

# Risk Management

Combined Risk Report  
February 2024

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## 1.0 Introduction

The purpose of this report is to provide an overview of the risk profile of Lincolnshire County Council (LCC). The report provides assurance from the Corporate Leadership Team around the organisational ability to identify the key risks and ensure management of them.

Good risk management is part of the way we work. It is about taking the right risks when making decisions or where we need to encourage innovation in times of change. It is about balancing risks, quality, cost, and affordability. This report uses the current appetite as set out in the Risk Management Strategy, June 2022;

*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.*

Previously levels of assurance were provided through the combined assurance report. By moving the focus away from the critical work streams to the key risks faced by the authority, it is intended to further strengthen assurance understanding. This is the first combined risk report and with the support of services and directorates has resulted in a comprehensive view of the current risk picture across the whole of the organisation. Risk registers are now in place for all services for the first time at LCC.

The information gathered for the service risk registers enabled constructive and challenging discussions with all Assistant Directors (ADs), followed by discussions with all Executive Directors (EDs), the Chief Fire Officer, and our Chief Executive. This demonstrated there was a high level of awareness of current and emerging risks that could impact services. In addition, the risk data was used to identify high risks, recurring risk themes and low or limited assurance risks which will drive further areas of work to strengthen risk mitigation and control.

To help support assurance consistency, we have implemented revised assurance status statements to align to those used by internal audit. The roll out is still in progress and as each layer of risk registers are reviewed the new statements and assurance levels will be applied. The new assurance status statements are detailed below:

	Statement	What does this mean?
<b>Substantial Assurance</b>	A consistent and reliable system of control exists. The risk is well managed, supporting achievement of objectives.	We have substantial assurance that the risk is well managed and everything within our control is being done to manage this risk and/or to respond to this risk should it occur.
<b>Adequate Assurance</b>	A generally reliable system of control exists, the risk is being managed, supporting objectives. There is scope for improvement of the control systems in place.	We have adequate assurance that the risk is managed at an acceptable level and key controls available to us are in place and operating effectively. Additional controls are being developed but are not operational yet.
<b>Limited Assurance</b>	An inconsistent system of control exists, the risk is not well managed. Improvement of the control system is required.	We have limited assurance that the risk is managed well. Key controls may not be having the intended impact on the risk, or the risk is influenced by external sources and some aspects are uncontrollable.
<b>Low Assurance</b>	No control system exists, immediate action is required to address fundamental gaps and weaknesses. The risk is not currently being managed.	We have no assurance that this risk is being managed effectively. There are no controls operational. This risk may be an emerging risk.

## 2.0 Key Messages

Corporate assurance level is substantial.

Directorate assurance levels are adequate, with the exception of Children's Services which is substantial.

Risk identification and assessment is embedded.

Analysis of the risk data gathered shows key the risk themes across the directorates. these are:

- Recruitment and retention
- Increased demand on services
- Increasing cost pressures
- National political changes in legislation
- Loss of IT systems (both internal and external)

Risk mitigation and specifically the controls applied, is an area where further work is required to support assurance levels. This is especially relevant to externally sourced and influenced risks which often require intensive work to mitigate the impacts rather than being able to affect the likelihood of the risk occurring.

### **Strategic Risk Register**

The strategic risk register is regularly reported and is due for a further full report in March 2024. As a result of the risk discussions for this report there have been some updates which are shown below.

