

<b>AUDIT AND ASSURANCE COMMITTEE</b>
<b>Meeting date: 9 March 2023</b>
<b>From: Director of Finance (s151 Officer)</b>

## **2022/23 QUARTER 3 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 third quarter to 31 December 2022 and projected quarter 4 position. This is the final Corporate Risk Report for Cumbria County Council prior to the commencement of the two Unitary Councils, Cumberland and Westmorland & Furness.
- 1.2 All corporate risks at the end of 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.
- 1.3 During the Quarter 4 period, Risk Workshops will take place within the two shadow Authorities to consider all Corporate Risks across all seven sovereign authorities for their ongoing relevance to the new Authorities and to identify any new risks that may impact the newly formed Councils over the first 12-24 months.

### **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 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 new Delivery Plan sets out a series of indicators supporting the four Council Plan outcomes, alongside an additional set of 'context indicators'.

2.3 All risks included in the current Quarter 3 2022/23 Corporate Risk Register were refreshed and approved by CMT in May 2022 and presented to the June 2022 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 2022/23 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 further presentation in relation to the critical area of Adult Social Care, this time to provide assurances around the effective closure of County Council Services at 31 March and the preparations for service continuity within the new Councils from 1 April 2023.**

## **ADVICE OF DIRECTOR**

### **4.0 QUARTER 3 2022/23 CORPORATE RISK REGISTER**

#### **Background to Quarter 3 & early Quarter 4**

4.1 During Quarter 3 and into Quarter 4 2022/23, the wider risk landscape includes several ongoing and concurrent areas of significant change and increasing uncertainty.

- **Local Government Reorganisation (LGR)** preparations continue across the County Council providing competing priorities in the delivery of Council services up until 31 March and planning for the transition to the two new Unitary Authorities.
- **The ‘Cost of Living Crisis’** continues to drive national and local government agendas to help mitigate the impact of this crisis within communities and for Council staff.
- **Inflationary pressures** – the Council continues to face significant financial pressures relating to high levels of inflation.
- **COVID Response** – The Council continues to experience the impact of COVID-19, both directly and indirectly, over the winter period causing a reduction in staffing capacity most significantly to front line health and social care workers.

- **An increasing number of industrial disputes** across public and private sector organisations have and will continue to impact the Council, especially front-line Health & Social Care employees.
- 4.2 In line with national and regional trends, there continues to be unprecedented pressure on social care services with increased demand and staff shortages significantly exacerbated by ongoing Covid pressures, Winter Pressures across the health system, the Cost-of-Living Crisis and more recently the impact of Industrial disputes. Adult Social Care Services have implemented a system to risk assess and monitor unmet need in the community and non-community setting to ensure that support is in place ensuring people's safety. This is monitored and reported with Assistant Director oversight.
- 4.3 Also, the overarching *Promoting Independence Programme for 2022/23* remains in place to address the complexity of challenges across Health & Social Care and includes the following workstreams.
- Resilient Communities and Managing Demand
  - Developing a workforce for the future
  - Market development, sustainability & new models of care
  - Making best use of Technology
  - Performance and Quality to support developing a strong evidence based for CQC inspections
- 4.4 At the December 2022 Audit & Assurance Committee, a deep dive presentation was delivered around the unprecedented pressures across Adult Social Care Operations, Cumbria Care, the Care Market, system coordination and partnerships and between Social Care and the NHS and the key controls, actions and improvements being taken to coordinate and manage this complex situation. In addition, an LGR update was provided, highlighting the decision to disaggregate most of Adult Social Care Services including Provider Services (Cumbria Care) and the governance and work package Steering Groups in place to manage Day 1 readiness for these services within the new Councils.
- 4.5 With the need for ongoing assurance, the Audit & Assurance Committee requested a final deep dive presentation around these same critical and high-risk areas of the Council as they approach closure on 31 March 2023 and disaggregation into the two new Authorities. At the March 2023 Audit & Assurance Committee, Senior Officers from Adult Social Care will provide an overview of the arrangements for closing down safely and legally at 31 March 2023 and the final preparatory activity being taken to assure continuity of Services within the two new Authorities from 1<sup>st</sup> April 2023.

