

# **AUDIT AND ASSURANCE COMMITTEE**

**Meeting date: 30 June 2022**

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

## **2022/23 CORPORATE RISK REGISTER REFRESH**

### **1.0 EXECUTIVE SUMMARY**

- 1.1 The purpose of this report is to present a refreshed Corporate Risk Register for 2022/23, together with the supporting rationale for changes to the 2021/22 register, including any new and emerging risks.
- 1.2 Once approved, the refreshed Corporate Risk Register will be updated on a quarterly basis in line with the Council's Performance and Risk Management Framework. The register will then be presented to the Audit and Assurance Committee quarterly to provide Members with a progress update and provide assurance that the current risk management arrangements are both robust and effective.

### **2.0 STRATEGIC PLANNING AND EQUALITY IMPLICATIONS**

- 2.1 As a result of Local Government Reorganisation (LGR) within Cumbria, a 12-month extension to the existing four-year Council Plan was agreed by Cabinet in March 2022, and the Council Plan 2018-2022 will now run until 31 March 2023. This supports a consistent focus on delivery of the broader outcomes across the Council in a rapidly changing working landscape.
- 2.2 To reflect the changing parameters within the Council, a new Council Plan Delivery Plan 2022-23 was agreed by Cabinet in March 2022. The purpose of the Delivery Plan remains the same: to set out the key actions that the Council has committed to in order to successfully deliver the Council Plan.
- 2.3 The new Council Plan Delivery Plan 2022-23 was implemented during Quarter 4 2021/22 and the previous 50 actions and 41 performance measures are replaced with 67 broader priority areas and new 'context measures', combining both qualitative and quantitative performance information and split across the existing Council Plan outcomes:

- i. New ways of working and achieving financial sustainability
  - ii. People in Cumbria are Healthy and Safe
  - iii. Places in Cumbria are Well Connected and Thriving
  - iv. The Economy in Cumbria is growing and benefits everyone
- 2.4 The Council's Service Plans will define how services will contribute to the delivery of the Council Plan outcomes together with other statutory responsibilities. The Council is also required to have good systems of corporate governance and internal control in place, including robust risk, performance, financial, and other operational management processes and procedures that will enable the delivery of Council outcomes.
- 2.5 There is therefore a need to annually review and refresh all Strategic level risks to ensure their ongoing relevance to the delivery of the Council Plan and the Council Plan Delivery Plan, the changing needs of the Council, and to identify any new or emerging Strategic risks as they arise. Progress on the management of these Strategic risks is then monitored quarterly. The review of Directorate and or Service Level risks should also take place within Directorates as part of their performance management arrangements that underpin the delivery of their service plan. This is the recommended approach defined within the Performance & Risk Management Framework.

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

- 3.1 Members are asked to note the summary of refreshed risks and agree that they adequately cover all areas of Strategic Risk for 2022/23.
- 3.2 Members identify any additional new or emerging risks to be added to the Corporate Risk Register for 2022/23.

## **ADVICE OF DIRECTOR**

### 4.0 **BACKGROUND**

- 4.1 In line with the Council's Risk Management Policy, it is good practice to formally review and refresh the Corporate Risk Register annually, taking account of the current and predicted future internal and external environment in which the Council and its Strategic Partners operate.
- 4.2 The Risk Owners Group led the review and refresh of all current corporate level risks and the identification of any new or emerging risks for 2022/23.
- 4.3 All Directorate Management Teams have been engaged in the review of all corporate risks rolling forward from last year as well as the identification of new and emerging corporate risks for 2022/23.

4.4 Corporate Management Team has also had oversight of the refreshed corporate risks and the rationale for inclusion or removal of risks from the 2022/23 risk register.

4.5 After discussion at the Risk Owners Group and having considered the recent National Policy Update Paper delivered to CMT in March 2022, the key areas of change and uncertainty that provide the context for the delivery of Council Plan outcomes and the delivery of Council Services over the next 12 months (and beyond) are listed below.

- The emerging medium and long-term impacts of the COVID-19 pandemic and the potential for further resurgence of a new and significant COVID-19 variant of concern.
- The Local Government Reorganisation in Cumbria and its impact on workforce capacity and competing priorities while striving to deliver our statutory duties and business as usual.
- The significant level of national policy reform coming through in 2022/23 and beyond with implications across the Council for the design and implementation of the two new unitary authorities.
- The 'cost of living crisis' caused by a combination of high inflation outstripping wage increases and tax increases that will have a wide business and societal impact and will disproportionately impact low-income households and the most vulnerable in society. This crisis is expected to worsen in the coming year and the Council will continue to track the impact of government measures and manage the increasing demand on Council Services.
- The compounded effect of Brexit, the COVID-19 Pandemic and the current Ukraine/Russia conflict has increased global volatility. This is causing an increase in the level of inflation, an increase in food prices and utility bills, it is impacting on supply chains, on cyber security, on immigration and the settlement of refugees.
- Climate Change and the need to meet challenging carbon reduction targets will remain prominent. There is also the impact of global events and the associated rising cost of energy and fuel.
- Continued uncertainty about the future of local government funding, with continued 1-year local government financial settlements but with the delayed fair funding review and lack of clarity about business rate retention and business rates reform.

