

22 June 2022

**To: The Chair and Members of the Audit and Assurance Committee**

# Agenda

## AUDIT AND ASSURANCE COMMITTEE

A meeting of the Audit and Assurance Committee will be held as follows:

**Date:** Thursday 30 June 2022  
**Time:** 10.30 am  
**Place:** Conference Room A/B, Cumbria House

There will be a pre meeting for members with the Auditors at 9.30am

**Dawn Roberts**  
**Executive Director – Corporate, Customer and Community Services**

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*This agenda is available on request in alternative formats*

## **MEMBERSHIP**

### **Labour (2)**

Mr FI Morgan (Vice-Chair)  
Mr J Bell

### **Conservative (3)**

Mrs HF Carrick (Chair)  
Mr NH Marriner  
Mrs EA Mallinson

### **Liberal Democrat (2)**

Mr GD Cook  
Mr SB Collins

## **ACCESS TO INFORMATION**

### **Agenda and Reports**

Copies of the agenda and Part I reports are available for members of the public to inspect prior to the meeting. Copies will also be available at the meeting.

The agenda and Part I reports are also available on the County Council's website – <http://councilportal.cumbria.gov.uk/ieListMeetings.aspx?CId=124&Year=0>

### **Background Papers**

Requests for the background papers to the Part I reports, excluding those papers that contain exempt information, can be made to the Legal and Democratic Services Unit at the address overleaf between the hours of 9.00 am and 4.30 pm, Monday to Friday.

# **A G E N D A**

## **PART 1: ITEMS LIKELY TO BE CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC**

### **1 APOLOGIES FOR ABSENCE**

To receive any apologies for absence

### **2 MEMBERSHIP**

To note any changes to the membership of the Committee

### **3 DISCLOSURES OF INTEREST**

Members are invited to disclose any disclosable pecuniary interest they have in any item on the agenda which comprises

- 1 Details of any employment, office, trade, profession or vocation carried on for profit or gain.
- 2 Details of any payment or provision of any other financial benefit (other than from the authority) made or provided within the relevant period in respect of any expenses incurred by you in carrying out duties as a member, or towards your election expenses. (This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
- 3 Details of any contract which is made between you (or a body in which you have a beneficial interest) and the authority
  - (a) Under which goods or services are to be provided or works are to be executed; and
  - (b) Which has not been fully discharged.
- 4 Details of any beneficial interest in land which is within the area of the authority.
- 5 Details of any licence (alone or jointly with others) to occupy land in the area of the authority for a month or longer.
- 6 Details of any tenancy where (to your knowledge)
  - (a) The landlord is the authority; and
  - (b) The tenant is a body in which you have a beneficial interest.

- 7 Details of any beneficial interest in securities of a body where
- (a) That body (to your knowledge) has a place of business or land in the area of the authority; and
  - (b) Either –
    - (i) The total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or
    - (ii) If that share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

In addition, you must also disclose other non-pecuniary interests set out in the Code of Conduct where these have not already been registered.

#### **Note**

**A “disclosable pecuniary interest” is an interest of a councillor or their partner (which means spouse or civil partner, a person with whom they are living as husband or wife, or a person with whom they are living as if they are civil partners).**

#### **4 EXCLUSION OF PRESS AND PUBLIC**

To consider whether the press and public should be excluded from the meeting during consideration of any item on the agenda.

#### **5 MINUTES**

To confirm as a correct record the minutes of the meeting of the Committee held on 24 March 2022.

**(Pages 7 - 18)**

#### **6 DEEP DIVE RISK ANALYSIS**

To consider a deep dive risk analysis presentation relating to the ‘Financial Sustainability’ risk.

**(to follow)**

#### **7 2021/22 QUARTER 4 CORPORATE RISK REPORT**

To consider a report from the Director of Finance (s151 Officer).



**(Pages 19 - 92)**

**8 2022/23 CORPORATE RISK REGISTER REFRESH**

To consider a report from the Director of Finance (s151 Officer).

**(Pages 93 - 102)**

**9 INTERNAL AUDIT ANNUAL REPORT 2021/22**

To consider a report from the Group Audit Manager.

**(Pages 103 - 154)**

**10 ANNUAL REVIEW AUDIT AND ASSURANCE COMMITTEE EFFECTIVENESS  
2021/22**

To consider a report from the Director of Finance (s151 Officer).

**(Pages 155 - 162)**

**11 LOCAL CODE OF GOVERNANCE**

To consider a report from the Monitoring Officer.

**(Pages 163 - 176)**

**12 ANNUAL GOVERNANCE STATEMENT**

To consider a report from the Monitoring Officer.

**(Pages 177 - 202)**

**13 ACCOUNTS PREPARATION UPDATE 2021/22**

To consider a report from the Director of Finance (s151 Officer).

**(Pages 203 - 216)**

**14 (GRANT THORNTON ITEMS)**

**a External Audit - Progress report (Pages 217 - 236)**

**15 FORWARD PLAN - AUDIT AND ASSURANCE COMMITTEE**

To note the Forward Plan for the Audit and Assurance Committee and agree any

additional items.

**(Pages 237 - 238)**

## **16 DATE & TIME OF NEXT MEETING**

The next meeting will be held on 8 September 2022 at 10:30 am in Conference Room A/B, Cumbria House, Carlisle.

## AUDIT AND ASSURANCE COMMITTEE

Minutes of a Meeting of the Audit and Assurance Committee held on Thursday, 24 March 2022 at 10.30 am at Conference Room A/B, Cumbria House

### PRESENT:

Mrs HF Carrick (Chair)

Mr NH Marriner  
Mr GD Cook

Mr J Bell

### Also in Attendance:-

- |                |   |
|----------------|---|
| Dr D Roberts   | - Executive Director - Corporate, Customer and Community Services                   |
| Mrs P Duke     | - Director of Finance (s151 Officer)  |
| Ms A Clark     | - Senior Manager - Pensions and Financial Services (Deputy S151 Officer – Pensions) |
| Mr R McGahon   | - Group Audit Manager   |
| Mrs H Kirk     | - Senior Risk Officer   |
| Mr D Hamilton  | - Democratic Services Officer   |
| Ms F Parker    | - Group Finance Manager - Corporate Accounting                                      |
| Ms D Middleton | - Senior Manager Finance  |
| Mr G Kelly     | - Engagement Lead - Grant Thornton  |
| Mrs N Ayre     | - Auditor-in-charge   |

### PART 1 – ITEMS CONSIDERED IN THE PRESENCE OF THE PUBLIC AND PRESS

#### 183 APOLOGIES FOR ABSENCE

Apologies were received from Mrs E Mallinson and Mr S Collins.

#### 184 MEMBERSHIP

There were no changes to the membership of the Committee on this occasion.

#### 185 DISCLOSURES OF INTEREST

There were no disclosures of interest made on this occasion.

## 186 EXCLUSION OF PRESS AND PUBLIC

**RESOLVED** that, there were no items on the agenda which required the exclusion of press and public.

## 187 MINUTES

**RESOLVED** that, the minutes of the previous meeting held 7 December 2021 be agreed as an accurate and complete record.

## 188 DEEP DIVE RISK ANALYSIS

The Deep Dive presentation for this meeting focussed on the specific risk relating to the ***Impact of Local Government Reorganisation on the sustained provision of Council Services.***

The presentation was delivered by the Executive Director – Corporate, Customer and Community Services and the Director of Finance (s151 Officer) and covered the following:

- The Corporate Risk Description and Risk Score
- The link between this LGR Organisational Risk and other risks on the Corporate Risk Register
- Clarity around the two sets of LGR risks being managed, the LGR Organisational risk being managed by the County Council as part of their Corporate Risk Register and the full set of LGR Programme risks being managed by the LGR Programme Board as part of their LGR Programme risk register.
- Delivery of the County Council Statutory Responsibilities & Safe Transition of Services to vesting day.
- Engagement of the County Council within the LGR Programme and Management of County Council resources.
- Overview of the revised LGR Programme Board, Key Themes and Board membership
- Outline of the new political governance arrangements for the Shadow Authorities.
- Overview of the additional LGR Programme Capacity and Resources in place to support the programme delivery through the LGR Implementation Reserve
- Links between the Phases of the LGR Programme and timeline for the Joint and Shadow Committees as well as the shadow executives
- Assurances on the management of the County Council Legacy tasks and impact on A&AC forward plan for 2022/23.
- What support the Audit and Assurance Committee can provide over the next 12 months.

Members discussed the role of the incoming Shadow Authority Councillors on the work of the existing authorities. The Director of Finance (s151 Officer) explained that the Shadow Authorities would not be directly delivering any services and their functions would be in relation to the establishment of the new Unitary authorities in respect of structure, Council Plan and service delivery options, 2023/24 revenue budget and Medium Term Financial Plan all of which would need to be implemented for vesting day. It was confirmed therefore that Shadow Authority members would not have the remit to make decisions that impact the services of existing sovereign authorities.

Members sought assurance that members and officers would be involved in providing a knowledge base for incoming members so as to ensure that the new authorities were able to take County Council services forward. The Director of Finance (s151 Officer) explained that actions and mitigations relating to the transition was being managed through the LGR Programme Board and induction and briefings for new members will be available. Regular appropriate updates would be brought to the Audit Committee through the Quarterly Risk Reports to update on the mitigations in place. The Executive Director – Corporate, Customer and Community Services explained that there were other means through which members could access LGR Programme information (the monthly briefings and newsletters). Regarding the safe transition of services specifically, there were blueprints for all services for the two councils being developed as well as Day 1 readiness assurance work.

The Executive Director – Corporate, Customer and Community Services was asked about member oversight of the LGR Programme – Theme Risks and she explained that responsibility sat with the Programme Board and the Programme Director. As the Programme moved towards Joint Committees and Shadow Authorities these bodies would then take over responsibility for the implementation plan, transition plan and the responsibility for the monitoring and risk management.

The Chair reiterated that the responsibility of this Audit & Assurance Committee was to seek assurance regarding the management of existing services through the period of transition until vesting day. However, she raised concerns about how audit oversight might be provided in the current transitional period of implementation. The Director of Finance (s151 Officer) explained that through the Corporate Risk Register assurance would be provided to ensure the County Council risk management approach was effective.

### **189 2021/22 QUARTER 3 – CORPORATE RISK REPORT**

Members considered a report from the Director of Finance which provided a progress update on the Corporate Risk Register to 31 December 2021.

The Senior Risk Officer provided the context and background for the Quarter 3 /early Quarter 4 period outlining the various challenges in place at that time. These included:-

- The Omicron variant and its impact on staffing capacity within Health and Social Care and also its impact more broadly across non-care staff who were in a supporting and enabling role during that time - such as HR and Finance teams as well as others.
- Storms and weather events including storm Arwen and Storm Barra and since then we have had other named storms throughout Jan and February 2022.
- The LGR programme.

Members heard that there were 13 corporate risks on the register from across the Council. There were 9 high risks and 4 medium risks. These numbers were unchanged compared to Quarter 2. There had also been no new risks added to the register and no risks closed off at the end of Quarter 3.

With regard to changes to Risk Scores, at the end of Quarter 3, two risks - the *Resilience of the Care Sector and impact on meeting care needs* risk and the *Health & Social Care Demand and System Failure* risks – had reached the highest risk score of 25 and both showed a continued state of decline during Q3. Specifically, the *Health & Social Care Demand and System Failure* risk had increased in score from 16 to 25 in Q3.

The Senior Risk Officer reminded members that a request was made at the last Audit & Assurance Committee to revise the descriptions of the risk causal factors for the two previous new risks from Quarter 2, these were the risks relating to the *Reduction of the Council's Green House Gas Emissions* and the *Impact of LGR on the provision of Council Services*. The causal factors had now been amended slightly and the risk description of the net zero risk had been revised to include the need for organisational resilience / adaptation going forward as well as the need to cut carbon emissions.

On the topic of Horizon Scanning and Emerging Risks, members heard that during Quarter 4 and beyond, especially in respect of the potential impact of the Russia/Ukraine situation, all areas of evolving risk would be continuously monitored. The capacity issues across the wider Council in context of LGR, managing business as usual and specifically within Health & Social Care would also continue to be monitored, managed and mitigated accordingly.

The Senior Risk Officer concluded by explaining that for the next Audit and Assurance Committee members would consider both the Quarter 4 risk report and a Risk Register refresh.

The Chair sought to understand what would happen regarding the now realised risks (*Resilience of the Care Sector and impact on meeting care needs* risk and *Health & Social Care Demand and System Failure*). The Senior Risk Officer explained that a reassessment would be carried out in order to clarify and redefine the risk descriptions to reflect the ongoing relevance of the risks in context of the current organisational situation. The Vice-Chair voiced his concern on the fragility of the Health and Social Care system. The Director of Finance (s151 Officer) reminded members that there had been additional national funding made available to support

the care market throughout January - March 2022 in addition to the Council's Market sustainability Fund and explained that there was an ongoing conversation around what additional measures could be brought in to continue to try to mitigate the risk of market failure.

The Committee acknowledged the current and ongoing challenges and the effort required by Managers and Officers to maintain and keep improving the numerous risk controls. Members of the Committee gave their recognition to all parties involved across all directorates who have and continue to successfully manage their risks.

**RESOLVED** that,

- 1) members note the updates on Corporate Risks for Quarter 3 2021/22 and agree that this report provides sufficient assurance that the current Risk Management arrangements are both robust and effective,
- 2) members receive a presentation relating to the *Impact of Local Government Reorganisation on the delivery of Council Services* corporate risk.

## **190 ACCOUNTS PREPARATION 2021/22**

The report before the Committee set out the arrangements that were in place for the preparation and audit of the 2021/22 Accounts for the Council and the Pension Fund.

Members were reminded of the Council's strong track record in accounts preparation and heard that Cumbria County Council was one of only 9% of all local authorities to meet the 30 September deadline for the sign off of the audit for their 2020/2021. The Audit Findings Report (AFR) for the Council's 2020/21 Accounts concluded that again the Council achieved a very high quality of financial reporting, with working papers being to a good standard. Grant Thornton commented positively on the effective response time to their audit queries. Overall, the very small number and the nature of the adjustments reflect the sustained improvement and substantial progress the Council has made in strengthening the accounts compilation process.

The Senior Manager – Accountancy and Financial Planning explained that the proposed deadline for the sign off of the unaudited accounts by the Director of Finance was 30 June 2022. This was in advance of the statutory deadline of 31 July and the Audited Statement of Accounts would be reported to Audit and Assurance Committee once the audit was completed in September.

In relation to IFRS16 Leases, CIPFA had launched an urgent consultation with a view to deferring their new requirements due to the pressures across local government and the audit sector as part of the Government's response to the

Redmond Review. Indications from the consultation showed that IFRS16 would likely be deferred by 2 years to 24/25 and was due to be ratified by the financial Reporting advisory Board in early April.

The Senior Manager - Pensions and Financial Services reported on the Audit Findings Report 20/21 from a Cumbria Local Government Pension Scheme (LGPS) perspective. Members heard that the audit work undertaken by Grant Thornton identified no significant control weaknesses within the LGPS and no recommendations were included within its Audit Findings Report. It is intended that the 2021/22 Cumbria LGPS Financial Statements follow the same process as in previous years. The Fund would continue with its approach to set a cut-off date (16 May 2022) at which time all estimates within the accounts would be revised to reflect any non-trivial adjustments advised to the Pension Fund by this date.

In producing the 2020/21 financial statements, the Fund included an estimate of the impact of the McCloud case on the present value of past service liabilities on both a valuation basis and an IAS19 basis. The Fund was to include a similar estimate in production of the 2021/22 accounts. However, details of the resolution to McCloud would be expected to be finalised during 2022/23. Members heard that dependent upon the timing of this announcement Officers may need to reconsider the impact of the resolution and potentially adjust the accounting entries.

In a discussion regarding the unfolding of the humanitarian crisis in Ukraine. Members heard that investments in the Fund had been reviewed and it was identified that just over £3.2m (approximately 0.1% of the Fund) was invested in either Russia, Belarus or Ukraine. The Senior Manager – Pensions and Financial Services explained that from an accounting perspective this fell well below the materiality level. However, the finance team were working closely with investment managers to determine our next steps in relation to those investments.

The Chair reiterated the significant achievements of the Finance Team, those in the wider organisation and the External Auditors in producing the accounts to such a high standard each year. The Chair continued by stating that the fact that Cumbria County Council was one of only 9% of all local authorities to meet the 30 September deadline for the sign off of the audit for 20-21 was an achievement to be particularly proud of. The Committee thanked all those involved in the preparation of the County Council and LGPS accounts for their hard work.

**RESOLVED** that, members note the contents of the report.

## **191 INTERNAL AUDIT PROGRESS REPORT TO 31 JANUARY 2022**

Members considered a report from the Group Audit Manager which summarised progress on audit work included within the 2021/22 audit work plan and provided a link to the next agenda item on the draft Internal Audit plan for 2022/23.

The Group Audit Manager began by discussing the audits which were completed in the 3 months to 31 January 2022. There were 9 audits completed in the period and



they reflected a positive position with 7 Reasonable, 1 Partial and 1 Limited. These audits consisted of 4 risk based reviews, which were as follows:-

- Sufficiency of Early Years Places – Reasonable
- Corporate Complaints system – Reasonable
- Follow up – CNDR Connect - Partial
- Bridges and Structures - Reasonable

In addition to those risk based audits, there were 5 school audits

- St Bridget's RC School, Egremont – Reasonable
- Ellenborough and Ewanrigg Infants School - Reasonable
- St Benedict's Catholic High School, Whitehaven - Reasonable
- Parkview Nursery School - Reasonable
- Lakes School, Windermere – Limited

There were currently 2 reviews at draft report stage and the initial assurance levels both of those reviews received reasonable assurance and would contribute to the 2021/22 Head of Internal Audit Opinion. Members heard that of all the reviews completed to at least draft report stage, 81% received reasonable or substantial assurance which is higher than the 73% at the same stage in 2020/21.

Members heard that 1 follow up had been completed and 1 draft follow up report had been issued, with one having improved its assurance rating from partial to reasonable assurance (the highest opinion available for a follow up audit) whilst the other remained at partial assurance. A further 6 follow ups were also being undertaken.

The Group Audit Manager reflected on the scope of coverage and explained that at 31 January 2022 there had been 21 audit reviews in total completed. Of these, 14 were assurance reviews, there were a further 2 assurance reviews at draft report stage, giving a total of 16 assurance reviews to be considered for the 2021/22 Head of Internal Audit Opinion.

The Group Audit Manager highlighted the 2 latest assurance reviews which had received 'reasonable' assurance - Carlisle Southern Link Road (CSLR) governance arrangements (28 February) and Client Affairs – Follow up (8 March).