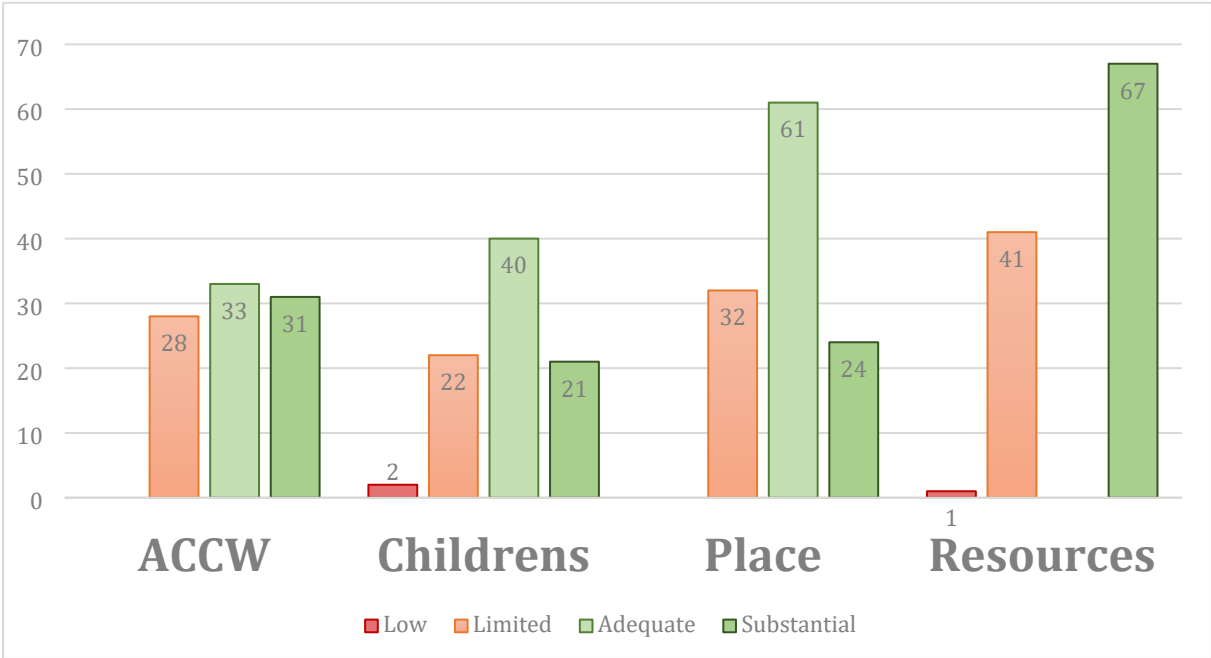
- Market Supply – Adult Care and Community Wellbeing – Due to challenges in the children's market, this risk has updated and now includes both adults and children's market supply and will be reviewed to include children's commissioning in the next review.
- Lincolnshire Fire & Rescue Command and Control Room – This is a new risk and is worded as: "Failure to procure, implement and successfully transition to a new LFR command and control solution may lead to a loss of the control function, inability to receive 999 calls, respond and mobilise assets resulting in failure of statutory duties". This is a rapidly changing risk, and it was added between reviews to allow us to follow the risk through its life cycle as it moves from procurement to implementation and then transition.

The last reported version of the strategic risk register is attached at Appendix 1

### 3.0 Debbie Barnes - Chief Executive Summary

**Service level risks – by directorate and assurance status**

*Resources risk registers have not yet adopted the new assurance status statements. LFR does not hold service level risk registers and only currently holds an LFR strategic risk register.*



I am confident a consistent and reliable system of control exists. Risks across LCC are well managed, supporting achievement of objectives giving me a substantial level of assurance supported by the individual Directors and Chief Fire Officer who have all assessed their areas as having adequate levels of assurance, with the exception of Children’s Services who have assessed the assurance level as substantial. This takes account of the fact that there are and will be areas of risk where that level of assurance fluctuates but overall, it presents a strong picture for how risk is managed.

The combined risk report outlines assurance opinions on risk management across LCC. This report adjusts the view from previous years to reflect the assurance on key risks and has enabled a comprehensive view of the risk profile to be recorded.

The overriding view was that externally sourced or influenced risks are the most challenging risks to mitigate against, often requiring intensive work to mitigate the impacts rather than preventing the risk occurring. This is evident from the increased demand for services and the increasing cost pressures along with the potential for legislative changes.

The increased demand risk impacts upon several areas. For Children’s it is in residential care, foster care, special school placements and alternative provision. It is also seen in the Adult’s within Safeguarding, Mental Health, and Adult Frailty. Within the Place Directorate it is the increasing S19 flood investigations and the Nationally Significant Infrastructure Project

(NSIP) applications. Mitigation is in place for this risk and there is adequate confidence in the ability to mitigate this risk.

Linked to the increased demand, are the increasing cost pressure risks, largely due to external increasing costs with contractors and suppliers. This risk is replicated across most areas of the Council, but with significant increases in the children's social care, adult social care and home to school transport. This has also been compounded by the increase in the living wage. Managing the financial impacts is challenging but we manage our budgets well and with our reserves we have capacity to plan and respond.

The recruitment and retention risks are set against a backdrop of improving statistics in terms of stable attrition rate, lower vacancy rates and successful recruitment in higher level roles. There are however, at service level, risks in recruiting to skilled roles across the Council, whether planning, transport, social workers, or health visitors. The recruitment risks are also more commonly seen in smaller teams where appointment to roles can be challenging and the risk of specific employee loss or a small number of employees would create pressures on the teams at that level.

There is a level of uncertainty in the national political arena, with a general election due before January 2025 which has already seen some delays to legislation this year.

Loss of IT systems is a risk to most organisations and our local authority is no different, this risk is seen across all areas of the Council with mitigations in place and working effectively. There are of course some systems which are of such criticality that work could stop should they cease to function. Linked to IT systems is our ability to turn our data into intelligence ensuring our performance information is more meaningful and accessible.

