

# Risk Management

Progress Report  
September 2023

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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'\* in line with the agreed risk appetite.
- The key strategic risks facing the Council.
- Identifying the risk topic for a deep dive review.

It is also to provide assurance on the effectiveness of the Councils risk management arrangement.

*\*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*

## Deep Dive Topic

To further support the levels of assurance it has been identified that a deep dive into one of the strategic risks should take place and be reported back to the next committee meeting in November 2023.

The strategic risk register is attached at *Appendix 1*, with a further exempt item attached at *Appendix 1b*. Whilst it is for the committee to identify the risk it is suggested that the next topic should be a risk with limited assurance.

IT infrastructure is a medium risk with the assurance around the direction of travel as limited. A lot of work has already been undertaken and more is planned. *Appendix 1* identifies the new and emerging controls relating to this area of risk. A deep dive would provide further assurance on current and planned progress to mitigate this risk.

The exempt item, Appendix 1b is another risk the Committee may decide requires further information.

Whilst Artificial Intelligence is not a strategic risk it is forming part of horizon scanning and the Committee may want some further worked carried out on this topic and the potential impacts for Lincolnshire.

On consideration of the strategic risk register the Committee may identify another risk area where they would prefer to have a deeper dive.

## Key Messages

### Strategic Risk Register

The strategic risks continue to be managed and monitored pro-actively. Risk descriptions have been updated for three risks, to better reflect the risks and allow for more accurate controls to be identified, these changes are detailed below. The strategic risk register is attached at *Appendix 1*.

Key messages from the strategic risk reviews are as follows:

- **Market Supply, Adults** – The direction of travel for this risk has been changed to static, this reflects the ongoing work to support providers facing difficulties.
- **Recruitment** – The assurance level for this risk has been updated to substantial with an improving direction of travel, this is because of the current stable attrition rate and improved recruitment across Lincolnshire County Council (LCC). It was noted that there is still more work ongoing with regards to retention to further reduce this risk.
- **Outstanding Debt** – The likelihood for this risk has improved from a 3 – Probable down to 2 – Possible, reflecting the successful mitigations implemented.
- **Safeguarding Adults** – The wording for this risk has changed from “Safeguarding Adults” to “Failure to meet our statutory responsibilities in order to safeguard adults, impacts service user wellbeing and our reputation.” This better identifies the risk to the Council and allows for more appropriate and therefore, more effective controls.
- **Safeguarding Children** – The wording for this risk has changed from “Safeguarding children” to “Failure to safeguard children could impact childrens wellbeing and cause reputational damage & legal repercussions.”
- **IT Infrastructure** – The wording for this risk has changed from “ability to implement transformational aspirations and deliver BAU” to “Failure to provide an up to date and stable IT infrastructure, relative to the Authority's needs, may fundamentally impede the Councils ability to achieve its objectives”. This provides an improved understanding of the risk faced and new controls have been identified.
- **Budget** – The likelihood for this risk has improved from a 3 – Probable to 2 – Possible, highlighting the Councils ability to remain financially resilient, evidenced by the overall budget underspend last budget year.
- **Transformation** – The likelihood for this risk has improved from a 3 – Probable to 2 – Possible which reflects the lower risk of the current projects on the Transformation Programme.

#### Assurance Levels Comparison

March 2023	September 2023
<p>8 Risks Substantial Assurance</p>	<p>9 Risks Substantial Assurance</p>
<p>5 Risks Limited Assurance</p>	<p>4 Risks Limited Assurance</p>

Note –

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should be noted that the work to update the strategic register used the historic assurance level ratings. For the next report in November the risk assurance statements will be aligned to the agreed audit ones.

### Strategic Risk Register Updates

March 2023	September 2023
<b>Safeguarding Children</b> Substantial Assurance Improving Direction of Travel	Substantial Assurance Improving Direction of Travel - Substantial assurance of the management of this risk, with regular Ofsted reporting.
<b>Safeguarding Adults</b> Substantial Assurance Improving Direction of Travel	Substantial Assurance Improving Direction of Travel - Substantial assurance around this risk with a CQC (Care Quality Commission) audit completed.
<b>Resilience – Business Continuity</b> Substantial Assurance Static Direction of Travel	Substantial Assurance Static Direction of Travel - There continues to be a good level of assurance around the controls and the risk is being effectively managed.
<b>Transformation Programme</b> Substantial Assurance Improving Direction of Travel	Substantial Assurance Improving Direction of Travel - The assurance level remains substantial, with routine political reporting.
<b>Budget – LCC</b> Substantial Assurance Static Direction of Travel	Substantial Assurance Static Direction of Travel - Continued substantial assurance due to ongoing work. Evidenced by the budget underspend in the last budget year.
<b>Serco Contract</b> Substantial Assurance Improving Direction of Travel	Substantial Assurance Improving Direction of Travel - Continued substantial assurance around this risk, provided by discovery sessions with Serco, access to Serco data and systems and close working processes.
<b>Outstanding Debt</b> Substantial Assurance Improving Direction of Travel	Substantial Assurance Improving Direction of Travel - Evidenced by a recent internal audit receiving Substantial Assurance.