The Group Audit Manager explained that as part of work on the quarterly update and the production of the draft internal audit plan for 2022/23, audit reviews deemed 'Not yet started' as at 31 January 2021 were considered. In some cases the Audit team had discussions with the directorates and it became clear that, due to the continued impact of COVID-19, undertaking the review during 2021/22 would not have been appropriate. There were 2 reviews removed from the 2021/22 audit plan (LEP Funding and Transforming Care Implementation for learning disabilities) and 8 reviews which were rolled forward into the draft 2022/23 audit plan as follows:

- New Highways Information Management System
- Capital Programme – Monitoring and Management of Consultancy Spend and Utilisation
- CFRS - Asset Management
- CFRS - Maintenance of Operational Equipment
- COVID grants
- Regional Adoption Agency
- Follow ups:
  - Data Protection (GDPR)
  - ICT service continuity

**RESOLVED** that,

- 1) members note the progress and the outcomes of internal audit work,
- 2) members approve the changes to the 2021/22 Audit Plan.

## **192 DRAFT INTERNAL AUDIT PLAN 2022/23**

Members considered a report from the Group Audit Manager which presented the draft Internal Audit Plan 2022/23. The Group Audit Manager explained that as in previous years the audit plan was aligned with the Council's corporate, directorate and service level risks. The audit plan summarised the risks, controls and other assurances also described in the Corporate Risk Register and shows the internal audit work planned in 2022/23 against each corporate risk as well as the work done in the past five years.

Members heard that the number of audit days in the 2022/23 audit plan had been reduced by 100 days to reflect the fact that one part-time member of staff was taking early retirement in April 2022. The Group Audit Manager explained that coverage was considered adequate for 2022/23 to provide an overall opinion on the Council's arrangements for governance, risk management and internal control as required under the Public Sector Internal Audit Standards (PSIAS). The overall number of assurance audit reviews was less than in previous years as, due to local government reorganisation, there would be no ability to rollover partially completed audit reviews into 2023/24. It was also explained that the Internal Audit team had operated with 1.5 FTE staff vacancies due to uncertainty around the future of the Cumbria Shared Internal Audit Service and therefore, even though the shared service would cease on 31 March 2022, resources would not increase.

In producing the 2022/23 plan, 120 days had been included relating to support and assurance work in respect of Local Government Reorganisation (LGR) and an additional 60 days had been allocated for ongoing assurance work on the £18.9 million LGR Implementation Reserve.

Members heard that amendments to the plan, if required would be sought where appropriate. The Group Audit Manager explained that in line with the PSIAS, and in accordance with the Internal Audit Charter, he will keep the plan under review and as appropriate, seek approval for amendments to ensure the plan continued to reflect the Council's significant risks.

Members heard that Internal Audit would continue to follow up all audits resulting in 'Partial' or 'Limited' assurance and in line with the approach introduced in 2019/20 which had a focus on high priority recommendations.

To conclude, the Group Audit Manager highlighted that the Internal Audit Charter had been updated to remove any references to the Cumbria Shared Internal Audit Service which would cease on 31 March 2022.

Members sought assurance regarding the high priority risks which related to CNDR Connect. The Group Audit Manager explained that the original report was carried out in Spring 2019, a new team had been put in place and improvement was expected over the coming months because of increased resource. The Group Audit Manager added that because of the nature of the contract, Internal Audit had been asked to carry out a return review in 2023 once they had time to address the issues.

The Chair commented on the clarity of the report and showed her appreciation for the balance which had been adopted within the Audit team so as to successfully balance empathy for the pressures of the challenges of the last two years whilst retaining sufficient coverage to give an Internal Audit opinion.

**RESOLVED** that, the Audit and Assurance Committee approves the draft audit plan for 2022/23 and the Audit Charter for 2022/23.

### **193 INTERNAL AUDIT – MANDATORY EXTERNAL ASSESSMENT**

Members considered a report from the Group Audit Manager which provided a recommendation as to whether the Council should undertake the next External Quality Assessment (EQA) of its internal audit arrangements which is due no later than November 2022.

The Group Audit Manager explained that the mandatory Public Sector Internal Audit Standards (PSIAS) require all public sector internal audit functions be subject to an external assessment at least once every five years. The Council's current EQA reported in November 2017 and concluded that the Council's Internal Audit service 'generally conforms' to the standards; this is the highest possible assessment. Members heard that the next EQA was due no later than November 2022. However, with Local Government Reorganisation in Cumbria, any improvements identified by the EQA would have limited value, and were unlikely to be implemented, as the current Internal Audit team would only exist for another five months prior to the Council's demise.

The Group Audit Manager explained the options available to the Committee and the reasoning behind the recommendation which was that the Committee agree that the External Quality Assessment (EQA) of the Council's Internal Audit arrangements was NOT to be undertaken, which would result in one area of non-compliance with PSIAS, for the last five months of 2022/23, and would therefore need to be reported in the 2022/23 Annual Governance Statement.

It was added that the view of CIPFA was that as long as the Internal Audit service could demonstrate a robust internal assessment and evidence that the service was in conformance with all other aspects of PSIAS, then it would seem reasonable for the Audit and Assurance Committee and leadership team to accept that the service would not conform for the remaining few months. Members noted that the External Auditor shared this view.

**RESOLVED** that,

- 1) members approve not to undertake the External Quality Assessment (EQA) of the Council's Internal Audit arrangements, due in November 2022, and that this one area of non-compliance with PSIAS, for the last five months of 2022/23, be reported in the 2022/23 AGS,
- 2) members note that each year the Group Audit Manager confirms compliance with the PSIAS including that a Quality Assurance and Improvement Programme (QAIP) is in place and that progress has been made on implementing the recommendations arising from the November 2017 EQA.

## **194 (GRANT THORNTON ITEMS)**

### **a External Audit - Audit Plan Cumbria County Council**

The Engagement Lead – Grant Thornton introduced the Audit Plan for Cumbria County Council and highlighted the results of the FRC quality inspection which found that Grant Thornton had improved the quality of their audits significantly over the last year and of the audits which had been reviewed none were found to require significant improvement.

Members heard that significant risks were in line with those presented in previous years. The Audit Manager explained that the Management Override of Controls risk was a default risk in all audits and the other two risks related to valuation of pension fund net liability and valuation of land and buildings, which would be the areas of key focus for the 2021/22 Audit.

Relating to Cumbria Holdings, the Audit Director explained that an issue that arose last year relating to valuation of specialist waste assets had now been closed and those final valuations were in line with historic valuations.

Members heard that an emerging theme which appears to be a focus for regulators is the valuation of infrastructure assets. The Audit Director explained that early conversations were already taking place with the Finance Team on how to reflect expenditure over time and updates would be provided to future meetings.

The Auditor In Charge stated that she was content with the progress made so far, there were no anticipated issues and work was on track for starting the field work in July and aiming for the September deadline.

The Director of Finance (s151 Officer) provided assurance to members that work was taking place to ensure that Cumbria County Council was able to offer support for the audit of other local authorities in Cumbria to ensure their reviews were completed in the lead up to vesting day.

The Chair congratulated the Grant Thornton team on the result of the FRC quality inspection stating that the acknowledgment of the External Auditors high standard provided still greater assurance to the Committee.

#### **b External Audit - Audit Plan Cumbria Local Government Pension Scheme**

The Engagement Lead – Grant Thornton introduced their Audit Plan for the Cumbria Local Government Pension Scheme and highlighted the matters and risk areas which had been taken into account in the plan.

Members heard that significant risks were in line with those presented in previous years. The Audit Manager explained that the Management Override of Controls risk was a default risk in all audits and the other two risks related to valuation of Level 3 investments and directly held investment property, which would be the areas of key focus for the 2021/22 Audit. Members heard that communication between Finance and the Internal Auditors was strong and so there were no anticipated issues with regards to the timetable.

With regards to audit fees, there were national conversations taking place regarding fees and the Committee would be brought up to date in June when a decision had been taken.

### **195 FORWARD PLAN - AUDIT AND ASSURANCE COMMITTEE**

The Group Audit Manager explained that the Forward Plan had been amended so as to bring forward the Draft Internal Audit Annual Report 2022/23, the Annual Governance Statement 2022/23 and the Annual Review Audit and Assurance Committee Effectiveness 2022/23 to the March 2023 meeting instead of the June meeting.

He explained that the rationale for this decision was so that these items could be brought before the current Audit and Assurance Committee who were best placed to consider the reports.

#### **196 DATE & TIME OF NEXT MEETING**

The next meeting was due to take place on 27 June 2022 at Cumbria House, Carlisle.

The meeting ended at 13:15 pm

## **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 31<sup>st</sup> 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.

<b>Table 1 - The Council's High Rated Risks at Quarter 4</b>
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.

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

<p><b>Rescored Risks</b></p> <ul style="list-style-type: none"> <li>- 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</li> </ul>	<p><b>Horizon Scanning</b></p> <ul style="list-style-type: none"> <li>- 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 &amp; Social Care, Children’s Services, Local Government Reorganisation and the evolving ‘cost of living’ crisis.</li> </ul>
--	--

**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
--	--	-----

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

		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*
--	-----

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**

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Appendix 1

2021/22 QUARTER 4 - CORPORATE RISK SUMMARY

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CORPORATE RISKS		Risk Owner	Q3	Q4	Target	DOT	CORPORATE RISK PROFILE (Risk Score = Likelihood x Impact)																																																						
1	Resilience of the Care Sector and impact on meeting care needs	JA	25	25	25	→	<table border="1"> <tr> <td>Impact \ Likelihood</td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td>5</td> <td></td> <td></td> <td></td> <td></td> <td>1, 2</td> </tr> <tr> <td>4</td> <td></td> <td></td> <td></td> <td>6, 7</td> <td>3, 4, 5</td> </tr> <tr> <td>3</td> <td></td> <td></td> <td>13</td> <td></td> <td>8, 9</td> </tr> <tr> <td>2</td> <td></td> <td></td> <td></td> <td></td> <td>10, 11, 12</td> </tr> <tr> <td>1</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="3">Changes to risks since last report.</td> <td colspan="3">Horizon scanning and emerging risks</td> </tr> <tr> <td colspan="3">At the end of Quarter 4, no new risks have been added to the register and no risks have been removed from the register.</td> <td colspan="3">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 &amp; Social Care, Children's Services, Local Government Reorganisation and the evolving 'cost of living' crisis.</td> </tr> <tr> <td colspan="3">The risk score for the <i>Cumbria COVID-19 Local Outbreak Control Plan</i> risk has reduced from 12 to 9.</td> <td colspan="3"></td> </tr> </table>	Impact \ Likelihood	1	2	3	4	5	5					1, 2	4				6, 7	3, 4, 5	3			13		8, 9	2					10, 11, 12	1						Changes to risks since last report.			Horizon scanning and emerging risks			At the end of Quarter 4, no new risks have been added to the register and no risks have been removed from the register.			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.			The risk score for the <i>Cumbria COVID-19 Local Outbreak Control Plan</i> risk has reduced from 12 to 9.					
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2	Health and Social Care Demand and System Failure	CW/FM	25	25	25	→																																																							
3	Deliver a Financially Sustainable Authority	PD	20	20	20	→																																																							
4	Workforce Capacity	TB/PR	20	20	20	→																																																							
5	Become a Net Zero Climate Resilient Council	AH	20	20	20	→																																																							
6	Increasing Demand on Children's Services	LB	16	16	16	→																																																							
7	LGR Organisational Risk	CMT	16	16	16	→																																																							
8	Impact of COVID-19 on the provision of Council Services	ELT	15	15	15	→																																																							
9	Information Security Arrangements	PR/CP	15	15	15	→																																																							
10	Management of Significant Contracts	JA	10	10	10	→																																																							
11	Safeguarding of Children	LB/FM	10	10	10	→																																																							
12	Safeguarding of Adults	CW/FM	10	10	10	→																																																							
13	Cumbria COVID-19 Local Outbreak Control Plan	CC	12	9	8	↑																																																							

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**COUNCIL CORPORATE RISK REGISTER  
PROGRESS REPORT**

**(Quarter 4 - Progress to 31 March 2022)**

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Direction of travel (DOT) arrows will indicate whether progress for that quarter is:

Improving  Sustaining  Declining  since the last quarter

All changes made since last quarter are **highlighted in RED.**

1. Resilience of the Care Sector and impact on meeting care needs - Jo Atkinson		
There is a risk that the stability and sustainability of the care market will be further impacted following further waves of COVID-19 and additional winter pressures.		
Caused by	Key controls to manage the risk	Further planned activity around key controls for Q1
	<p><b>Common Controls to manage demand across all areas</b></p> <ul style="list-style-type: none"> <li>• System wide strategic engagement</li> <li>• Weekly leadership team meeting</li> <li>• Weekly transformation programme meeting</li> <li>• Weekly performance reporting on activity</li> <li>• Bed Capacity meetings</li> <li>• Long length stay meetings</li> <li>• Ongoing monitoring of demand</li> <li>• ASC Winter Planning for 2021/22 around understanding the needs for both North and South Systems has now ended, as has the Adult Social Care Winter Action Plan.</li> <li>• Additionally, the Winter Planning financial agreements for both CCG’s especially around ‘discharge to assess’ (D2A) was extended to 31<sup>st</sup> March 2022 and has now ended.</li> <li>• Ongoing mapping of the sustainability and recovery for Care Homes</li> <li>• Local Resilience Forum stood up during Q2 2021/22 and stood down early Quarter 3 2021/22.</li> <li>• Develop increased capacity within communities by increasing engagement with the third sector. The use of community micro-enterprises has been commissioned for the North of the County and is to be extended.</li> </ul>	<p><b>Common Controls to manage demand across all areas</b></p> <ul style="list-style-type: none"> <li>• Adult Social Care Winter Action Plan standing down with a move back into promoting independence. This activity will be supported by the 3 established sub-groups and established actions.                             <ul style="list-style-type: none"> <li>- New Ways of Managing Demand</li> <li>- Market Sustainability</li> <li>- Workforce Group</li> </ul> </li> <li>• ‘Discharge to assess’ (D2A) is now a statutory requirement for the County Council and the Assistant Director Adults is working with the CCG’s to establish how this will be funded</li> <li>• The Council continues to expand how it promotes the <b>Proud to Care Cumbria</b> recruitment site.</li> <li>• Defining of Key Strategic Priorities is ongoing.</li> <li>• The development of an interim position statement for the next 12 months is ongoing.</li> <li>• The consideration of options for Home Care capacity building is ongoing.</li> </ul>

## Appendix 2

## 2021/22 QUARTER 4 – RISK REGISTER

	<ul style="list-style-type: none"> <li>• The <b>Proud to Care Cumbria</b> recruitment platform was launched in December 2021. This is a County Council hosted platform enabling all providers to advertise their jobs in one central location.</li> <li>• In Q3, £7million of Council financial sustainability funding was secured to pass onto care providers as grant funding. By early Q4, there have been 115 applications for this funding.</li> <li>• Contracts have now been established to use community micro-enterprises in the South of the County.</li> </ul>	
<p><b>Changes in types and volumes of demand for services Increased demand for support at home Significant reduction in residential and nursing care demand impacting on care homes financial viability</b></p>	<ul style="list-style-type: none"> <li>• Revisiting our Strategic system approach to Commissioning</li> <li>• Refreshing Joint commissioning intentions with CCG partners</li> <li>• Facilitate the development of the market to respond to the shift in demand from Residential &amp; Nursing Care to people being supported at Home</li> <li>• During Q4 2020/21, 'Designated Settings' were developed to house people who were leaving hospital and who had tested positive for COVID-19 when discharged from hospital. At Q3 2021/22, a new approach is being evaluated with CCG colleagues around options for commissioning beds.</li> </ul>	<ul style="list-style-type: none"> <li>• The use of demand analysis during COVID-19 response and recovery to model future demand <b>is still ongoing</b>, with demand continuing to increase and less staff available to provide the care needed.</li> <li>• <b>Ongoing review</b> of existing and legacy demand to generate additional capacity</li> <li>• Consideration of commissioning of a rapid response, step up/step down service if the market allows <b>is ongoing</b>.</li> <li>• <b>Ongoing review</b> and development of alternative delivery models, including Extra Care Housing and the development of informal support from micro-enterprises</li> <li>• <b>Ongoing engagement</b> with the market to help it reshape in terms of delivery models and capacity in line with changing demand in Adult Social Care</li> </ul>
<p><b>Increased costs of delivering services that are safe and effective during and post COVID-19.</b></p>	<ul style="list-style-type: none"> <li>• Residential Care framework in place</li> <li>• Support at Home framework in place</li> <li>• Extra Care Housing Development pipeline in place</li> <li>• We will continue to support the market where appropriate to be financially viable.</li> <li>• The review of iBCF funded schemes to identify best use of resources is still ongoing and will</li> </ul>	<ul style="list-style-type: none"> <li>• <b>In Quarter 1, we have met with the Local Government Association (LGA) to scope out a piece of work that will provide formal support to evaluate and understand what is driving the demand on a County wide basis and help establish an outline market position statement.</b></li> <li>• We continue to explore more effective use of resources around direct payments &amp; individual service funds.</li> </ul>




## Appendix 2

## 2021/22 QUARTER 4 – RISK REGISTER

	continue for the rest of 2021/22.	<ul style="list-style-type: none"> <li>There is a continuing increase in demand for Home Care that as a Health &amp; Social Care System we are trying to find ways of managing that demand better.</li> </ul>
<b>Trust and confidence of the regulated care sector and the ability to meet the demands in a safe way during COVID-19.</b>	<ul style="list-style-type: none"> <li>Continued focus on relationship management</li> <li>Working together across care market to maintain Quality &amp; Safety</li> <li>An interim Quality Assurance process, to enable assessments to be conducted virtually/ via telephone is still in the development and implementation stage.</li> <li>Home Care Provider on-line webinars have taken place and are ongoing for the purpose of relationship building and to understand how we can provide additional support to them.</li> </ul>	<ul style="list-style-type: none"> <li>Continuing to work with CCG's around wider System pressures and medium/longer term commissioning plans</li> </ul>
<b>Uncertainty of future government funding for market support</b>	<ul style="list-style-type: none"> <li>Infection Prevention and Control (IPC) funding has been received and has been distributed to the Care Market to provide financial support. This was extended to 31 March 2022 and has now ended.</li> </ul>	<ul style="list-style-type: none"> <li>'Discharge to assess' (D2A) is now a statutory requirement for the County Council and the Assistant Director Adults is working with the CCG's to establish how this will be funded.</li> </ul>
<b>The impact of COVID-19 on staffing capacity and resilience as the result of infection, testing, track and trace and self-isolation. Potentially exacerbated by additional winter staff pressures due to flu and Norovirus.</b>	<ul style="list-style-type: none"> <li>Availability and access to PPE is in place.</li> <li>During late Q3 and into early Q4 2020/21, a significant response was provided to support market stability and sustainability as a direct result of staff being COVID-19 positive and either being ill or asymptomatic.</li> <li>The Local Resilience Forum Care Home Group remains in place with a focus on Recovery and Development.</li> <li>An escalation process remains in place should it be needed.</li> <li>Mutual aid arrangements remain in place.</li> <li>From 22<sup>nd</sup> July and in line with Government</li> </ul>	<ul style="list-style-type: none"> <li>On 31 January 2022, the Government announced its intention to revoke the regulations making vaccines a condition of deployment for Home Care workers, subject to parliamentary process.</li> <li>As part of the move back to promoting independence, the Workforce Subgroup will continue to develop and implement mitigating actions around staffing shortages.</li> </ul>