## **4.0 Director Key Messages**

### **4.1 Martin Samuels - Adult Care & Community Wellbeing Directorate**

#### **Overall Adult Care and Community Wellbeing Assurance – Adequate**

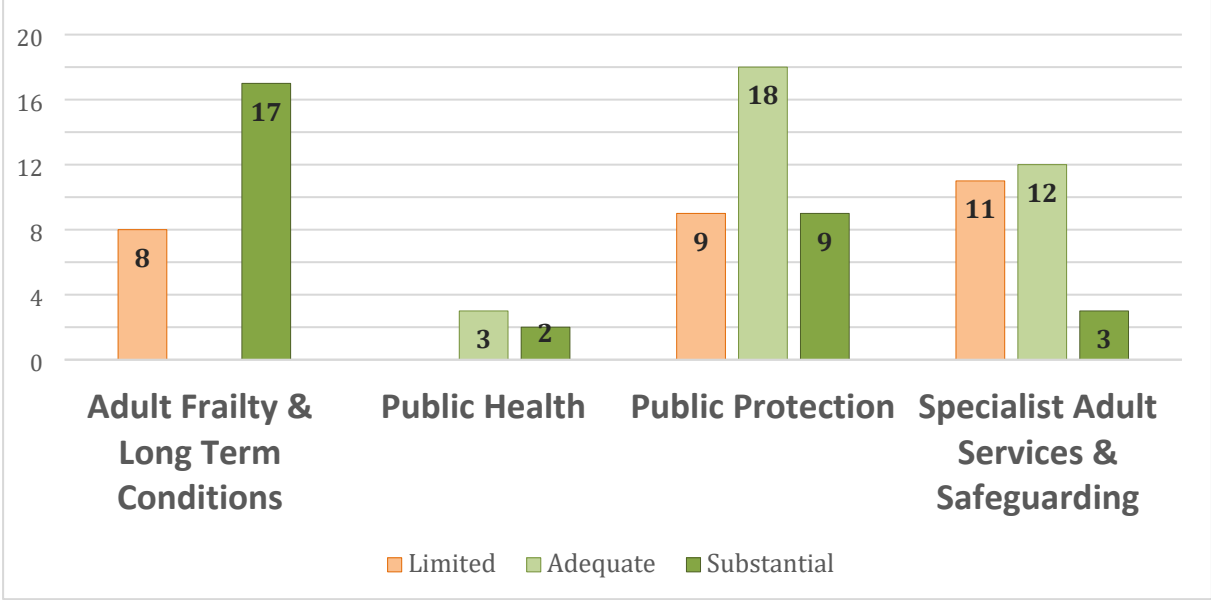
I have adequate assurance that the risks across Adult Care and Community Wellbeing services are managed at an acceptable level and key controls available to us are in place and operating effectively. Additional controls are being developed but are not operational yet.

ACCW is facing some significant challenges, but there are no surprising or significantly concerning risks. There are always improvements to be made and our improvement plan is underway. A recent positive Care Quality Commission assurance process evaluated our services as 'Good', demonstrating the positive work of the directorate as a whole.

The limited assurance risks within the directorate predominately relate to external factors impacting our potential for service delivery.

**Service Level Risks - by AD area and assurance status**

Public health has one risk register at AD level, rather than multiple service risk registers, due to the similarity in work. The Adult Frailty and Long Term Condition (AFLTC) assessment was completed prior to the implementation of new assurance statements.



**Overarching Risk Themes and High or Limited Assurance Risks for Adult Care and Community Wellbeing**

**Increased demand and complexity** – Nationally it is clear that there has been an increase in demand for adult social care and this is likely to continue for the foreseeable future, with public health reports showing that the population of adults aged over 85 will double within Lincolnshire by 2030. Lincolnshire County Council is well placed to manage this risk with a comparatively positive financial situation when benchmarked against other similar local authorities. Adult care and community wellbeing will be focusing on strengthening its foundations and bolstering the basic day to day processes to improve robustness. Our assurance around this risk at the moment is adequate.

**Budget & future funding** – Adult care and community wellbeing is well placed to manage this risk. Whilst there may be financial pressures in the future, the challenges are common and faced by many authorities. Our authority overall has a strong financial footing and is better placed to mitigate this risk than most other similar councils.

**Procurement** – This is an area of risk where we are currently exploring why the model being used is not always working as effectively as it should, in part due to the number of hand-offs within the current process. Once further analysis has taken place, we are confident this risk will be mitigated to acceptable levels but currently it is a limited risk.

**Market sustainability** – Market supply and sustainability has featured on the strategic risk register for several years now and continues to remain a risk to the authority. With the increase in demand for care, it could be seen as an opportunity for many businesses in the market, however in areas of the sector there is a mismatch between supply and demand. This can cause pressures and can increase the churn rate, resulting in increased costs and market management capacity.

