

Risk Management Progress Report

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Introduction

1. 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*'.

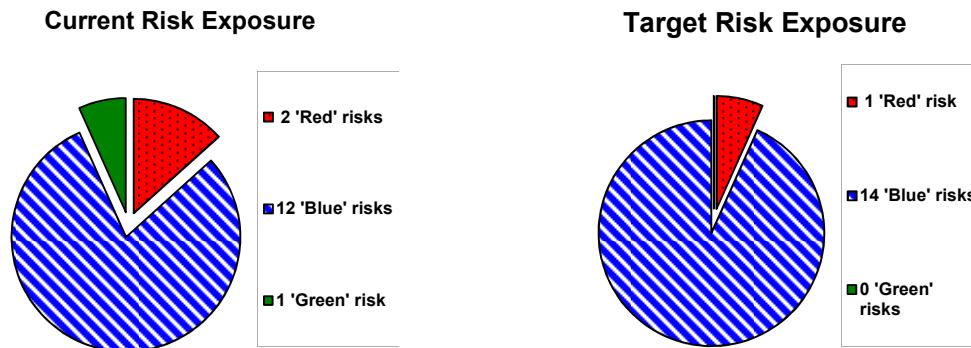
Key Messages

2. Overall, progress during the past six months on managing the Council's strategic risks has been good. Risk owners continue to be fully engaged and have demonstrated a good level of awareness regarding their risks.
3. There have been no sudden or unexpected changes to the overall and individual risk statuses.
4. We found that the approach of reporting on relevant strategic risks as a part of the Combined Assurance Model acted as a useful 'check and balance' in validating management assurances received.
5. Within the report to Committee in November 2012 it was highlighted that we should expect to see improvements in the overall level of risk within the area of Adult Social Care (ASC) during this last review period of the year. Whilst some positive progress has been made, the risk owner is of the opinion that he has not yet got the level of 'comfort' required for Risk 3: Safeguarding Adults and Risk 4: Adequacy of Market Supply to meet eligibility needs of Adults, making these two areas of the register to maintain a continued oversight of during the coming months/year.
6. All other strategic risks are being managed as planned, with no increases in individual risk scores.
7. We have conducted a short but focused review of the Corporate Risk & Safety Governance Structure to assess its effectiveness and suitability to support the developing needs of the organisation. We are currently in the process of implementing the key actions arising from this review.
8. The new Risk Management Toolkit is in the final stages of development and will be ready for launch in May 2013.

Update on the Strategic Risk Register

9. The total number of strategic risks remains static at 15, this being the same as when last reported to the Committee in November 2012. A copy of the full Strategic Risk Register can be found in Appendix 1.

10. As at **31st March 2013** the Council's overall strategic risk exposure looked as follows,



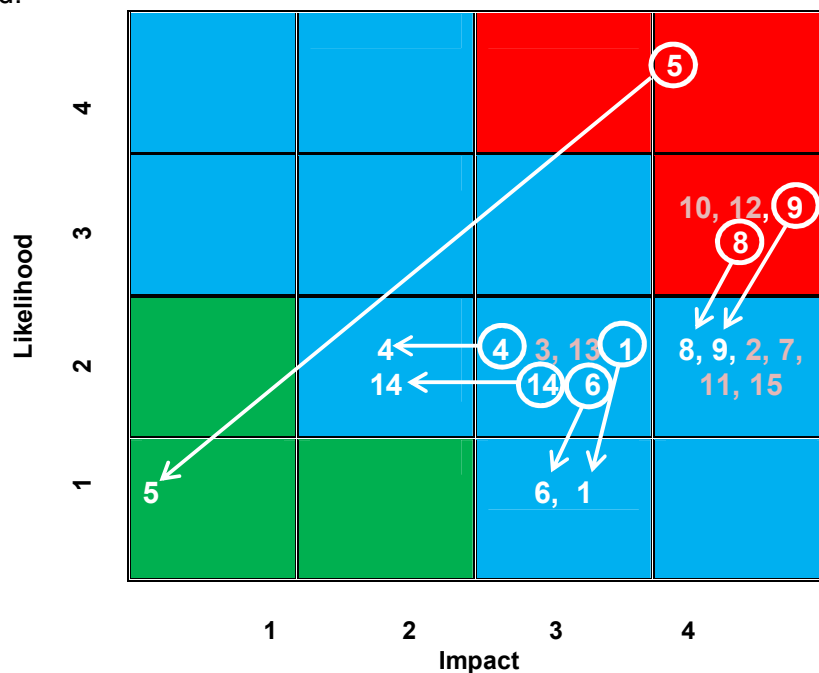
Key to 'Risk' colour coding:

Red: require comprehensive controls, frequent monitoring & reporting and comprehensive contingency plans.