## Appendix 2

## 2021/22 QUARTER 4 – RISK REGISTER

	guidance, the Council implemented the need for compulsory vaccinations for care home staff.																						
<p><b>Independent assurance of key risk controls</b></p> <ul style="list-style-type: none"> <li>- The LGA peer review in the North, the peer review of Winter Planning &amp; Planning Pressures, and the Department of Health &amp; Social Care Winter Plan peer review have all taken place. The follow up action plans are currently being developed and this work is ongoing.</li> <li>- National CQC system review on the response to COVID-19 has taken place.</li> </ul>																							
<b>Resulting in; Main Impacts of risk</b>	<b>Links to Council Plan Delivery Plan</b>	<b>Quarter 4 Risk Rating</b>																					
<ul style="list-style-type: none"> <li>• Failure to deliver a well-integrated service to our customers/the public.</li> <li>• Potential fatalities</li> <li>• Impact on budget</li> <li>• Reputational damage to the Council/Partnerships.</li> </ul>	<p>1.9 A market position statement for adult social care will be based on the previous strategy and will give early indications of future need based on the impact of Covid-19 to date. A revised strategy will take into account a possible second wave and winter pressures by March 2021, based on Covid-19 response and recovery work towards new commissioning in health and social care.</p> <p>2.12 Work with the Provider sector and commissioning to ensure a sustainable and high-quality provider sector that deliver highly rated person-centred care based on joint needs analysis to inform development of services to meet demand and capacity expectations by December 2021</p> <p>2.14 Work towards increasing the proportion of homecare services delivered by Cumbria Care to 40% of the market share.</p>	<table border="1"> <tr> <td colspan="3" data-bbox="1413 531 1933 624"><b>Q4 RISK RATING likelihood x impact</b></td> <td data-bbox="1933 531 2085 624"><b>25</b></td> </tr> <tr> <td colspan="2" data-bbox="1413 624 1626 716"><b>Previous quarter</b></td> <td colspan="2" data-bbox="1626 624 1798 716"><b>Current quarter</b></td> <td data-bbox="1798 624 1933 716"><b>End Yr Target</b></td> <td data-bbox="1933 624 2085 716"><b>DOT</b></td> </tr> <tr> <td colspan="2" data-bbox="1413 716 1626 809"><b>25</b></td> <td colspan="2" data-bbox="1626 716 1798 809"><b>25</b></td> <td data-bbox="1798 716 1933 809"><b>25</b></td> <td data-bbox="1933 716 2085 809" rowspan="2"></td> </tr> <tr> <td data-bbox="1413 809 1538 885"><b>5</b></td> <td data-bbox="1538 809 1626 885"><b>5</b></td> <td data-bbox="1626 809 1720 885"><b>5</b></td> <td data-bbox="1720 809 1798 885"><b>5</b></td> <td data-bbox="1798 809 1933 885"></td> </tr> </table>	<b>Q4 RISK RATING likelihood x impact</b>			<b>25</b>	<b>Previous quarter</b>		<b>Current quarter</b>		<b>End Yr Target</b>	<b>DOT</b>	<b>25</b>		<b>25</b>		<b>25</b>		<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	
<b>Q4 RISK RATING likelihood x impact</b>			<b>25</b>																				
<b>Previous quarter</b>		<b>Current quarter</b>		<b>End Yr Target</b>	<b>DOT</b>																		
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<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>																				

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2.Health and Social Care Demand and System Failure – Cath Whalley and Fiona Musgrave		
There is a risk that Health and Social Care Services will continue to experience an increase in unmanageable levels of demand and increased complexity of needs as a consequence of COVID-19 and subsequent waves of COVID-19.		
Caused by	Key controls to manage the risk	Further planned activity around key controls for Q1
Increased number of individuals requiring health care and support	<p><b>Common Controls to manage demand across all areas</b></p> <ul style="list-style-type: none"> <li>• System wide strategic engagement</li> <li>• Cumbria Safeguarding Adults Board (CSAB)</li> <li>• Weekly leadership team meeting</li> <li>• Weekly transformation programme meeting</li> <li>• Weekly performance reporting on activity</li> <li>• Mental Health Concordat (bi-monthly)</li> <li>• Multi-Agency Mental Health Crisis Care meeting (fortnightly meetings)</li> <li>• Bed Capacity meetings</li> <li>• Long length stay meetings</li> <li>• ASC Winter Plan 2021/22</li> <li>• Additional services commissioned to provide rapid support to providers to maintain services</li> <li>• Daily Sit Rep Meetings established across Adults</li> <li>• Identification and Risk Assessment of people with unmet needs in the community</li> </ul>	<ul style="list-style-type: none"> <li>• Response across ASC to “emergency” pressures identified and risk in regard to safely meeting statutory duties to those waiting for social care response in the community or hospital in December 21.</li> <li>• Response co-ordinated via Strategic Co-ordination Group (SRG) and attended by Local Resilience Forum (LRF) partners</li> <li>• Business continuity plan and measures put into place to support service delivery</li> <li>• Daily oversight when required on pressures and continuity actions across Adults services at AD level</li> <li>• Adult Social Care Winter Plan in place to drive actions to support and maintain services with overarching themes around Demand Management, Workforce and Market Sustainability</li> <li>• Weekly oversight of ASC Winter Plan at Director and AD level</li> <li>• ASC Leadership team review of activity at a team level to identify any pressures and identify any actions required to support.</li> <li>• Additional short term resources put into place to provide additional capacity to teams and some additional management capacity</li> <li>• Ongoing work with social work and occupational therapy teams to identify tasks and workflow on teams to identify areas of pressure.</li> <li>• ASC Dashboard established which shows the demand, unmet</li> </ul>

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		<p>need and pressures across Adult social care – considered weekly at ASC leadership team.</p>
<p><b>Increase in demand for review &amp; assessment activity, lack of integrated service delivery and the implementation of phase 3 of the NHS response</b></p>	<ul style="list-style-type: none"> <li>• Workforce management plan</li> <li>• Use of interim EPW's to fill skills gap during recruitment process</li> <li>• Ongoing recruitment campaign to fill outstanding vacancies in the ASC structure – this will include a range of measures to support hard to recruit posts and areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to review service users by year end; arising from initial and subsequent COVID-19 period where funded under the national guidance – prioritised activity across ASC. Priority review programme has been central to work throughout COVID-19 and will continue to manage priority demand.</li> <li>• <b>Ongoing</b> recruitment campaign to continue to fill outstanding vacancies <b>within teams</b>.</li> <li>• Ongoing review of the new ASC structure to understand any impact on demand management <b>and inform the development of service models post LGR</b>.</li> <li>• The <b>requirement for compulsory vaccinations for those working in adult social care was rescinded in January. Initial vaccination rates across ASC were high and staff are being encouraged to take up further booster vaccinations as required.</b></li> <li>• Workforce is a key theme within the ASC Winter Plan with actions identified across ASC to support recruitment to vacant posts and stabilise the current social care market. This has included establishing the “Proud to Care” website for social care vacancies across the provider sector, <b>financial grants to providers to support workforce stability</b>.</li> </ul>
	<p><b>Partnership &amp; Integration</b></p> <ul style="list-style-type: none"> <li>• Ensure active participation at the right level within appropriate system forums across the North &amp; South Systems.</li> <li>• Manage the changing demands and inconsistencies between the North &amp; South CCG's and the resource required to support this.</li> <li>• Work with partners to develop more integrated</li> </ul>	<ul style="list-style-type: none"> <li>• Both North &amp; South Systems and the County Council <b>continue to work through the implications</b> of the new Health and Care Bill 2021-22 <b>and the implications of LGR</b> in meeting the new extended implementation deadline of 1<sup>st</sup> July 2022 and t.</li> <li>• The Council continues to work through the implications of Local Government Reorganisation on the Health &amp; Care System and is currently considering options for service delivery and partnership working. <b>Both the potential disaggregation of services and partner relationships are a</b></li> </ul>



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	<p>service delivery models and increase capacity.</p> <ul style="list-style-type: none"> <li>The Health &amp; Care Bill was published on 6 July 2021, setting out key legislative proposals to reform the delivery and organisation of health services in England, to promote more joined-up services and to ensure more of a focus on improving health rather than simply providing health care services.</li> </ul>	<p>growing concern, the impact of which require to be detailed within the options appraisals.</p> <ul style="list-style-type: none"> <li>During Q1, we will review key participation at the Strategic Systems Level to make sure: <ul style="list-style-type: none"> <li>We have appropriate representation</li> <li>We have effective mechanisms for sharing the approach and relevant information</li> </ul> </li> <li>We will continue to work alongside District Council on Changing Futures and New Ways of Working in areas such as homelessness and with people with complex needs.</li> </ul>
<p><b>Increase in level of Acuity - high end need/ more complex cases</b></p>	<ul style="list-style-type: none"> <li>Workforce management plan &amp; availability of skilled staff for face-to-face interaction</li> <li>Development of Integrated Care and Assessment Team</li> <li>System wide strategic engagement &amp; working with Health colleagues</li> <li>Hospital Interface and engagement in North &amp; South</li> <li>Multi-Agency Mental Health Crisis Care meeting</li> <li>Mental Health Concordat – six defined work streams for managing MH across all services</li> <li>Transfer of Care Hub is now established in the North of the County to support timely discharge from hospital</li> <li>Robust triage processes implemented across urgent care MH services in response to COVID-19.</li> </ul>	<ul style="list-style-type: none"> <li>Joint working with health partners to support hospital discharge and admission avoidance. <i>This has included streamlining referrals into services, trusted assessors and development of service pathways to meet the National NHSE 2 Hour urgent crisis response model.</i></li> <li>Joint working with health partners to support the development of a Transfer of Care Hub for the South of the County. Implementation of Discharge to Assess models in the North of the County.</li> <li>Programme of review and risk assessment for COVID related cases which are new or where support needs have changed</li> <li>Work will continue to support the reshaping of Mental Health and Learning Disability services but there will now be some delay due to implementation of Local Government Reorganisation.</li> <li>Development of the Advanced Practice Lead role to drive excellent and legally literate practice is ongoing.</li> </ul>
<p><b>Increase in demand for lower level needs, especially mental health needs</b></p>	<ul style="list-style-type: none"> <li>Monitoring of new referrals to social care as result of COVID-19</li> <li>Monitoring of activity in Mental Health service</li> </ul>	<ul style="list-style-type: none"> <li>Review of cases which have arisen as a result of COVID-19 and which currently may have health funding.</li> <li>Signposting of lower level need to Prevention services - Health and Wellbeing Coaches and third sector provision, online resources.</li> </ul>



<p><b>Increase in demand for Safeguarding referrals</b></p>	<ul style="list-style-type: none"> <li>• Safeguarding Adults Board (CSAB) Strategic business plan</li> <li>• Weekly Safeguarding service interface meeting with health partners (north and south)</li> <li>• Weekly Safeguarding interface meeting with Cumbria Police safeguarding hub</li> <li>• Police access to IAS to screen appropriate referrals to adult service in place</li> <li>• Case tracking data for health partners in place</li> <li>• ASC Safeguarding Adults Service in place</li> <li>• CCC Safeguarding Adults Threshold in place 2020</li> <li>• CCC New Safeguarding Policy 2021</li> <li>• Multi-Agency (CSAB) Safeguarding Adults Procedure now in place</li> <li>• ASC Safeguarding Adults Service assisted ASC Learning Disability services with Safeguarding Adults referrals to that service area to provide additional capacity and consistency of procedure application.</li> <li>• CCC Safeguarding Adults Risk Prioritisation Tool implemented</li> <li>• Ongoing reviews of trends in safeguarding referrals to understand key drivers and source of referrals to be able to match service capacity.</li> <li>• <b>Ongoing</b> Support sessions to partners delivered to ensure compliance with multi agency safeguarding Adults <b>threshold tool</b>.</li> </ul>	<ul style="list-style-type: none"> <li>• EPW staffing <b>in place to provide short term backfill cover for maternity leave</b></li> <li>• <b>Ongoing development of operational controls to support management referrals and enquiries</b></li> </ul>
<p><b>Increase in demand due to winter pressures &amp; further waves of COVID-</b></p>	<ul style="list-style-type: none"> <li>• Peer review undertaken to evaluate Winter Planning &amp; Winter Pressures.</li> <li>• DHSC Winter Planning Guidance issued</li> </ul>	<ul style="list-style-type: none"> <li>• ASC Winter Plan in place with weekly oversight at Director and AD level, <b>focussed on actions to support pressures being experienced across Adult Social Care.</b></li> <li>• ASC is feeding into wider Winter Planning with health</li> </ul>

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<p><b>19</b></p>	<ul style="list-style-type: none"> <li>• Joint Winter planning events held with North and Morecambe Bay systems</li> <li>• Response to DHSC guidance, outcome of Peer review, joint winter planning and other improvement work has been incorporated into a composite Adults Social Care Winter Plan – agreed by Adults DMT. Learning from previous waves of COVID-19 and planning for COVID-19 recovery phase wave has also been incorporated.</li> </ul>	<p>partners.</p> <ul style="list-style-type: none"> <li>• Ongoing joint work with health partners in the North and the South to implement measures to further support discharge from hospital and admission avoidance.</li> <li>• Co-ordinated response via Strategic Co-ordination Group to “emergency” pressures and risk of meeting statutory responsibilities being experienced at the end of Q3, Sit Rep meetings with frequency as required at AD level and additional services commissioned.</li> </ul>
<p><b>Uncertainty of future funding for additional costs to meet COVID-19 response needs and Winter Planning for 2021/22.</b></p>	<ul style="list-style-type: none"> <li>• Funding was agreed with health partners to identify resources to implement measures in the ASC Winter Plan</li> </ul>	<ul style="list-style-type: none"> <li>• There will be ongoing staff cost implications in responding to COVID-19 and to support the 21/22 Winter Plan. Work is being undertaken with Council finance and health partners around continuation of funding and identifying estimated costs to meet ongoing demands in 22/23.</li> </ul>
<p><b>Independent assurance of key risk controls</b></p> <ul style="list-style-type: none"> <li>-LGA Peer review in the North</li> <li>-Peer review of Winter Planning &amp; Planning Pressures.</li> </ul>		

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Resulting in; Main Impacts of risk	Links to Council Plan Delivery Plan	Quarter 4 Risk Rating						
<ul style="list-style-type: none"> <li>• Failure to deliver a well-integrated service to our customers/the public.</li> <li>• Failure to meet our Statutory Duties</li> <li>• Potential fatalities</li> <li>• Impact on budget</li> <li>• Reputational damage to the Council/Partnerships.</li> </ul>	<p>1.5 In context of the national landscape, develop a vision and strategy for Adult Social Care in maximising the opportunities from closer alignment with health but while retaining the expertise and community focus of social care by December 2021.</p> <p>2.1 Work with partners to develop more integrated service delivery models around: Admission avoidance, Discharge, Integrated Care Communities and Population Health by April 2021.</p> <p>2.3 Develop and implement a service model for Mental Health and Learning Disabilities by November 2021.</p> <p>2.5 Building on the establishment of the Recovery mechanisms following COVID, further develop the ways of working across all strategic partnerships to ensure joined up response to cross-cutting themes such as Domestic Abuse, poverty, mental health and wellbeing and publish a shared protocol by March 2021.</p>	<b>Q4 RISK RATING</b> likelihood x impact			<b>25</b>			
		<b>Previous quarter</b>	<b>Current quarter</b>		<b>End Yr Target</b>	<b>DOT</b>		
		<b>25</b>		<b>25</b>		<b>25</b>		
		5	5	5	5			

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3.Deliver a Financially Sustainable Authority – Pam Duke		
There is a risk that the Council’s revenue & capital budget is insufficient to fund current services over the medium term		
Caused by	Key controls to manage the risk	Further planned activity around key controls during Quarter 1
	<p><b>Common Controls across all risk causes</b></p> <ul style="list-style-type: none"> <li>• Monthly financial monitoring and reporting via Directorate Management Teams and Corporate Management Team – with quarterly reporting to Cabinet</li> <li>• Financial Challenge Group in place to consider all aspects of financial sustainability (revenue and capital).</li> <li>• Monthly reports continue to be prepared following engagement with Budget Managers, Assistant Directors and DMT’s with final reports being presented to CMT.</li> <li>• Regular briefings with Portfolio holder’s and Leader by Assistant Director’s and Director of Finance.</li> </ul>	<ul style="list-style-type: none"> <li>• The 2021-22 Revenue and Capital Draft Outturn and Year-End Progress will be agreed by DMTs by 25 April presented to CMT on 11 May 2022 and to the Cabinet Briefing on 19 May 2022 and Cabinet on 9 June.</li> <li>• 2022-23 Period 2 budget monitoring will be considered by CMT on 13 July in order to address emerging issues in the first Quarter ahead of Q1 reporting that will go to Cabinet.</li> <li>• An assessment of financial pressures in 2021-22 that are ongoing in 2022-23 but not factored into the approved 2022-23 budget was made during period 10 reporting. This is being reviewed alongside the 2021-22 outturn to the timeline set out for reporting 2021-22 outturn.</li> <li>• The Financial Challenge Group will consider the pressures and proposed management mitigations at its meeting on 9 May ahead of consideration by CMT on 11 May.</li> <li>• Assessment of budget provision vs inflationary pressures arising from adverse global events including Russian invasion of Ukraine, energy and fuel markets, Brexit and post Covid recovery issues. Will be considered by Financial Challenge Group on 9 May</li> </ul>
<b>Slippage and non-delivery of existing savings</b>	<ul style="list-style-type: none"> <li>• Monthly updates on savings delivery as part of the budget monitoring reports considered by DMTs and CMT. Remediation activity identified where required.</li> <li>• Reserves being reviewed as part of outturn reporting and reported to Cabinet on a Quarterly basis.</li> <li>• Adult Social Care Financial Sustainability Board</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Challenge Group to review delivery of MTFP savings on a quarterly basis.</li> </ul>

