

# **Risk Management Progress Report**

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## Introduction

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- The purpose of this report is to provide an update on:
  - the key strategic risks facing the Council
  - the activities being undertaken to support the Council in developing a culture of being 'Creative & Aware of Risk'<sup>1</sup>.

## Key Messages

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### *Strategic risk register*

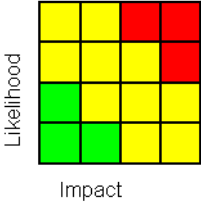
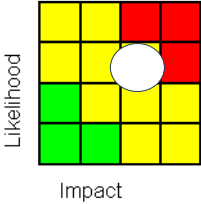
- Over the past couple of months, we have undertaken updates from the various risk owners against the strategic risks to gain an assurance that these are being managed effectively.
- Our Strategic Risk Register includes 11 risks – these are;

Risk	Current Risk	Assurance
<b>Safeguarding – Safeguarding Children</b>		Substantial
<b>Safeguarding – Safeguarding Adults</b>		Limited
<b>Resilience (Business Continuity) – Capacity &amp; resilience to responding to, and recover from, wider area and prolonged emergencies and business disruption (e.g. coastal flooding / pandemic flu) impacting on public safety, continuity of critical functions and normal service delivery</b>		Substantial

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<sup>1</sup> The Council wishes to be creative and open to considering all potential delivery options, with well measured risk taking whilst being aware of the impact of its key decisions.

Risk	Current Risk	Assurance
<b>Market Supply Adult Care</b> – Adequacy of market supply to live within budget	<p>A 4x4 grid with Likelihood on the vertical axis and Impact on the horizontal axis. The top row (High Likelihood) has two yellow and two red cells. The second row has two yellow and two yellow cells. The third row (Low Likelihood) has two green and two yellow cells. The bottom row (Very Low Likelihood) has two green and two yellow cells. A white circle is positioned in the cell corresponding to Low Likelihood and High Impact.</p>	Limited
<b>Integration of Health &amp; Social Care Services and the Better Care Fund</b> – Maintaining a viable, safe & sustainable health infrastructure.	<p>A 4x4 grid with Likelihood on the vertical axis and Impact on the horizontal axis. The top row (High Likelihood) has two yellow and two red cells. The second row has two yellow and two yellow cells. The third row (Low Likelihood) has two green and two yellow cells. The bottom row (Very Low Likelihood) has two green and two yellow cells.</p>	No longer a risk
<b>Projects</b> – Ability to deliver our major designated projects	<p>A 4x4 grid with Likelihood on the vertical axis and Impact on the horizontal axis. The top row (High Likelihood) has two yellow and two red cells. The second row has two yellow and two yellow cells. The third row (Low Likelihood) has two green and two yellow cells. The bottom row (Very Low Likelihood) has two green and two yellow cells.</p>	Substantial – score to be determined
<b>Budget – LCC</b> – Funding and maintaining financial resilience	<p>A 4x4 grid with Likelihood on the vertical axis and Impact on the horizontal axis. The top row (High Likelihood) has two yellow and two red cells. The second row has two yellow and two yellow cells. The third row (Low Likelihood) has two green and two yellow cells. The bottom row (Very Low Likelihood) has two green and two yellow cells. A white circle is positioned in the cell corresponding to Low Likelihood and High Impact.</p>	Substantial
<b>Governance</b> – Maintenance of effective governance arrangements including the way we implement transformational change and decisions affecting service delivery	<p>A 4x4 grid with Likelihood on the vertical axis and Impact on the horizontal axis. The top row (High Likelihood) has two yellow and two red cells. The second row has two yellow and two yellow cells. The third row (Low Likelihood) has two green and two yellow cells. The bottom row (Very Low Likelihood) has two green and two yellow cells. A white circle is positioned in the cell corresponding to Low Likelihood and High Impact.</p>	Substantial
<b>Recruitment / Staffing</b> – Ability to recruit & retain staff in high level areas	<p>A 4x4 grid with Likelihood on the vertical axis and Impact on the horizontal axis. The top row (High Likelihood) has two yellow and two red cells. The second row has two yellow and two yellow cells. The third row (Low Likelihood) has two green and two yellow cells. The bottom row (Very Low Likelihood) has two green and two yellow cells. A white circle is positioned in the cell corresponding to Low Likelihood and High Impact.</p>	Limited

Risk	Current Risk	Assurance
<b>Strategic contracts</b> – Ensuring contracts are fit for purpose in the Commissioning Agenda		To be determined
<b>Governance</b> – Effective implementation of the Agresso system to ensure good governance in respect of key Financial and HR systems.		Limited

4. There are still two risks that require assurances to be fully explored. These are:
- Ability to deliver our major designated projects;
  - Ensuring contracts are fit for purpose in the commissioning agenda

Further details on each risk can be found in paragraph 11 – Our strategic risks.

