

Audit, Risk and Governance Committee
Meeting to be held on Monday, 24 April 2023

Electoral Division affected:
(All Divisions);

Corporate Risk and Opportunity Register - Quarter 4 Update
(Appendices 'A' to 'B' refer)

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Brief Summary

This report provides an updated (Quarter 4 2022/23) Corporate Risk and Opportunity Register for the committee to consider and comment on. The register has been refreshed to reflect the council's current operating environment and is presented to this committee to provide a progress update and assurance that the current risk management arrangements are both robust and effective.

The updated Corporate Risk and Opportunity Register is attached at Appendix A. The risk entries for Cyber Security and the Oracle Fusion Data Breach contain private and confidential information, so are provided at Appendix 'B' and included in Part II of the agenda.

Recommendation

The Audit, Risk and Governance Committee is asked to note the updated Corporate Risk and Opportunity Register.

Detail

This report provides an updated (Quarter 4 2022/23) Corporate Risk and Opportunity Register for the committee to consider and comment on. The register was refreshed at Quarter 2 to reflect the council's current operating environment and is now presented to provide an update and assurance that the current risk management arrangements are both robust and effective.

In line with the council's Risk Management Framework, the Executive Management Team (EMT) review the Corporate Risk and Opportunity Register quarterly, taking account of the current and predicted future internal and external environment in which the county council and its strategic partners operate. The Corporate Register sets out the 'across the board' risks that could threaten the authority's core business and the way it operates.



Below the Corporate Register are Directorate Registers that are managed by Executive Directors and identify risks that could threaten day to day activities. Where a new directorate risk has a score of 12 or above it is automatically referred to the Executive Management Team for consideration for inclusion on the Corporate Register. However, the Executive Management Team may decide not to escalate such a risk onto the Corporate Register and ask that it is managed at an operational level. This maybe because the Executive Management Team thinks that the risk does not threaten the core business of the organisation or that the score has been over inflated (scores are subjective).


Quarter 4 Update – Summer of Key Points

The risks and opportunities have been updated using information provided through directorate risk registers.

CORP1 – Financial Sustainability

Current Risk Score: 20

Target Risk Score: 16 (ongoing)

Target Risk Confidence: 

Key to scores

	CATASTROPHIC	5	10	15	20	25
	MAJOR	4	8	12	16	20
	MODERATE	3	6	9	12	15
IMPACT	MINOR	2	4	6	8	10
	INSIGNIFICANT	1	2	3	4	5
		RARE	UNLIKELY	POSSIBLE	LIKELY	CERTAIN
			LIKELIHOOD			


Overall, the council has an appropriate level of reserves available to manage the financial risks it is facing from 2022/23 to 2026/27. However, on current forecasts it will be necessary that additional savings will be required to bring the council to a financially sustainable position. Whilst there is still a significant risk factor in relation to savings delivery, the £87m funding gap for 2023/24 has been reduced to £9.5m with a focus on improving productivity and efficiency and generating additional income to support priority services. Consequently, the target risk confidence RAG rating has changed from red to amber.



CORP2 – Workforce Recruitment and Retention

Current Risk Score: 16

Target Risk Score: 12 (March 23)

Target Risk Confidence: 

Key to scores

	CATASTROPHIC	5	10	15	20	25
	MAJOR	4	8	12	16	20
	MODERATE	3	6	9	12	15
IMPACT	MINOR	2	4	6	8	10
	INSIGNIFICANT	1	2	3	4	5
		RARE	UNLIKELY	POSSIBLE	LIKELY	CERTAIN
			LIKELIHOOD			


A Corporate People Strategy has been developed and is awaiting approval. A new operating model for people services will be implemented in 2023 and review of the workforce is underway to identify staffing levels and skills. Recruitment processes are to be redesigned and a talent attraction team is being established. A leadership capability framework has been drafted and succession planning work has commenced with the Executive Management Team. Once the mitigations have been implemented the score should be revised downwards.