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	continues to operate in order to assess future demand for and delivery of Adult Social Care services and actions to ensure sustainable funding position is achieved.	
<b>Underspending/ Overspending of budgets</b>	<ul style="list-style-type: none"> <li>Budget monitoring process reporting monthly via DMTs and to CMT focused upon agreement of mitigating actions to control spending within approved budget.</li> <li>Focus upon transparency of one-off vs ongoing financial pressures and savings in service base budgets and identification of management mitigations to control within approved budget.</li> <li>Rigorous assessment and authorisation of significant areas of expenditure e.g. care packages for vulnerable children and adults. Implementation of revised financial decision-making delegations by People Services in respect of commissioned care packages and support.</li> </ul>	<ul style="list-style-type: none"> <li>Actual and forecast unfunded additional spend relating to COVID-19 is being included in budget monitoring reports. Now that COVID-19 funding has ceased, pressures need to be managed within approved Councils resources.</li> </ul>
<b>Overspending / underspending/ slippage of capital budgets</b>	<ul style="list-style-type: none"> <li>Regular quarterly Budget monitoring process in place to report to CMT and Cabinet.</li> <li>Rigorous assessment of significant capital schemes through the establishment of finance sub-groups, eg for CSLR</li> <li>Lead officers and members briefed on potential cost increases as a result of adverse global events with lobbying for national response through LGA, SCT as appropriate.</li> </ul>	<ul style="list-style-type: none"> <li>Capital programme overspending and slippage in 2020-21 to be reviewed at outturn and assessment of deliverability of 2022-23 programme and the need to reprofile identified.</li> </ul>
<b>Underachievement of income budgets</b>	<ul style="list-style-type: none"> <li>Quarterly meetings with District Council Technical Finance Officers – to review forecasts of Business Rates Income (and appeals) and Council Tax receipts.</li> </ul>	

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	<ul style="list-style-type: none"> <li>• Fees &amp; Charges agreed in February budget setting for 2022/23 income. Delivery against budget will be monitored through the usual budget monitoring process.</li> </ul>	
<b>Uncertainty of local government funding framework</b>	<ul style="list-style-type: none"> <li>• Continue to monitor Government funding announcements, respond to requests for information as appropriate.</li> <li>• Direct dialogue with DLUHC financial sustainability team ensuring that the “Cumbria voice” is heard during consultations and lobbying exercises.</li> <li>• Active participation in national groups e.g. Society of County Treasurers, North West ADASS Group (adult Social care), LGA and CCN.</li> </ul>	<ul style="list-style-type: none"> <li>• Regular dialogue with DLUHC and active participation with national groups remains an ongoing priority.</li> <li>• Funding announcements are monitored, reviewed and implications, where known and quantifiable, are included in briefing notes to Corporate Management Team and Members.</li> <li>• As the Settlement was for one year only engagement and active participation with national groups and DLUHC continues.</li> <li>• Indications are that it is likely that the Fair Funding review will be delayed until 2024-25, as there is insufficient time to consult now for 2023-24</li> </ul>
<b>Increased demand for Statutory Services</b>	<ul style="list-style-type: none"> <li>• Programme Boards continue to monitor and manage demand in key service areas.</li> <li>• Adult Social Care Financial Sustainability Board to review and model future demand for Adult Social Care services.</li> <li>• Actions are being taken to address the financial pressure associated with the rise in the number of Education, Health and Care Plans (EHCPs) resulting in an end of year overspend in the High Needs Dedicated Schools Grant (DSG) funding. This situation continues to be under review.</li> </ul>	
<b>Independent assurance of key risk controls</b> 2021/22 – Main Accounting System		

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Resulting in; Main Impacts of risk	Links to Council Plan Delivery Plan	Quarter 4 Risk Rating						
<ul style="list-style-type: none"> <li>Financial instability of the Council</li> <li>Reduced or non-delivery of services impacting on service users</li> <li>Significant budget overspends &amp; unsustainable drawing on reserves</li> <li>Reputational damage to the Council</li> <li>Intervention by central government</li> </ul>	<p>This is a cross cutting risk and will impact all Council Services and our ability to deliver the outcomes of the Council Plan.</p> <p>1.10 All services delivered in line with their agreed 2021-22 revenue budget, including allocations of COVID-19-related grant.</p>	<b>Q4 RISK RATING</b> likelihood x impact			<b>20</b>			
		Previous quarter	Current quarter		End Yr Target	DOT		
		20		20		20		
		4	5	4	5			

4. WORKFORCE CAPACITY, SKILLS, RELATIONSHIPS, SAFETY & WELLBEING – Tracy Boustead and Paul Robinson		
There is a risk that the Council does not have the workforce capacity, skills or relationships to deliver the Council Plan or experiences a significant impact to the safety and welfare of the workforce.		
Caused by	Key controls to manage the risk	Further planned activity around key controls during Quarter 1
Workforce Plan 2018-2022 not delivered.	<ul style="list-style-type: none"> <li>A new Workforce Plan for 2022/23 was agreed at the March Cabinet meeting.</li> <li>Workforce Plan Delivery plan to be refreshed, with Quarterly progress performance managed through SMT, DMTs and reported through the performance framework to CMT and Cabinet members where required.</li> <li>EPW's being managed within each specific Directorate as part of their regular performance management. However due to COVID-19 &amp; Local Government Reorganisation demand, this is likely to not meet Council Plan targets.</li> <li>System wide Workforce Strategy for North &amp; South Cumbria Health &amp; Care System in place</li> <li>Workforce &amp; Organisational Development Service formed including People Management, Occupational Health, Organisational Development, Workforce Training and Apprenticeship functions to ensure cohesion and monitor progress against allocated actions across multiple work streams.</li> </ul>	<ul style="list-style-type: none"> <li>'Reconnection' stage of New Ways of Working Transition Plan is in progress and in line with new Government guidance and the return to Plan A from 27 January 2022.</li> <li>Review of 'EPW' provider contract to support statutory service needs on a temporary basis, due to reduced candidate pool and concerns regarding current contract provision.</li> <li>Review and refresh of apprenticeship marketing strategy</li> <li>Development of employability pathways i.e. Traineeships</li> </ul>
High staff absence levels	<ul style="list-style-type: none"> <li>A refocussed approach from sickness absence management approach to wellness, including a review of workplace stressors and root cause.</li> <li>Continuing focus on due to COVID-19 demands staff wellbeing and engagement initiatives to positively</li> </ul>	<ul style="list-style-type: none"> <li>introduction of Sickness Situational Report (Sitrep) to report performance, compliance and management intervention advice guidance and support.</li> <li>Academic research &amp; workshops have commenced with Dr Vickers, a specialist in organisational development and human</li> </ul>

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	<p>support and impact staff wellbeing and attendance.</p> <ul style="list-style-type: none"> <li>• Monthly reporting of absence &amp; attendance to Directorate Management Team, Corporate Management Team and reported to elected members of Cabinet &amp; Scrutiny Management Board in place.</li> <li>• Continuation of deep dive' absence clinics at Assistant Director and Senior Manager level in place to address longer term complex cases, supported by Council's Employee Health &amp; Wellbeing professionals and clinical physicians.</li> </ul>	<p>resources interventions and solutions, in support of our person-centred approach to sickness absence, benchmarked with best industry practice.</p> <ul style="list-style-type: none"> <li>• Continuation of support to those clinically vulnerable employees, via Occupational Health to return to the workplace following the government's lifting of Covid-19 measures.</li> <li>• Reconnection Guidance launched to support New Ways of Working.</li> <li>• Monitoring the impact of Covid-19 absence and self-isolation on workforce capacity and business continuity for essential front-line services.</li> <li>• Workplace stressors diagnostic to identify the root cause of workplace stress in response to this Pandemic in progress.</li> <li>• Psychological support and targeted intervention in progress.</li> </ul>
<p>45</p> <p><b>Ineffective Health, Safety and Wellbeing management</b></p>	<ul style="list-style-type: none"> <li>• Corporate Health Safety and Wellbeing Policy Statement was agreed by Cabinet Sept 2020 followed across Council services during pandemic. The 2021/2022 version of the Policy was agreed by Cabinet in July 2021.</li> <li>• Health &amp; Safety Committees in place across all directorates, including Senior Officer and Trade Union co-chair arrangements.</li> <li>• CMT and Lead Member receive regular H&amp;S Position updates to be assured of health and safety governance in place for COVID 19 and wider risks.</li> <li>• IOSH Leading Safely programme continues.</li> <li>• Corporate and Directorate level Health &amp; Safety risk assessments undertaken to prioritise resources on areas of higher risk.</li> <li>• Health and Safety a standing agenda item at CMT &amp; DMT meetings and standard section in all Cabinet reports.</li> <li>• Corporate Mental Health programme continues.</li> </ul>	<ul style="list-style-type: none"> <li>• Strong Health Safety and wellbeing governance remains in place overseen by Lead Member Environment and driven by AD Organisational Change and Trade Union Committee co-chairs.</li> <li>• Fortnightly Covid-19 meetings continue with recognised Trade Union colleagues working well to ensure collective focus, co-production and prompt resolution of ongoing issues.</li> <li>• Next phase of COVID-19 being closely managed in line with national move from Plan B to Plan A <b>and then the 'Living with Covid Plan'</b> with risk assessments and safe systems of work in place and building 'COVID-aware' considerations in response to revised Covid-19 position.</li> <li>• Additional wellbeing actions in place to support colleagues experiencing challenges with new ways of work. Commencement of key priorities, as part of New Ways of Working, reflecting our 'Reconnection' stage in the Transition Plan.</li> <li>• Specific measures in place to support staff to return to the workplace, where safe to do so, for reasons of business need,</li> </ul>

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	<ul style="list-style-type: none"> <li>Fortnightly meetings in place with recognised Trade Unions to focus on COVID H&amp;S issues.</li> <li>Any changes as a result of COVID closely managed with documented risk assessments and safe systems of work in place and communicated to key stakeholders.</li> <li>Undertaking recruitment in Occupational Health, People Management and Corporate Health &amp; Safety Team to build capacity following a number of resignations or internal promotions.</li> <li>LGR workstream established for all 7 Councils with County Council taking lead of H&amp;S workstream.</li> </ul>	<p>physical, mental and social wellbeing.</p> <ul style="list-style-type: none"> <li>Home Working Guidance in place but will be strengthened in Q3 to support longer term home working culture requirements as a new way of working (not just for Covid 19)</li> <li>Significant H&amp;S focus on supporting new model for schools ongoing and well received by School Heads, Governors and Trade Union colleagues.</li> <li><b>Review and refresh work planned in Q1</b> with recognised Trade Union colleagues regarding the Councils Working Time Directive and RIDDOR reporting commitments.</li> <li><b>Work progressing</b> in co-production with District Council colleagues on the future model options for Health &amp; Safety within the LGR Programme of work.</li> </ul>
<p><b>Service Reviews negatively impact on capacity or delivery of services.</b></p>	<ul style="list-style-type: none"> <li>Programme of reshaping and service review revised where COVID-19 has needed to take priority. Regular planned meetings between management and recognised Trade Unions continue.</li> <li>Where any concerns are raised by staff or Trade Union representatives, they are considered and addressed as promptly as possible.</li> </ul>	<ul style="list-style-type: none"> <li>A focus on meaningful consultation and genuine partnership working continues.</li> </ul>
<p><b>Industrial Relationships between the Council and Trade Unions.</b></p>	<ul style="list-style-type: none"> <li>JCG and HR1 meetings will continue to be held corporately and within each Directorate in line with agreed framework.</li> <li>Health &amp; Safety Committees with Union co-chairs are in place.</li> <li>JCGs progressing as per normal schedule</li> </ul>	<ul style="list-style-type: none"> <li>Significant additional capacity and engagement time invested in Trade Union relations through meetings, consultation and co-production of new guidance which is ongoing.</li> <li>In response to the 2019 LGA Peer review the Nurturing Industrial Relations Development programme launched and progressing during <b>Q4 and beyond.</b></li> <li>The Pay &amp; Grading Review <b>has been progressed during Q4.</b></li> </ul>
<p><b>LGR and workforce planning</b></p>	<ul style="list-style-type: none"> <li>LGR Programme Board in progress and dedicated Workforce &amp; Organisational Development workstream identified.</li> </ul>	<ul style="list-style-type: none"> <li>Mobilisation of Workforce &amp; Organisational Development workstream in progress.</li> <li>Identification of additional capacity to support this workstream in progress.</li> </ul>

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<b>Disclosing &amp; Barring Service (DBS) Inspection Concerns</b>	<ul style="list-style-type: none"> <li>• People Management and Service Centre working collaboratively to establish the risks and pulling together an action plan to deliver essential work in respect of DBS.</li> <li>• Complete the registration process for a new lead signatory.</li> </ul>	<ul style="list-style-type: none"> <li>• Seek additional capacity to support the completion of key tasks.</li> <li>• Progressing with identified actions, following inspection.</li> <li>• Identify future options for the delivery of DBS <b>during Q1 and beyond.</b></li> </ul>																		
<b>Independent assurance of key risk controls</b> <ul style="list-style-type: none"> <li>• LGA Peer Review <b>was concluded in Quarter 4 and recommendations informing future delivery model options.</b></li> <li>• The North West Employer’s Strategic Organisational Development Programme (Nurturing Industrial Relations) <b>commenced in Q1-Q4</b></li> <li>• Hull University Workplace Stress Review ongoing during <b>Quarter 4 and recommendations progressing into Qtr1.</b></li> <li>• Academic Review on absence and wellbeing progressing <b>Quarter 4 and recommendations progressing into Qtr1</b></li> <li>• Independent Pay &amp; Grading Review progressing <b>Quarter 4.</b></li> <li>• Development and design of a new 12-month Workforce Plan (2022-2023) <b>during Quarter 3 and was approved in Quarter 4.</b></li> </ul>																				
<b>Resulting in; Main Impacts of risk</b>	<b>Links to Council Plan Delivery Plan</b>	<b>Quarter 4 Risk Rating</b>																		
<ul style="list-style-type: none"> <li>• Major injury, illness or fatality</li> <li>• Non delivery of services or financial savings</li> <li>• Non delivery of prioritised workforce skills and apprenticeship targets.</li> <li>• Trade Union relationship challenges with increased numbers of grievances, formal disputes or industrial action (and queries in relation to COVID-19).</li> </ul>	<p>This is a cross cutting risk and will impact all Council Services and our ability to deliver the outcomes of the Council Plan.</p> <p>1.2 In line with the changing world of work following the pandemic deliver the actions in the 2021/22 Workforce Plan Delivery. Plan continuing our focus on organisational development and workplace health, safety and wellbeing by March 2022.</p>	<table border="1"> <tr> <td colspan="3" data-bbox="1397 756 1868 842"> <b>4 RISK RATING likelihood x impact</b> </td> <td data-bbox="1868 756 2060 842" style="background-color: red; color: white; text-align: center;"> <b>20</b> </td> </tr> <tr> <td data-bbox="1397 842 1554 932"> <b>Previous quarter</b> </td> <td data-bbox="1554 842 1720 932"> <b>Current quarter</b> </td> <td data-bbox="1720 842 1868 932"> <b>End Yr Target</b> </td> <td data-bbox="1868 842 2060 932"> <b>DOT</b> </td> </tr> <tr> <td colspan="2" data-bbox="1397 932 1554 1005" style="background-color: red; color: white; text-align: center;"> <b>20</b> </td> <td colspan="2" data-bbox="1554 932 1720 1005" style="background-color: red; color: white; text-align: center;"> <b>20</b> </td> <td data-bbox="1720 932 1868 1005" rowspan="2" style="background-color: red; color: white; text-align: center; vertical-align: middle;"> <b>20</b> </td> <td data-bbox="1868 932 2060 1107" rowspan="2" style="background-color: yellow; text-align: center; vertical-align: middle;">  </td> </tr> <tr> <td data-bbox="1397 1005 1482 1107" style="background-color: red; color: white; text-align: center;"> <b>4</b> </td> <td data-bbox="1482 1005 1554 1107" style="background-color: red; color: white; text-align: center;"> <b>5</b> </td> <td data-bbox="1554 1005 1639 1107" style="background-color: red; color: white; text-align: center;"> <b>4</b> </td> <td data-bbox="1639 1005 1720 1107" style="background-color: red; color: white; text-align: center;"> <b>5</b> </td> </tr> </table>	<b>4 RISK RATING likelihood x impact</b>			<b>20</b>	<b>Previous quarter</b>	<b>Current quarter</b>	<b>End Yr Target</b>	<b>DOT</b>	<b>20</b>		<b>20</b>		<b>20</b>		<b>4</b>	<b>5</b>	<b>4</b>	<b>5</b>
<b>4 RISK RATING likelihood x impact</b>			<b>20</b>																	
<b>Previous quarter</b>	<b>Current quarter</b>	<b>End Yr Target</b>	<b>DOT</b>																	
<b>20</b>		<b>20</b>		<b>20</b>																
<b>4</b>	<b>5</b>	<b>4</b>	<b>5</b>																	

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5.BECOME A NET ZERO CLIMATE RESILIENT COUNCIL – Allan Harty		
There is a risk that the Council is unable to achieve its net zero target and become climate resilient within currently available resources.		
Caused by	Key controls to manage the risk	Further planned activity around key controls during Quarter 1
The lack of a fully comprehensive carbon baseline assessment to enable the development of a clear strategy and action plan to achieve net zero.	<ul style="list-style-type: none"> <li>Strategies and activities relating to Council net zero include:                             <ul style="list-style-type: none"> <li>Carbon Management Strategy 2020-2025</li> <li>Property Asset Management Strategy 2020-2025</li> </ul> </li> <li>Highways Asset Management Strategy 2020-2025:                             <ul style="list-style-type: none"> <li>Better Places for Work &amp; New Ways of Working Transition Plan 2021.</li> <li>Council Plan Delivery Plan outcomes and metrics.</li> </ul> </li> <li>Tetra Tech had been selected to undertake a Scope 3 Carbon baseline assessment and in Q4, this was completed.</li> <li>Other Strategies and Plans include;                             <ul style="list-style-type: none"> <li>Cumbria joint Public Health Strategy 2019</li> <li>Local Nature Recovery Strategy March 2021.</li> <li>Understanding and application of the impacts of the Environment Act 2021.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>In Q4, the Scope 3 Baseline has been received in draft for review. A further organisational action plan is being developed to help identify key areas of focus to support the requisite reduction in carbon.</li> <li>Scope 3 emissions are all other indirect emissions, and include emissions from water consumption, outsourced fleet vehicles, staff business mileage, highways maintenance and social care provision.</li> <li>Cabinet will receive a report in Q1 2022/23 setting out the findings of the report and the action plan for approval.</li> <li>The Council will then develop a clear road map to enable the achievement of its net zero target that will then be integrated with and transitioned over to the two new Cumbrian Authorities at 01.04.2023.</li> </ul>
The reallocation of staff and financial resources due to competing priorities, such as	<ul style="list-style-type: none"> <li>As part of the Local Government Reorganisation, a Net Zero Climate Change Workstream is in place as a cross cutting theme. This will keep a focus on how</li> </ul>	<ul style="list-style-type: none"> <li>The development of a single integrated Net Zero Action Plan and approach informed in part by the County Council's Scope 3 Carbon baseline</li> </ul>

