

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 a number of changes to assurances of our key risks from 'Limited' to 'Substantial'. These include the following risks:
 - Risk 3 – Safeguarding Adults
 - Risk 4 – Adequacy of market supply to meet eligible needs for adults
 - Risk 11 – Infrastructure is required to support delivery of our services & economic growth in Lincolnshire
 - Risk 12 – Work with other organisations to deliver our contribution to Lincolnshire vision
4. There has also been a change to the assurance on Risk 9 – Maintenance of effective governance arrangements.

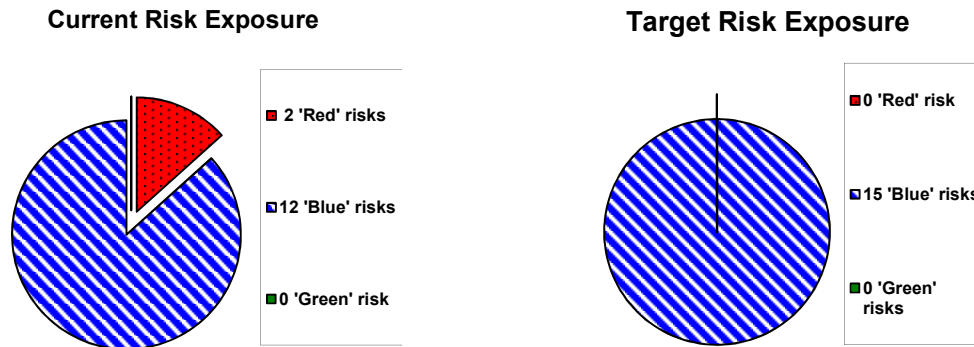
Direction of travel has reduced to 'declining' due to potential governance issues arising from the new Council. Evolving political dynamics coupled with the current inexperience and understanding of many members demands more input, support and guidance from the Management Board to minimise the impact on the Council's existing governance arrangements.

5. We continue to work and monitor the relevant strategic risks as part of the Combined Assurance Model which acts as a useful 'check & balance' in validating management assurances received.
6. Whilst we had originally planned to have the new Risk Management Toolkit finalised and ready for launch in the early summer, due to other priorities and the broadening of the initial scope to include; Projects, Commissioning and Safeguarding, we expect to have a final copy ready for launch by the beginning of 2014.

Update on the Strategic Risk Register

The total number of strategic risks remains static at 15, this being the same as when last reported to the Committee in April 2013. A copy of the full Strategic Risk Register can be found in Appendix 1.

7. As at 31st October 2013 the Council's overall strategic risk exposure looked as follows,



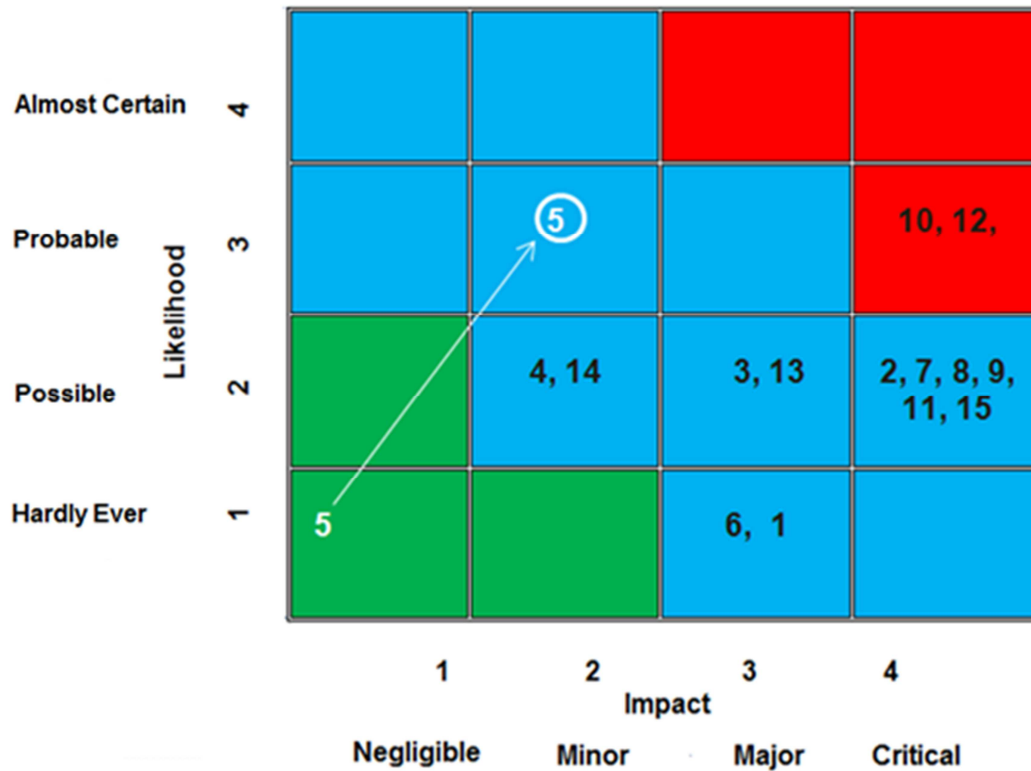
Key to 'Risk' colour coding:

