

AUDIT AND ASSURANCE COMMITTEE

Meeting date: 30 June 2022

From: Director of Finance (s151 Officer)

2021/22 QUARTER 4 CORPORATE RISK REPORT

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to provide Members with a progress update on the Corporate Risk Register for the fourth quarter to 31st March 2022.
- 1.2 All corporate risks at the end of Quarter 4 have been reviewed by the Risk Owners Group, Directorate Management Teams, Corporate Management Team and considered at Cabinet Briefing. The Quarter 4 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.

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 Following the emergence of the COVID-19 Omicron variant during Quarter 3, it continued to have a direct and disruptive impact across Council Services in relation to staff shortages and increased absence levels throughout January to March 2022. Alongside this, the Local Government Reorganisation programme of work continues to provide additional challenge as we strive to deliver Business as Usual.
- 2.4 All risks included in the current 2021/22 Corporate Risk Register were refreshed and approved by CMT in May 2021 and presented to the June 2021 Audit & Assurance Committee meeting. At the end of Quarter 4

2021/22, the Corporate Risk Register refresh report has been written outlining the proposed risk register for 2022/23.

3.0 RECOMMENDATION OF THE DIRECTOR

- 3.1 Members are asked to note the updates on Corporate Risks for Quarter 4 2021/22 and agree that this report 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 *Financial Sustainability* Corporate Risk.**

ADVICE OF DIRECTOR

4.0 QUARTER 4 2021/22 CORPORATE RISK REGISTER

Background to Quarter 4 2021/22 & early Quarter 1 2022/23

- 4.1 Following the emergence of the COVID-19 Omicron variant during Quarter 3 2021/22, case numbers continued to increase across Cumbria in early January 2022, peaked mid-January and started to fall off in late January.
- 4.2 As a result of the vaccination programme and booster rollout, Government was able to ease and eventually fully remove all restrictions across England in late February 2022. Government announced changes to England's measures in tackling COVID-19 and issued new guidance in the form of their *Living with COVID-19 Plan* which is designed to manage COVID-19 like other respiratory illnesses, while minimising hospitalisations. The plan also retains the ability to respond if a new variant emerges with more dangerous properties than that of Omicron or during periods of waning immunity that could threaten to place the NHS under further unsustainable pressure.
- 4.3 In Cumbria, the spread of the Omicron variant created additional and unprecedented workforce pressures across the Care Sector, within the Council's Adult Social Care teams and across many other Council Services. The combination of already existing workforce pressures from unfilled vacancies, lack of available agency staff, staff absences, self-isolation and increasing demand as a result of the Omicron variant resulted in challenges to the delivery of Council services.
- 4.4 Although we are experiencing an improving situation in Cumbria, the Omicron variant continues to circulate, and workforce capacity remains fragile across many services. Corporate guidance has been issued to inform staff of the agreed measures that will meet business needs alongside a clear priority to protect employees and the people we serve.

- 4.5 There is an expectation that new variants of COVID-19 will continue to emerge and given the uncertainty, the Council's Public Health team will continue to monitor the virus and be ready to respond to resurgences and new variants should they arise.
- 4.6 In addition to the medium to long term impacts of COVID-19, the current conflict in Ukraine is adding to global volatility and impacting on inflation, supply chains and the cost of food and fuel and has resulted in a worsening 'cost of living crisis', especially for those in low-income households.
- 4.7 The County Council has been providing, granted and commissioned various support services and programmes that have been mitigating the cost of living crisis. This current situation is marked by the convergence of immediate demands based on the cost of living crisis, the pandemic recovery process and anti-poverty challenges.
- 4.8 The local picture in Cumbria matches the national picture, with a significant rise in demand for immediate welfare support and greater levels of intervention.
- 4.9 In addition, an agreement has been granted by both Corporate and County Council JCG for Senior Officers and Trade Unions to work in partnership to develop a support offer and identify practical measures to help those staff impacted by this cost of living crisis.
- 4.10 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.
- 4.11 Across the Council, the Local Government Reorganisation (LGR) programme continues to provide additional challenge as we strive to manage this complex programme of work as well as deliver Business as Usual.
- 4.12 During Quarter 4, the LGR Structural Change Order (SCO) was laid before parliament in January 2022 and came into effect in March 2022. This SCO set in motion further steps of the LGR process including the formation of two Joint Committees for the new councils ahead of the Shadow Authorities being in place from 5 May 2022.
- 4.13 There is recognition of the increasing level of concurrent risks and issues that will lead to an increasing level of demand for Council Services at a time when COVID-19 and LGR continue to affect workforce capacity and our ability to recruit and retain permanent, temporary or externally provided workforce.

Summary of Corporate Risks at end of Quarter 4

- 4.14 There are 13 risks on the Quarter 4 corporate risk register, 9 high risks and 4 medium risks. A summary of the high rated risks listed by risk score, is listed in Table 1.

Table 1 - The Council's High Rated Risks at Quarter 4
1. Resilience of the Care Sector and impact on meeting care needs
2. Health and Social Care Demand and System Failure
3. Deliver a Financially Sustainable Authority
4. Workforce Capacity, Skills, Relationships, Safety & Wellbeing
5. Become a Net Zero and Climate Resilience Council
6. Increasing Demand on Children's Services
7. LGR Organisational Risk
8. The impact of COVID-19 on the provision of Council Services
9. Information Security Arrangements

Appendix 1 provides a summary of the Quarter 4 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:

- 4.15 Table 2, provides a summary of the overall changes to the corporate risks at the end of Quarter 4.