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<p>LGR/ new Covid-19 variants and Emergency or Business Continuity incidents.</p>	<p>the new Unitary Authorities will contribute to the UK's statutory and Cumbria's ZCCP net zero target and ensure we have the right resources and skills to achieve this target.</p> <ul style="list-style-type: none"> <li>• Unitary councils have a specific and essential part to play in decarbonising local transport, social housing, planning and waste because of their powers and responsibilities in these sectors.</li> <li>• Business Continuity Plans and arrangements</li> </ul>	<p>assessment.</p> <ul style="list-style-type: none"> <li>• A collective Climate LGR workstream high level SWOT analysis and adaptation SWOT analysis has now been completed. <b>During Quarter 4 a draft blueprint for Day 1 readiness has also been undertaken.</b></li> </ul>
<p>Insufficient staff capacity and capability to achieve the net zero target.</p>	<ul style="list-style-type: none"> <li>• Carbon reduction/ energy Managers in place to drive and oversee energy improvement actions across Council estate.</li> <li>• Training courses related to Climate Change are available for staff, including. <ul style="list-style-type: none"> <li>- Climate Change (eLearning)</li> <li>- Carbon &amp; Climate Literacy for Local Authorities (virtual event)</li> <li>- Climate science &amp; solutions for Cumbria (virtual event)</li> <li>-Climate coffee break chats</li> </ul> </li> <li>• An Environment &amp; Sustainability team is being developed – 2 posts are currently in place.</li> <li>• A Communications Officer is now in place to develop a Climate Change/Net Zero Communications Plan and to engage Council staff and the wider public in this agenda.</li> <li>• Council employees continue to embrace an agile working approach including home working. Workstyles have been shaped around the needs of both job roles and personal circumstances.</li> <li>• As part of the Cumbria Cycling Strategy, CCC has committed to improve Cycling Infrastructure and has established a Cycling &amp; Walking Programme in six</li> </ul>	<ul style="list-style-type: none"> <li>• <b>On 14<sup>th</sup>April 2022 Cumbria County Council was awarded the Bronze Carbon Literate Organisation standard (COL) certificate and we will continue to work towards achieving the Silver accreditation.</b></li> <li>• <b>We will be publicising our success both within the County Council and to those who we work with; stakeholders, customers, suppliers, and others.</b></li> <li>• We continue to assess capacity and capability needed to drive technical improvements across CCC estate and offsetting activity in line with established net zero road map.</li> <li>• Establish the basis of an all-staff engagement and communications campaign to enable a zero-carbon culture and achieve the net zero target by the two new authorities.</li> <li>• Work is ongoing for the Workington, Penrith and Whitehaven Local Cycling &amp; Walking Infrastructure, due to be completed in Spring 2022.</li> </ul>

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	<p>urban areas. The Barrow, Carlisle and Kendal Local Cycling &amp; Walking Infrastructure were completed in 2021.</p> <ul style="list-style-type: none"> <li>The Council provides a Cycle to Work Scheme (available on Council intranet).</li> </ul>	
<p>Insufficient funding to achieve the net zero target.</p>	<ul style="list-style-type: none"> <li>Funding was received in May 2020 to improve drainage assets and resilience of the highways network, covering both 2021/21 &amp; 2021/22.</li> <li>A grant of £699,500 is in place for <i>Planting for Pollinators</i> project (mentioned under partnership working below).</li> <li>The Council will act as the Accountable Body for the Cumbria Community Coastal Forest. This includes funding from DEFRA supporting projects related to the Environment, Natural Capital, Sustainability, and Biodiversity. The project has received a £220,000 boost from DEFRA's Nature for Climate Fund to kickstart tree planting.</li> <li>The Tree Works in Barrow project has successfully received funding of £229,000 from the Forestry Commission as part of the Local Authority Treescapes Fund (LATF)</li> </ul>	<ul style="list-style-type: none"> <li>Funding requirements continue to be assessed as part of the Climate Change LGR work package (wider than the CCC road map).</li> <li>Available funding stream opportunities will continue to be maximised for 2022/23.</li> </ul>
<p>Inability to reduce CCC carbon dioxide emissions directly.</p>	<ul style="list-style-type: none"> <li>Carbon Management Strategy Phase 1 activity (2022) <ul style="list-style-type: none"> <li>Reduced energy demand &amp; improved energy efficiency activities across CCC estate.</li> <li>LED Installation across buildings</li> <li>Apply Housekeeping improvements and Install fabric improvements.</li> </ul> </li> <li>Fleet of electric pool cars in place</li> <li>Installed 30 Electric Vehicle Charging Points in Council owner sites across Cumbria.</li> <li>LED street light replacement and improvement</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing Carbon Management Strategy Phase 1 activity for completion in 2022.</li> </ul>

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	programme.	
Inability to reduce CCC carbon dioxide emissions through Partnership working.	<ul style="list-style-type: none"> <li>• As a strategic authority, CCC will support the decarbonisation of transport networks by securing investment in walking, cycling and public transport</li> <li>• As part of a partnership between the Cumbria Local Nature Partnership, Cumbria Wildlife Trust, the Cumbria Biodiversity Data Centre and local communities, Cumbria County Council has received a grant of £699,500 for the <i>Planting for Pollinators</i> project. The funding comes as part of the Government's Green Recovery Challenge Fund which aims to boost green jobs and nature recovery.</li> <li>• The Council will act as the Accountable Body for the Cumbria Community Coastal Forest. The project is working in partnership with Cumbria Woodlands and the National Trust - joining the Trees for Climate Programme coordinated by England's Community Forests (ECF)</li> <li>• The Council is also working with key partners to enable it to meet future national climate-related reporting requirements such as the anticipated Taskforce for Climate-related Financial Disclosure (TCFD) reporting requirements for Local Government Pension Scheme investment assets.</li> </ul>	<ul style="list-style-type: none"> <li>• Awaiting further details on funding allocations from DfT for investment in active travel infrastructure.</li> <li>• <b>Remit, scope and interdependencies of existing Partnerships in Cumbria are being explored. There remains great potential to work more effectively together on shared agendas such as carbon reduction/ climate change/ nature and seek ways to make collective funding bids.</b></li> </ul>
Inability to reduce CCC carbon dioxide emissions through Zero Carbon Cumbria Partnership (ZCCP) to achieve a net zero Cumbria by 2037.	<ul style="list-style-type: none"> <li>• As part of the Public Health Strategy, CCC is co-chair of the Zero Carbon Cumbria Partnership (ZCCP) who's aim is to work towards a carbon neutral county with improved quality of life, people</li> </ul>	<ul style="list-style-type: none"> <li>• The Partnership team continues to develop an understanding of the carbon footprint at a sector level and put clear action plans and targets in place.</li> </ul>



	<p>living in balance with their environment and a sustainable low carbon economy and to reach net zero by 2037.</p> <ul style="list-style-type: none"> <li>• CCC is engaged with the ZCCP to agree county-wide achievable sector targets and support the implementation of action plans for achieving carbon neutrality. This work will be delivered in partnership with ZCCP.</li> <li>• Zero Carbon Sector Groups are now active for housing, waste, land use/rural sectors and transport and are in the process of establishing governance arrangements.</li> <li>• A Climate Youth Summit was held during Q3 and follow up work to take place with ZCCP sector group leads to shape action plans from Summit.</li> <li>• The Copeland Citizens Climate Jury and Youth Jury have concluded their work, both have produced reports and recommended actions.</li> <li>• A Transport Carbon Reduction workshop was held in Q3 to assess carbon reduction actions and future mobility options, recommendations to go to CCEG &amp; Leaders Board.</li> <li>• The 'Future of Food for Cumbria - a workshop from Zero Carbon Cumbria Partnership' took place on 24<sup>th</sup> February 2022.</li> <li>• Further workshops have taken place on Land Based Skill and low Carbon Economies.</li> </ul>	<ul style="list-style-type: none"> <li>• The Monitoring and Evaluation Framework for the sector group plans and lottery funded community scale projects is still in development. A draft framework is scheduled to be in place by end of <b>Autumn 2022</b>.</li> <li>• Two new Net Zero Groups to be developed, one to support the decarbonisation of businesses and another to focus on energy.</li> <li>• The Barrow Citizens Jury will be concluded and report their findings.</li> <li>• <b>The main risks to achieving the aims of the ZCCP Cumbria Wide 2037 net zero target are:</b> <ul style="list-style-type: none"> <li>- Lack of funding</li> <li>- No single organisation</li> <li>- Leadership at the highest level to drive forward change (the ZCCP Steering Group will aim to begin to address this).</li> <li>- Lack of resource within the sector groups – both financial and human.</li> <li>- National, Regional and Local policy backdrop – not in line with 2037 ambition.</li> <li>- Challenge of behavioural change and societal readiness</li> </ul> </li> </ul>
<p>Inability to reduce CCC carbon dioxide emissions through Carbon Offsetting strategies (2023/2024)</p>	<ul style="list-style-type: none"> <li>• Development of offsite renewable energy generation.             <ul style="list-style-type: none"> <li>- Install offsite 1.5MW Solar Photovoltaic (PV) installation</li> <li>- Install offsite 2.5MW Wind Turbine</li> </ul> </li> <li>• Planned development of Tree Works in the Barrow</li> </ul>	<ul style="list-style-type: none"> <li>• <b>The Tender for the Tree Works Project in Barrow is being further considered and updated before re-release during Q1 2022/23.</b></li> <li>• Formal grant agreement arrangements for the Cumbria Community Coastal Forest concluded in Feb 2022, with governance arrangements in place</li> </ul>



	<p>area as part of Forestry Commission’s Local Authority Treescapes Fund (LATF).</p> <ul style="list-style-type: none"> <li>• Cumbria Community Coastal Forest – this project is working in partnership with Cumbria Woodlands and the National Trust and over the next five years see up to 150 hectares (or around 210 football pitches) of trees, woodlands and forests will be planted, capturing around 32,910 tonnes of CO2 over the lifetime of the trees.</li> <li>• Cumbria is actively supporting the Queens Green Canopy Project, launched in May 2021. The project will see thousands of new trees planted, as well supporting a range of activities that will see ancient woodlands and forests protected for the future.</li> <li>• In Q3 2021/22, £229,000 was received from the Forestry Commission (as part of LATF) for the Tree Works Project in Barrow. <b>The works went out to tender in Q4 with no submissions returned.</b></li> </ul>	<p>for Cumbria County Council to act as Accountable Body. <b>The first tree planting projects commenced in Quarter 4 and this will continue throughout 2022/23.</b></p> <ul style="list-style-type: none"> <li>• <b>Carbon offsetting calculations should now consider the latest advice and metrics in the governments sixth carbon budget. This contains a rethink on the current state of the nations peat bogs and classifies them in some cases as net emitters rather than carbon sinks if they are in poor condition – this emphasises the need to better understand the current state of Cumbria’s upland peat bogs and restore them as quickly as possible.</b></li> </ul>
<p>The lack of a fully comprehensive climate change impact assessment to enable the development of comprehensive adaptation strategies to optimise the County Council’s Resilience.</p>	<ul style="list-style-type: none"> <li>• CCC is the Lead Local Flood Authority (LLFA) and has a duty to manage the risk of flooding from local sources (ordinary watercourses, surface water and groundwater) and develop and apply a local flood risk strategy. CCC works in partnership with District Councils and the Environment Agency through a joint strategic flood risk management board.</li> </ul>	<ul style="list-style-type: none"> <li>• CCC continues to make adaptations to and improved resilience of Cumbria’s Highways for a changing climate, by improving the management of surface water drainage.</li> <li>• <b>A climate risk assessment tool is being considered as part of the work through the climate LGR working group. Any such tool should consider the wide implications of a changing climate both in terms of impact on service provision and delivery but also more broadly on our communities and businesses building the risk and cost of inaction. It should also support new policy/strategy/service design to build in good decisions early and build poor one’s out.</b></li> </ul>

Independent assurance of key risk controls									
Resulting in; Main Impacts of risk		Links to Council Plan Delivery Plan		Quarter 4 Risk Rating					
<ul style="list-style-type: none"> <li>• Reputational Damage</li> <li>• Financial /Liability claims</li> <li>• Not meeting CPDP objectives</li> </ul>		<p>A4.5 Utilising our role as a strategic authority to influence and shape the response to the Clean Growth and Energy agenda by supporting the decarbonisation of transport networks by securing additional investment in walking, cycling and public transport and deliver new electric charging infrastructure on Council operated car parks.</p> <p>A4.6 Make adaptations to the highways for a changing climate and improve the resilience of the highway network to a changing climate by improve the provision to manage surface water drainage.</p> <p>A4.7 As part of public health strategy agree county-wide achievable sector targets and action plan for achieving carbon neutrality by March 2021.</p> <p>M4.7 Establish an organisation level Carbon baseline by 2022.</p>		<b>Q4 RISK RATING</b> likelihood x impact		20			
				Previous quarter	Current quarter	End Yr Target	DOT		
				20		20		20	
				4	5	4	5		

6.Increasing demand on Children’s Services - Lynn Berryman		
There is a risk that Children’s Services will experience a further increase in demand as an impact of COVID-19 due to the secondary consequences of COVID-19 for children and their families.		
Caused by	Key controls to manage the risk	Further planned activity around key controls during Quarter 1
	<p><b>Common Controls across all risk causes</b></p> <p>The service has developed good financial and performance management systems which are now firmly embedded in the services and these are used across various Boards and Meetings;</p> <ul style="list-style-type: none"> <li>• Quality &amp; Development Plan</li> <li>• Quality &amp; Development Board</li> <li>• Weekly Performance Board</li> <li>• External Scrutiny &amp; Support</li> <li>• Two dedicated practice development officers in place to support the delivery of the quality and development plan</li> </ul>	
<p><b>Insufficient placement sufficiency to meet the increase in numbers of Children looked after</b></p>	<ul style="list-style-type: none"> <li>• Edge of Care Panel is in place to ensure that our services are working with the right children to prevent unnecessary entry to care.</li> <li>• Legal and Placement Panel is in place to agree any planned entry of children into care and provides authorisation to undertake court proceedings</li> <li>• We met our fostering target for 2021/22 and we have an ongoing proactive fostering recruitment campaign.</li> <li>• The second Residential Home was opened in early Q1 2020/21.</li> <li>• Two Independent Living flats adjacent to the second Residential Home were opened in Q1 2021/22. This has increased our internal</li> </ul>	<ul style="list-style-type: none"> <li>• <b>We continue to review placement sufficiency</b> and are developing plans on how this can be further met internally in the future.</li> <li>• <b>We are continuing to progress</b> further commissioning work with Blackpool, Lancashire &amp; Blackburn &amp; Darwin local authorities in a joint approach to meet our sufficiency demands.</li> </ul>




	<p>residential provision and independent provision to keep more children within Cumbria and in our own resources.</p>	
<p><b>Early help offer is ineffective in preventing Children’s needs escalating to need statutory social work intervention</b></p>	<p>During the COVID-19 outbreak, our approach to Early Help and Think Family was driven by the reinvigorated Children’s Trust Board, chaired by the Executive Director People. This has further embedded our Partnership approach to working with families and to prevent Children’s needs escalating and requiring Social Work intervention The Board is overseeing the development of:</p> <ul style="list-style-type: none"> <li>• Early Help Strategy</li> <li>• Early Help Panel</li> <li>• Six newly established Locality Children’s Partnership Groups which have identified service priorities to meet local needs and use a Think Family Approach</li> </ul> <p>We have also established our internal Think Family Board chaired by the Executive Director to oversee and manage our internal early help approach and ways of working.</p> <ul style="list-style-type: none"> <li>• The new Early Help Strategy was signed off during Q3 2020/21.</li> <li>• The review of Early Help Panels has been completed.</li> <li>• The nationally funded Social Workers in School (SWIS) Project commenced during Quarter 2 and 8 secondary schools have been identified to have social workers placed in their schools. All social workers have now been recruited to these posts and the project has been extended by the Department for Education for another year.</li> <li>• Robust contract management is in place for the</li> </ul>	<ul style="list-style-type: none"> <li>• The learning from the Early Help Panels review will be included within the Early Help Strategy Implementation Plan and will be shared through practitioner forums and locality partnership groups</li> <li>• A review of the Early Help multi agency training will take place to reflect bottom lines, the voice of children and young people, information sharing and step up/down processes</li> <li>• Work with the think family programme board will take place around practice and behaviours</li> <li>• Engagement with DELVE will also take place (Organisational Development specialists) to develop expected practice and behaviours of the workforce.</li> </ul>