**Right person right care** – This risk links to the Police forces pulling back from attending mental health calls where they believe there is no threat to life and limb. The risk itself is not likely to cause significant challenges for the Council but may impact residents of Lincolnshire. Work is ongoing across the Lincolnshire system to ensure the national approach is adapted to suit the context of the county. Our assurance around this risk is currently adequate.

**Data intelligence** – There are risks associated with our ability to turn data into intelligence. In some areas, we have data that allows us to describe what is happening, but we may not always be as effective at understanding why these things are happening. By improving our understanding of the extensive data we hold, we will be better placed to fully understand the risks and develop potential improvement opportunities.

### 4.2 Heather Sandy – Children’s Services Directorate

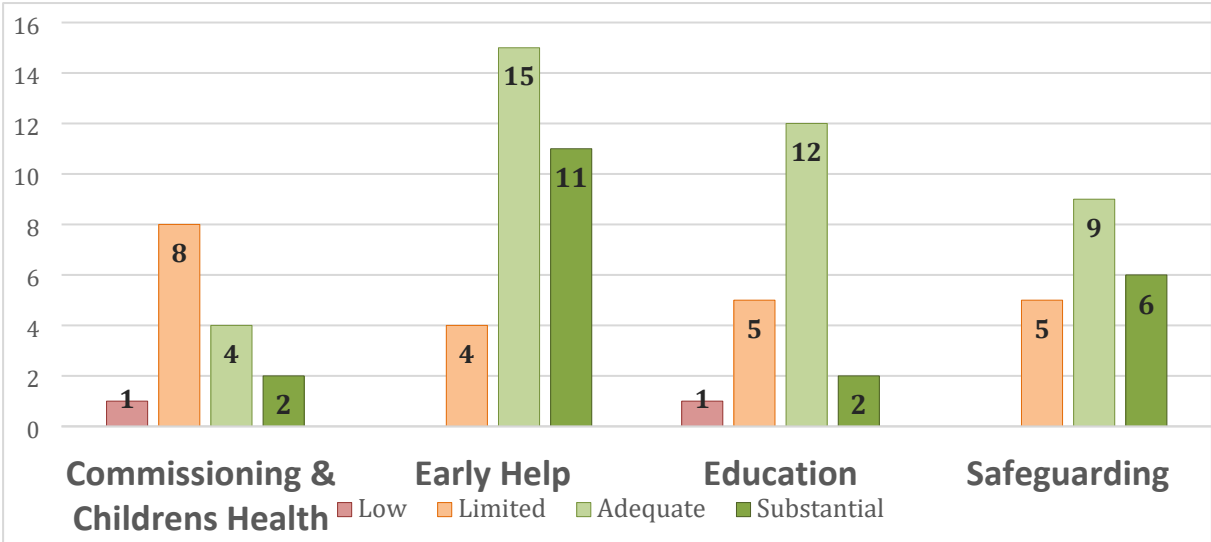
**Overall Childrens Service’s – Substantial**

I have substantial assurance that the risks across Children’s Services are managed at an acceptable level and key controls available to us are in place and operating effectively. Additional controls are being developed but are not operational yet.

Our Childrens Services are regularly reviewed and have been judged as outstanding by Ofsted. We have been selected as Pathfinders and are heavily involved in sector led improvement plans. We manage our risks well and overall have a substantial assurance level of risk management across the Directorate.

The limited assurance risks are mainly in those areas affected by living wage increases and increased demand.

**Service Level Risks - by AD area and assurance status**





## **Overarching Risk Themes and High or Limited Assurance Risks for Children's Services**

**Increased demand** – The increased demand within Children's services is in line with national trends. This risk is mitigated by on-going reviews of the front door thresholds which is regularly audited by Ofsted. Supported by intensive work in Early Help, wrapping around families to enable children to remain with their loved ones. This risk is further controlled by reunification strategies, identifying children who can return to their families. The risk is well managed and monitored by performance indicators. Increased demand is also seen in special schools and alternative provision, with requests for special school places increasing and minimal control over this area of work, however compared to other local authorities we are managing the risk well, by implementing SEND transformation and placing more children on EHCP implemented within a school setting and support provided to schools to facilitate these.

The risk within alternative education provision can be challenging due to our lack of control by the very nature of the provision. Controls are focussed on responding to this risk whilst also working with schools to attempt to minimise the likelihood of the risk.

**Increasing costs & market supply** – Increasing costs is a result of increased demand and increasing costs within safeguarding markets, which is seen nationally. External costs have risen in recent times by 30%. This risk is felt within the fostering and adoption area, with less internal fostering available to meet the increasing demand, putting additional pressure on external market supply. Increased complexity of children's requirements also impacts on the costs and market availability to support the children's requirements. Work to control this risk links into managing the demand, working with the market, creating new children's homes, and adapting tenders to manage risk and maximise opportunities. We also work nationally to influence government reforms where possible.

