Corporate Risk and Opportunity Register

Executive Summary

Quarter 4 2023/24

Angie Ridgwell, Chief Executive

The council's biggest risks remain increasing demand for services aligned to workforce pressures. These risks are mirrored nationally across local government sector and in turn are putting the sector under financial and delivery pressure. Significant work is ongoing to become an employer of choice in Lancashire, continuing the shift towards a substantively permanent workforce that is skilled, productive, healthy, and motivated. Of note is the revised approach to strategic workforce planning launched in November 2023.

Demand management is incredibly challenging as we have fewer direct levers. However, the reduction in children being taken into care is a good example of where the fidelity of the practice model can have significant positive impact, in this case keeping families together and children and young people safe in their own homes. SEND demand continues to increase in value, with a 39% increase in assessments resulting in an increase of 28% in plans issued. This in turn reflects in higher support costs including home to school transport. With adults, we have a backlog of assessments that are being addressed and in all cases – adults and children – we are seeing residents presenting with increasingly complex needs.

The council has a good track record in managing its finances and delivering within budget. However, the current demand levels and cost increases, such as national minimum wage, are not being matched with increased funding. This means that the burden sits with local taxpayers and primarily the council to continue its drive for increasing its efficiency and value for money whilst prioritising spend. To this end, our work with partners will be crucial, especially the Integrated Care Board which has its own challenges.

Across the organisation, risks are being proactively managed with appropriate mitigating actions in place. However, there remain a number of existential threats including demographic changes, environmental and climate change, inflation, and a turbulent geopolitical landscape. There are opportunities too with interest rates, hopefully now peaked, and early signs of growth in the economy. Strong governance and a good line of sight to inform effective strategic decision making and manage both strategic and operational risk is therefore essential; the new governance arrangements under the Executive Management Board and the new Cabinet Committee to oversee our companies will assist with this.

Jacqui Old, Executive Director of Education and Children's Services

We have seen a significant reduction in risks relating to demand for children's social care services (CORP 3), where our rates of new entrants in to care and the number of children in our care have fallen, linked to our Family Safeguarding approach. Consequently, we no longer consider demand pressures for children's social care services linked to very high numbers of children in our care to be a major risk to children's services. Alongside this, we have reassessed the risk of ineffective safeguarding arrangements which result in children being at risk of serious harm and no longer consider that this presents a significant risk, given the level of oversight and audit of our safeguarding services, which continue to provide positive assurance.

Our risks relating to children's social care are now more nuanced, reflecting the challenge in securing good quality homes for a small but significant number of children and young people in our care with the most complex needs, who we have no choice but to place in unregistered homes or who live in very high-cost homes. We are working hard to ensure significantly higher levels of oversight and in working with agency providers, and in developing in-house homes, to meet their needs and to make best use of financial resources.

Children's services continue to manage risks linked to demand pressures relating to special educational needs and disabilities (SEND), where we continue to see significant increases in requests for Education, Health and Care Needs Assessments. In response, we have made short term investment in additional capacity to help undertake assessments and continue to develop additional school places for children and young people, both in SEN units attached to mainstream schools and in securing additional special school places. Alongside this, we are refreshing our Improvement Plan for Inclusion, together with partners, to strengthen the response across the children's system and to ensure that are preventative approaches which will help to manage future demand.

In Education Improvement we have maintained high standards in teaching and learning and we are actively addressing the challenges posed by the influx of students from other areas, which contribute to the risk of insufficient school places in areas of Lancashire. Through collaboration with Asset Management, we are working to ensure that all districts have sufficient school places, allowing children to receive the education they deserve.

Louise Taylor, Executive Director of Adult Services

This quarter the directorate's key risks remain, namely increased waiting times (CORP 3), workforce (CORP 2) and lack of available mental health beds (CORP 10). The winter period is always a time of increased pressure and risks in general across all adult services due to increases in demand, reduced staffing capacity due to illness and the ripple effect of pressures on health and hospital services.

Delays in the procurement and commissioning of mental health services (CORP 10) have exacerbated the pressures on the availability of appropriate mental health provision. This has resulted in increased risks in relation to sourcing the most appropriate provision, at the right time and in the right place. Mitigation plans are in place to support overall management of the risks and a timetable for the procurements has now been agreed.

Some progress has been made in relation to reducing and managing workforce risks (CORP 2). The implementation of the directorate's workforce strategy has led to the directorate's vacancy rate reducing overall from 20% to 15%, sickness rates improving since last year (although there is an expected uptick as winter illnesses start to occur) and turnover has improved. However, there are still pressures and workforce risks across all services, particularly in-house services such as residential homes and hospital teams where vacancy and turnover rates remain stubbornly high. Reducing and managing workforce risks remains a key priority for the directorate.

The directorate's financial risk position remains stable with a relatively small overspend forecast for the year at the end of Quarter 3. Significant headway has been made in relation to the forecast delivery of the directorate's considerable savings programme for 2023/24, however risks remain in relation to demand management and income due from the NHS.