Within Adult Social Care, a Workforce data framework and a Performance Management Board has been established. An Adult Social Care Workforce Strategy has been agreed and an In-house Provider Workforce sub-group established, which is focused on recruitment and retention. There are ongoing discussions with external recruitment agencies to help resolve the issue.

CORP3 – Demand for Services

Current Risk Score: 16

Target Risk Score: 12 (March/September 23)

Target Risk Confidence: 

Key to scores

	CATASTROPHIC	5	10	15	20	25
	MAJOR	4	8	12	16	20
	MODERATE	3	6	9	12	15
IMPACT	MINOR	2	4	6	8	10
	INSIGNIFICANT	1	2	3	4	5
		RARE	UNLIKELY	POSSIBLE	LIKELY	CERTAIN
			LIKELIHOOD			



In terms of Special Educational Need and Disability (SEND), increased Government funding provides some mitigation, but substantial pressure remains. There has been additional investment to reduce SEND officers' caseloads together with additional inclusion teachers and support workers providing direct support to enable the full-time attendance and inclusion of pupils with Education Health and Care plans who are either experiencing difficulties with their mental health that prevents their attendance at school or who are at risk of exclusion.


A SEND Partnership Plan is agreed, and additional SEN Units continue to be established. We also have agreement to establish new SEN provision in North Lancashire. Staffing options have been developed and the delivery of the Early Help Strategy is ongoing. Outreach services have been expanded. Family Group Conferencing evaluation is being undertaken as part of a national programme. Voluntary, Community and Faith Sector (VCFS) provision is in place supporting referrals from Children's Social Care Teams.

There is a shift to block residential provision to establish more for children and young people with most complex needs. There is a continued focus on step down fostering placements with option to pay retainers to secure provision. Rates for Child in Need, Child Protection and Children Looked After are being tracked and the Where our Children Live capital bid to the Department for Education was successful and plans to implement it have been developed. There has also been a successful further bid to the Department for Education for children's home capital funding and proposals to develop additional in-house home supported by specialist NHS teams. Avoidance of high-cost homes workstream has been established through the Where Our Children Live project.

Adult Social Care has negotiated an agreed position with NHS in respect of responsibility for funding Continuing Health Care. The NHS have confirmed commitment to pay one off monies in the current year in respect of previous/ongoing cases and will reimburse appropriately going forward. Homecare, reablement and crisis services are being redesigned and will be reprocured next year with the aim of supporting Adult Social Care to respond effectively to increased demand pressures. The review of in-house older people's care services and day services is underway. Discussions are in progress with Shared Lives Plus to potentially expand the offer.

Adult Mental Health bed delays continue to increase and remain closely monitored. To manage the backlog, the Performance Board meets fortnightly. Dashboards are in the process of validation, some reporting remains off-system (carers service make manual submissions), and weekly highlight reports are published. Good progress being made in reducing the backlogs.



CORP4 – Our Improvement Journey
 Current Risk Score: 16
 Target Risk Score: 9 (March 23/ongoing)
 Target Risk Confidence: 

Key to scores

	CATASTROPHIC	5	10	15	20	25
	MAJOR	4	8	12	16	20
	MODERATE	3	6	9	12	15
IMPACT	MINOR	2	4	6	8	10
	INSIGNIFICANT	1	2	3	4	5
		RARE	UNLIKELY	POSSIBLE	LIKELY	CERTAIN
			LIKELIHOOD			

The Interim Executive Director of Resources worked with services to develop an integrated business planning and performance framework. This has been shared with the Senior Leadership Team and an indicative timetable agreed. The Strategic Change Delivery Plan (SCDP) is being developed for the Strategic Improvement Board (SIB), using input from the Stop / Pause / Continue exercise and the service planning process which commenced in January 2023. An interim Portfolio and Programme Manager has been recruited to develop the programme office and support the production and delivery of the agreed Strategic Change Delivery Plan priorities.

