

AUDIT AND ASSURANCE COMMITTEE

Meeting date: 11 March 2021

From: Director of Finance (s151 Officer)

2020/21 QUARTER 3 CORPORATE RISK REPORT

1.0 EXECUTIVE SUMMARY

- 1.1 The committee received the Quarter 2 risk update at the previous meeting on 15 January 2020 and an indication of the direction of travel during Quarter 3.
- 1.2 The purpose of this report is to provide Members with a progress update on the Corporate Risk Register for the third quarter to 31 December 2020.
- 1.3 During the third quarter of 2020/21, the Council along with other Local Authorities faced a particularly challenging period. We started to see significant rises in COVID-19 cases which led to the second national lockdown and introduction of the tiering system across the UK. As we progressed through Quarter 3, it was clear we were entering further phases of response and the Council's attention across many services, and with partners, was focused on response work rather than recovery activity.
- 1.4 As discussed in the Committee meeting in January, in Quarter 3 we also entered the winter period and anticipated additional pressures and impacts from severe weather, seasonal flu, coming to the end of the EU Exit period and increasing pressure on Health & Social Care systems. In anticipation of this combination of events, the Council had been proactive in analysing and developing a suite of response arrangements including; Adult Social Care Winter Plans, EU Exit risk assessments, business continuity and emergency response plans in order to deal with the potential complexity of the concurrent impacts from these events.
- 1.5 It is important to note also that new national priorities in relation to COVID-19 work started to emerge in Quarter 3, relating for example to Lateral Flow Testing and Control Outbreak Management, which required further focus in some key areas, and a realignment of critical capacity to support these important developments.
- 1.6 In early January 2021, government took the decision to enforce a third national lockdown in England that is still ongoing. At the time of writing the report in late February 2021, there has been a steadily improving situation

overall in Cumbria as the number of new COVID-19 cases continue to fall. The NHS COVID-19 Vaccination Programme is progressing well, supported by the establishment of mass vaccination sites in the County. And in addition, over 60 organisations have been trained to undertake their own workplace Lateral Flow Testing and eleven publicly accessible community Lateral Flow Testing sites have been established by the Council across Cumbria.

- 1.7 Alongside the ongoing response to COVID-19, a Cumbria Recovery Strategy has been developed by the Strategic Recovery Coordination Group and is built around the Cumbria Public Health Strategy and existing Partnerships. The draft Strategy document has been issued for public consultation and outlines suggested recovery plans and key priority areas including domestic abuse, poverty, mental health and wellbeing.
- 1.8 There continues to be an inevitable degree of interdependency between a great number of the corporate risks within the risk register associated with the combination of dynamic threats and increased likelihood of occurrence over this winter period and into 2021/22. This has been brought out in the last two deep dive risk presentations that the committee received at the September 2020 and January 2021 meetings which covered four of the high scoring corporate risks to some depth. The issue of risk interdependency will be at the forefront as we carry out the annual refresh of the Councils Corporate Risk Register during Quarter 4. The outcome of the Risk Register review and refresh will be presented at the June 2021 Audit & Assurance Committee meeting.
- 1.9 All corporate risks for Quarter 3 have been reviewed by the Risk Owners Group, Directorate Management Teams, Corporate Management Team and considered at Cabinet Briefing. The Quarter 3 risks and direction of travel outlined in this report should provide assurance that the Council's current Risk Management arrangements are robust, responsive and effective. The concurrency of risks and the continuing dynamic nature of the risk environment were noted at these meetings however, the conclusion is that no individual risk scores have increased.

2.0 STRATEGIC PLANNING AND EQUALITY IMPLICATIONS

- 2.1 The Council Plan 2018-2022 was agreed by full Council in February 2018 and sets the context for fresh approaches and new programmes of work for the Council to take forward over the coming 4 years. The Council Plan Delivery Plan agreed by Cabinet in June 2018 sets out how the Council will contribute towards achieving the outcomes of the Council Plan, with the delivery plan focused on achieving 3 outcomes:
 - i. Places in Cumbria are healthy and safe.
 - ii. Places in Cumbria are well-connected and thriving.
 - iii. The Economy in Cumbria is growing and benefits everyone.