**Recruitment & retention** – The recruitment risk within Children's is a much-improved picture this year, with apprenticeship programmes in place and working and retention payments stabilising teams. Other controls include reviews of skill mix's, updated job descriptions and service structure reviews within services and teams, modernising the approach across the directorate.

**Unregulated and unregistered placements** – Nationally this risk is seen within multiple local authorities. Within Lincolnshire however, we have very minimal use of these placements, using these as a last resort and for short periods of time. The relationship with Ofsted ensures they are fully aware of any such placements which are only used in emergency situations. We have multiple safe temporary placements for these situations and wrap around the child to ensure their safety with an additional reintegration period enacted to ensure children are introduced to a registered placement in a lasting and sustainable way, ensuring longevity in the new placement.

### **4.3 Mark Baxter - Lincolnshire Fire & Rescue Service**

#### **Overall Lincolnshire Fire and Rescue Assurance – Adequate**

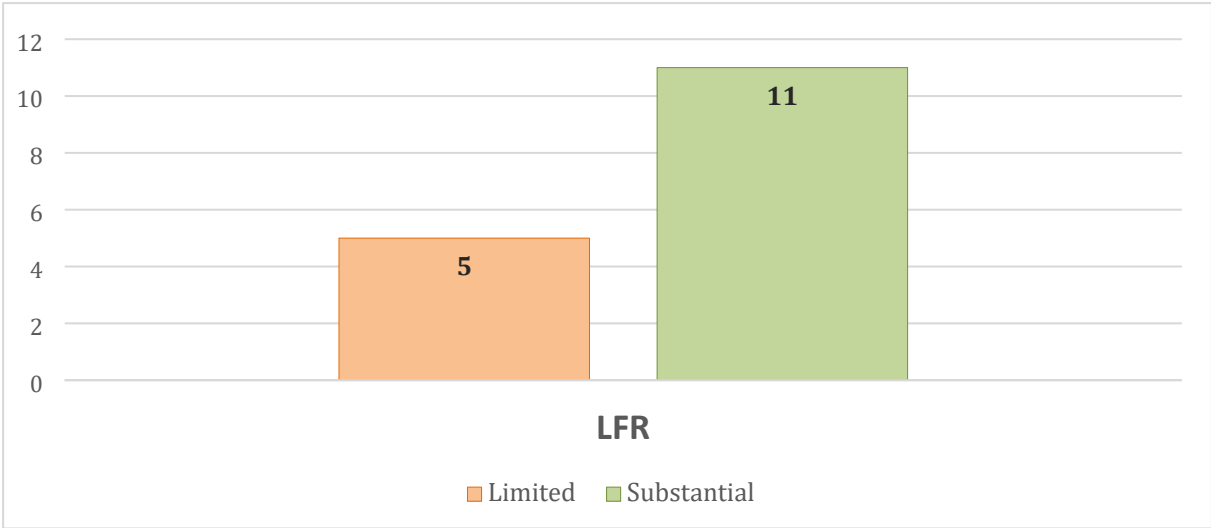
I have adequate assurance that the risks across Lincolnshire Fire and Rescue (LFR) are managed at an acceptable level and key controls available to us are in place and operating effectively. Additional controls are being developed but are not operational yet.

We have reasonable assurance that all risks are identified, and robust measures are in place to mitigate those risks. There are inevitably some unknown variables to any risks and as such we are not in a position to have substantial assurance. We have confidence in our ability to manage our risk profile effectively.

The limited risks are reflected within the improvement plan where there is a need for a longer period of time to have elapsed for the controls to have taken effect. Two of the improvement areas have been signed off by His Majesty’s Inspectorate (HMI).

**Fire & Rescue Strategic Risks**

LFR does not hold risk registers lower than its strategic risks, work is on- going to migrate LFR into LCC’s corporate risk templates.



**Overarching Risk Themes and High or Limited Assurance Risks Lincolnshire Fire and Rescue Service**

**Culture** – Lincolnshire fire and rescue, like many other fire and rescue authorities, faces many risks relating to the organisational culture, equality, diversity, and inclusion. Following the most recent HMI report, we are making progress in this area because of the long-term plan implemented following the initial report. Controls are in place and becoming embedded across the organisation. We are also utilising the strong partnership with Lincolnshire County Council to review the HR policies and procedures. Further controls we are implementing include embedding the National Fire Chiefs Council’s core code of ethics, creating dedicated steering groups with employee representation, and encouraging engagement and feedback to create an open and transparent culture. This risk links into Fire Fighter wellbeing risks. To mitigate this risk, we are also adopting the wider mental health support system, promoting the charity crisis line, providing immediate and ongoing support to fire fighters and officers. We are also seeking to learn from others, reviewing other fire and rescue authorities learning in previous years.