- 4.6 Also during the Quarter 3 period, the Council continued to experience financial pressures coming from within Children and Families, originating from Children Looked After (CLA) and due to a combination of:
- increasing CLA numbers over the Q3 period, particularly in external residential placements and largely as a result of placement sufficiency challenges
  - complexity of needs and sufficiency issues resulting in some very high-cost placements
  - national demand and inflationary pressures significantly pushing up prices.
- 4.7 As the County Council comes to an end on 31 March 2023, there is recognition of the complexity of the many concurrent risks and issues that still exist and are driving an increasing level of demand for County Council Services at this critical time in the Local Government Reorganisation Programme and of how this is impacting workforce capacity and workforce wellbeing.

### **Summary of Corporate Risks at end of Quarter 3**

- 4.8 There are 14 risks on the Quarter 3 corporate risk register, 8 high risks and 6 medium risks. A summary of the high rated risks listed by risk score, is listed in Table 1.

<b>Table 1 - The Council's High Rated Risks at Quarter 3</b>
1. Capacity across the Care Sector and impact on meeting care needs
2. Unsustainable ASC demand outstripping capacity
3. Workforce Capacity, Skills, Relationships, Safety & Wellbeing
4. Become a Net Zero and Climate Resilience Council
5. Increasing Demand on Children's Services
6. LGR Organisational Risk
7. Information Security Arrangements
8. Safeguarding of Adults

**Appendix 1** provides a summary of the Quarter 3 corporate risks showing comparative risk scores for Q2 & Q3, 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:**

4.9 Table 2 provides a summary of the overall changes to the corporate risks at the end of Quarter 3.

<b>Table 2 – Summary of Risk Management Changes at Quarter 3.</b>	
<p><b>Closed Risks</b> No risks have been removed from the register during Quarter 3.</p>	<p><b>New Risks</b> No new risks have been added to the risk register during Quarter 3.</p>
<p><b>Reworded or rescored risks</b> - The risk that <i>the County Council's revenue and capital budget being is insufficient to fund current services</i> has reduced in score from 20 to 12. - No risks have been reworded during Q3.</p>	<p><b>During Quarter 4</b> -Most of the corporate risks at end of Q4 are projected to retain the same risk score as that of Q3, except for the risk relating to the impact of LGR on service provision. With the implementation phase of the LGR programme coming to an end on 31 March 23 there is a projected decrease in likelihood of this risk occurring and the risk score will fall from 16 to 8. - All corporate risks will be considered for ongoing relevance into the two new Councils. - Any risks directly associated with the Local Government Reorganisation Programme and their potential impact or integration on future Corporate Risks or on the continuity of Council Services are being reviewed and will be reassigned accordingly.</p>

**Rescored Risk**

4.10 Since setting the 2022/23 Budget in February 2022, the economic uncertainty both nationally and internationally has continued. The County Council has continued to face significant financial pressures relating to unprecedented high levels and increasing rates of inflation; cost of living crisis; supply chain disruption and contractual delivery risks. There has also been the continual increase in demand on services both as a result of the ongoing impact from the COVID-19 pandemic and wider Health and Social Care System pressures. Collectively this has brought a significant amount of financial

uncertainty for 2022/23 and beyond for the two new Unitary Councils and Cumbria Fire and Rescue Service.

- 4.11 Even within this difficult economic environment the County Council has continued to deliver services as per Council Plan priorities and has ensured adequate levels of reserves, in respect of both General Fund Balance and earmarked reserves, have been in place to manage the anticipated financial uncertainties and pressures through this year.
- 4.12 To this end and at the time of writing the report in late February 2023, it has been confirmed that the forecast financial outturn position at end of Q4 will be managed within the Councils approved budget. As such, this has reduced the risk of *the County Council's revenue and capital budget being insufficient to fund current services* and has led to a reduction in the risk score from 20 to 12 at the end of Q3 and projected Q4 position.

