for end-users (in areas such as education) are dramatically increasing the level of uncertainty facing organisations providing public services. All this, combined with changes in legislation in operational areas such as health and safety, means that no one can ignore the changing policy environment.

This change is putting considerable strain on the skill sets found in many organisations, for example an increased need for project management skills in local authorities and an increased focus on managing pupil behaviour in further education. Where these changes to skill sets do not take place, levels of workplace stress will rise.

Pressure for change will not only come from above, but from below, especially as organisations like the Audit Commission draw more heavily from local opinion. This should not necessarily be something to fear, the public is far more sensitive to the debate about local service delivery than we might expect. For example, our public research showed a high awareness of issues such as managing partnerships and workforce planning. These are ‘behind the scenes’ issues that rarely receive any kind of ‘sensational’ media coverage. In this sense, expert concerns and public perceptions are very closely aligned.

However, policymakers cannot ignore the issue of anti-social behaviour. In our survey the public rated this as the top risk facing local organisations. It is an issue that affects almost all areas of service delivery, for example:

- pupil behaviour is a central concern of teachers
- it will be an increasing concern for further education colleges as they take on students in the 14-16 age group
- it is key to producing well functioning neighbourhoods, which is likely to be an increasing preoccupation for larger housing associations as well as councils.

Perhaps one of the reasons for the disparity between public and expert perceptions is that no single organisation ‘owns’ the problem. For example, our public survey shows that 77% of the British public think that pupil behaviour in schools is the responsibility of parents, not teachers.²⁸ As long as people think that anti-social behaviour is the responsibility of families and individuals, organisations will feel that they do not need to manage the risk. However, as all organisations at a local level are drawn into ever-closer partnerships, there is no guarantee that this risk will continue to slip between the cracks of accountability.

Our research also showed that the public was concerned that local authorities should take action on climate change. The Nottingham declaration on tackling climate change, signed by more than 200 authorities, echoes this sentiment. Leading partnerships on climate change will be a huge test for local authorities, underlining the need for the governance processes and skills that underpin successful partnership working.

Finally, it seems that the influence of the ‘compensation culture’ has been exaggerated. There has been a perception in parts of the media that many activities, from school trips to volunteering, have been choked by a fear of litigation. Although the risk of a growing compensation culture is recognised by different organisations, there is little evidence that this concern dictates behaviour. Our risk assessment put it bottom of the top ten risks, as did the public survey. There is evidence that charities are more concerned about day-to-day issues such as property management than they are about being sued; Zurich’s claims data supports this point. It seems that efforts by the Department for Constitutional Affairs, the insurance industry and others to reverse the trend towards a compensation culture are beginning to bear fruit.

²⁸ Ipsos MORI. Base: 1035 people in Great Britain aged 15+.

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