<b>Inflation</b>	
Substantial Assurance Improving Direction of Travel	Substantial Assurance Improving Direction of Travel - There has been minimal change in the position of this risk. Work is ongoing within finance to maintain oversight of capital programmes.

March 2023	September 2023
<b>Recruitment / Staffing</b>	
Limited Assurance Static Direction of Travel	Substantial Assurance Improving Direction of Travel - This risk has changed to substantial assurance due to the stable attrition rate and improved recruitment, with additional work on the retention aspect.
<b>Market Supply – Adult Care</b>	
Limited Assurance Deteriorating Direction of Travel	Limited Assurance Static Direction of Travel - Nationally the care sector is volatile, work is ongoing to support providers facing difficulties, with significant investment in the sector.
<b>Strategic Contracts</b>	
Limited Assurance Improving Direction of Travel	Limited Assurance Static Direction of Travel - No change to the assurance level for this risk. Strategic contracts are reported at CLT with metrics to highlight contractors facing difficulties.
<b>IT Infrastructure</b>	
Limited Assurance Improving Direction of Travel	Limited Assurance Improving Direction of Travel - 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

## Exempt Item

*Appendix 1b* 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.

## Sharpcloud Training

Sharpcloud and risk management training for Audit Committee will take place in November 2023, improving understanding of Sharpcloud and outlining the development of this for reporting and access to risk data.

A useful demonstration of Sharpcloud can be found below:

[Enterprise Risk Management | SharpCloud](#)

## Risk Management Audit Action Plan

The team continues to work on the action plan arising from the external risk management audit. A copy of the action plan can be found in *Appendix 2*.

These are the key updates:

- Following a revision of the priorities of the risk management team the training recommendations will be considered as part of the overall strategy and process review. Supporting documentation will be updated as the review progresses.
- Audit Committee risk management training is planned for November 2023.

## Horizon Scanning

Horizon scanning forms a big part of good risk management, being aware of emerging risks allows our team to highlight and discuss those risks with topic experts within the Council, ensuring risks are evaluated and controlled if necessary. To facilitate this, our team are members of various national bodies and local risk management groups. From these sources, the main topics raised recently are:

**Sustainability** continues to be a topic of interest and our approach to this has been supported by the work undertaken with the Place directorate. As this develops, further updates will be provided.

**Artificial intelligence** is generating a lot of discussion around the impacts of its use and the associated risks. Further work needs to be done around the organisational awareness and developments in its use within LCC.

Whilst **cyber risks** are not new, they continue to evolve, and recent examples demonstrate how significant this risk area remains.

## Looking Forward

What we said	What we have done	What we are going to do
Implement and work through an action plan of recommendations following the recent risk management audit.	Work on the risk management audit action plan is progressing well with many items completed. A change in priorities has pushed the training aspects but these will be addressed as part of the strategy review (Appendix 2).	The remaining items on the plan will be delivered as part of the strategy and process review

What we said	What we have done	What we are going to do
We will work with the Place directorate to assist with risk registers across the services and assistant director areas. We will also assist in facilitation of a risk management session at the Place Directorate Leadership Team.	Work within the Place directorate is near completion, two risk sessions were provided to the Place leadership team and a full risk register is in place at Directorate level and risk registers within every service included within our normal review processes. In addition, we have worked with the Resources Directorate and now have registers for all services and are pulling together the overarching Directorate risk register.	We will work with the Childrens directorate to assist with risk registers across the services and assistant director areas. We will continue working with the ACCW directorate to implement risk registers within all services across the directorate.
Sharpcloud will continue to be developed and testing will continue, licenses will be allocated to allow further testing and feedback.	Sharpcloud has been populated with all risk registers available, this provides a vast wealth of information and has allowed us to identify directorate risks within the Place directorate, by collating all risks from Place services and identifying regularly occurring risk themes.	Sharpcloud will continue to be developed and testing will continue, licenses will be allocated to allow further testing and feedback. Sharpcloud training will be provided to the Audit Committee this year.
		We will review our strategy and process, including the risk management toolkit and risk management training.