

# **AUDIT AND ASSURANCE COMMITTEE**

**Meeting date: 9<sup>th</sup> December 2019**

**From: Director of Finance (s151 Officer)**

## **2019/20 QUARTER 2 CORPORATE RISK REPORT**

### **1.0 EXECUTIVE SUMMARY**

- 1.1 The purpose of this report is to provide Members with a progress update on the Council's 2019/20 corporate risks for the second quarter to 30<sup>th</sup> September 2019.
- 1.2 There is a proposal to separate the combined Children and Adults Safeguarding risk to provide greater clarity of the improvements being made in the area of Adults Safeguarding therefore, one additional Corporate Risk has been added to the register compared to last quarter. Overall, no risk scores have changed since last quarter.
- 1.3 All corporate risks at the end of Quarter 2 have been reviewed by Corporate Management Team, have been considered at Cabinet Briefing and are presented in this paper for Audit & Assurance Committee to provide assurance that the Council's current Risk Management arrangements are both robust and effective.

### **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 Corporate Risk Register were refreshed by CMT in May 2019.
- 2.4 The Council's service planning arrangements will define how services will contribute to the delivery of Council outcomes together with other statutory responsibilities. These arrangements will also include the identified operational risks that require to be managed to ensure the delivery of service and council outcomes and that have the potential to escalate to the Corporate Risk Register.

### **3.0 RECOMMENDATION OF THE DIRECTOR**

- 3.1 ***Members are asked to note the content of the Quarter 2 report, and agree that it provides sufficient assurance that the current Risk Management arrangements are both robust and effective.***
- 3.2 ***Members are asked to receive a presentation on the corporate risk; Learning Disability Partnership Arrangements.***

### **ADVICE OF DIRECTOR**

#### **4.0 QUARTER 2 2019/20 CORPORATE RISK REGISTER**

- 4.1 **Summary of Corporate Risks:** There are now 11 risks on the Quarter 2 corporate risk register, 6 high risks and 5 medium risks. A summary of the high risks are listed below in Table 1;

<b>Table 1 - The Council's High Risks at Quarter 2</b>
1. Prevention of & Placement Sufficiency for Children Looked After
2. Workforce Capacity
3. Deliver a Financially Sustainable Authority
4. Care needs & continuity of care
5. Learning Disability Partnership arrangements
6. Information Security arrangements

**Appendix 1** summarises the comparative risks scores for Q1 & Q2, end of year target scores and direction of travel.

**Appendix 2** offers a more detailed narrative of the current controls and ongoing improvements to controls for each risk over the coming 3 month period. This register is underpinned by various programmes of work to embed, maintain and develop the stated controls.

**Appendix 3** outlines a number of key areas for Risk Management Improvement aimed at strengthening and embedding improved Strategic and Operational risk controls across the Council.

**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, including the identification and monitoring of key emerging risks.

<b>Table 2 – Summary of Risk Management Changes at Quarter 2</b>	
<p><b>New Risks</b> No new risks have been added to the register during Quarter 2 however, the previously combined Safeguarding risk has been separated into two Children’s and Adults Safeguarding risks.</p>	<p><b>Rescored Risks</b> No risks have been rescored in the last quarter.</p>
<p><b>Emerging Risks</b> The potential Impact of Brexit and of the emerging Government Climate Change Policy on Council Services is under ongoing review.</p>	<p><b>Closed Risks</b> No risks have been removed from the register in the last quarter.</p>

**New & Closed off Risks**

4.3 No new risks have been added to the risk register during Q2 however, the previously combined safeguarding risk; ***Safeguarding of Children and Adults*** has been approved by People Directorate Management Team and Corporate Management Team for separation into two corporate risks.

4.4 Safeguarding within both Children and Adults will continue to develop and the risks will be amended accordingly. Significant developments in the area of Adults Safeguarding has taken place with further work ongoing and the main reasons behind separating the safeguarding risks at this time are;

**i. Transformation of Adult Social Care**

- Ownership of the combined Children & Adults Safeguarding Risk dates back to when there was shared ownership for the Adults portfolio between an AD Adults North and an AD Adults South, with the AD North taking the lead for safeguarding.
- The recent reshaping of Senior Leadership Team has led to the introduction of AD Adults (Deputy DASS) and AD Integration and Partnerships.
- The Safeguarding portfolio currently sits with AD Integration and Partnerships and operational responsibility for safeguarding and the safeguarding team sits within Adult Social Care, for which the AD Adults (Deputy DASS) is responsible.

- This new safeguarding service and new team is dedicated to improving practice, outcomes and developing robust processes.

