Risk Management

Progress Report – September 2022

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COUNTY COUNCIL
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Introduction

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

- The activities being undertaken to support the Council in developing a culture of being 'Creative & Aware of Risk'[1] in line with the agreed risk appetite.
- The key strategic and operational risks facing the Council.

It is also to provide assurance on the effectiveness of the Council's risk management arrangements.

Key messages

Risk Management Audit – Appendix 1

Since the last report in March 2022, we are pleased to confirm that an audit has been carried out on risk management based on risk maturity levels. The overall rating was at a Level 4 – Embedded and integrated with many areas receiving a Level 5 – Driving the organisation. This places Lincolnshire in the top 10% of local authorities for risk management. Key findings:

- ✓ Commitment from the top in terms of Executive leadership and support are exemplary.
- ✓ Effective and enthusiastic leadership and sponsorship of risk management by the Executive, the Corporate Leadership Team (CLT) and Elected Members with Audit, Assurance and Portfolio responsibilities.
- ✓ A comprehensive and recently updated Risk Management Strategy with clear messaging on risk appetite and role responsibilities.

1. 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 continued..

- ✓ A comprehensive risk management and toolkit available on the Council's intranet, with high quality guidance and templates.
- ✓ A three-tier assurance model with additional controls around risk appetite and risk reporting when seeking agreement to key decisions on service delivery.
- ✓ Engagement with professional bodies such as ALARM at national and regional group levels, and with CIPFA by chairing the Insurance Editorial Board for the Technical Information Service.
- ✓ Evidence of the organisation learning from its own mistakes, and from those of other authorities in order to improve corporate performance.

We will be working though any recommendations from the report with the Corporate Risk & Safety Group and will provide an action plan to the next committee.

Risk Management Strategy – Appendix 2

Following consultation with senior management and the Corporate Risk & Safety Group, we are pleased to confirm the launch of the updated Risk Management Strategy. Key updates include:

- ✓ More emphasis on the control environment when discussing risk with the move to more measurable controls where possible
- ✓ Linking clearly to the Corporate plan
- ✓ The mention of risk issues as well as well as risks and opportunities
- ✓ The design is now in line with Corporate branding
- ✓ Further narrative around financial risks and transparency included.

This has been launched on the Insurance and Risk Hub and communicated through internal communications.

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Strategic risk register – See Appendix 3

Overall, the strategic risks continue to be managed pro-actively. We have reviewed the effectiveness of the control actions – focusing on those that can be measured such as KPIs, external sources etc. This will help us to measure their impact in managing risks.

In addition, following discussion with Corporate Leadership (CLT), a new risk has been identified linked to inflationary costs.

Continued high inflation undermines capital programme impacting aspirations and threatens the sustainability of revenue budgets. there is a new risk around Inflationary costs.

Further information on this and other risks are noted on the following pages.

There is a high level of awareness of current and emerging risks that could impact services, and this is completed by having discussions with risk owners and supporting officers on a regular basis.

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As at March 2022 Audit Committee

As at September 2022 Audit Committee

5 risks Substantial Assurance

7 risks Substantial Assurance

7 risks Limited Assurance

6 risks Limited Assurance

As at March 2022 Audit Committee

Safeguarding Children

Substantial Assurance

Improving Direction of Travel

Safeguarding Adults

Substantial Assurance

Improving Direction of Travel

Resilience – Business Continuity

Substantial Assurance

Improving Direction of Travel

As at September 2022 Audit Committee

Safeguarding Children

Substantial Assurance

Improving Direction of Travel – There continues to be a good level of assurance around the KPIs and the risk is being managed effectively.

Safeguarding Adults

Substantial Assurance

Improving Direction of Travel – There continues to be a good level of assurance around the controls and the risk is being managed effectively.

Resilience – Business Continuity

Substantial Assurance

Static Direction of Travel – There continues to be a good level of assurance around the controls and the risk is being managed effectively, however the IT system still remains outstanding, hence the static rating for direction of travel.

As at March 2022 Audit Committee

Transformation Programme

Limited Assurance

Improving Direction of Travel

Budget – LCC

Substantial Assurance

Static Direction of Travel

Serco Contract

Substantial Assurance

Static Direction of Travel

As at September 2022 Audit Committee

Transformation Programme

Substantial Assurance

Improving Direction of Travel – There is good governance in place around this particular risk and alignment to the Corporate Plan. The assurance rating is now substantial assurance

Budget – LCC

Substantial Assurance

Static Direction of Travel – There continues to be a good level of assurance around the budget despite ongoing changes in government.

Serco Contract

Substantial Assurance

Static Direction of Travel – There continues to be a good level of assurance around the controls and this risk is being managed effectively with good oversight in place.

As at March 2022 Audit Committee

Outstanding Debt

Limited Assurance

Improving Direction of Travel

Recruitment / Staffing

Limited Assurance

Deteriorating Direction of Travel

Market Supply – Adult Care

Limited Assurance

Static Direction of Travel

As at September 2022 Audit Committee

Outstanding Debt

Substantial Assurance

Improving Direction of Travel – There is good procedures in place to obtain debt and good governance. This has moved to substantial assurance.

Recruitment / Staffing

Limited Assurance

Static Direction of Travel – There have been a number of new initiatives to try and recruit / retain staff, however it is still too early to have the evidence to demonstrate the effectiveness of these. The risk remains Limited, however it has moved to a static direction of travel.

Market Supply – Adult Care

Limited Assurance

Static Direction of Travel – This is still a national problem, therefore no change in assurance

levels.

As at March 2022 Audit Committee

Strategic Contracts

Limited Assurance

Static Direction of Travel

Cyber Security

Limited Assurance

Improving Direction of Travel

IT Infrastructure

Limited Assurance

Static Direction of Travel

As at September 2022 Audit Committee

Strategic Contracts

Limited Assurance

Improving Direction of Travel – There is no change in the assurance level, however the direction of travel is improving due to the introduction of category management.

Cyber Security

Limited Assurance

Improving Direction of Travel – There has been no change to the assurance levels or direction of travel. We continue to manage this risk as effectively as possible.

IT Infrastructure

Limited Assurance

Static Direction of Travel – There are still issues with some areas of the business not having full access, namely Fire & Rescue and Emergency Planning, therefore this remains at limited assurance.

As at March 2022 Audit Committee

New risk

As at September 2022 Audit Committee

Inflationary Costs – new risk

Limited Assurance

Static Direction of Travel – control measures have been identified but it will take time to see if these are sufficient to manage this new risk.

Our Operational Risks

We work regularly with Directorate Risk & Safety Groups in identifying the top risks for each directorate.

To support reporting of risks and issues more dynamically, we populate the data on risks and controls on to our risk management system, Sharp Cloud. This will enable us to have even richer data and will improve the risk intelligence.

We continue to work with services to redefine the controls where necessary to be more measurable and more aligned with other services.

Looking Forward

Over the coming months, we aim to:

- Implement and work through an action plan of recommendations following the recent risk management audit
- Report regularly to CLT for as long as is required with the red risks & issues.
- Continue to work with services in getting either up to date risk registers or ensuring that they are aware of their operational risks and report to risk management on a regular basis.
- Populate and use the new risk management software system Sharp Cloud to improve reporting.

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