4.6 The convergence of all of the listed areas of change and uncertainty, as well as the pace of change now required to meet the 31 March LGR deadline will

certainly expose the Council and our workforce to increasing pressure and challenge over this year 2022/23 and beyond.

- 4.7 These factors will continue to be monitored to evaluate their impact on the current register of Corporate Risks or any new emerging risks throughout 2022/23.

## The Proposed 2022/23 Corporate Risk Register

- 4.8 Appendix 1 sets out the risks currently listed in the 2021/22 corporate risk register as at Quarter 4 and a summary of the proposed changes to each of these risks, indicating:

- whether the risk description will roll forward unchanged or has been reworded
- whether the risk is to be closed off or a new risk have been identified
- whether any new emerging risks have been identified

- 4.9 In summary, of the 13 corporate risks listed in the 2021/22 risk register, 8 of these risks will roll forward with unchanged risk descriptions, 5 risks will have reworded risk descriptions or causal factors, 0 risks will be added to the register and 0 risks will be closed off. A summary of this is provided below.

Recommendation	Risk Titles
Rolled forward with unchanged risk description.	<ul style="list-style-type: none"> <li>• LGR - Organisational Risk</li> <li>• Impact of COVID-19 on the delivery of Council Services</li> <li>• Management of Significant Contracts</li> <li>• Safeguarding of Children</li> <li>• Workforce Capacity</li> <li>• Information Security Arrangements</li> <li>• Deliver a Financially Sustainable Authority</li> <li>• Become a Net Zero Climate Resilience Council</li> </ul>
Rolled forward with reworded risk description, or causal factors	<ul style="list-style-type: none"> <li>• Resilience of the Care Sector and impact on meeting care needs.</li> <li>• Health and Social Care Demand and System Failure</li> <li>• Increasing Demand on Children’s Services</li> <li>• Safeguarding of Adults</li> <li>• Cumbria COVID-19 Local Outbreak Control Plan</li> </ul>
New risks to be added	<ul style="list-style-type: none"> <li>• None</li> </ul>
Risks Closed off	<ul style="list-style-type: none"> <li>• None</li> </ul>
Emerging risks	<ul style="list-style-type: none"> <li>• To be continually monitored</li> </ul>

- 4.10 Over the next 12 months, the Local, National and Global context in which the Council continues to operate will be subject to great change and uncertainty. We will, through the Risk Owners Group continue to consider the main areas of reform, change and uncertainty most likely to impact Cumbria County Council over this period and advise DMT's and CMT accordingly
- 4.11 One of the more significant areas of concern for 2022/23 is the worsening impact of the 'cost of living crisis'. There is a need to understand the full impact of this crisis on current Council Services and to identify any key issues that need to feed into the LGR Programme and for the new Shadow Authorities to consider going forward.
- 4.12 As such, the County Council is currently analysing this growing crisis and its implications in terms of National Policy responses, the current operating context for the Council and emerging models of how local authorities are responding to the poverty and socio-economic inequalities
- 4.13 At the end of Quarter 1 2022/23, all corporate risks will be assigned risk scores for anticipated strategic 'impact' and the 'likelihood' that the risk will be realised. All risks will be assigned a target score to reflect the level of tolerance that the Council considers to be acceptable by year end and relevant internal controls will be identified as a means of managing the risk to the agreed level of tolerance (target).

## **5.0 OPTIONS**

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

- 5.1 **Option 1** - Members approve the refreshed Corporate Risk Register for 2022/23
- 5.2 **Option 2** - Members seek further clarification on specific risks currently identified.
- 5.3 **Option 3** - Members identify any additional new or emerging risks or opportunities to be considered for the Risk Register.

## **6.0 CONCLUSION**

- 6.1 In line with the Council's Risk Management Policy, the Corporate Risk Register has been reviewed and refreshed taking into account both the external and internal environments.
- 6.2 During 2022/23, the Audit and Assurance Committee will receive quarterly progress updates on the corporate risk register, enabling members to consider the effectiveness of the Council's risk management arrangements, to review the Council's ongoing risk profile and to receive assurances that

appropriate actions are being taken to mitigate and manage the Council's strategic risks.

**Pam Duke, Director of Finance (s151 Officer)**

**Date: 21 June 2022**

**Appendices**

**Appendix 1 - Summary of risk changes between Q4 2021/22 risks and Q1 2022/23 Risks.**

Electoral Division(s): \*

*\* Please remove whichever option is not applicable*

Executive Decision	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No*
Key Decision	<input checked="" 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"/>	N/A
Is the decision exempt from call-in on grounds of urgency?	<input type="checkbox"/>	<input checked="" 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"/>	N/A*
Has this matter been considered by Overview and Scrutiny? If so, give details below.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No*
Has an environmental or sustainability impact assessment been undertaken?	<input type="checkbox"/>	<input type="checkbox"/>	N/A*
Has an equality impact assessment been undertaken?	<input type="checkbox"/>	<input checked="" 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**

**Councillor Stewart Young, Leader of the Council.**

**REPORT AUTHOR**

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