Blue: require cost effective controls, regular monitoring & reporting and outline contingency plans.

Green: cheap and easy controls, periodic monitoring & reporting and contingency plans not essential.

11. The matrix below shows the movement of strategic risks during the last quarter of 2012-13, from which it can be seen that eight risks remained static and seven risks moved.



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

Risk 3: Safeguarding Adults

The current score has remained static. New actions have been included to reflect additional investment to be made in staff development and support as well as improved performance reporting to the Adults Safeguarding Board. The proportion of 'developing' actions remains high meaning that the level of management assurance is unaltered at 'Limited'.

Risk 4: Adequacy of market supply to meet eligible needs for adults

The target score for this risk is now being exceeded; however the 'developing' nature of the actions assigned means that the current level of management assurance remains as 'Limited'. Market analysis has been done and a list of 'to-do's' identified in order to develop certain elements of the market and some of which have been reflected within the new actions assigned to this risk.

Risk 5: ASC not able to live within budget

This risk has been reduced from 4x4 to 1x1 to reflect that the service achieved a balanced budget for 2012-13. The 'current' score will need re-assessing now that we are in the new financial year.

Risk 6: Delivery of Strategic Contracts

The target risk score of 1x3 has been achieved with the level of management assurance increasing from 'Limited' to 'Substantial'. Good progress has been made on a number of fronts including with the Future Deliver of Support Services programme, Adults Social Care Contract register and Phase 1 of "Becoming a Commissioning Council".

Risk 14: Integration of Public Health

The target risk score of 2x2 has been achieved. Some actions set were delivered earlier than plan and interim arrangements have been put in place for outstanding issues where dependencies exist on central government. All Directorate Management level risks transferred from the PCT to the Council on 1st April 2013 have been assessed using the authorities 4x4 matrix. This risk has now entered a 3-6 months run-off period during which it will continue to be monitored to ensure sufficient confidence post integration is maintained.

13. Horizon scanning / areas to watch:

Risk 2: Safeguarding Children

Although this risk continues to be managed well and within target, planned changes to the Ofsted Inspection Framework due to be implemented in June 2013 could impact on the 'perception' of how well this risk is being managed. The new framework will introduce a much tougher test as the bar is raised, e.g. the new 'adequate' is the old 'outstanding'. Members will note that a new action has been assigned to this risk to acknowledge the preparations underway in planning for this new inspection regime.

Risk 7: Funding and maintain financial resilience

Whilst there have been no changes to this risk, it should be noted it continues to be managed as well as it can be given the uncertainties of future funding. New actions have been assigned to this risk to reflect the updating of the medium term financial plan for the next 2 years (as a part of the budget process) and which will run in parallel with the governments next Comprehensive Spending Review.

Assisting the Council to develop a culture of being “creative & aware of risk”

14. In January 2013 we conducted a short sharp review of the Risk & Safety Governance structure to assess its effectiveness and suitability to support the developing needs of the organisation. As a result, we have already refined the Corporate Groups’ meeting agenda to focus on what matters most and are in the process of implementing the following:
 - Revising the Terms of Reference for both the Corporate and Directorate Risk & Safety Groups to show clearly the expectations of both groups, define the actions required to meet those expectations and the outcomes by which their effectiveness will be measured.
 - Develop a ‘dash-board’ for use by the Directorate Groups to monitor and report on the management of key health and safety risks.