**Weather extremes** – Recent developments in extreme weather has meant that new risks have formed in terms of how we respond to emergencies, in particular during continued high temperatures and a shift in the types of emergencies we’re responding to, i.e. large field fires, prolonged extreme heat. This has led to different mitigation methods, requiring

different types of equipment and procedures, however capacity and capability (in terms of equipment) to respond in this arena remains challenging.

**Recruitment & retention** – Fire service recruitment has remained difficult. With particular challenges in recruiting on-call fire fighters. To mitigate this, we are reviewing our recruitment team skills mix, to ensure specialist recruitment skills are in place to have focussed recruitment in local communities for on call fire fighters, using data and evidence to ensure the most benefit. In terms of wider recruitment, we are in a period of high retirement at middle & senior leadership, to mitigate this, we are succession planning to ensure skills are not lost.

**LFR command & control centre** – This risk is now reported at strategic level and relates to the procurement, implementation and migration to the new command and control centre. The risk is regularly reviewed and includes mitigations across all areas, including a back-up should other mitigations be unsuccessful. Procurement is now complete and so the risk focusses on implementation and migration, with detailed timelines and project plans in pace.

## **4.4 Andy Gutherson - Place Directorate**

### **Overall Place Assurance Level – Adequate**

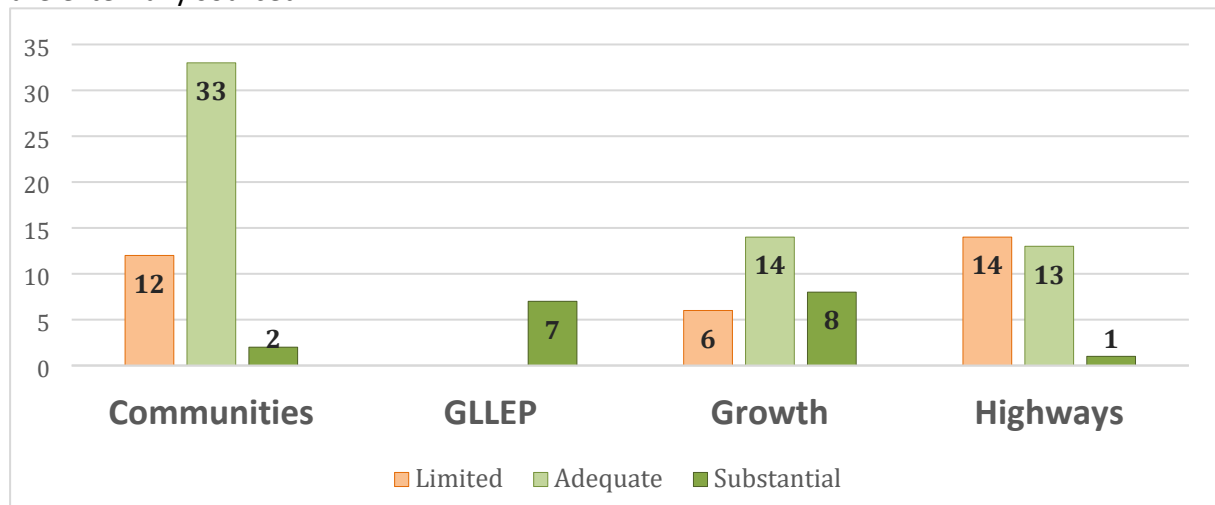
I have adequate assurance that the risks across Place are managed at an acceptable level and key controls available to us are in place and operating effectively. Additional controls are being developed but are not operational yet.

We are managing our risks and have developed creative and innovative ways to manage and control the impacts of risks. Mitigating our risks, where we are able to, provides further capacity to manage other less controllable risks. Work completed this year to recognise and understand our risks and to identify the risks we have control over has benefited our ability to assess and manage risk.

The limited assurance risks are predominantly where the ability to control the risks is around external factors such as the economy, inflation, and the recruitment market.

### **Service Level Risks - by AD area and assurance status**

Highways – due to the nature of the work in Highways most of the limited assurance risks are externally sourced.



### Overarching Risk Themes and High or Limited Assurance Risks for Place

**Recruitment and retention** – within specialist skills areas or a complex mix of skills requirements there are always challenges with recruitment. This is felt particularly within the planning teams, where increased demands for service applies an additional pressure. Work is on-going to manage staff wellbeing and reviewing methods of recruitment and retention.

**Energy from waste site (EFW)** – The energy from waste site has hit capacity in recent times, this could cause problems with maintenance and longevity of the site. Delays in the implementation of the food waste legislation has meant the requirements for use of the EFW site have remained high. The legislation, when in effect, should reduce the needs of the EFW site and reduce the risk.

