

# Risk Management

Annual Report

March 2024

# Table of contents

<b>Introduction</b>	<b>3</b>
<b>Key Messages</b>	<b>3</b>
<b>Strategic Risk Register</b>	<b>4</b>
<b>Risk Management Audit Action Plan</b>	<b>7</b>
<b>Sharpcloud - Risk Management Software</b>	<b>7</b>
<b>Service and Directorate Risk Management Activity</b>	<b>7</b>
<b>Combined Risk Report</b>	<b>8</b>
<b>External Risk Management Work</b>	<b>8</b>
<b>Feedback</b>	<b>8</b>
<b>Horizon Scanning</b>	<b>8</b>
<b>The Next 12 Months</b>	<b>9</b>
<b>Appendices</b>	
Appendix B – Strategic Risk Register	
Appendix B1 – Exempt Item	
Appendix C – Risk Matrix and Assurance Statements	

## Introduction

The purpose of this report is to provide an update on:

- Progress towards developing a culture of being 'Creative & Aware of Risk', in line with the agreed risk appetite.
- The key strategic risks facing the Council.
- The objectives achieved during 2023/2024 and the planned objectives for 2024/2025 & assurance on the effectiveness of the Council's risk management arrangements.

*\*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*

## Key Messages

The strategic risks are managed and monitored pro-actively. During this strategic risk review, two new risks have been identified.

Lincolnshire Fire and Rescue (LFR) control room risk, initially introduced in the combined risk report (presented February '24) and the increase in extreme weather events. This is a newly identified risk requiring further work to develop the risk wording and the developing controls which will become measurable as mitigations develop.

During the quarterly review, risks have been updated in accordance with the new risk matrix (Appendix C)

## Strategic Risk Register Updates

- Market Supply, Adults – this risk now includes the market supply risk within Children's social care and Children's high needs education and now includes the current market challenges faced by both Children's Services and Adult Care and Community Wellbeing. Work identified common control themes across the areas providing a mixed assurance level. Adults market supply has an adequate assurance with Children's having a limited assurance. This provided a combined overall limited assurance for the multi-directorate risk to reflect the volatility of the current market.
- LFR control room – a new risk added due to the potential impacts on community safety, statutory duties, financial costs and resilience, from losing the command and control function within LFR and the tight period in which to procure, implement and transition to the new function. The risk is deemed as limited. Due to being at the beginning of the implementation phase of the project. This risk is monitored monthly due to its rapidly changing nature and the dependency links to the initial procurement which has been determined as successfully completed.
- Extreme Weather events – a new risk with a focus on ensuring the Council has capacity and resilience to respond to extreme weather events, these events may cause a significant impact on the public and the Council. The two recent flood events are evidence of the impacts and increasing likelihood from extreme weather events. Further examples may be prolonged high temperatures, high wind speeds and drought

conditions. This risk has a limited assurance. New controls are being implemented which require further assessment to determine their impact.

- Serco Contract – This risk has been reviewed and the remaining elements of the Serco contract are of a lower risk impact. Risks arising from the transition of contract elements into the Council, will be reported into directorate risk registers. The serco contract strategic risk will now be removed.
- Inflation – Inflation is now at a level whereby it can be considered within the budget risk as BAU, therefore the inflation risk will now be removed as a separate stand alone risk.
- Extreme Weather Events – A further risk is under consideration, this will be completed by the final report or a verbal update will be provided to the committee.

## Strategic Risk Register Overview

September 2023	March 2024
<b>Safeguarding Children</b> Substantial Assurance	Substantial Assurance Substantial assurance of the management of this risk with refreshed controls added.
<b>Safeguarding Adults</b> Substantial Assurance	Substantial Assurance Substantial assurance around this risk with an action plan in place following the CQC (Care Quality Commission) inspection which was recently completed.
<b>Resilience – Business Continuity</b> Substantial Assurance	Adequate Assurance The assurance level is now utilising the new assurance statements; the adequate assurance aligns with the recent audit completed within the service. An action plan is now in place to complete actions arising from the audit.
<b>Transformation Programme</b> Substantial Assurance	Substantial Assurance The assurance level remains substantial. The risk description has been improved to provide additional detail of the risk. This has improved scoring using the new matrix. The new scoring demonstrates the lower level of risk within the current projects on the transformation programme.