**ii. Clarification of progress and risk improvements within Adults Safeguarding**

- The proposal to separate out Adults and Children Safeguarding risk was put to People DMT on Wednesday 9th October 2019 and supported by the meeting, chaired by Nick Jarman Executive Director People. The rationale for this is to ensure that specific risks and progress can be clearly seen and reflected respectively.
- Since October 2018, there has been significant work undertaken in Adult Social Care, with dedicated resource focussing upon improving practice in relation to decision making and recording. As a result, there is now a more robust approach to reporting and this is now a standard agenda item on the weekly Leadership Team Meeting of Snr Managers and AD Adults (Deputy DASS). The reported data is used to inform targeting of resources to ensure best practice.
- There is now a tighter grip in terms of safeguarding and the Adult Social Care reshaping includes the creation of a dedicated Snr Manager for Safeguarding who will be responsible for the new dedicated Safeguarding Service for Adults. This new team will create capacity for transforming adult safeguarding practice in Cumbria and this should be reflected in the corporate risk register.

4.5 No risks have been removed from the risk register.

**Rescored Risks**

4.6 There has been no change to risk scores in the last quarter, at the mid-point of the year.

4.7 The target achievement of reduced risk scores was considered at the Risk Owners Group on 28<sup>th</sup> October 2019 and a summary of the reasons why, for two of the corporate risks, the current scores remain higher than the end of year target scores is provided in Table 3 below.

<b>Table 3 - Status of current risk scores versus end of year target risk scores</b>		
<b>Q2 Risk Score</b>	<b>End Yr Target Score</b>	<b>Reason why Q2 risk score is currently higher than end of year risk target.</b>
<b>Corporate Risk 6 - Information Security Arrangements</b>		
<b>15</b>	<b>10</b>	This risk is a combination of ICT Cyber Security and Data Security threats and remains above the target score for the following reasons;

### **For ICT Cyber Security**

- Cyber-attack regionally, nationally and internationally remains a high risk and the impact of this risk should it occur would be significant to the Council.
- During 2018/19, information security controls have been strengthened to minimise the likelihood of an external cyber-attack. These information security controls have been independently assessed with positive progress acknowledged;
  - Cyber Security: 'Reasonable Assurance' Internal Audit opinion Jul 2019
  - PSN: Annual independent Accreditation confirmed July 2019

### **For Data Security**

Since the introduction of new GDPR legislation, significant work was undertaken to increase controls across a wide number of work streams.

- GDPR was recognised as the highest possible 'Substantial Assurance' Internal Audit opinion in July 2019 recognising the strength of governance arrangements in place.
- There is however an increased GDPR requirement to report data protection breaches and near misses to the Senior Information Risk Officer (SIRO) and where required escalate to the Information Commissioner Office (ICO) and this has resulted in an increase in the numbers of both data breaches and near misses being reported for the Council, which in summary are mainly human errors rather the system or governance failures. This has also resulted in a subsequent increase in the number of self-referrals to the ICO.
- Additionally, the financial impact of data breaches determined by the ICO nationally has increased with other authorities and companies receiving larger fines for GDPR non-compliance. Whilst no penalties have been placed on the County Council to date, there is a risk of potential penalties in the future should data breaches from human error not reduce.
- Overall, balancing the ongoing cyber security threat levels internationally and the fact that Cumbria is not yet reducing the data breach near misses or incidents it is felt prudent that a further period of time during Quarter 3 is required to further embed the internal controls documented in Appendix 2 into operational practice to ensure a result in a lower number of data breaches being reported. The likelihood risk

		score will then reassessed again in December 2019.
<b>Corporate Risk 5 - Learning Disability Partnership Arrangements</b>		
<b>15</b>	<b>10</b>	<p>There are two main causes of this risk; not having the financial resources transferred into the health and social care economy in Cumbria and lacking available, suitable and affordable service and support providers.</p> <p>Progress has been made in relation to the latter causal factor by the introduction of:</p> <ul style="list-style-type: none"> <li>• The Additional Needs Framework is in place and includes in excess of 30 Providers who have been assessed and able to meet the needs of people who are considered to be part of the “Transforming Care” Group. The Framework is opened on a regular basis with an increasing number of Providers expressing their desire to work in partnership with Cumbria County Council and the CCGs.</li> <li>• Alongside the Framework the development of the Dynamic Support Registers and the Enhanced Community Models have been helpful in identifying early intervention and supporting existing support providers to deliver support to people at challenging times. The Dynamic support register is simply a register of individuals who due to current circumstances may be at risk of admission into hospital for assessment and treatment. The list, which includes children and young people is reviewed on a regular basis and people move on and off as their needs change. The Enhanced Community model is an additional team of professionals who work alongside existing providers offering support and guidance to prevent a hospital admission.</li> </ul> <p>All of these improvements are in the process of being embedded and it is expected that the risk likelihood score will reduce by the end of Q3.</p>