15. Whilst we had originally planned to have the new Risk Management Toolkit finalised and ready for launch in early April ‘13, during its latter stages of development it became evident that we needed to broaden the initial scope to include guidance on three specific risk areas:
 - Projects
 - Commissioning
 - Safeguarding

16. We are currently working with key officers from these three areas to develop suitable content for the toolkit. We are now aiming to launch the Toolkit in May ‘13.

17. We are developing a package of action based learning activities for officers and elected members that will include utilising both classroom and e-learning approaches. We have also been invited to take part in the Members Induction Programme for new and/or returning councillors following the forthcoming elections.

Next Steps

18. Our priorities for the year ahead (2013/14) are as follows:

- Continue to track and monitor progress of how the council's strategic risks are being managed
- Maintenance of the Strategic Risk Register Assurance Map
- Continue to provide 6 monthly progress reports to the Audit Committee (or by exception where necessary)
- Finish developing and launch a range of action based learning activities for staff and elected members to engage with and assist the council in developing a culture of being "*creative & aware of risk*".
- Support the Directorate Risk & Safety Groups in identifying their top 'tactical' risks and assist them with the tracking of these through the development of Directorate Risk Logs.

Appendix 1 – Strategic Risk Register

STRATEGIC RISK REGISTER		Lincolnshire COUNTY COUNCIL						
Version: 1.4								
Reviewed: March 2013 – Links to Council Priority Activities denoted by 'CP' indicator								
Owner : Tony McArdle - Chief Executive								
Priority Heading 1 Promoting Community Wellbeing & Resilience								
No of risk	Risk Owner	Risk description	Risk Appetite (How much risk are we prepared to take & the total impact of risk we are prepared to accept)	Current Risk Score	Target Risk Score	Assurance Status (Full, Substantial, Limited, No)	Assurance - Direction of Travel (Improving, Static, Declining)	Actions
1	Richard Willis	Delivery of our responsibilities as a local lead flood authority	<p>Hungry</p> <p>Open & aware/cautious</p> <p>(projects & major change - Need to be innovative and take higher risks for greater reward - higher levels of devolved authority)</p> <p>(partnerships - cautious - Recognised that we work differently with different partners)</p>			Substantial	Improving ↑	<ul style="list-style-type: none"> Operational Action Plan supporting the Flood RM Strategy (3 yr schedule reviewed annually) Implement Flood Risk Management schemes, i.e. Homcastle / Louth and develop common works programme. - LCC as a lead in influencing other people & agencies to direct resources to Lincs (CP) (occurs through links with LGA / DEFRA) Flood Risk Management Strategy 2025 Collaboration with flood risk & drainage framework partnership Flood Risk Emergency Plan (with links to Emergency Planning) Complete investigations into summer 2012 floods as part of duty to investigate role under the Act and publish results. - Executive Councillor actively involved at local and national level
2	Debbie Barnes	Safeguarding children	<p>Cautious</p> <p>(Regulatory standing & legal compliance - recognised may need to change the ways things are done but will be tightly controlled)</p>			Substantial	Static →	<ul style="list-style-type: none"> Ofsted (unannounced - 3 yrly - last done 2010) - Preparations underway for new Ofsted Multiagency Inspection Framework, inc action plan monitored by new Ofsted Readiness Group Audit & Performance information to DMT for scrutiny Safeguarding Assurance days Independent Chairs - review care plans & quality - act as eyes & ears for DMT Peer Challenge (East Midlands Group) Team Manager Audits Management & investigation of complaints at local level Childrens Safeguarding Board Performance Framework for Quality Assurance mechanisms Practitioner Supervision & Appraisal Vetting and barring of staff in 'regulated activity' posts with Qtrly HR Perf monitoring to DMT Independent analysis of systems & processes being undertaken by Impower (one off exercise)
3	Glen Garrod	Safeguarding adults	<p>Cautious</p> <p>(Regulatory standing & legal compliance - recognised may need to change the ways things are done but will be tightly controlled)</p>			Limited	Improving ↑	<ul style="list-style-type: none"> Development of 'Markers of Good Practice' Develop & Implement Multiagency Safeguarding Policy & local Procedures Adults Strategic Safeguarding Board Virtual integration between policy, practice & strategy Develop & implement suitable assurance framework for commissioned services (that considers safeguarding) Develop & implement suitable assurance framework for Personal Budgets (that considers safeguarding) Develop & implement programme of Provider Quality Assessments Review of Internal Quality Assurance mechanisms - Quality Development Team Established Safer Practices Group CCC Information Sharing Meetings Delivery of Safeguarding training to providers as part of 'Supporting Proprietors - Leadership & Management' Programme Appropriate checks / vetting of staff in 'regulated activity posts' Investment in staff development agreed with Adult Safeguarding Board (ASB) of £250,000 for 2 years (each year) Management support to Adult Safeguarding team in train Improved performance monitoring to Adult Safeguarding Board (ASB) under development for regular monitoring