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	<p>commissioned for the Child and Family Support Services.</p> <ul style="list-style-type: none"> <li>• A review of Family Group Conferencing Service has been completed.</li> </ul>	
<p><b>Lack of relevant skills and experience staffing capacity to meet increasing demand</b></p>	<ul style="list-style-type: none"> <li>• The Workforce &amp; Training Plan has been reviewed and signed off for the service. This plan includes a proactive recruitment campaign and ongoing Continual Professional Development to enhance staff retention levels and staff satisfaction.</li> <li>• The Aspiring Team Manager program was completed in Q2, 2020/21.</li> <li>• We have recruited newly qualified social workers via our Academy Approach.</li> <li>• During Q3 2021/22, the Department for Education informed us that the National Assessment &amp; Accreditation System for Social Workers (NAAS) project has been paused and is currently under review.</li> <li>• The Aspiring Practitioner new program was finalised and made available from late November as part of our continuous professional development (CPD) offer.</li> </ul>	<ul style="list-style-type: none"> <li>• We continue to experience an increasing level of demand and a reduction in staffing levels and availability of EPW's due to the impact of COVID-19. We will continue to monitor this trend during Q1 2022/23.</li> <li>• The review of our progression program for social workers, advanced practitioner and team managers is still ongoing.</li> <li>• Work is still ongoing with the AD Workforce and Organisational Development to develop a joint Recruitment and Retention Plan across Adults and Children's Services.</li> <li>• We continue to work with our procurement service to review our Externally Provided Workforce (EPW) needs to enable us to cover our statutory services. EPW recruitment has continued to be challenging during COVID-19.</li> </ul>
<p><b>Deterioration in our ability to meet regulatory standards</b></p>	<ul style="list-style-type: none"> <li>• Preparation for Inspection group is now in place to provide Leadership and Management for effective engagement with external assessment bodies for the purpose of inspection and review activity.</li> <li>• We completed a current Self-Assessment in Q4, 2020/21</li> <li>• We had our Ofsted annual conversation in Q4 2020/21.</li> <li>• Our fortnightly and monthly performance meetings led by the Assistant Director ensure</li> </ul>	<ul style="list-style-type: none"> <li>• The LGR Adoption peer review took place in Q4 and we are waiting on the report after which an action plan will be devised in terms of the learning.</li> <li>• The LGR Child Exploitation review will take place during Q1 2022/23.</li> <li>• The Ofsted annual conversation will take place in June 2022/23.</li> </ul>

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	<p>that we track meeting regulatory standards, and this is also monitored within our monthly audit schedule.</p> <ul style="list-style-type: none"> <li>The Ofsted Focus visit took place during July 2021.</li> </ul>																		
<p><b>Independent assurance of key risk controls</b> Ofsted Focus visit – July 2021/22</p>																			
<p><b>Resulting in; Main Impacts of risk</b></p>	<p><b>Links to Council Plan Delivery Plan</b></p>	<p><b>Quarter 4 Risk Rating</b></p>																	
<ul style="list-style-type: none"> <li>Lack of Placement Sufficiency</li> <li>Increase in caseloads for Social Workers <b>and not being able to appropriately allocate Children.</b></li> <li>Increase in Looked After Numbers</li> <li>Impact on Budget</li> </ul>	<p>2.2 Increase community capacity to support effective early help delivery in localities.</p> <p>2.6 Implement the Children and Young People Quality and Development Plan – to ensure consistently good practice for children and young people and successful outcomes from external review and inspection with a revised Quality Assurance Framework introduced by Dec 20, and ICT system further aligned by December 2021.</p> <p>2.9 Successfully implement the Children Looked After and Care Leavers Strategy and deliver the action plan by December 2021.</p> <p>2.10 Develop and publish a Children’s Trust Board Early Help Strategy by March 2021.</p> <p>3.8 Lead the development of community and locality based early help services which strengthen families to meet children’s needs earlier to prevent escalation with a review complete February 2021.</p> <p>3.9 Continue to develop and embed the new role and purpose for Children’s Trust Board including the development of locality partnership groups to drive children’s partnership agenda in relation to Think Family by October 2020.</p>	<table border="1"> <tr> <td colspan="3" data-bbox="1397 539 1906 627"> <p><b>Q4 RISK RATING</b> likelihood x impact</p> </td> <td data-bbox="1906 539 2072 627"> <p><b>16</b></p> </td> </tr> <tr> <td data-bbox="1397 627 1576 715"> <p><b>Previous quarter</b></p> </td> <td data-bbox="1576 627 1760 715"> <p><b>Current quarter</b></p> </td> <td data-bbox="1760 627 1906 715"> <p><b>End Yr Target</b></p> </td> <td data-bbox="1906 627 2072 715"> <p><b>DOT</b></p> </td> </tr> <tr> <td colspan="2" data-bbox="1397 715 1576 786"> <p><b>16</b></p> </td> <td data-bbox="1576 715 1760 786"> <p><b>16</b></p> </td> <td data-bbox="1760 715 1906 786"> <p><b>16</b></p> </td> <td data-bbox="1906 715 2072 882" rowspan="2">  </td> </tr> <tr> <td data-bbox="1397 786 1494 882"> <p><b>4</b></p> </td> <td data-bbox="1494 786 1576 882"> <p><b>4</b></p> </td> <td data-bbox="1576 786 1673 882"> <p><b>4</b></p> </td> <td data-bbox="1673 786 1760 882"> <p><b>4</b></p> </td> </tr> </table>	<p><b>Q4 RISK RATING</b> likelihood x impact</p>			<p><b>16</b></p>	<p><b>Previous quarter</b></p>	<p><b>Current quarter</b></p>	<p><b>End Yr Target</b></p>	<p><b>DOT</b></p>	<p><b>16</b></p>		<p><b>16</b></p>	<p><b>16</b></p>		<p><b>4</b></p>	<p><b>4</b></p>	<p><b>4</b></p>	<p><b>4</b></p>
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7. Impact of Local Government Reorganisation on the sustained provision of Council Services – Corporate Management Team		
There is a risk that the Local Government Reorganisation (LGR) programme of work will have a significant impact on the sustained quality provision of Council Services until 31 March 2023 and will impact on a good and effective closure of the Council.		
Caused by	Key controls to manage the risk	Further planned activity around key controls during Quarter 1
<p>The inability to manage Stakeholder expectations and engagement across LGR and Business as Usual activities up until 31 March 2023.</p> <p>(Customers/ elected members/ Trade Unions/ Statutory and non-statutory Partners/ Providers/ Contractors/ Ofsted Inspectors etc).</p>	<ul style="list-style-type: none"> <li>• At this time of significant change retain a focus on delivery of the Council Plan Delivery Plan and maintain regular performance, risk and financial monitoring reporting</li> <li>• Ensure effective communications remain in place around County Council activities and achievements</li> <li>• Continue to communicate with stakeholders through usual activities about the sustained provision of Council Services and our continued responsibility to meet all statutory requirements throughout the period.</li> <li>• Remain focused on the customer impact and ensure that the customer focus for all service delivery is maintained</li> <li>• Utilise established regular engagement meetings to keep Elected Members, Trade Unions, Partners, Providers, Contractors, External Inspectorates and other key Stakeholders focussed on delivering Business as Usual, engagement in delivery options and transition arrangements as they unfold.</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing and regular updates to all key Stakeholders through existing relationships and forums is ongoing.</li> <li>• Services to consider Customer Impact and develop relevant reassurance messaging around continuity of services.</li> </ul>

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<p>The inability to manage staff expectations and engagement across LGR and Business as Usual activities up until 31 March 2023.</p>	<ul style="list-style-type: none"> <li>• Open and transparent communication regularly to update all staff on progress</li> <li>• FAQ's responded to effectively</li> <li>• Support for all staff going through change is provided in addition to the existing leadership and management development programmes, coaching support and well-being support.</li> <li>• The first staff 'pulse' survey was launched to help inform the leadership team on a number of important areas including how well the LGR process is being managed, how effective the communications are how staff are feeling about LGR.</li> </ul>	<ul style="list-style-type: none"> <li>• Weekly LGR newsletters are being issued</li> <li>• Further Frequently Asked Questions (FAQs) are being developed in order to answer staff questions.</li> <li>• <b>The data collected from the first staff 'pulse' survey is being analysed and will help inform which areas of the LGR Programme are working well and where improvements are needed to support all employees through this time of change.</b></li> <li>• <b>From April, a range of module-based training sessions are available for Managers and Individuals as part of the 'Supporting you through Change' package. These are available through the Organisational Development &amp; Workforce Training sharepoint site to provide support on topics such as wellbeing, resilience and embracing change.</b></li> </ul>
<p>The inability to maintain existing governance and decision-making arrangements to ensure;</p> <p>-The delivery of agreed key commitments including business as usual activities, continuing transformation projects, supporting External Inspections (Ofsted). etc.</p>	<ul style="list-style-type: none"> <li>• County Council Plan extended to 31 March 2023</li> <li>• The Council Plan Delivery Plan has been revised to maintain focus and rigour around statutory services until 31<sup>st</sup> March 2023 and agreed by Cabinet</li> <li>• The 2022/23 Budget, 2022-2027 MTFP and Capital Programme has been agreed by full Council</li> <li>• A new Workforce Plan for 2022/23 was agreed at the March Cabinet meeting</li> <li>• Directorate &amp; Service Delivery Plans being revised where appropriate for 2022-2023</li> <li>• All decision making continues to comply with established constitution &amp; statutory responsibilities</li> <li>• Established governance controls including regular financial, performance and risk monitoring are maintained alongside Internal Audit and</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing review and revision of Directorate &amp; Service Delivery Plans for 2022-2023</li> </ul>



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<p>The inability to plan and manage</p> <p>-The delivery of a good and effective closure of the County Council on 31 March 2023</p> <p>-The delivery of Legacy work after 1 April 2023</p>	<p>external inspections and quality assurance activities.</p> <ul style="list-style-type: none"> <li>Individual LGR workstreams are established to ensure that a safe and legal transfer of services is enabled on 1 April 2023.</li> <li>Specific activities to support ending well as a County Council are being developed alongside the annual reporting mechanisms that will remain in place for the 2022/23 year.</li> <li>List of all legacy /post vesting day tasks currently being identified with proposed changes to deliver activity, in full or in draft, prior to 31 March 2023 where possible.</li> <li>In March 2023, The Audit &amp; Assurance Committee will receive the 2022/23 drafts of the AGS, Head of Internal Audit Opinion and Annual Report on the Effectiveness of Audit &amp; Assurance Committee</li> </ul>	<ul style="list-style-type: none"> <li>The identification of service based legacy tasks is ongoing.</li> <li>There is a need for all Directorates &amp; services to continue to develop a clear plan of action for ending the Council in a safe and legal manner working with the LGR workstreams.</li> <li>In addition, 'Housekeeping' tasks being identified that need to be completed before 31 March 2023</li> </ul>
<p>Reflecting overall resource constraints, the inability to fully develop robust Service Delivery options appraisals for future service provision with all partners.</p>	<ul style="list-style-type: none"> <li>Ongoing development of evidence-based Service Delivery options appraisals through the Theme elements of the LGR programme with resources being identified and established</li> <li>Early and regular engagement and briefings for all Key Stakeholders and Partners with regard to the development of future Service Delivery options.</li> <li>Co-production principles adopted through all of the activities involving county council staff and district staff</li> <li>Expert advisors, critical friends and Cabinet Working Group established to support option appraisal development</li> <li>Joint Implementation Reserve being established</li> </ul>	<ul style="list-style-type: none"> <li>Work is ongoing within the People, Place, Corporate/ Enabling Services, ICT, Customer &amp; Digital and Finance theme elements of the LGR programme to develop evidence-based Service Delivery options appraisals.</li> <li>KPMG continues to support the work of the various themes and workstreams as well as the LGR Programme Board.</li> </ul>

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	to ensure resources for delivery of the implementation activities is available.	
<p>The inability to maintain adequate staffing capacity to enable the delivery of all concurrent activities including,</p> <p><i>the review of existing services and development of robust options appraisals for future service delivery models and planned implementation by 31<sup>st</sup> March 2023, finishing well, managing legacy activity after 31 March 2023, continuing to deliver business as usual until 31<sup>st</sup> March 2023, managing ongoing Covid-19 impacts, managing additional and unexpected major incident responses in Cumbria (severe weather/ flooding etc) and managing other significant activity such as the externalisation of CFRS.</i></p> <p>Staff capacity being maintained through.</p> <p>-Staff Recruitment -Staff Retention</p>	<p><b>Recruitment</b></p> <ul style="list-style-type: none"> <li>• The new Workforce Plan for 2022/23 was agreed by Cabinet in March 2022.</li> <li>• Likely increase in use of EPW's to fill gaps if permanent or temporary recruitment is not possible.</li> <li>• Potential increase in staff turnover therefore need to ensure effective handover arrangements are in place and effective induction for new employees.</li> <li>• Dedicated LGR Organisational Development &amp; Human Resources workstream identified and in progress.</li> <li>• Continued development of the recruitment offer and recruitment process including streamlining the application process for service areas including Cumbria Care.</li> </ul> <p><b>Retention</b></p> <ul style="list-style-type: none"> <li>• Increase engagement and communications with staff to reduce uncertainty and allow for concerns to be raised</li> <li>• Review staffing requirements across service areas ensuring that sufficiency of resource is understood and managed</li> <li>• Continue to ensure that county council staff have the opportunity to access development and training opportunities throughout this period</li> <li>• Ensure staff welfare and wellbeing is prioritised and that support and activities are in place and are working well to support all staff and teams during transition period.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop clarity on current and future skills, experience and competency requirements <b>is ongoing</b>.</li> </ul> <ul style="list-style-type: none"> <li>• Corporate and local engagement and communications with staff to reduce uncertainty and allow for concerns to be raised <b>is ongoing</b>.</li> <li>• Corporate and local monitoring of staff wellbeing <b>is also ongoing</b>, ensuring local processes are in place and working well to support all staff and teams during transition period.</li> <li>• Enhanced Senior Manager visibility and accessibility.</li> <li>• Management development initiatives are in development to provide wider workforce support and workforce resilience during this period of change.</li> </ul>

	<ul style="list-style-type: none"> <li>• Ensure effective handover process in place to minimise loss of knowledge, information and intelligence should staff choose to leave.</li> </ul>																					
<p><b>Independent assurance of key risk controls</b></p>																						
<p><b>Resulting in; Main Impacts of risk</b></p>	<p><b>Links to Council Plan Delivery Plan</b></p>	<p><b>Quarter 4 Risk Rating</b></p>																				
<ul style="list-style-type: none"> <li>• Reduced or non-delivery of services impacting on service users</li> <li>• Financial sustainability of the Council</li> <li>• Significant budget overspends &amp; unsustainable drawing on reserves</li> <li>• Reputational damage to the Council</li> <li>• Intervention by central government</li> </ul>	<p>This risk is linked to the delivery of all aspects of CPDP from the start of the process to 1 April 2023.</p>	<table border="1"> <tr> <td colspan="3" data-bbox="1413 536 1928 632"> <p><b>Q4 RISK RATING likelihood x impact</b></p> </td> <td data-bbox="1928 536 2096 632"> <p><b>16</b></p> </td> </tr> <tr> <td data-bbox="1413 632 1597 727"> <p><b>Previous quarter</b></p> </td> <td data-bbox="1597 632 1780 727"> <p><b>Current quarter</b></p> </td> <td data-bbox="1780 632 1928 727"> <p><b>End Yr Target</b></p> </td> <td data-bbox="1928 632 2096 727"> <p><b>DOT</b></p> </td> </tr> <tr> <td colspan="2" data-bbox="1413 727 1597 807"> <p><b>16</b></p> </td> <td data-bbox="1597 727 1780 807"> <p><b>16</b></p> </td> <td data-bbox="1928 727 2096 807"> <p><b>16</b></p> </td> </tr> <tr> <td data-bbox="1413 807 1514 887"> <p><b>4</b></p> </td> <td data-bbox="1514 807 1597 887"> <p><b>4</b></p> </td> <td data-bbox="1597 807 1697 887"> <p><b>4</b></p> </td> <td data-bbox="1697 807 1780 887"> <p><b>4</b></p> </td> </tr> <tr> <td colspan="3" data-bbox="1413 887 1928 922"> <p><b>16</b></p> </td> <td data-bbox="1928 807 2096 922">  </td> </tr> </table>	<p><b>Q4 RISK RATING likelihood x impact</b></p>			<p><b>16</b></p>	<p><b>Previous quarter</b></p>	<p><b>Current quarter</b></p>	<p><b>End Yr Target</b></p>	<p><b>DOT</b></p>	<p><b>16</b></p>		<p><b>16</b></p>	<p><b>16</b></p>	<p><b>4</b></p>	<p><b>4</b></p>	<p><b>4</b></p>	<p><b>4</b></p>	<p><b>16</b></p>			
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8.Impact of COVID-19 on the provision of Council Services – Extended Leadership Team		
There is a risk that due to the prolonged response and recovery phases of COVID-19 there will be significant impact on the provision of Council Services.		
Caused by loss or degradation to	Key controls to manage the risk	Further planned activity around key controls during Quarter 1
Council Services	<ul style="list-style-type: none"> <li>From Mar 20 to Apr 2021, many Council services underwent significant change, temporary suspension of service or amended delivery. Changes were managed and documented via Decision Records. Where required service changes were subject to decision making through the Council’s Emergency Powers regime. As case rates improved and lockdown restrictions eased, decisions to re-launch services or return them back to a more business as usual status were also subject to DMT’s and Officer Decision Records in consultation with Lead Members.</li> <li>Dedicated Gold (Strategic) and Silver (Tactical) co-ordination structures consisting of Assistant Directors or their appointed Senior Managers were in place with elected members regularly updated. The twice weekly silver co-ordination group has worked well to ensure joint situational awareness and to provide support and co-ordination across the organisation.</li> <li>National guidance in relation to Council services has been reviewed throughout to ensure compliance with health safety and wellbeing a key focus. The risk to virus transmission has been tracked through an evidence-based approach and on 15 April the Strategic Co-ordination Group stood down as case rates were improved and leadership transferred to the Strategic Recovery Co-ordination Group structures.</li> </ul>	<ul style="list-style-type: none"> <li>Following major incident stand down on 15 Apr 2021 leadership transferred to the Strategic Recovery Coordination Group (SRCG) chaired by the County Council. Health Protection Board will focus on ongoing people related impacts and a multi-agency Tactical Delivery Group in place to co-ordinate place related impacts and opening of local services.</li> <li>Co-ordination arrangements remain flexible and able to adapt depending on the current status of case rates. As waves occur or cases spike, resources are available to respond, and risk lowered due to the success of the vaccination programme and a universal Covid 19 Testing programme now in place.</li> <li>The Council has undertaken the production of an Equalities Impact Assessment to ensure service planning in response to COVID-19 takes proper account of equalities considerations.</li> <li>As national guidance allowed for services to be delivered, carefully risk managed processes have been implemented (and documented through DMT’s) to plan for and implement safe service delivery and new ways of working.</li> <li>A weekly meeting takes place each Thursday with Senior officers and fortnightly each Friday with recognised Trade Unions leading the Covid programme to ensure joint awareness, prompt discussion on key issues and co-production of solutions wherever possible.</li> <li>Risk assessments and safe systems of work regularly reviewed alongside national &amp; local guidance, with changes communicated given rapidly changing pandemic policy position</li> </ul>