### **Operational (Tactical) risks**

5. The Corporate Risk & Safety Steering Group met on 19<sup>th</sup> October 2015 and provided an update on the Directorate Risk & Safety Dashboards.
6. The dashboard approach enables the Council to maintain an oversight of its Directorates risk and safety performance. It recognises that there is no single reliable measure of risk and safety performance, opting instead to use a 'basket' of measures to provide information on a range of key risk and safety activities which can be tracked over time to assess overall performance.
7. The 'Risk' element of each dashboard focuses purely on what are considered to be the - biggest (tactical) risks for the 'Directorates'. It also acts as an early warning mechanism for any emerging big risks requiring escalation to the Strategic Risk Register.
8. A summary of each Directorates 'Top 5' risks can be seen in *Appendix 1* from which the following key messages can be drawn:

- Almost all areas have identified having a tactical risk around 'people', e.g. Inability to retain/recruit skilled & motivated staff, a risk which is echoed within the Strategic Risk Register;
- Almost all areas have identified having a tactical risk around 'budget and lack of future finances to deliver services', a risk which is echoed within the Strategic Risk Register;
- There are no tactical risks requiring escalation to the Strategic Risk Register or CMB at the present time.
- All risks have a reasonable level of assurance.

***Risk Management – Internal Audit Report – Issued July 2014***

9. Following on from the internal risk audit report that was concluded last year, there remains two outstanding actions from this report;

- **Risk in decision making**  
This has yet to be completed due to the involvement of other services and the inclusion of other areas within the template
- **Project risk management**  
Revised target date for completion is now March 2016

***Risk Management strategy and toolkit***

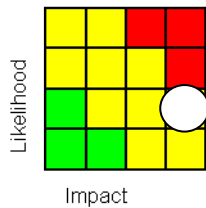
10. We have updated our risk management toolkit to help support effective risk management practice and decision making. Work is now planned for spring / summer to roll out a number of awareness sessions and training programme for both councillors and members. This work is sponsored by the Executive Director – Finance and Public Protection and Executive Councillor – Marc Jones.

## Our Strategic Risks

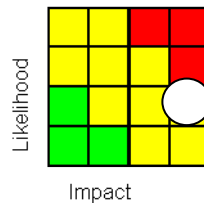
Our strategic risks are as follows;

11. Key areas/risks to note are as follows:

### Risk 1: Safeguarding Children – *Substantial assurance*



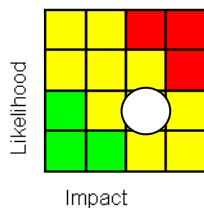
**Current risk score**



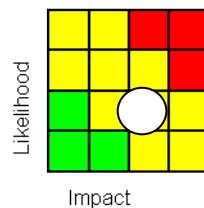
**Target risk score**

The level of assurance over this risk remains at 'substantial' with the direction of travel continuing at 'improving'.

### Risk 2: Safeguarding Adults – *Limited assurance*



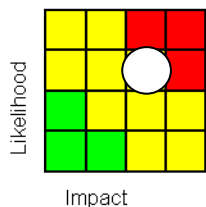
**Current risk score**



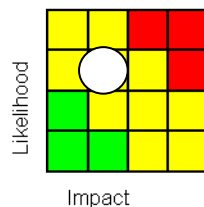
**Target risk score**

The assurance levels have moved on this risk down to 'limited' assurance due to evolution that adult safeguarding is at.

### Risk 3: Good Business Continuity & Resilience – *Substantial assurance*



**Current risk score**



**Target risk score**

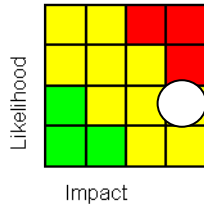
Currently, there is an audit of Business Continuity underway and the outcome of that review shall be fed into the assurance level of this risk once complete.



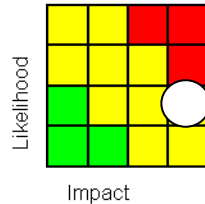


The council acknowledges the significant challenges ahead and there are arrangements in place to manage this risk. More certainty will be known once the council has approved its budgets beyond 2016.

**Risk 8: Maintenance of effective governance arrangements – *Substantial assurance***



**Current risk score**

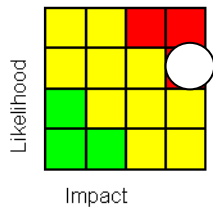


**Target risk score**

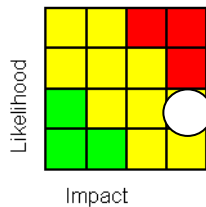
Good governance underpins everything we do as a Council and how we deliver services often comes under close scrutiny.

There have been no movement on the assurance level, direction of travel or scoring of this risk since our last report. The Council's governance arrangements work effectively – the Audit Committee approved the annual governance statement in September 2015.

**Risk 9: Ability to recruit & retain staff in high risk areas – *Limited assurance***



**Current risk score**



**Target risk score**

The level of assurance over this risk has decreased due to the feedback from directors and the tactical top 5 risks received from the directorates. Many service areas have been subject to review and its not unexpected that staff recruitment and retention is affected.