**Increased demand** – The recent storm Babet has significantly increased demand on S19 flood investigations. A within year budget adjustment has allocated a further £4m to fund the costs of investigations, asset maintenance and scheme design work but the unknown scale and outcomes of the investigations could put additional pressure on the service, to bring forward schemes to address ongoing flooding risks. Nationally Significant Infrastructure Project (NSIP) applications are also increasing, seeing an increased impact on the work demands of the planning team and a requirement for more specific expertise in the planning team.

**Home to school transport demand** – Whilst work has been completed this year to mitigate the risk to the best of our ability, the costs continue to rise, and this will result in additional budget needs next year. We are confident that we understand the risk, but mitigation of the risks is challenging given that many are outside of our direct control especially as service demands continues to grow.

## 4.5 Andrew Crookham - Resources Directorate

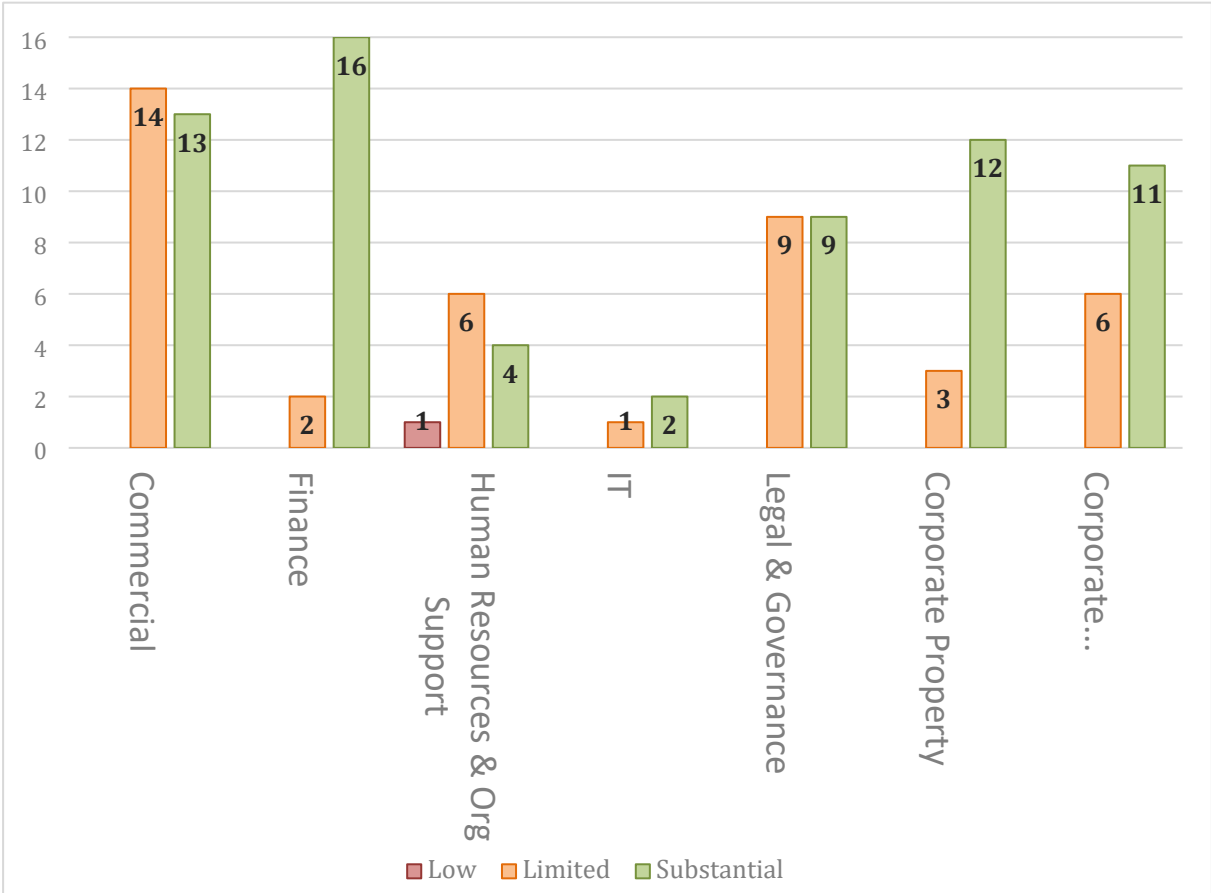
**Overall Resources Assurance – Adequate**

I have adequate assurance that the risks across Resources are managed at an acceptable level and key controls available to us are in place and operating effectively. Additional controls are being developed but are not operational yet.