#### **Projected status of Corporate Risks at the end of Quarter 4**

- 4.13 This is the last Corporate Risk Report for the County Council and as well as reporting on the status of the Corporate Risks at the end of Quarter 3 we have also considered the projected status of all Corporate Risks by the end of Quarter 4, the end of the County Council on 31 March 2023. In preparation for the Risk Management workshops for both Shadow Authorities, the status of the corporate risks at the end of Quarter 3 will be used to consider the ongoing relevance of these risks going forward into each new Council from 1 April 2023.
- 4.14 With most of the current corporate risks having been in place for some time it is anticipated that they will remain directly relevant to the two new authorities from 1 April 2023. Some risks have been influenced by more recent global and national challenges such as COVID-19, inflationary pressures, the cost-of-living crisis and most recently Industrial action, we anticipate that these risks could remain with us for some time to come. Other risks such as the challenge of achieving Net Zero emissions are more long term in nature and may grow in impact over time. It is anticipated that all current risks will remain relevant to some degree however, the causes and consequences of each risk may differ between each Council area and these differences will require to be evaluated and reflected in future risk descriptions, risk rating or risk controls going forward.
- 4.15 Even the *Impact of the LGR programme on the Provision of Council Services* will remain relevant, for although the implementation phase of the LGR programme comes to an end on 31 March 2023 the post transition phase of stabilization and transformation will bring further challenge and uncertainty to the delivery of Services within each of the new Councils.
- 4.16 In considering risk scores, it is anticipated that on 31 March 2023 (Q4) the level of risk exposure from most of the current corporate risks will remain consistent with the risk scores illustrated in this report for the Quarter 3 period.

The one exception to this is the risk related to *the impact of LGR on the sustained provision of Council Services and on a good and effective closure of the County Council.*

- 4.17 Due to the great effort made by all County Council employees, a considerable number of measures and controls have been implemented both within and beyond the LGR Programme to ensure Council Services were not unduly impacted during the implementation of the LGR Programme. As such we have not seen the anticipated consequences of this risk come to pass (as listed in page 41 of Appendix 2). We therefore project that the Quarter 4 position for this risk would reduce in likelihood from a risk score of 16 to that of 8 and as such the target risk score has been reduced to a score of 8.
- 4.18 Following hard on the heels of the COVID-19 Pandemic the Local Government Reorganisation Programme was established, resulting in further workload, change and uncertainty for all County Council employees. To this end all Council employees deserve massive credit for the additional effort needed to keep both Council day-to-day Services running while also engaged in the complex planning and implementation activity required to disaggregate or develop alternative arrangements for the continuity of County Council services.

#### **Review of Corporate risks in readiness for New Council Risk Registers**

- 4.19 As mentioned previously, Risk Workshops will take place during Quarter 4 within the two shadow Authorities to consider all current Strategic Level Risks across all seven sovereign authorities for their ongoing relevance and to identify any new risks that may impact the newly formed Councils over the first 1-2 years.
- 4.20 In addition, the strategic and theme risks associated with the LGR Programme are under review in consideration of their impact on corporate risk registers or future Programme risks registers for the new Authorities.
- 4.21 Finally, in preparation for Day 1 and the early period of service delivery for each new Council, a Business Continuity Board is being established to ensure there are comprehensive and tested Corporate Business Continuity arrangements in place should any significant issues arise in relation to service continuity on Day 1 or post Day 1. The draft Corporate Business Continuity arrangements will be tested, in part, prior to Vesting day, and if resource allows tested as an extension of **Exercise Mighty Oak** a National Power Outage Exercise being run on 28 March 2023.

## 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 for the new Authorities.

## 6.0 CONCLUSION

- 6.1 All Corporate Risks have been reviewed and a progress update provided for Quarter 3 (31 Dec 2022) and projected end of Q4 position (31 March 2023). All corporate risks have been approved by Corporate Management Team and Cabinet Briefing.
- 6.2 The Quarter 3 risk register contains 14 high or medium rated risks and work continues to either manage or mitigate those risks.

**Jo Moore, interim Director of Finance (s151 Officer)**

**Date: 28.02.2023**

### Appendices

**Appendix 1** Corporate Risk Summary Profile Q3 2022/23  
**Appendix 2** Corporate Risk Register Q3 2022/23

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?

		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**

Councillor Stewart Young, Leader of the Council.

### **REPORT AUTHOR**

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