<b>Budget – LCC</b>	
Substantial Assurance	Adequate Assurance The risk description has been reworded to provide more information on the risk and cause. The assurance level has been realigned to adequate from substantial. This highlights the challenges in future budgets and in predicting future funding.
<b>Inflation</b>	
Substantial Assurance	This risk has been removed as a strategic risk on this review as it now forms part of business as usual. Directorate and service level inflation risks will be reported in appropriate risk registers.
<b>Sercos Contract</b>	
Substantial Assurance	This risk has improved since the last review, with a lower level of risk due to the insourcing of multiple functions of the Sercos contract. This risk will now be removed from the strategic risk register. Directorate and service risks arising from internal changes will be monitored using appropriate risk registers unless strategic in nature.
<b>Outstanding Debt</b>	
Substantial Assurance	Substantial Assurance The score for this risk has lowered to a moderate impact, this was attributed to the lower amount of outstanding debt and well performing processes in place to prevent the re-occurrence of high outstanding debts.
<b>Recruitment / Staffing</b>	
Substantial Assurance	Adequate Assurance This risk has realigned to adequate assurance, providing a realistic assurance and demonstrating that whilst some recruitment / retention statistics are improving, there are hotspots within the Council where recruitment remains a significant challenge. Work is ongoing to identify the areas with recruitment risks and report this data back to the HR team.
<b>September 2023</b>	<b>March 2024</b>
<b>Market Supply</b>	
Limited Assurance	Limited Assurance As stated within the strategic risk updates section, this risk includes Children’s and Adults Care and Community Wellbeing and takes account of the challenges in the care sector and high needs education sectors. ACCW market supply is in a better position with the market actively working with the Council to meet our needs, we are actively targeting resources and initiatives to hot spots when making assessments. Within Children’s market supply, challenges are felt with increasing costs, low

	supply levels and increasing demand. There are also areas of the risk which are externally influenced, and these can prove difficult to mitigate. However, multiple controls are in place and working and more are new and developing.
<b>Strategic Contracts</b> Limited Assurance	Limited Assurance Assurance for this risk remains the same, however the impact score has lowered to moderate, this responded to Children’s Services contracts now being included in the market supply risk.
<b>IT Infrastructure</b> Limited Assurance	Limited Assurance No change to the assurance level for this risk, but an improving direction of travel reflecting the ongoing work to upgrade IT Infrastructure with new and developing controls updated.
<b>Extreme Weather</b> New	Limited Assurance This is a new risk and currently controls are predominantly new and developing as we begin to understand the risk better, and as controls progress, it is likely that these controls will become measured, and further controls can be developed.
<b>LFR Command and Control</b> New	Limited Assurance This is a new risk. Controls link to all three aspects of the risk, with the procurement aspect now complete, the implementation phase begins, and project plans are in place for this phase.

**Exempt Item** - Appendix B1 is exempt in line with Paragraph 3, Part 1 of Schedule 12A of the Local Government Act 1972. It discloses details of Lincolnshire County Councils IT security arrangements which, if disclosed would increase the Councils risk of a security breach.

### Strategic Risk – 12 month change

Strategic risk reviews have developed during 2023/2024 to provide more meaningful risk wording, implementation of the risk matrix (risk scoring) and the adoption of assurance status statements to align to the audit definitions.

March 2023	March 2024
13 Risks	15 Risks
5 Limited Assurance	5 Limited Assurance

# Risk Management Audit Action Plan

Following the Audit Committee’s risk management training and assurance training, the outstanding actions from the external risk management audit (undertaken in 2022) have been added to the work plan and are considered as part of the overall strategy. The risk management audit action plan is now complete and will become business as usual for 2024/2025.

## Sharpcloud – Risk Management Software

The use of Sharpcloud continues to develop with data being used to inform the annual combine risk report. The ability to collate, store and retrieve data in a meaningful way has improved risk intelligence across the Council. Sharpcloud continues to be used to identify risk themes and collate the risks and identify common learning points.

Sharpcloud licenses will be allocated to the audit committee members in due course, with follow up technical training to support visibility of the strategic risks.

## Service and Directorate Risk Management Activity

At the start of 2023/2024 not all service areas held risk registers significant work delivered throughout 2023/2024 has resulted in every service across the Council having a service risk register. There are now 55 service risk registers across the Council. This provides a positive position and demonstrates the improvements in embedding risk management across the whole organisation. The level of engagement from all parties has been high, aiding the success of this work stream. Service risk registers are subject to six monthly reviews with the risk team. The reviews focus on improving the risk information for descriptions and mitigations as well as risk knowledge of the risk owners.

Directorate risk registers consider the information within service risk registers as well as discussion at senior leadership meetings (or equivalent) to identify directorate level risks and consider risk escalation .

Figure 1 shows risk reviews completed throughout the year by work type, service risk registers, strategic risk register, or the combined risk report.

