

Open Report on behalf of Pete Moore, Executive Director for Finance and Public Protection

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| Report to: | Audit Committee |
| Date: | 26 March 2018 |
| Subject: | Update position on Risk Management |

Summary:

This report provides the Committee with an update as to the progress made with the refresh of the Strategic risk register and an update on risk management generally.

Recommendation(s):

- 1) Note the contents contained within this report;
- 2) Consider how the Audit Committee would like to be involved with the refresh of the Strategic risk register.

Background

The strategic risk register was due for a refresh to ensure that it is fit for purpose, has current risks noted and agreed and has been consulted on.

The key areas to note are as follows;

- We have amended our risk appetite categories from 4 to 5. This now includes the category of 'Opportunist' which sits between 'Creative and Aware' and 'Hungry/Mature'. This is to take into account the Commercialism agenda. See Appendix A
- We have facilitated a session with the Senior Leadership Group (SLG) in updating
 - a) the appetite of the Council
 - b) whether current strategic risks are still valid
 - c) identify any new risks that should be considered.

The outcome of this work showed a disconnect between what we advocate – 'Creative and Aware' and the view of SLG which was 'Cautious'. We will explore further at a forthcoming SLG event.

- The key themes for new risks that have been identified are as follows;
 - a) Review of Serco contract
 - b) Loss of Key Corporate Management Board (CMB) members / Ageing workforce

- c) IT Infrastructure & hardware
- d) Brexit & (impact of Brexit, funding & legislation, access to labour)
- e) Supply chain shortage
- f) Future models of funding (Better Care Fund, Comprehensive Spending Review, Post 2020)
- The next step is to evaluate the risk themes with CMB and decide which ones should be contained and monitored within the strategic risk register.
- All other risks that are currently noted on the strategic risk register remain unaltered. These include:

| Risk Area | Risk Rating | Assurance level |
|---|--------------------|------------------------|
| Safeguarding children | Green | Substantial |
| Safeguarding adults | Amber | Substantial |
| Business continuity | Amber | Limited |
| Funding and financial resilience | Amber | Substantial |
| Project delivery | Amber | Substantial |
| Recruitment & retention of staff in high risk areas | Amber | Limited |
| Maintenance of effective governance arrangements | Green | Substantial |
| Contracting – Significant Contracts | Amber | Limited |
| Cyber Security | Red | Limited |

- We are working on further benchmarking with the Greater Lincolnshire Risk Management Group. This is invaluable to ensure that we are still consistent with our risk management approaches compared to other authorities.
- Following on from our risk appetite work over the years, we are pleased to confirm that we have been shortlisted as finalists for the Public Finance Innovation Awards for the category 'Innovation in Risk Management'. The winner will be announced at the awards ceremony on 25th April 2018.

Conclusion

We continue to provide risk management throughout the organisation and adhere to best practice. This helps the Audit Committee to have a level of assurance that risks are being managed effectively.

Consultation

a) Have Risks and Impact Analysis been carried out??

Yes

b) Risks and Impact Analysis

Any changes to services, policies and projects are subject to an Equality Impact Analysis. The considerations of the contents and subsequent decisions are all taken with regard to existing policies.

Appendices

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| These are listed below and attached at the back of the report | |
| Appendix A | Risk Appetite categories |

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Debbie Bowring, who can be contacted on 01522 553772 or debbie.bowring@lincolnshire.gov.uk.

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