Table 2 – Summary of Risk Management Changes at Quarter 4.	
<p>Closed Risks</p> <ul style="list-style-type: none"> - No risks have been removed from the register during Quarter 4. 	<p>New Risks</p> <ul style="list-style-type: none"> - No new risks had been added to the register during Quarter 4.

<p>Rescored Risks</p> <ul style="list-style-type: none"> - At the end of Q4, the score for the <i>Cumbria COVID-19 Local Outbreak Control Plan</i> risk has reduced from 12 to 9 	<p>Horizon Scanning</p> <ul style="list-style-type: none"> - During Quarter 1 and beyond, all areas of emerging risks will continue to be monitored, especially in context of ongoing pressures within the Care Sector, Health & Social Care, Children's Services, Local Government Reorganisation and the evolving 'cost of living' crisis.
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New & Closed off Risks

- 4.16 There have been no new corporate risks identified during Quarter 4 for inclusion onto the risk register.
- 4.17 No corporate risks have been removed from the register during Quarter 4.

Changes to Risk Scores and further updates

4.18 Cumbria COVID-19 Local Outbreak Control Plan risk

At the end of the Q4 period, the overall COVID-19 situation had improved across Cumbria and there is a proposal to reduce the risk score from 12 to 9 as the result of.

- All COVID-19 restrictions came to an end in late February and new ***Living with COVID*** measures were introduced.
- The COVID-19 vaccination programme was successfully delivered and although the case rates in some Council Services remained high, hospitalisations and the mortality rate remained low.
- There is uncertainty around the emergence of new COVID-19 variants however, the Council's Public Health team will continue to monitor the virus and be ready to respond to resurgences and new variants should they arise.

4.19 Resilience of the Care Sector & Impact on meeting care needs and Health & Social Care Demand and System Failure risks

There is no change in risk scores for either of these risks since the last quarter, however new measures continue to be evaluated and introduced to address the following issues.

- The Health & Social Care System continues to experience pressure due to the ongoing impact of COVID-19 on staffing sustainability and capacity. This continues to impact the overall resilience of the system and may be further challenged by the emerging 'cost of living' crisis.

- Demand for care continues to increase, mainly in home care services and reablement, due to increased admissions and therefore discharges from hospitals requiring care to return safely home.

4.20 **Demand on Children's Services**

There is no change to the risk score for this risk, however new measures continue to be introduced to address the following issues.

- Workforce capacity is an issue, with a lack of permanent, temporary and externally provided workforce to meet the full statutory requirements of Children's Services.
- Also, there is insufficient placement sufficiency, and it is becoming harder to place younger children and children with complex needs.

4.21 With all of the pressures being experienced across the Council during Quarter 4, there is recognition that risk management measures have continued to be maintained or improved in order to keep the risk scores at the same level as last quarter. All risk improvement activity undertaken in the last quarter is highlighted in red within the Corporate Risk Register, in Appendix 2.

Horizon Scanning and emerging risks

4.22 Over the next 12 months, the context in which the Council operates will be subject to significant change and uncertainty that will impact on the delivery of Council Services. These main areas of change and uncertainty are outlined in the 2022/23 Corporate Risk Register Refresh report and represent a complex set of concurrent threats and issues that will inevitably add additional demand and challenge to the County Council and the two new Unitary Authorities.

4.23 With the UK experiencing a significant 'cost of living' crisis and households facing the simultaneous impact of tax increases, rising interest rates and inflation outpacing rises in income (including wages, pensions, working age benefits) this is one of the greatest areas of concern for 2022/23 and beyond.

4.24 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.

4.25 The Risk Owners Group will continue to consider those areas of reform, change and uncertainty most likely to impact Cumbria County Council over this period and advise DMT's and CMT accordingly.

4.26 All corporate risks have been reviewed for their ongoing relevance over the next 12 months and any new or emerging risks considered. As mentioned in paragraph 4.15, this is the subject of the 2022/23 Corporate Risk Refresh report also included on the 30 June 2022 Audit & Assurance Committee agenda.

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 4, up to 31 March 2022. All corporate risks have been approved by Corporate Management Team and Cabinet Briefing.

6.2 The Quarter 4 risk register contains 13 high or medium rated risks and work continues to either manage or mitigate those risks.

Pam Duke, Director of Finance (s151 Officer)

Date: 21 June 2022

Appendices

Appendix 1 Corporate Risk Summary Profile

Q4 2021/22

Appendix 2 Corporate Risk Register

Q4 2021/22

Electoral Division(s): *

** Please remove whichever option is not applicable*

Executive Decision

	No*
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Key Decision

*	No
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If a Key Decision, is the proposal published in the current Forward Plan?

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

	No*
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If exempt from call-in, has the agreement of the Chair of the relevant

		N/A*
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Overview and Scrutiny Committee been sought or obtained?

Has this matter been considered by Overview and Scrutiny?
If so, give details below.

	No*
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Has an environmental or sustainability impact assessment been undertaken?

		N/A*
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Has an equality impact assessment been undertaken?

	No*	
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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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