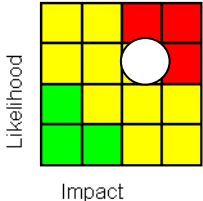
Work is underway to implement a number of new actions of which more details are contained with the strategic risk register.

**Risk 10: Ensuring contracts are fit for purpose in the Commissioning Agenda – *Assurance level to be determined***

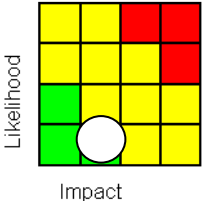
Similarly with the projects risk, we are working with the Chief Commercial Officer and her team to establish a process to provide us

with assurances that our contracts are fit for purpose and being managed effectively.

**Risk 11: Effective implementation of the Agresso system to ensure good governance in respect of key Financial and HR systems – *Limited assurance***



**Current risk score**



**Target risk score**

This is a new significant risk that has been included on the strategic risk register. The issues relating to the implementation of the Agresso system are well known with oversight by CMB, recovery board and members..

A copy of the updated Strategic Risk Register can be seen in *Appendix 2*.

***Looking forward in risk management***

The Council continues to respond and adapt to unprecedented change and significant changes. How the Council understands and its risks will play a key role in its future success.

To help support the Council going forward we plan to;

1. Revisit the risk appetite of the Council clearly setting the level of risk the council is willing to take and accept for its activity.
2. Undertake a fundamental review the strategic risk register – ensuring that it is fit for purpose and we have captured the key risks facing the authority. This will align with the Council's business plans / strategies beyond 2016.

**APPENDIX 1 - Directorate Top 5 Risks – as at 30<sup>th</sup> September 2015**

Adult Social Care			
No.	RISK	Level of Mgnt Assurance	Escalation Req'd?
1	Transformation agenda (LHAC) & better care fund	Limited	No
2	Staff resilience and business continuity in light of significant change	Limited	No
3	Budget	Substantial	No
4	Adequacy of market supply and ability to manage demand for services to meet eligible needs of adults	Limited	No
6	Safeguarding of adults	Limited	No

Childrens			
No.	RISK	Level of Mgnt Assurance	Escalation Req'd?
1	Safeguarding of children (ensuring our most vulnerable children and young people are safe and protected)	Substantial	No
2	Staff safety	Substantial	No
3	High risk activities - ensuring we are robust in 'non licensed' adventurous activities such as cycling	Substantial	No
4	Building based management	Substantial	No
5	Transport arrangements for vulnerable children	Limited	No

Environment & Economy			
No.	RISK	Level of Mgnt Assurance	Escalation Req'd?
1	Effective governance of major projects	Substantial	No
2	Ability to recruit and retain suitably qualified and experienced staff	Limited	Yes <b>Note (1)</b>
3	Insufficient resources (physical & financial) to match the ambitions and expectations to ensure matched funding opportunities and delivery of major projects of significant environment, economic and infrastructure benefit	Limited	No
4	FDSS out sourcing of CSC and transitional arrangements for support services (e.g. finance & IT). Property impacting on effective and efficient delivery of services.	Limited	Yes <b>Note (2)</b>
5	Significant budget reductions in light of the "whole service review" leading to potential failure of critical services	Limited	No

Public Health			
No.	RISK	Level of Mgnt Assurance	Escalation Req'd?
1	Contract Management	Limited	No
2	Political - working and decision making in a political organisation	Substantial	No
3	Reduction in staff wellbeing and motivation due to continuing changes with ensuring the right skills in place to continue the service provided.	Limited	No
4	Access to and storage/holding of information - sharing with other parties, data protection	Substantial	No
5	Overspend of Coroners Service arising from increasing long inquest payments and cost of assistant coroners	Limited	No

Finance & Public Protection			
No.	RISK	Level of Mgmt Assurance	Escalation Req'd?
1	Inability to recruit & retain skilled staff	Limited	No
2	Insufficient budget to deliver agreed acceptable level of service	Substantial	No
3	Safety of children and adults in and out of county (assessed from a local service perspective)	Substantial	No
4	Compliance with statutory legislation within various services	Substantial	No <b>Note (3)</b>
5	Reputational risk around relationships with external clients	Limited	No <b>Note (4)</b>

- Note 1)** Retention of qualified staff becoming more of an issue as uncertainty continues in some service areas.
- Note 2)** Problems are being experienced with the implementation of Agresso and relocations associated with property review have not been implemented on programme (esp WPH)
- Note 3)** One to watch – this depends on the budget setting and how far we have to go in reducing the service. It could possibly have a knock on effect to statutory requirements.
- Note 4)** Still limited due to the issues with Agresso. Whilst the group accept Agresso is an issue rather than a risk, there are concerns around whether there is risk profiling in place. i.e. the effect its having on fire & rescue and the ability to deal with 999 calls.

**APPENDIX 2 – Strategic risk register – As attached with this report**

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