Recent years have seen significant developments and improvements within the Resources Directorate including recent appointments to senior roles. With the new VMOST approach adopted across the directorate, all employees now understand how their roles contribute to the overarching Vision of the Resources Directorate. Alongside a new business partnering approach, the directorate will continue to be the enablers of wider organisational work, providing support, guidance, challenge, and professional curiosity through the One Council approach.

**Service Level Risks - by AD area and assurance status**

Resources service risk register reviews were completed prior to the implementation of the new assurance status statements. IT hold one risk register for the AD area due to the similarity in the services work.



**Overarching Risk Themes and High or Limited Assurance Risks for Resources**

**Recruitment & retention** – The recruitment and retention risk within Resources directorate has improved over the last year, with successful recruitment at multiple high-profile roles, including Assistant Director and Head of Service roles, improving our approach to succession planning, and a reduction in vacancies and use of agency workers.

**Corporate support services programme** – The implementation date for the majority of the programme is on 1<sup>st</sup> April 2024. This will see Adult Care Finance & Exchequer and HR & Payroll Administration brought back in house after more than 20 years being delivered in an outsourced environment. The Customer Service Centre will continue to be provided by Serco under a new contract. IT services will be reprocured during 2024/25 for an effective start date in April 2026. During the period of the programme, effective risk monitoring has ensured the council has changed course on two of these blocks and sought alternative solutions to manage those risks. The majority of risk focus is now on the challenges of making improvements to the services we are bringing in house and improving the maturity of the IT function in advance of 2026, which will ultimately yield broader organisational benefits.

**Business world** – As with all new software implementations or upgrades, there are risks, both with the system and the organisations ability to fully exploit the new capabilities and manage the change. However, controls are working, and new mitigations are being enacted. The opportunities outweigh the risks in this situation.

**Data intelligence** – The Councils ability to utilise its data to create intelligence is improving, with controls at the early stages of implementation. Strategies have been developed and are currently being implemented to provide a positive direction of travel for this risk.

**IT infrastructure & cyber** – As two of our strategic risks and as with all organisations we are acutely aware of the ongoing risk that Cyber-attacks present. We are actively working to implement controls for the continually evolving cyber risk we are faced with. The IT Infrastructure risk is being presented within the Deep Dive report elsewhere on this agenda.

**Effective cross Council engagement** – The Resources directorate provides enabling services to the Council, this risk has an improving direction of travel, with engagement and communication across the authority increasing, demonstrating the move towards a One Council approach. Resources has developed a business partnering approach to further connect the right people at the right time and share intelligence with business partner colleagues across Resources and the Council as a whole.

## 5.0 Horizon Scanning

Whilst this report presents the current risk profile it is important that we also assess those risks and opportunities on the horizon. Being aware of emerging risks and opportunities allows our team to highlight and discuss those with topic experts within the Council, ensuring risks are evaluated and controlled if necessary and opportunities are taken. The three listed below were those that featured repeatedly in the discussions for this report. They are not the only risks on the horizon. Future reports will continue to highlight emerging risk areas.

**Devolution** – The devolution deal for Greater Lincolnshire presents many benefits to the residents of Lincolnshire. The risks associated with the deal sit mostly in the arena of developing the new Mayoral Combined County Authority (MCCA), in terms of time and commitment required to establish the authority. Controls are being designed to mitigate the risk. Further impacts will be felt in the Place directorate, in particular working through the implications for service delivery in areas of economic development and transportation functions within the new MCCA.

**Sustainability** risks are often classified as being those within environmental, social or governance topics and are usually interdependent. They are typically drivers for other risks, long-term in nature and difficult to quantify as there is greater uncertainty as to how they will develop. Within Lincolnshire, the physical impact of climate change risks are currently manifesting in the water management arena, demonstrated by the recent flooding events across the county, our ability to mitigate these risks is entirely dependent on frequency of events and capacity within the Council.

**Migration** is becoming a growth area for several risks and is an important area to monitor. As migration increases it can put significant pressure on existing frameworks, services and resources whilst also opening opportunities for positive contributions to economic growth. Risks in this area focus on supporting those who are assessed as under 18 years, threat to public health and housing, the latter being a district council risk.

## 6.0 Looking Forward

This report provides a level of assurance on how well risks are managed across Lincolnshire County Council. To progress and further strengthen our approach to risk management, the team's next steps include:

- Applying the revised assurance statements to all directorate risk registers for consistency.
- Requesting and responding to feedback from delivering this process of assurance on risk delivery and management.
- Developing risk management dashboards for directorates and corporately to provide a clearer view of risk data.
- Continue to develop application of controls and mitigations initially focusing on the high risks with limited assurance.
- Using the comprehensive risk data to develop our understanding of the relationship between risk tolerance, risk appetite and risk exposure.

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