2.2 In context of our New Ways of Working, the Delivery Plan also sets out what we aim to do to ensure that we as an organisation are financially sustainable for the future and can continue to support communities and deliver the best services with the resources available.

2.3 All risks included in the current 2020/21 Corporate Risk Register were refreshed and approved by CMT in August 2020 and are due to be refreshed again during Quarter 4 2020/21 and presented at the June 2021 Audit & Assurance Committee meeting.

3.0 **RECOMMENDATION OF THE DIRECTOR**

3.1 **Members are asked to note the updates on Corporate Risks for Quarter 3 2020/21 and agree that this report provides sufficient assurance that the current Risk Management arrangements are both robust and effective.**

ADVICE OF DIRECTOR

4.0 **QUARTER 3 2020/21 CORPORATE RISK REGISTER**

4.1 **Summary of Corporate Risks at end of Quarter 3:** 12 risks remain on the Quarter 3 corporate risk register, 8 high risks and 4 medium risks. A summary of the high rated risks is listed below in Table 1.

Table 1 - The Council's High Rated Risks at Quarter 3
1.The impact of COVID-19 on the provision of Council Services
2. Deliver a Financially Sustainable Authority
3. Workforce Capacity, Skills, Relationships, Safety & Wellbeing
4. Health and Social Care Demand and System Failure
5. Resilience of the Care Sector and impact on meeting care needs
6. Cumbria COVID-19 Local Outbreak Control Plan fails to prevent or reduce the extent and severity of COVID-19 outbreaks
7. Increasing Demand on Children's Services
8. Information Security Arrangements

Appendix 1 provides a summary of the Quarter 3 corporate risks showing comparative risk scores for Q3 & Q4, end of year target scores and direction of travel.

Appendix 2 offers a more detailed update on the current controls and ongoing improvements to controls over the coming 3 months for each risk.

Summary of changes to Corporate Risks compared with the previous Quarter:

4.2 Table 2 below, provides a summary of the overall changes to the corporate risks for Quarter 3.

Table 2 – Summary of Risk Management Changes at Quarter 3.	
<p>New Risks No new risks had been added to the register during Quarter 3.</p>	<p>Closed Risks No risks have been removed from the register during Quarter 3.</p>
<p>Rescored Risks During Quarter 3, no risk scores have changed.</p>	<p>Emerging Risks During Quarter 3 Climate Change remained as emerging risk and its potential impact on Council Services continues to be reviewed and acted upon.</p>

New & Closed off Risks

4.3 There have been no new corporate risks identified during Quarter 3 for inclusion onto the risk register.

4.4 No risks have been removed from the register during Quarter 3.

Rescored Risks – Quarter 3

4.5 All corporate risk scores have remained the same compared to Quarter 2. Although the risk scores have not changed there is recognition that risk management activity has intensified during the Quarter 3 period, as reflected in the volume of risk mitigation work undertaken and highlighted in red within the risk register in Appendix 2. During this intense period of COVID-19 response, we were also dealing with risk mitigation activity which in some circumstances were an actual by-product of the COVID-19 context itself.

4.6 During Quarter 2, three corporate risks increased in score due to the increasing prevalence of COVID-19 and the impact that this was having on the Health and Care system, the risks included:

- Health and Social Care Demand and System Failure
- Resilience of the Care Sector and impact on meeting care needs
- Cumbria COVID-19 Local Outbreak Control Plan

4.7 The deep dive presentation delivered at the January committee meeting outlined the key controls and mitigating actions that were in place during Quarter 3 to help manage the interrelated aspects of all three risks and in particular the consolidated Winter Plan to deal with the unprecedented demands of this year’s Winter Pressures.