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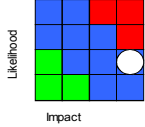
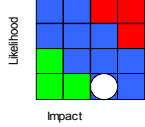
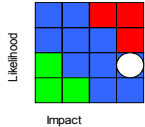
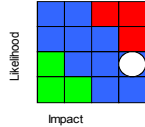

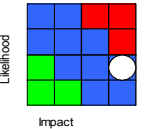
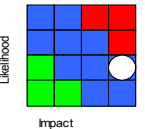

4	Glen Garrod	Adequacy of market supply to meet eligible needs for adults	Cautious (Regulatory standing & legal compliance - recognised may need to change the ways things are done but will be tightly controlled)			Limited	Improving 	<ul style="list-style-type: none"> Continued improved relationships with providers Develop additional frameworks to broaden the market, i.e. day services Develop further diversification of the market, i.e. multiple providers being able to offer multiple services Targetted market stimulation - geographic or service based on micro-level according to need and based on good intelligence. Develop right mix of skills to become a commissioner of services Capital strategy in place for next 3 years with funding level and team created Investment in electric domiciliary care monitoring to be in place early summer 2013 - will deliver improved information and quality Additional resources in Procurement Lincs to improve contract management - prolonged transfer Homecare rates being described and new investment assured Further development of My Choice - My Care website - Phase 2 Funding for residential care secure Contract register in place Additional investment in community based services with NHS developed
5	Glen Garrod	ASC not able to live within budget	Cautious (Regulatory standing & legal compliance - recognised may need to change the ways things are done but will be tightly controlled)			Substantial	Improving 	<ul style="list-style-type: none"> Delivery of '14 Forward' (formerly the ASC Transformation prog) (CP) Delivery of ASC Performance Improvement Projects (CP) Development of Financial Risk Log - better understanding of overspend & key areas of concern Budget arrangements for 2013/14 and beyond - to inc robust information for Members to make informed decisions Greater commitment/ownership by managers to manage their budgets Make the Resource Allocation System work harder Use of Department of Health money agreed with NHS Lincs Zero based budget exercise in LD completed and list of 'must do's' being actioned Reductions in Public Health investment into LD reversed Refreshed structure of Adult Social Care in place spring 2013 (Adult Social Care organisational alignment)

Priority Heading 2 Commissioning for outcomes based on our Communities' needs

No of risk	Risk Owner	Risk description	Risk Appetite		Current Risk Score	Target Risk Score	Assurance Status (Full, Substantial, Limited, No)	Assurance - Direction of Travel (Improving, Static, Declining)	Actions
6	Pete Moore	Delivery of Strategic contracts	Open & aware (Finance & money - No Surprises - prepared to invest for reward and minimise the possibility of financial loss by well measured risk taking)	Open & aware/ cautious (Partnerships - Recognised that we work differently with different contractors / partners)			Substantial	Improving 	<ul style="list-style-type: none"> Corporate contracts register Review of best practice in procurement & contracting - ensuring good practice is consistent across the council (DO/C) Become a Commissioning Council (1. Commissioning 2. Procurement 3. Good Contract Management) (CP) Assurance arrangements in place to ensure compliance - performance monitoring of strategic contracts Ensure strategic partners have robust business continuity plans for the services they deliver to the CC Future Delivery of Support Services (CP)

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Priority Heading 3 Making the best of all our Resources