The Strategic Improvement Board have committed to the Change Front Door process and to ensuring that all new change requirements are assessed and prioritised based on appropriate business cases, which include sufficient information on costs, benefits, and resource implications. A new approach to business planning has been launched and will develop alongside the design and implementation of an integrated performance management framework. A programme of training for Lancashire County Council's staff to develop agile, lean and continuous improvement skills has been piloted and new data sets will support the next phases of the property review, providing a more accurate and up to date picture of building usage and efficiency.



CORP5 – Social Care Reform

Current Risk Score 15

Target Risk Score 6 (March 23)

Target Risk Confidence:



Key to Scores

	CATASTROPHIC	5	10	15	20	25
	MAJOR	4	8	12	16	20
	MODERATE	3	6	9	12	15
IMPACT	MINOR	2	4	6	8	10
	INSIGNIFICANT	1	2	3	4	5
		RARE	UNLIKELY	POSSIBLE	LIKELY	CERTAIN
			LIKELIHOOD			

The current risk score has reduced to 9, so this risk has been removed from the corporate register. The risk will continue to be monitored at directorate level.

CORP6 – School Places

Current Risk Score: 16

Target Risk Score 8 (March 24)

Target Risk Confidence:



Key to Scores

	CATASTROPHIC	5	10	15	20	25
	MAJOR	4	8	12	16	20
	MODERATE	3	6	9	12	15
IMPACT	MINOR	2	4	6	8	10
	INSIGNIFICANT	1	2	3	4	5
		RARE	UNLIKELY	POSSIBLE	LIKELY	CERTAIN
			LIKELIHOOD			



The target date for achieving the target score has been revised and is now March 2024 to reflect the size of the challenge. There are ongoing discussions to identify further opportunities and mitigations and the Assets Team have secured consultancy support. We are developing approaches to better support new arrivals to the county/country, including support to address language barriers. Publicity, including social media, has reduced the number of late applications and our website now shows levels of subscription for individual schools and maps of geographical priority areas.

Officers attend open evenings for the most oversubscribed schools and Year 6 parent information sessions are held in the areas with the most pressure for places. We are also expanding popular schools and a report was presented to February's Cabinet for approval. The number of places available for Year 7 pupils has been increased, as has the availability of places in higher year groups to accommodate in-year admissions. Consultations will be taking place in the Spring Term 2023 in respect of new primary schools and a secondary school in Preston.


New Risks Considered by the Executive Management Team

The committee has asked to be informed of instances when a risk has been considered by the Executive Management Team but not escalated onto the Corporate Register. Further details of such risks are set out below.

County Hall Complex – Electrical Resilience

Current Risk Score: 16

Target Risk Score: 6 (March 23)

Target Risk Confidence: 

Key to scores

	CATASTROPHIC	5	10	15	20	25
	MAJOR	4	8	12	16	20
	MODERATE	3	6	9	12	15
IMPACT	MINOR	2	4	6	8	10
	INSIGNIFICANT	1	2	3	4	5
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In the event of a power outage to the County Hall complex there is currently a limited amount of backup generation leaving much of the complex at risk of a total blackout. The Executive Management Team felt that this risk tended to be more operationally focused than strategic in nature. Therefore, it was decided not to escalate the risk onto the Corporate Register and the Executive Management Team asked that it is managed at directorate level.

Appendices

Appendix	Title
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Appendix A	Corporate Risk and Opportunity Register
Appendix B (Part II)	Risk entries for Cyber Security and the Oracle Fusion Data Breach

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

Good governance enables an authority to pursue its vision effectively as well as underpinning that vision with sound arrangements for control and management of risk. An authority must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk. Failure to develop and maintain a Corporate Risk and Opportunity Register means the council would be negligent in its responsibilities for ensuring accountability and the proper conduct of public business

Local Government (Access to Information) Act 1985 List of Background Papers

N/A

Reason for inclusion in Part II, if appropriate

Appendix 'B' to this report is included in Part II of the agenda because it contains exempt information as defined in Paragraphs 3 and 7 of Part 1 of Schedule 12A to the Local Government Act, 1972:

- Information relating to the financial or business affairs of any particular person (including the authority holding that information)
- Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