## Horizon Scanning - notable Emerging Risks 2019/20

### Brexit

- 4.8 National developments and government planning assumptions for Brexit remain under review.
- 4.9 Preparation for the operational impact of a No Deal Brexit has been undertaken over the last year, including planning for a range of scenarios. Preparations will be kept under review over the coming weeks.

### Climate Change

- 4.10 The impact of the emerging Government Climate Change Policy on the delivery of Cumbria County Council Services also remains under review.

- 4.11 Cumbria County Council continues to be committed to tackling Climate Change through a variety of initiatives with the aim to reduce carbon emissions and mitigate the likely impact of existing climate change.
- 4.12 One specific initiative, was for the Joint Public Health Strategy to commission a robust carbon baseline for consumption and production based emissions.
- 4.13 This baseline assessment has been completed and the results are expected to be reported in December 2019. This will provide the joint working group; including the County Council, District Councils, the Lake District National Park, and key leaders from other Cumbrian organisations including the University, the LEP, and interested business voices, with the information to allow all members of this working group to individually and collectively set priorities, targets and define action plans to support the reduction of carbon emissions.

## **5.0 RISK MANAGEMENT IMPROVEMENT ACTIVITY**

- 5.1 A range of improvement activities have been identified that will underpin the delivery of the outcomes stated within the Council Plan Delivery Plan 2018-2022 as well as address recommendations from Internal Audit Findings. Additionally, these activities will improve the Councils Governance arrangements and will help embed the management of both Strategic & Operational risks. These activities are listed in the Risk Management Improvement Plan in Appendix 3 of this report.

### **Notable Risk Management Activity during Quarter 2.**

#### **Risk Owners Group**

- 5.2 A meeting of the Risk Owners Group took place on 28<sup>th</sup> October 2019 to review the content of the Quarter 2 risk register and to challenge progress against improvements to internal controls and to end of year target scores.
- 5.3 Discussions took place about the development of a Corporate Risk Appetite Statement and it was agreed to consider the integration of this work with the development of a Council wide prioritisation methodology.
- 5.4 Additionally, the Risk Management Policy and guidance documents have been refreshed and will be approved during Quarter 3.

## OPTIONS

**6.0 Options** - There are 3 options for Members to consider:

6.1 **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.

6.2 **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.

6.3 **Option 3** - Members identify any additional new or emerging risks or opportunities to be considered.

## 7.0 CONCLUSION

7.1 All Corporate Risks for Quarter 2 up to 30<sup>th</sup> September 2019 have been reviewed, updated and approved by Corporate Management Team and Cabinet Briefing.

7.2 The current risk register contains 11 high or medium rated risks and work has continued to either manage or mitigate those risks.

**Julie Crellin, Director of Finance (s151 Officer)**

**Date: 14<sup>th</sup> November 2019**

### Appendices

<b>Appendix 1</b> Corporate Risk Summary Profile	Q2 2019/20
<b>Appendix 3</b> Corporate Risk Register	Q2 2019/20
<b>Appendix 4</b> Risk Management Improvement Plan	Q2 2019/20

Electoral Division(s): \*

\* *Please remove whichever option is not applicable*

Executive Decision

	No*
--	-----

Key Decision

*	No
---	----

If a Key Decision, is the proposal published in the current Forward Plan?

		N/A
--	--	-----

Is the decision exempt from call-in on grounds of urgency?

	No*
--	-----

If exempt from call-in, has the agreement of the Chair of the relevant Overview and Scrutiny Committee been sought or obtained?

		N/A*
--	--	------

Has this matter been considered by Overview and Scrutiny?

	No*
--	-----

If so, give details below.

Has an environmental or sustainability impact assessment been undertaken? 

		N/A*
--	--	------

Has an equality impact assessment been undertaken? 

	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**

Councillor Stewart Young, Leader of the Council.

**REPORT AUTHOR**

Contact: Helen Kirk, Senior Risk Officer

Finance Team

[Helen.kirk@cumbria.gov.uk](mailto:Helen.kirk@cumbria.gov.uk)

Democratic Services: Nicola Harrison – [nicola.harrison@cumbria.gov.uk](mailto:nicola.harrison@cumbria.gov.uk)