- 4.8 The scores for these three risks have been reconsidered at the end of Quarter 3 and due to the effectiveness of the plans and actions in place no further increase in risk scores have been proposed.
- 4.9 During Quarter 4, the Councils Winter Plan continued to support the management of all aspects of these three risks. With National Lockdown Measures in place since early January, as well as the number of COVID-19 vaccinations increasing across Cumbria we have experienced a steadily improving situation overall with both national and local numbers of cases reducing.

EU Exit and considerations for Quarter 4

- 4.10 Towards the end of Quarter 3, on 24 December, a deal on the UK's future trading and security relationship with the European Union was agreed, a week before the end of the transition period on 31 December 2020.
- 4.11 The implications of leaving the European Union for Cumbria and Council Services had been under consideration since the decision was taken for the UK to leave the EU in 2016 and an officer working group was established, chaired by the Executive Director – Corporate, Customer and Community Services, to plan for this event and to ensure we had adequate arrangements in place to mitigate and to respond to possible scenarios resulting from the end of the Transition Period on 31 December, either with or without a negotiated trade deal.
- 4.12 The new UK-EU Trade and Cooperation Agreement came into effect at 11pm on 31 December 2020, with the start of the new trade arrangements taking place amongst multiple pressures on the Council over the winter months. During Quarter 3 further planning had taken account of the context for multiple risk scenarios resulting from the ongoing Coronavirus pandemic, the potential for severe winter weather events and pressures on the Health & Social Care Systems and the Council was well prepared to provide an effective response to such a scenario.
- 4.13 Also during Quarter 3, the Local Resilience Forum (LRF) established a Multiagency EU Exit planning sub-group, chaired by a lead officer from the Environment Agency and planned arrangements were in place to respond to any eventuality. Intelligence and evidence of impacts were being collated by the Multi-Agency Information Cell (MAIC) from mid-December 2020 with any notable impact or risk resulting from the end of the EU Transition being reported weekly to MHCLG through the LRF.
- 4.14 With a trade deal successfully negotiated by the end of December 2020 and with significant preparatory arrangements in place, including the monitoring, reporting and escalation of impacts, the risk score for this corporate risk remains at 9 at the end of Quarter 3.

- 4.15 Throughout 2021, the EU Exit Officer Working Group will continue to meet quarterly to monitor relevant risk assessments, provide oversight of any further key milestones that will ensure compliance with the new UK-EU Trade and Cooperation Agreement and to provide a wider horizon scan of the impact of new EU Policy changes as well as the medium to long term impact on the Economy and Communities across Cumbria.
- 4.16 From 1 January 2021 and at the time of writing this report in late February there have been no immediate impacts experienced by the Council in relation to exiting the EU however, the wider impact on certain sectors of the Cumbrian Economy such as the Haulage Sector are being closely monitored.

Notable Emerging Risks

Climate Change

- 4.17 The Council continues to reduce its carbon emissions from Council Buildings, from the ongoing LED street lighting replacement programme and from the use of electric vehicles and expansion of electric charging infrastructure. The Cumbria County Council Carbon Management Strategy – Corporate Estate (Non-schools or Highways) 2020 responds to the international, national and regional aspiration to achieve a low/net zero carbon economy. The strategy identifies the areas of emission which allows for the identification of a clear approach to reduce and ultimately move the estate to a net zero carbon position by 2037.
- 4.18 In our risk and service planning, we are balancing expectations both local and national, in respect of the achievement of climate change targets agreed by Government. In delivering on climate change commitments, policy changes will be required in relation to energy planning and consumption and therefore, there is the expectation of significant infrastructure investment by government. However, there will also be the requirement for Councils to respond to support climate change locally, embedding the response into day to day business, for example. The response of the Council will continue to evolve as the policy framework evolves.
- 4.19 The Council is also actively working alongside partners from the public, private, voluntary and community sectors and is joint Chair of the Zero Carbon Cumbria Partnership (ZCCP). More than 70 organisations are now represented on the partnership from the public, private and voluntary sectors. This includes the Cumbria Youth Alliance and strong representation from sustainable community groups from across the county.
- 4.20 The ZCCP commissioned a Carbon Baseline Study for the county that recommends an ambitious but achievable target of 2037 to reach a net zero carbon position for Cumbria. The report states that achieving Net Zero Carbon by 2037 is a challenging but feasible target and one that works within the requirements laid down by the Intergovernmental Panel on