The roll out of the directorate's strengths-based operating model remains a key focus. Plans are in the latter stages of development and include training and development for all staff and a communications plan for staff, key stakeholders, and partners. The new operating model will help the directorate to better manage risks in relation to demand, increasing costs and supporting people to remain safe and well at home.

The new framework contract for people receiving care and support at home went live in November. The framework has reduced risks in relation to the sourcing and commissioning of home care, managing costs (by reducing reliance on costly, off framework arrangements) and has given greater certainty and stability to the market.

For the next quarter, focus remains on our key risks with the impact of winter pressures receiving close monitoring attention.

Mark Wynn, Executive Director of Resources

Overall, the council has an appropriate level of reserves available to manage the financial risks it is facing from 2023/24 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 (CORP 1). A significant risk factor is in relation to savings delivery, as the 2023/24 budget will be based on the delivery of circa £80m of new / previously agreed savings. Indicative savings targets covering the updated Medium Term Financial Strategy position have been allocated to directorates to identify savings proposals to meet the forecast future gap. The updated Medium Term Financial Strategy and budget proposals (including council tax) were presented to January 2024 Cabinet. incorporating the outcome of the local government financial settlement.

In terms of organisational change (CORP 4), a new Change and Digital Board has been established and is meeting. Further prioritisation of change activity is underway with a view to further consolidation of priorities. A single view of change requirements is developing through collaboration between the Change and Digital Board and the People Board, plus links to the property programme. A single change and programme management service is to be introduced by the end of the year and service redesign proofs of concept will be completed on schedule. Initial work to develop a Resources Directorate redesign has been completed.

The Strategy and Performance service have undertaken significant steps to deliver this year's property savings target and are now working with directorates to secure options for future years. Risks around the Building Schools for the Future PFI initiative (CORP 9) continue to be managed to ensure that we deliver suitable and safe education provision. We continue to identify and address issues and pursue areas where necessary. In relation to education, the challenges around school place planning (CORP 5) continue to be addressed as we work with colleagues and schools to predict future needs. This includes close monitoring of population data and migration/development patterns, allowing us to focus on delivering places where and when needed.

In relation to Oracle Fusion Post Implementation (CORP 8), 16 service improvements have been completed as well as the implementation of a Business-as-Usual operating model. Further work is underway with Mastek, Fujitsu and Digital Services to further minimise risks associated with post implementation issues. The Cyber Security (CORP 6) risk score has reduced from 16 to 12, following the implementation of tools, services with our new security partner and the recent certification for PSN. Other compliance work is under way.

Work on the governance review continues at pace. The first draft of the new Constitution has been shared with the Political Governance Working Group and is now being considered by the political groups. The revised constitution will be presented to Full Council for approval in the New Year. Alongside this, a review of the Scheme of Delegation for officers is also being progressed to reduce risk and clearly define roles and accountabilities. Work continues on the devolution deal for Lancashire and legal services are providing support for the Building Schools for the Future programme (CORP 9) and other major development projects to minimise any risk to the council. The Law and Governance resourcing gap is a risk that is currently being considered. Risks in relation to the Oracle Fusion Data Breach (CORP 7) continue to be monitored whilst remedial work is undertaken.

Our People Strategy (CORP 2) has been developed which gives a coherent and cohesive direction of travel for the business in terms of attraction, recruitment, retention, and development with associated metrics. To help deliver the strategy a new operating model for people services has been agreed to support the business with key strategic people risks and activities. A full review of the contingent workforce has been completed to identify required staffing levels and skills. The recruitment process is to be redesigned and benchmarked against best practice. A revised approach to Strategic Workforce planning was launched November 2023.

Phil Green, Executive Director of Growth, Environment, Transport and Health

The Growth, Environment, Transport and Health directorate remains focused on mitigating risks wherever possible, as set out within the risk registers. The rising costs of home to school transport continues to form part of the budget risk to the council and mitigation of this pressing issue continues to be worked on by various teams, not limited to this directorate.

As the council faces financial pressures and macro-economic conditions continue to pose investment, development and construction risks, there are at the same time increased funding opportunities for infrastructure projects. As a result, there is a greater need to carefully mitigate risks to the delivery of major projects. Detailed assessment of priorities, managing external risk and the allocation of staff is crucial in maintaining delivery as well as a considered approach to securing new funding for projects.

A major opportunity which has gained traction over the last quarter is the significant progress towards a devolution deal and Combined County Authority within Lancashire, with the November signing of the proposed devolution deal strengthening our position to secure greater funding and powers. The devolution deal is subject to public consultation until 26 January 2024, after which a final proposal, including any amendments informed by the consultation results, will require consent from Blackburn with Darwen Council, Blackpool Council and Lancashire County Council by mid-March. Management of the process in the next twelve months is crucial, accepting that some risks such as a General Election in 2024, are beyond the control of the county council.