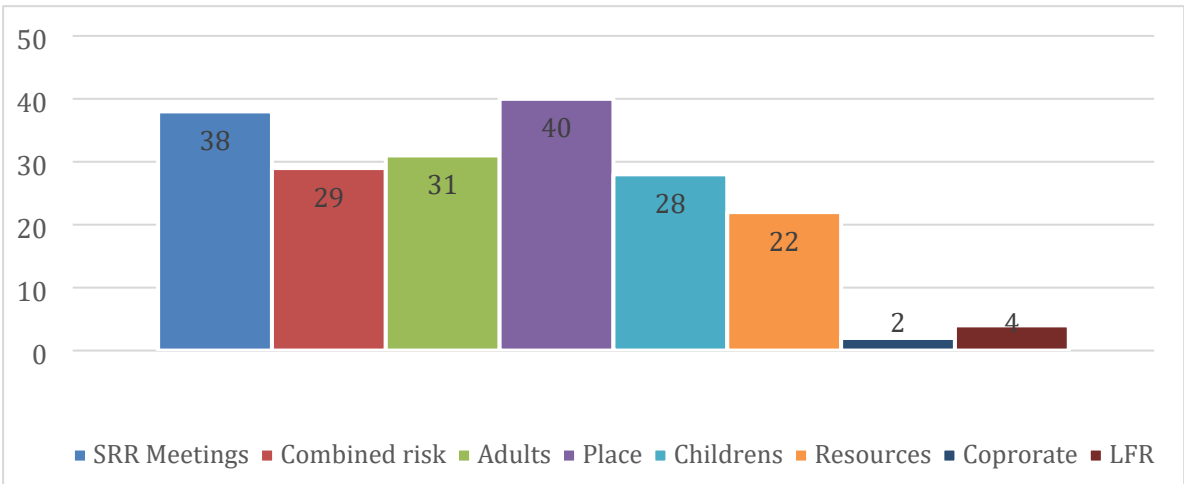


Figure 1

## **Combined Risk Report**

The combined risk report used risk intelligence to inform the risk profile of Lincolnshire County Council and identifies themes and trends. The Corporate Leadership Team provided their opinion on the assurance in place to identify key risks and the management of these risks. Executive Directors were present at the February meeting to hold discussion with audit committee members and respond to assurance questioning. As this was the first time this approach had been used. Feedback has been sought from both committee members and officers engaged in the process. This will be utilised in future developments ahead of 2024/2025's combined risk report. Feedback received thus far has been positive and the outcomes well received and deemed of value.

## **External Risk Management Work**

The work of risk management team is recognised both nationally and locally as advocating best practice and leading in specific areas of risk management. As a consequence, we are regularly contacted to provide support to other organisations. This support covers:

- Member training
- Officer training
- Guidance documents
- Strategy and policy reviews

During 2023/2024 we completed risk education work with one district council. Additional enquires received were deferred until 2024 to enable our continued focus on LCC developments. One risk team member is a Director on the Board of the public sector professional, national body, ALARM. This organisation is dedicated to furthering the development of risk management and provides a variety of support to its members. Lincolnshire were invited to deliver a risk session at the national conference in June 2023 and received excellent feedback. This resulted in a published article by a member of the team in the ALARM quarterly journal.

## **Feedback**

The risk team is committed to continuous improvement through regular feedback. Over the past six months we have received 14 responses to 61 feedback requests, all of which found the sessions provided useful. Moving forward, a process will be developed to improve response rates to feedback requests.

Feedback from the combined risk report remains on-going and will be used to improve the process and information provided in the next combined risk report.

## **Horizon scanning**

Horizon scanning forms a significant aspect of effective risk management, being aware of emerging risks allows the team to engage with topic experts and facilitate discussion leading to risk evaluation and mitigation. The team maintain membership of appropriate national bodies and local risk groups. These sources recently identified financial sustainability, political uncertainty, and cyber and artificial intelligence risks.



## **The next 12 months – what is coming up?**

In 2023/24 a three year strategy was implemented, the second year of that strategy will focus on risk capacity and involve a review and possible re-visit of the current risk appetite. The work will include appropriate tolerance levels for each strategic risk. The purpose of this strategic work will support in the Council and members in the development and knowledge around risk exposure and enable identification of risk which are mitigated outside of appropriate appetite levels.

Work will take place to trial risk indicators using agreed setting out a criterion for monitoring the risk itself and for monitoring the performance of the controls in place to mitigate the risk.

Underpinning other work to further embed best practice, we will continue the quality assurance work we started in 2023/2024, which provided ongoing review and assessment of risk descriptions, risk actions and controls. This supports continual improvement in the quality of risk information. The risk team will develop internal performance indicators to inform the progress against key objectives.

This page is intentionally left blank