Climate Change (IPCC) for “limiting warming to 1.5 degrees or below” to curb current global warming trends.

- 4.21 The ZCCP successfully bid for National Lottery Funding to cut carbon emissions and this funding has created 12 new jobs that will deliver a programme of activities to achieve net zero carbon by 2037. Two of the posts will be hosted by the County Council. This programme of work started in January 2021, the lead partner and recipient of the funding is Cumbria Action for Sustainability.
- 4.22 The next steps for the Partnership team will be to better understand the carbon footprint at a sector level and begin to put in place action plans, programmes and sector specific targets to work towards the 2037 net zero carbon target for the county.
- 4.23 The Waste and Housing Sector groups have already been established and have a programme lead and team working to refine carbon targets. Transport, Energy and the Rural sector working groups are currently being brought together.

Other Risks

- 4.24 In a previous audit committee meeting, the impact of Scottish Independence was raised for consideration and possible inclusion on the corporate risk register. On 23 January 2021 the Scottish Government published its “roadmap to a referendum” laying out plans for another vote on Scottish Independence ahead of the Scottish Parliament elections in May 2021. This situation will continue to be considered as part of our horizon scanning activities but has not been included on the risk register at this point in time.

5.0 **OPTIONS**

Options - There are 3 options for Members to consider:

- 5.1 **Option 1** - Members agree that the content of the report and the appendices provides sufficient assurance that the current Risk Management arrangements are both robust and effective.
- 5.2 **Option 2** - Members agree that the content of the report and the appendices does not provide sufficient assurance that the current Risk Management arrangements are both robust and effective.
- 5.3 **Option 3** - Members identify any additional new or emerging risks or opportunities to be considered.

6.0 CONCLUSION

- 6.1 All Corporate Risks have been reviewed and a progress update provided for Quarter 3, up to 31 December 2020. All corporate risks have been approved by Corporate Management Team and Cabinet Briefing.
- 6.2 The Quarter 3 risk register contains 12 high or medium rated risks and work continues to either manage or mitigate those risks.

Julie Crellin, Director of Finance (s151 Officer)

Date: 02 March 2021

Appendices

Appendix 1 Corporate Risk Summary Profile Q3 2020/21
Appendix 2 Corporate Risk Register Q3 2020/21

Electoral Division(s): *

** Please remove whichever option is not applicable*

Executive Decision	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No*
Key Decision	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	* No
If a Key Decision, is the proposal published in the current Forward Plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A
Is the decision exempt from call-in on grounds of urgency?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No*
If exempt from call-in, has the agreement of the Chair of the relevant Overview and Scrutiny Committee been sought or obtained?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A*
Has this matter been considered by Overview and Scrutiny? If so, give details below.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No*
Has an environmental or sustainability impact assessment been undertaken?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A*
Has an equality impact assessment been undertaken?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No*

N.B. If an executive decision is made, then a decision cannot be implemented until the expiry of the eighth working day after the date of the meeting – unless the decision is urgent and exempt from call-in and the Corporate Director has obtained the necessary approvals.

PREVIOUS RELEVANT COUNCIL OR EXECUTIVE DECISIONS

No previous relevant decisions.

CONSIDERATION BY OVERVIEW AND SCRUTINY

Not considered by Overview and Scrutiny.

BACKGROUND PAPERS

No background papers

RESPONSIBLE CABINET MEMBER

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