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.

8. The matrix below shows the movement of strategic risks during the last 6 months since the last risk management report to Audit Committee. From this it can be seen that 14 risks remained static and one risk moved.



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

Risk 1: Delivery of our responsibilities as a local lead flood authority

The current level of risk remains unchanged and is being effectively managed. Further work is still being done to improve the duties under the Flood & Water Management Act 2010 to maintain this momentum.

Risk 3: Safeguarding Adults

Since the last report, there have been clear improvements and implementation to a number of the controls within this risk, namely the introduction of:

- Public Protection Board
- Serious case review action plan
- New quality assurance unit
- Serious case reviews.

In light of these additions, the level of assurance from management has improved from 'Limited' to 'Substantial'.

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

The current level of risk remains unchanged and the risk is being effectively managed. The level of assurance from management has improved from 'Limited' to 'Substantial' due to an independent review being completed showing the quality of suppliers being found to be very good within the region.

Risk 5: Adult Care not able to live within budget

At the last meeting, Adult care budget was balanced for the period ending March 2013. The risk profile has changed due to likely overspend in the current year. Action is being taken to manage this; however the level of assurance has been set at 'Limited'.

Risk 9: Maintenance of effective governance arrangements

Direction of travel has reduced to 'declining' due to potential governance issues arising from the new Council. Evolving political dynamics coupled with the current inexperience and understanding of many members demands more input, support and guidance from the Management Board to minimise the impact on the Council's existing governance arrangements.

Risk 11: Infrastructure is required to support delivery of our services & economic growth in Lincolnshire

This risk is split into four bespoke projects;

- Delivery of key Highways projects
- Delivery of Broadband Delivery Project
- Delivery of Energy from Waste project.
- Castle Revealed

These projects are all on track for successful delivery with 'Substantial' assurance. Included within the above, a new key project has been added – Castle revealed. An independent assurance is also being obtained through Internal Audit.

Risk 14: Integration of Public Health

Due to other work priorities, the risk owner was unable to provide us with an update on this risk.

10. Horizon scanning / areas to watch:

Risk 2 – Safeguarding Children

Within the last risk management report, we highlighted that this was an area to watch due to the changes in the Ofsted Inspection framework. There is a level of assurance by the risk owner that this risk is being managed; however it is likely that the new inspection regime is more comprehensive and tougher which could have an impact on the risk.

A possible new risk – Contract transition

We are monitoring the project around the transition of the old SAP system to the new system together with FDSSP as this may become a strategic risk due to the changes to the way we do things currently. There is confidence that this is working well and the relevant projects are being managed and reported on regularly.

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

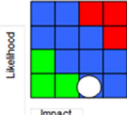
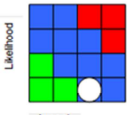

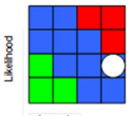
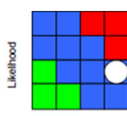

11. Since our last update, there has been considerable progress with respect to the work we have been undertaking with both the Corporate & Directorate Risk & Safety Groups.
 - Following on from attendance at the various groups, the new terms of reference have been embraced and adopted.
 - Work has commenced with all Directorate Risk & Safety Groups to identify their top 5 'directorate' risks together with their Health & Safety performance measures.
 - We expect all Directorate Risk & Safety Groups to have completed this work and be in a position to report to the Corporate group by no later than April 2014.
 - We are working with the Corporate Risk & Safety Group in refreshing the Strategic risk register and this work will be carried out in late November 2013.
12. Whilst we had originally planned to have the new Risk Management Toolkit finalised and ready for launch in the early summer, due to other priorities and the broadening of the initial scope to include; Projects, Commissioning and Safeguarding, we expect to have a final copy ready for launch by the beginning of 2014.
13. This will fall in line with the officer training that is planned to commence in January – April 2014.