No of risk	Risk Owner	Risk description	Risk Appetite	Current Risk Score	Target Risk Score	Assurance Status Full, Substantial, Limited, No	Assurance - Direction of Travel (Improving, Static, Declining)	Actions
7	Pete Moore	Funding and maintaining financial resilience	Open & aware (Finance & money - No Surprises - prepared to invest for reward and minimise the possibility of financial loss by well measured risk taking - allocating resources in order to capitalise on potential opportunities)			Substantial	Static 	<ul style="list-style-type: none"> • Sound process on trying to protect where funding is going supported by Medium Term Financial Strategy • Efficiency Agenda • Good financial management with monitoring arrangements in place • Building flexibility to deal with in-year changes • Accountability framework • More capability and capacity required to ensure momentum maintained on Core Offer & Efficiency agenda. • Council Priority Activities agreed & delivery of major projects managed / monitored. • Close working with DC's on funding arrangements • Planning longer term for next CSR. • Further fundamental review of service priorities during 2013/14 • Medium term financial plan for next 2 years updated as part of budget process • Use of reserves to balance the budget in 2013/14 and 2014/15
8	Tony McArdle	Delivery of the Councils priorities that have been determined by full council	Hungry (Reputation & Public confidence - Comfortable with taking decisions that are likely to bring scrutiny of the Council but where potential benefits outweigh the risks. Recognise that highly devolved decisions making will mean that not all risks known - take action when uncertain of results or with uncertain info - willing to accept significant loss for potential higher rewards)			Substantial	Improving 	<ul style="list-style-type: none"> • Organisational strategy • Revised vision & purpose (agreed Feb '12) • Business plan developed to implement strategy (agreed Feb '12) • Performance Management in place to track actions against plan • Business plan delivery monitored by Executive, Management board and Scrutiny • Monthly reporting on Councils Priority Activities to CMB and Qtrly to VFM Committee and Executive • CMB to concentrate on key transformation programmes • Annual review of Directors Objectives - to be circulated to all staff
9	David O Connor	Maintenance of effective governance arrangements	Hungry (Reputation & Public confidence - Comfortable with taking decisions that are likely to bring scrutiny of the Council but where potential benefits outweigh the risks. Recognise that highly devolved decisions making will mean that not all risks known - take action when uncertain of results or with uncertain info - willing to accept significant loss for potential higher rewards)			Substantial	Improving 	<ul style="list-style-type: none"> • Governance Framework needs modifying to adapt to changing organisational environment - less prescriptive in style, with balancing of risk & accountability - needs a formal plan. • Implement new member standards arrangements, Common Code of Conduct and Register of Interests - • Local Code of Conduct based on LGA been adopted • Review of Governance Arrangements in light of CIPFA • Implementation of new Combined Assurance Model
10	David O Connor	Requirement to have an agile, skilled and motivated workforce	Averse (People - Recognise that our staff are a valuable resource that requires investment by us to help sustain their health & wellbeing - low risk options taken to minimise exposure)			Substantial	Static 	<ul style="list-style-type: none"> • Major review of HR policies & processes (more about promoting people to 'trust') • New People Strategy (CP) • Resourcing for delivery of Priority Projects - paper to CMB 4th July

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Priority Heading 4 Investing in infrastructure and provision of services

No of risk	Risk Owner	Risk description	Risk Appetite	Current Risk Score	Target Risk Score	Assurance Status (Full, Substantial, Limited, No)	Assurance - Direction of Travel (Improving, Static, Declining)	Actions
11	Richard Wills	Infrastructure is required to support delivery of our services & economic growth in Lincolnshire	<p>Hungry</p> <p>(Projects & Major change - Need to be innovative and take higher risks for greater reward - high levels of devolved authority - management by trust rather than tight control - 'break the mould' and challenge current working practices)</p>			<p>Limited</p> <p>Substantial</p> <p>Substantial</p>	<p>→</p> <p>→</p> <p>→</p>	<ul style="list-style-type: none"> • Delivery of key Highways projects (x4) - 1. Spalding Relief Road, 2. Grantham Sthn By-pass, 3. Lincoln Eastern By-pass, 4. Lincoln East/West Link (CP) • Delivery of Broadband Delivery project (CP) • Delivery of Energy from Waste project (CP)