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	<ul style="list-style-type: none"> <li>County Council focus on Covid-19 has remained high with regular discussion through CMT and extended across the Council led by the Director of Public Health, Chair of the Corporate Health &amp; Safety Committee and Assistant Directors working on the New Ways of Working Programme, to safely continue the delivery of Council services and virus prevalent.</li> </ul>	<ul style="list-style-type: none"> <li>Q3 and Q4 saw the highest number of weekly cases in Cumbria, the Council responded to ensure business continuity plans were in place and effective, especially to maintain workforce numbers in key front-line services. These Business Continuity arrangements will continue during Q1 in line with the Living with Covid Plan.</li> </ul>
<p><b>Council Workforce – Wellbeing and Health &amp; Safety</b></p>	<ul style="list-style-type: none"> <li>COVID 19 implications, risks and controls in place all levels with the Corporate Health, Safety &amp; Wellbeing Policy now inclusive of Covid-19 management and agreed through Cabinet.</li> <li>Regular corporate messages have been provided to support staff to maximise their own mental and physical health &amp; wellbeing. Key issues are also cascaded through management structures to enable two-way debate and confirmation of understanding.</li> <li>A wellbeing and coaching support line launched with staff surveys carried out to identify where the Council can help staff wellbeing, access equipment and support to work at home and workplace locations.</li> <li>COVID specific risk assessments and safe methods of working produced and reviewed in relevant service areas with training and reviews in place.</li> <li>All staff have been asked to confirm that they have seen and understood COVID-19 risk assessments.</li> <li>The Council established a centralised Personal Protective Equipment (PPE) function ensuring all staff received PPE and guidance to safely undertake role.</li> <li>A weekly PPE meeting is available with recognised trade unions to ensure shared situational awareness and staff feedback.</li> <li>National safety guidance has evolved, eg in relation to use of PPE or other safety controls, reviews have been undertaken and the requirements communicated</li> </ul>	<ul style="list-style-type: none"> <li>New e-learning courses have been updated to reflect new ways of working as a result of COVID-19 and the Organisational Development Programme Board agreed all staff be encouraged to complete the courses as soon as possible.</li> <li>As national lock-down restrictions are removed and services recommenced, service specific risk assessment and safe methods of working have been produced as part of a risk managed approach to service re-launch and learning to 'live with the virus'. This will be kept under regular review in Q1 as national guidance is significantly removed. Cumbria transmission levels continue to be closely monitored through Health Protection Board and CMT (where data is available given mass testing is no longer available)</li> <li>Joint premises visits will continue to be undertaken to satisfy COVID-19 risk arrangements are in place with H&amp;S, Trade Union and service managers jointly working together.</li> <li>Follow up staff surveys have been undertaken to gather feedback on staff experience of current working arrangements.</li> <li>Home working guidance to continue in New Ways of Working programme context to ensure safe systems of work in the home environment and Council premises.</li> <li>Additional support is being offered to assist employees,</li> </ul>

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	<p>to staff along with guidance and support.</p> <ul style="list-style-type: none"> <li>• Communications and a workplace health &amp; safety checklist reminder will be issued to all managers in October.</li> </ul>	<p>management and teams to assess workload challenges with a focus on tools to help prioritisation and the opportunity to escalate any concerns to management to support non-priority work to be paused, delayed or stopped to maintain service delivery but minimise employee anxiety, stress or wellbeing challenges especially alongside rising LGR requirements.</p>
<p><b>Council ICT</b></p>	<ul style="list-style-type: none"> <li>• Large numbers of employees working remotely at home using approx. 6000 VPN connections per day &amp; increased reliance of technology to maintain resilient and secure ICT operations.</li> <li>• In April 2020 a Covid 19 Corporate ICT &amp; Information Security Assurance Statement was provided to CMT to update on the increased cyber threat to Local Authorities in general as a result of the pandemic.</li> <li>• Increased engagement and support from the National Cyber Security Centre (NCSC) and the Northwest Warning &amp; Reporting Point (NW WARP) to maintain awareness of increasingly activity of malicious actors seeking to exploit vulnerabilities of LA's while resources are focussed elsewhere.</li> <li>• Cumbria County Council has a strong foundation on which to defend its ICT infrastructure. All core elements of industry best practice and NCSC direction and guidance are in place, closely monitored and regularly reviewed.</li> <li>• New controls and measures were implemented to ensure security was maximised, including daily reporting. A weekly ICT security meeting chaired by AD Organisational Change maintained focus on required security levels and external threats given increased number of public sector cyber-attacks.</li> <li>• New technologies were implemented including audio and videoconferencing solutions, ensuring chosen</li> </ul>	<ul style="list-style-type: none"> <li>• As part of the Council planned Enabling Services Programme the Council has received feedback from the PWC invited technology, data and digital progress review to assist in planning additional security controls that would add additional industry best practice for the Council to consider. This learning is now feeding into the LGR ICT Workstream.</li> <li>• Ongoing engagement with National Cyber Security Centre (NCSC) and the Northwest Warning &amp; Reporting Point (WARP)</li> <li>• Ongoing daily monitoring of cyber threats will continue. Where risks are identified the Council has dedicated capacity in place to respond and isolate any threats asap.</li> <li>• Regular ICT Security item forms part of ICT management meeting chaired by AD Organisational Change and reported by exception to Council SIRO, Cabinet Portfolio Holder and Shadow Portfolio Holder.</li> <li>• Action Plan progressing to further review and enhance existing infrastructure performance and security arrangements following external learning and emerging technologies to counter any known threats or infrastructure capacity issues.</li> <li>• Regular reminders issued to staff to ensure 'strong passwords' are in place and dual factor authentication used.</li> <li>• <b>The Council has submitted its 2022 PSN accreditation and a response is expected in Q1 2022/23.</b></li> <li>• To re-enforce the Council's approach to Information Security &amp; Data Protection, the Organisational Development Programme Board agreed that all employees are to complete the Council's new and updated Information Security &amp; Data Protection e-</li> </ul>



	<p>technology provided latest innovative solution whilst keeping corporate network secure at all times.</p> <ul style="list-style-type: none"> <li>• Various staff communications were issued relating to ICT &amp; Cyber Security via corporate messages.</li> <li>• PSN accreditation was confirmed in March 2021 with Audit Committee commenting on good ICT security assurance.</li> </ul>	<p>learning course.</p> <ul style="list-style-type: none"> <li>• Future planned investments in County Council ICT infrastructure being taken in context of LGR programme timings so that we maintain council system availability and high performance whilst ensuring value for money of future investments.</li> </ul> <p><b>Please also refer to additional controls &amp; measures noted within the Information Security Arrangements Risk.</b></p>
<p><b>Council Premises</b></p>	<ul style="list-style-type: none"> <li>• ‘Workplace Guidance’ and an e-learning module is in place for staff who are unable to work from home <b>which was encouraged wherever possible in Q4.</b></li> <li>• A Working Group established to look at a new operating model for the corporate estate and to oversee the programme of alterations needed to ensure buildings remain COVID-19 aware.</li> <li>• A Strategy for enabling increased face to face contact with customers and service users in COVID-19 safe building progressed</li> <li>• Staff job role classification being updated within context of new ways of working opportunities.</li> <li>• Working with Trade Unions on COVID- secure buildings and home working options.</li> <li>• Weekly meeting of senior service reps ensure focus to carefully manage reopening and transition.</li> </ul>	<ul style="list-style-type: none"> <li>• Through the New Ways of Working programme, there is now no need to work from home solely due to Covid-19 risk. As part of blended workplace model, staff who can work from home are able to do so balancing business need and personal working patterns. <b>Essential staff have continued or will return to Council office buildings and community workplaces in Q1</b> (case rates allowing)</li> <li>• As services continue regardless of delivery model, priority face to face customer contact continues to follow detailed risk assessment and specific modifications through “COVID-secure” standards in the relevant premises.</li> <li>• Whilst not mandatory, face coverings were encouraged indoors <b>for larger or longer meetings in Q4</b> with hand hygiene promoted. <b>Given national face masks restrictions are changing, this will impact on Q1 arrangements for County Council</b> although personal choice to wear a covering will be respected.</li> <li>• Joint workplace inspections with recognised trade unions will continue at a sample of the premises re-opened for customer contact / return of priority essential staff.</li> <li>• <b>Free Lateral Flow Testing ended on 31 March 2022 and now only limited professional groups are able to access free testing. The Council is however scoping the feasibility of a ‘test to protect’ trial which (if agreed) could provide testing around the Council most vulnerable employees, and then support to self-</b></li> </ul>

		<p>test at home and to self-isolate if positive, reducing workplace risk of transmission to high-risk employees.</p>
<p><b>Council Finances</b></p>	<ul style="list-style-type: none"> <li>Emergency cost codes issued for the COVID-19 incident. Additional codes have been introduced as required. <b>The cost of the response to and recovery from will continue to be monitored, although government funding is expected to cease.</b></li> <li>Actual and forecast additional spend relating to COVID-19 is being monitored on a monthly basis and reported to DLUHC, Members and CMT.</li> </ul>	<ul style="list-style-type: none"> <li>Services impacted by COVID-19 will continue to be supported.</li> <li>Financial returns continue to be made to Central Government <b>although funding for costs is expected to cease.</b></li> <li>Financial Challenge group will continue <b>to assess the ongoing impact of COVID-19 on services and respond as necessary.</b></li> </ul> <p><b>Please refer to additional controls &amp; measures noted against the separate Corporate Financial Sustainability Risk.</b></p>
<p><b>Council Governance</b></p>	<ul style="list-style-type: none"> <li>The Chief Legal Officer re-issued updated guidance on decision making in civil emergencies to officers during 20/21 to strengthen assurance on officer decision making. This has continued in 21/22.</li> <li>The statutory officers undertake regular monitoring of decisions taken by officers through weekly decision logs submitted by Executive Directors and reviewed by the Corporate Governance.</li> <li>Member meetings were postponed from 16 March 2020 and after a change in regulations meetings were re-established as soon as practicable as ‘Virtual’ internet-based meetings from 22 May 2020. This has now been removed and public meetings must take place in person.</li> <li>Routine monitoring of National COVID-19 developments is ongoing and reported routinely to CMT, ELT and Elected Member meetings.</li> <li>The Annual Governance Statement for 2020/21 was considered by June Audit &amp; Assurance Committee in line with guidance issued by CIPFA.</li> <li>While the Council has experienced significant disruption to its day-to-day operations, robust</li> </ul>	<ul style="list-style-type: none"> <li>A review of Governance continues, and ongoing impacts of COVID-19 will be monitored and included in the Annual Governance Statement <b>2021/22.</b></li> <li>The Health Protection Board Tactical Oversight Group chaired by the Director of Public Health, ensures strong governance of Covid-19 arrangements with links to CMT and Elected Members through the Health &amp; Wellbeing Board.</li> <li>For significant COVID-19 related projects led by the County Council, a strong focus on governance has been implemented and continues. An example of this is the County Council lead on C19 Lateral Flow Testing with the project receiving positive feedback with strong governance arrangements and proactively inviting Internal Audit input and challenge from the outset.</li> <li>Good governance of services such as the PPE service will continue to ensure robust quality standards and value for money delivery of the DHSC funded programme.</li> </ul>




	<p>emergency planning and business continuity arrangements ensured that the Council could both respond effectively and maintain an effective response to the continuing pandemic within good governance principles.</p>	
<p><b>Council Incident Response &amp; Recovery Structure</b></p>	<p><b>Multi Agency Incident Response &amp; Recovery</b></p> <ul style="list-style-type: none"> <li>• Strategic Coordination Group (SCG) formally declared COVID-19 as a MAJOR Incident on 11 March 2020</li> <li>• An Incident Response and associated governance framework developed and worked well</li> <li>• Multiagency Recovery Advisory Group (RAG) was established in April 2020 and planned early for when transition was possible to Strategic Recovery Coordinating Group (SRCG) when cases rates allow transfer from response to recovery.</li> <li>• The Chairs of all SRCG key Strategic Partnerships establish a ‘Chairs Forum’ to ensure oversight of plans and alignment of resources to key priorities.</li> <li>• Health Protection Board established to provide oversight for managing ongoing Public Health and people related issues.</li> <li>• Cumbria COVID-19 Outbreak Control Plan in place.</li> <li>• Council designated Gold (Strategic) incident commander rota effective to lead the Council’s multi-agency response through the SCG 7-days per week. Council gold commanders cadre of trained and experienced Assistant Directors.</li> <li>• Throughout the incident, Council has operated internal tactical co-ordination group of Assistant Directors of their appointed senior managers.</li> <li>• In December 2020, Cumbria confirmed to government interest in delivering a locally led Director of Public Health community LFT testing programme.</li> <li>• On 15 April 2021, major incident ended, SCG stood</li> </ul>	<ul style="list-style-type: none"> <li>• The Chair and Vice Chair of The Strategic Recovery Group (SRCG) have commissioned a review of the Recovery Strategy to show progress and to ensure that all of the actions and measures, in the Outcomes Framework, are being appropriately managed through Business-as-Usual mechanisms within existing structures.</li> <li>• <b>The March 2022 meeting of the SRCG agreed that the COVID Recovery Strategy is now being managed through the strategic partnerships and the outcomes framework. This is now seen as business as usual for the partnerships with expected measures, activity and outcomes being included in business plans and strategies for the partnerships. Any issues can be escalated through the Chief Execs Group. In addition, the Recovery Strategy ambitions are being reflected in LGR plans</b></li> <li>• COVID-19 response arrangements continue though the Health Protection Tactical Oversight Group and working well.</li> <li>• The Council has reverted to a single Duty AD rota to respond to both Covid or non-Covid related issues and this rota system is now in place and working well for Q1 onwards.</li> <li>• The Covid-19 internal silver command group has been stood down but the group continues to meet weekly but with a greater focus on New Ways of Working, transition and recovery activity.</li> <li>• A dedicated Assistant Director continues to be available for any transition co-ordination with partners as a Covid Single Point of Contact during transition phase.</li> </ul>

	<p>down and County Council co-ordination amended accordingly to a greater focus on recovery, but able to stand up again at short notice should that be required.</p>	<ul style="list-style-type: none"> <li>• Major programmes of work continue to be resourced to ensure service such as PPE management and Lateral Flow Testing continue.</li> <li>• The Corporate Resilience Team have transitioned and refocused on non-Covid related threats and risks but remain available to advise and support and required links with national government and local partners.</li> </ul>
	<p><b>CCC Tactical Silver Co-ordination Group</b></p> <ul style="list-style-type: none"> <li>• CCC Silver Command was established in March 2020 to ensure a coordinated leadership approach was in place across the whole of the County Council.</li> <li>• The CCC silver co-ordination group has had effective connectivity into the multi-agency strategic and tactical co-ordinating groups via the Council’s gold and silver commanders.</li> <li>• All Directorates were represented at Silver meetings and produced SITREPS for each meeting.</li> <li>• In addition to the gold incident commander a lead Executive Director rota has been in place to ensure direct support to the gold commander from CMT throughout the incident.</li> </ul>	<ul style="list-style-type: none"> <li>• CCC ADs continue to be available to manage transition and new ways of working alongside longer term recovery activity.</li> <li>• Duty rotas are in place to maintain capacity yet ensure key responders plan rest and wellbeing with support available where required.</li> <li>• Service level Business Continuity Plans in place and continue to be reviewed to assess risks and controls.</li> </ul>
<p><b>Independent assurance of key risk controls</b></p>		

## Appendix 2

## 2021/22 QUARTER 4 – RISK REGISTER

Resulting in; Main Impacts of risk	Links to Council Plan Delivery Plan	Quarter 4 Risk Rating			
<ul style="list-style-type: none"> <li>Impact on Council Plan Delivery Plan</li> <li>Impact on MTFP &amp; Financial sustainability of CCC</li> <li>Legal implications</li> <li>Reputational Impact</li> <li>Impact on customers</li> </ul>	<p>This is a cross cutting risk and continues to impact many aspects of the Council and the Council Plan Delivery Plan (CPDP) including.</p> <p>1.1 We will continue to take the lead enabling role for multi-agency recovery from COVID-19 in Cumbria maximising opportunities and facilitating recovery across the county, with our communities.</p> <p>1.3 Ensure the restarting of County council services is aligned to new ways of working and builds on enhancements identified during the COVID-19 response.</p>	<b>Q4 RISK RATING</b> likelihood x impact			<b>15</b>
		<b>Previous quarter</b>	<b>Current quarter</b>	<b>End Yr Target</b>	<b>DOT</b>
		<b>15</b>		<b>15</b>	
		<b>3</b>	<b>5</b>	<b>3</b>	<b>5</b>

9.Information Security Arrangements – Paul Robinson & Catherine Parkinson		
There is a risk the Council will experience a significant information security incident.		
Caused by.	Key controls to manage the risk	Further planned activity around key controls during Quarter 1
Inadequate technical information security arrangements	<ul style="list-style-type: none"> <li>Information Security a key element of the 2021/22 ICT Plan Delivery Plan</li> <li>ICT Security Position Statement presented to SMT in June 20 specifically on the COVID 19 risk position. Report well received with appropriate controls and assurance in place.</li> <li>Routine scanning of ICT networks and systems in place to highlight system vulnerabilities, with an exceptions report produced for Senior Manager ICT and AD Org Change.</li> <li>Participation in National Cyber Security Centre (NCSC) initiatives including web check, public sector Domain Name System, Cyber Info Sharing Partnership, DKIM and DMARC.</li> <li>Ongoing assessment of cyber threat via security partners; the NCSC, Northwest WARP including weekly threat reports. NHS Cumbria Cyber Group in place.</li> <li>Data Loss Prevention (DLP) has now been enabled as part of the Microsoft 365 implementation. This functionality enables the information security team to monitor all external emails for sensitive information and provide challenge when deemed to be inappropriate.</li> <li>The annual submission of the NHS DS&amp;P was completed at the end of Quarter 1 2021/22.</li> <li>The 2021 ICT Health Check has been completed with significantly improved position reported.</li> <li>Council achieved the Public Sector Network (PSN) accreditation 19 March 2021 in context of increased global and UK security threats, following a programme of</li> </ul>	<ul style="list-style-type: none"> <li>The annual Public Service Network submission was completed during Quarter 4 and we await the assessment and outcomes of this submission.</li> <li>Corporate &amp; Enabling Services programme continued throughout Quarter 3 with Information Security and the corporate network informing LGR discussions following the recent PWC report. The Information Security Team progressing any immediate information security 'quick wins' and this will continue throughout 2022/23.</li> <li>As part of LGR Programme reset, ICT will now be run as a specific LGR project due to the criticality and complexity of the activities involved and to ensure that data and ICT security is at the core of all work to maintain existing security standards for ongoing delivery of county council services in parallel for a safe and secure transition to the 2 new Unitary Councils on 1 April 2023.</li> </ul>