Progress against 2013/2014 priorities

14. Our priorities for the remaining year ahead (2013/14) continue to be 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*”.
- Continue to 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.
- Refresh the Strategic risk register with the Corporate Risk & Safety Group.

Appendix 1 – Strategic risk register-  Denotes where the risk was at last report

STRATEGIC RISK REGISTER Version: 1.5 Reviewed: October 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 Wills	Delivery of our responsibilities as a local lead flood authority	Hungry (projects & major change - Need to be innovative and take higher risks for greater reward - higher levels of devolved authority)	Open & aware/ cautious (partnerships - Recognised that we work differently with different partners)			Substantial	Improving 	Adapting to environmental change - group of actions as follows: • Operational Action Plan supporting the Flood RM Strategy (3 yr schedule reviewed annually) • Implement Flood Risk Management schemes, i.e. Horncastle / 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 • Asset register under Flood & Water Management Act 2010 to assess community register of flood risk assets.
2	Debbie Barnes	Safeguarding children	Cautious (Regulatory standing & legal compliance - recognised may need to change the ways things are done but will be tightly controlled)				Substantial	Static 	• Ofsted Multiagency Inspection Framework, inc action plan monitored by new Ofsted Readiness Group - launching in November 2013. • 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) • Quality Team Manager Audits • Management & investigation of complaints at local level • Childrens Safeguarding Board • Performance Framework for Quality Assurance mechanisms • Practitioner Supervision & Appraisal • Online approach to Vetting and barring of staff in 'regulated activity' posts with Qtrly HR Perf monitoring to DMT • Independant analysis of systems & processes being undertaken by Impower (one off exercise) • Implementation of recommendations from serious case review • Member scrutiny of Social Care

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>			Substantial	Improving	<ul style="list-style-type: none"> • 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 • CQC 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 • Public Protection Board • Domestic Homicide review action plan • New quality assurance unit • Leap professional & elite professionals in place • Serious case reviews - process in place
4	Glen Garrod	Adequacy of market supply to meet eligible needs for 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>			Substantial	Improving	<ul style="list-style-type: none"> • Continued improved relationships with providers • Community support framework • 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 • Additional resources in Procurement Lincs to improve contract management - prolonged transfer • Homecare rates being described and new investment assured • Funding for residential care secure • Contract register in place • Additional investment in community based services with NHS developed

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5	Glen Garrod	ASC not able to live within budget	<p>Cautious</p> <p>(Regulatory standing & legal compliance - recognised may need to change the ways things are done but will be tightly controlled)</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>By end of 2013/14</p>	Limited	Static	<ul style="list-style-type: none"> 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) Department of Health money now called Integrated Transformation Fund (ITF). Future use to be agreed by Health & Wellbeing Board March 2014.
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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	<p>Open & aware</p> <p>(Finance & money - No Surprises - prepared to invest for reward and minimise the possibility of financial loss by well measured risk taking)</p>	<p>Open & aware/ cautious</p> <p>(Partnerships - Recognised that we work differently with different contractors / partners)</p>	<p>Likelihood</p> <p>Impact</p>	<p>Likelihood</p> <p>Impact</p>	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 (D/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) Contract Assurance Board Contract management work stream

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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	<p><u>Open & aware</u></p> <p>(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)</p>			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, and trying to plan for period of 15/16 • 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 • Fundamental review
8	Tony McArdle	Delivery of the Council's priorities that have been determined by full council	<p><u>Hungry</u></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. Recognise that highly evolved 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)</p>			Substantial	Static →	<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 Council's 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 in b - willing to accept significant loss for potential higher rewards)			Substantial	Declining ↓	<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	Improving ↑	<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

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	Hungry (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)			Substantial Substantial Substantial Substantial	→ ↑ → →	<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), 5. Local Transport Plan • Delivery of Broadband Delivery project (CP) • Delivery of Energy from Waste project (CP) • Castle revealed project

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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	<u>Open & aware</u> (Partnerships - Recognise that we work differently with different partners)				Substantial	Improving ↑	<ul style="list-style-type: none"> • Strategy around Big Society (CP) • Regular meetings with CMB and CCG's • Sustainability review • Joint working protocol with Police & Crime Commissioner • 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	<u>Hungry</u> (Reputation & public confidence - Comfortable with taking decisions that are likely to bring scrutiny of the Council but where potential benefits outweigh the risks)	<u>Open & aware</u> (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)			Limited	Static →	<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)