Priority Heading 5 Influencing, Co-ordinating and supporting other organisations

No of risk	Risk Owner	Risk description	Risk Appetite	Current Risk Score	Target Risk Score	Assurance Status (Full, Substantial, Limited, No)	Assurance - Direction of Travel (Improving, Static, Declining)	Actions
12	Tony McArdle	Work with other organisations to deliver our contribution to Lincolnshire's VISION	<p>Open & aware</p> <p>(Partnerships - Recognise that we work differently with different partners)</p>			<p>Limited - view given on the basis of 'developments' needed</p>	<p>→</p>	<ul style="list-style-type: none"> • Strategy around Big Society (CP) • Delivery of some Shared Services • Delivery of key initiatives, e.g. Families working together (CP) / Total Environment / Youth & Community Development (CP) • Jnt Health & Wellbeing Strategy - to be signed off • Initiatives to improve joint working with DC's e.g. Broadband match funding from districts / Working with WLDC (CP) • Regular engagement with CX & Leader • Lincolnshire Leaders Meeting - need planning to agree what to get involved in. • Seek clarity around Health Reform, i.e. CCG's • Constructive working with the Police & Crime Commissioner (aligned priorities to Community Safety priorities) • Working with Lincoln Prison - Better partnership working

Priority Heading 6 Good Governance

No of risk	Risk Owner	Risk description	Risk Appetite	Current Risk Score	Target Risk Score	Assurance Status (Full, Substantial, Limited, No)	Assurance - Direction of Travel (Improving, Static, Declining)	Actions
13	Tony McArdle	Protect and manage the reputation of the Council	<p>Hungry</p> <p>(Reputation & public confidence - Comfortable with taking decisions that are likely to bring scrutiny of the Council but where potential benefits outweigh the risks)</p> <p>Open & aware</p> <p>(Regulatory standing & legal compliance - Even if challenge will be problematic- it's an acceptable risk where we are likely to win and the gain will outweigh the adverse consequences)</p>			<p>Limited</p>	<p>→</p>	<ul style="list-style-type: none"> • Communication team seeks to work with local media. • Recognising the importance and use of social media • Consistent approach to managing FOIs <p>Note: carries a significant dependency upon the effective management of the other strategic risks to prevent any major reputational 'fall-out', i.e. safeguarding.</p>

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Other Risks

No of risk	Risk Owner	Risk description	Risk Appetite	Current Risk Score	Target Risk Score	Assurance Status (Full, Substantial, Limited, No)	Assurance - Direction of Travel (Improving, static, Declining)	Actions
14	Tony Hill	Integration of Public Health responsibilities, staff and budget	<p>Cautious</p> <p>(Willing to take risks but prefer to take the 'safe delivery option' - minimising the exposure with tight corporate controls over change)</p>			Substantial	Improving ↑	<ul style="list-style-type: none"> • Delivery of Public Health Transition Plan (CP) - up to March 2013 • Develop an integrated Directorate Risk Register (Risks to be trfd from PCT, plus existing PH dept risks) • Governance & Transition Steering group • Staff engagement Group • HR Working group - action plans in place • Finance & Contracting working group action plans in place • Project Gaunt chart regularly monitored • Management of Project risk & Issues log • Project monitoring & reporting arrangements in accordance with CC Project Management Standard • Processes, IT and Info Sources Working Group - with action plan • 30 day staff consultation underway in respect of staff moving to County Council
15	David O'Connor	Judicial challenge on the way we implement transformational change and decisions affecting service delivery	<p>Hungry</p> <p>(Reputation & Public Confidence - Comfortable with taking decisions that are likely to bring scrutiny of the Council but where potential benefits outweigh the risks)</p> <p>Open & aware</p> <p>(Regulatory standing & legal compliance - Even if challenge will be problematic - it's an acceptable risk where we are likely to win and the gain will outweigh the adverse consequences)</p>			Substantial	Static →	<ul style="list-style-type: none"> • Application of appropriate Consultation processes • In-depth legal involvement with all 'high' risk decisions • Impact Assessment Process • Implement recommendations from review of Council Complaints - 2 stage process commencing Mar '13 (CP)