	<p>additional security improvements.</p> <ul style="list-style-type: none"> <li>• A new Cumbria LRF Cyber Security Subgroup is in place. This multi-agency Cyber group came together for the first time to manage the zero-day Log4j cyber vulnerability incident at the end of Quarter 3 (December 2021).</li> <li>• Where global vulnerabilities are identified, additional monitoring and assurance reporting is promptly implemented. As an example, for the Log4j global risk above, the County Council has daily threat reports in place shared across security professionals and reported to AD Organisational Change for assurance and trends reporting.</li> <li>• The service review of the Corporate systems team who manage key corporate systems such as Children’s and Adults social care, HR and payroll system, education systems etc was successfully implemented in Quarter 2 and continues to be embedded. A key element of the revised service included all role profiles having strengthened data and information security and key Enabling Services responsibilities.</li> <li>• An LGR Data and Intelligence Hub has been established with the County Council AD Organisational Change as the Hub Sponsor. Data Security continues to be a key component of the programme with 7 council Data Protection Officers engaged within the data Hub work programme and ways of working. <b>Assurances are being provided by the Information Security Manager that all Council data and information is being shared securely through the Data Hub and not through any other less secure means.</b></li> <li>• <b>In addition, the County Council’s Information Security Manager and Data Protection Officer are proactively working with the LGR Program Director and Programme Management Office to raise awareness of and ensure</b></li> </ul>	
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	<p>compliance with the Council's Information and Data Management policies and procedures in the management of the Council's Data and Information.</p> <ul style="list-style-type: none"> <li>• Additionally, the Information Governance (IG) and Data Protection (DP) Officers Group is now a subgroup of the Data &amp; Intelligence Hub. This subgroup has been developing a governance framework and producing data sharing agreements as required. In addition, this subgroup is developing an Information Asset Register for LGR purposes and providing advice to support the delivery of the LGR Programme and across all other LGR Themes and Workstreams.</li> <li>• To allow secure data sharing, an LGR Data Sharing Agreement was developed by Data Protection Officers, supported by Monitoring Officers and signed by all 7 Chief Executives on 18 Jan 2022.</li> <li>• As a direct result of the Russia/Ukraine conflict and increased cyber threat, a new Cyber Response Team has been set up who have the specialist skills to enable a timely response to all cyber alerts.</li> </ul>	
<p><b>Inadequate Organisational Measures</b></p>	<ul style="list-style-type: none"> <li>• Suite of Information Management &amp; System Security Policies in place and reviewed annually.</li> <li>• ICT Disaster Recovery &amp; Service Continuity arrangements refreshed with exercises planned.</li> <li>• Cyber Security Incident Response Plan in place.</li> <li>• The Data Breach Reporting Policy, Procedure and FAQs and GDPR Compliance Policy have now been reviewed by SIRO Group and republished.</li> <li>• The annual ICO Accountability Framework (previously the Data Protection Accountability Statement) has been completed for this year.</li> <li>• Progress against the ICO Accountability Framework Tracker is now being reported monthly to LDSMT</li> </ul>	<ul style="list-style-type: none"> <li>• Following the recent Cyber Security Exercise and recent vulnerability incident, the Cyber Security Incident Response Plan will be reviewed in the coming months prior to final approval.</li> <li>• Alternative delivery methods for Information Asset Register (IAR) training will be used for both managers and elected members to maintain profile and training completion.</li> </ul>

	<ul style="list-style-type: none"> <li>• The Data Quality Policy was updated, signed-off by SIRO and republished 16/06/2021 <a href="https://www.intouch.ccc/performance/management/default5.asp">https://www.intouch.ccc/performance/management/default5.asp</a></li> <li>• The Councils Information Asset Register was published on 15 January 2021 via SharePoint Online and all Information Asset Owners have confirmed their key Information asset register entries.</li> <li>• In Quarter 2, the council’s Information Asset Register (IAR) was reviewed, updated and ‘published’ in August 2021.</li> <li>• In Quarter 3 the IAR was moved to a more stable, functional and scalable Sharepoint platform, to allow for future business purposes and development ie.LGR.</li> <li>• In Quarter 3, Information Asset Owners, and Information Asset Administrators have been contacted to review the new training materials and to update any information assets assigned to them.</li> <li>• In Quarter 3, the Retention and Disposal Schedule has been updated and published.</li> <li>• Due to a recent ransomware attack on Gloucester City Council, the Council has reviewed the main causes of this incident and provided assurances that our controls are adequate and there are no similar system vulnerabilities within the County Council.</li> <li>• A Local Resilience Forum Cyber Security Desk-Top Exercise took place during Quarter 4 and tested response and recovery arrangements from a significant Cyber-attack.</li> </ul>	
	<p><b>Training, Awareness &amp; Ongoing Learning</b></p> <ul style="list-style-type: none"> <li>• Mandatory Information Security &amp; Data Protection e-learning course in place and routinely updated. <b>The revised course was launched 1 April 22</b></li> <li>• Automatic reminders are issued to staff who have not completed or are close to the expiry date of the e-learning</li> </ul>	<ul style="list-style-type: none"> <li>• Information and Data Protection training and awareness will continue to ensure all learning from incidents are adopted into best practice, achieving professional qualifications and a culture of continuous professional development.</li> <li>• <b>Information Security and Data Protection e-Learning 2022-23 successfully reviewed, developed and launched on 1 April</b></li> </ul>

	<p>course. Additionally, a communications campaign ongoing to promote completion of the training.</p> <ul style="list-style-type: none"> <li>• LGA funding has been used to support certified information security professional training within the information security team.</li> <li>• As agreed with Corporate Communications, any key learning points or developments from across Information Security, Data Protection and Records Management will be issued monthly using the Weekly Staff News email.</li> <li>• In Quarter 2 alongside the published IAR, multi-channel learning materials including new guidance, videos and animations were developed. The new guidance document is designed to help Information Asset Owners (IAO) and Administrators (IAA) understand the council's approach to information asset management and to use the Information Asset Register. A number of tools have been developed to address individual learning styles.</li> <li>• In Quarter 3 alongside moving the IAR to a new Sharepoint platform, the guidance for IOA and IAA's have been consolidated into a single accessible location.</li> <li>• Further work is planned to track manager and member understanding of Information Asset roles and responsibilities.</li> <li>• The Council had another successful National Information Security month during November 2021.</li> <li>• During Quarter 4, the County Council took part in a Cyber security exercise to maximise experience and expertise in responding to a real cyber incident.</li> </ul>	<p>2022.</p> <ul style="list-style-type: none"> <li>• e-Learning supported by multi-channel communications – CMT Briefing Note, Your Weekly Staff News, Heads Up for Managers, Member Briefing, InTouch Slider.</li> <li>• Employees and Members are being requested, as agreed by SIRO to complete the learning within two months – 1 June 2022.</li> <li>• Additional Heads-Up messaging will be issued towards end of May where formal monitoring of non-completion will begin.</li> <li>• Members of the Information Security Team will be attending the UK Cyber Event in May 2022 run by Government and the National Cyber Security Centre.</li> <li>• Work continues to update Directorate Performance Reports to include data breach incidents and completion rates for the mandatory Info Security &amp; Data Protection e-Learning Course.</li> </ul>
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	<p><b>Human Error</b></p> <ul style="list-style-type: none"> <li>• Incident reporting framework, procedure &amp; online incident form in place and updated as required.</li> <li>• The Council Senior Information Risk Officer (SIRO) continues to chair weekly &amp; quarterly meetings to consider Data Protection, GDPR and Cyber Security matters to enable effective response to breaches, tracking, learning and ICO referral assessments.</li> <li>• Data breaches, near misses, causes and actions continue to be collated into a central database, with each issue being evaluated to identify further targeted action and further shared learning.</li> <li>• A new 'lessons learned tracker' has been introduced to ensure any learning activities identified as a result of a breach are assigned to an appropriate officer for completion within specified timescales. This is now a standing item for quarterly SIRO meetings.</li> <li>• All issues are discussed at weekly SIRO meetings, service teams and escalated to CMT as required.</li> <li>• A refreshed Data Breach Reporting Criteria approved by SIRO Group on 14<sup>th</sup> January 2021.</li> <li>• The 2020/21 SIRO and Information Governance Annual Report was considered by the September 2021 Audit &amp; Assurance Committee and positive feedback received.</li> </ul>	<ul style="list-style-type: none"> <li>• All issues continue to be discussed at weekly SIRO meetings, service teams and escalated to Risk Owners Group, DMTs or CMT as appropriate.</li> <li>• Due to the expiry of the licence for SharePoint 2013, the Data Protection Officer was notified by ICT in September 2021 that data relating to the management of Data Breaches needed to be moved to an alternative platform by 31 March 2022.</li> <li>• The migration of this data was carried out with colleagues in ICT &amp; Digital and has included process improvements.</li> <li>• The data migration was completed ahead of schedule, the systems security has been reviewed by the Information Security Manager and the SIRO Group has been briefed on progress.</li> <li>• All relevant policies, procedures and online content updated to reflect changes.</li> </ul>
<p><b>Inadequate Surveillance Camera Arrangements</b></p>	<ul style="list-style-type: none"> <li>• Surveillance Camera Commissioner (SCC) survey completed.</li> <li>• The Council's Data Protection Officer confirmed as the Senior Responsible Officer (SRO) for the work required to ensure the Council's compliance with its responsibilities in this area of work.</li> </ul>	<ul style="list-style-type: none"> <li>• The CCTV compliance/governance arrangements have now been added to the Data Protection Officer report that is submitted to Legal SMT Management Meeting on a monthly basis.</li> </ul>

**Independent assurance of key risk controls**

- Annual Public Services Network (PSN), PCI DSS & NHS DSP compliance maintained and supported by the external IT Health Check (ITHC).
- Annual PSN certificate issued 19<sup>th</sup> March 2021 with Cumbria commended for their approach to the PSN accreditation process and risk management by the PSN assessor given the challenges of delivering the ICT service during the pandemic.
- Routine ICT system penetration tests to check system vulnerabilities are now incorporated into the annual ITHC which was successfully completed for 2021. This proactive invite tests the externally hosted systems including those “in the cloud”.
- June 2019 Internal Audit of GDPR Phase 1 Action Plan achieved ‘substantial assurance’ rating and in July 2019 a further Internal Audit of Cyber Security achieved a ‘reasonable assurance’ rating.
- The Internal Audit of GDPR Phase 2 is now complete and initial findings reported to Chief Legal Officer and response being prepared by Senior Lawyer and Data Protection Officer.
- Information & Cyber security formed a key workstream of the PwC Peer Review within Cumbria County Council’s Enabling Services Programme led by AD Organisational Change as SRO and is now actively informing the preparation requirements for LGR to two Unitary Councils.

Resulting in; Main Impacts of risk	Links to Council Plan Delivery Plan	Quarter 4 Risk Rating			
<ul style="list-style-type: none"> <li>• Disclosure of personal data leading to personal distress and potential liability claims.</li> <li>• Data breach leading to financial penalties &amp; intervention by the ICO.</li> <li>• Cyber incident leading to partial or total interruption to service delivery to customers, suppliers or partners leading to partial or non-delivery of corporate priorities and having a reputational impact.</li> </ul>	<p>This is a cross cutting risk and will impact all Council Services and our ability to deliver the outcomes of the Council Plan, including.</p> <p>1.14 Deliver the actions in the 2021/22 ICT Plan Delivery Plan and further progress ICT improvement programmes with key partners, particularly the NHS and police by March 2022.</p>	<p><b>Q4 RISK RATING</b> (likelihood x impact)</p>			<p><b>15</b></p>
		<p>Previous quarter</p>	<p>Current quarter</p>	<p>End Yr Target</p>	<p>DOT</p>
		<p>15</p>		<p>15</p>	
		<p>3</p>	<p>5</p>	<p>3</p>	<p>5</p>
		<p>15</p>			

**Although overall risk score recommended to remain at 15 (3 likelihood x 5 impact), additional controls have been implemented to maintain this risk level in a controlled manner given the ongoing and rising external threats and recent cyber-attacks to Public Sector Organisations and wider international sectors.**

10. Management of Significant Contracts – Jo Atkinson		
There is a risk the Council has a failure in a 'significant contract'.		
Caused by	Key controls to manage the risk	Further planned activity around key controls during Quarter 1
<p><b>Lack of timely closure of non-compliance issues, resulting in dispute escalation.</b></p> <p><b>Supplier/Market Failure to deliver the service required</b></p>	<ul style="list-style-type: none"> <li>Quarterly reviews of 'significant' and all other contracts in place at DMT's</li> <li>Quarterly Reports on 'significant contracts' provided to CMT as part of the Business Assurance Framework.</li> <li>Contracts Register is reviewed and risk assessed in relation to organisational impact, should the contract fail.</li> <li>Investing in commercial aspects of contractual relationships.</li> <li>Proactive management of the contract including Performance &amp; Risk Management &amp; Board meetings.</li> <li>Several contracts were assessed during Q1 and removed from the 'Significant Contracts' register.</li> <li>Additional governance arrangements have been implemented through a COVID-19 Modification to contract and an ODR, with subsequent supplier checks and balances, as appropriate, on a case-by-case basis. During Q1, changes have moved into a 'recovery phase' with regards to these earlier COVID related changes.</li> </ul>	<ul style="list-style-type: none"> <li>External consultants used for advice regarding some existing contract performance/options and planned future ways forward.</li> <li>During the COVID-19 recovery phase, the new Covid variant continues to cause uncertainty and as such we continue to keep a watchful eye on significant contract risk, mitigation and Business Continuity Planning measures and their impact across services, <b>however, we are now working within a 'Business as Usual' setting.</b></li> <li><b>We are now looking at all contracts in terms of Unitary and Vesting Day, to ensure that we are 'Legal and Safe'.</b></li> </ul>
<p><b>Lack of adherence to key Contractual terms/ requirements</b></p>	<ul style="list-style-type: none"> <li>Sustainable Procurement Strategy</li> <li>Contract Procedure Rules</li> <li>Corporate Contract Management Workbook and Guidance Procedure</li> <li>'Step by step' guide to Commissioning, Procurement and Contract Management process, including links to</li> </ul>	<ul style="list-style-type: none"> <li>Whilst COVID-19 continues to be a factor, key contractual requirements are expected from Providers, and escalated where not the case. Proactive Contract Management and compliance are being routinely monitored and managed through Directorate Management Teams, with escalation to Corporate Management Team as appropriate.</li> </ul>




## Appendix 2

## 2021/22 QUARTER 4 – RISK REGISTER

	<p>Risk Management guidance</p> <ul style="list-style-type: none"> <li>• ‘Speak up’ arrangements in place to supplement ‘Whistleblowing’ policy.</li> </ul>	<ul style="list-style-type: none"> <li>• As you would expect, some contracts are operating better than others, but all are being monitored in a robust fashion and remedial actions taking place where appropriate.</li> <li>• Currently, two key ‘Significant Contracts’ continue to be closely and proactively managed. These include the Carlisle Northern Development Route (CNDR), <b>where outstanding contractual issues have been resolved during last quarter of 2021/22</b>, and the second is the Waste contract, <b>where, whilst there is no change to the overall risk profile since the last quarter, there was successful Dispute Resolution in the last Quarter, but there are emerging issues which need to be addressed.</b></li> </ul>
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**Independent assurance of key risk controls**  
2019/20 - Internal Audit of External Fostering Framework

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Resulting in; Main Impacts of risk	Links to Council Plan Delivery Plan	Quarter 4 Risk Rating																									
<ul style="list-style-type: none"> <li>• Significant Contract(s) not demonstrating Value for Money.</li> <li>• Significant Contract under performance/ service disruption</li> <li>• Significant Contract commercial consideration costs</li> <li>• Increased volume of Contract breaches and/or ‘material’ breach, resulting in the escalation of disputes &amp; the potential for early termination of contract</li> <li>• Reputational damage to the Council.</li> </ul>	<p>This is a cross cutting risk and will impact all Council Services and our ability to deliver the outcomes of the Council Plan.</p>	<table border="1"> <thead> <tr> <th colspan="4" data-bbox="1395 767 1921 863">Q4 RISK RATING likelihood x impact</th> <th data-bbox="1921 767 2103 863">10</th> </tr> <tr> <th colspan="2" data-bbox="1395 863 1585 959">Previous quarter</th> <th colspan="2" data-bbox="1585 863 1776 959">Current quarter</th> <th data-bbox="1776 863 1921 959">End Yr Target</th> <th data-bbox="1921 863 2103 959">DOT</th> </tr> </thead> <tbody> <tr> <td colspan="2" data-bbox="1395 959 1585 1023">10</td> <td colspan="2" data-bbox="1585 959 1776 1023">10</td> <td data-bbox="1776 959 1921 1023">10</td> <td data-bbox="1921 959 2103 1023" rowspan="2" style="text-align: center;"></td> </tr> <tr> <td data-bbox="1395 1023 1507 1145">2</td> <td data-bbox="1507 1023 1585 1145">5</td> <td data-bbox="1585 1023 1697 1145">2</td> <td data-bbox="1697 1023 1776 1145">5</td> <td data-bbox="1776 1023 1921 1145"></td> </tr> </tbody> </table>				Q4 RISK RATING likelihood x impact				10	Previous quarter		Current quarter		End Yr Target	DOT	10		10		10		2	5	2	5	
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10		10		10																							
2	5	2	5																								


11.Safeguarding of Children - Lynn Berryman & Fiona Musgrave		
There is a risk that there may be a serious failure in protecting children at risk of abuse or neglect		
Caused by	Key controls to manage the risk	Further planned activity around key controls during Quarter 1
<b>Staff shortages: a lack of capacity or capability</b>	<ul style="list-style-type: none"> <li>• Children’s Workforce Strategy in place to address staff shortages across all areas particularly for experienced social work staff and social work qualified team managers.</li> <li>• Staff shortages across Cumbria continue to be addressed through proactive recruitment campaigns.</li> <li>• Social work academy approach embedded for newly qualified social workers to join the workforce</li> <li>• Grow your own – social work apprenticeship scheme in place</li> <li>• The Aspiring Team Manager program was completed in Q2, 2020/21.</li> <li>• A Work Force Strategy Board has been established to re-invigorate our external recruitment activity and program and to ensure our continuing professional development programme for staff is fit for purpose.</li> <li>• A further Academy Cohort has been progressed within the first 2 Quarters of 2021/22.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Work continues</b> with our commissioning service regarding our contract for Externally Provided Workforce (EPW).</li> <li>• <b>Work is still ongoing</b> with the AD Workforce and Organisational Development to develop a joint Recruitment and Retention Plan across Adults and Children’s Services.</li> <li>• <b>Work is ongoing</b> through the University of Hull in relation to workplace stressors. Social Workers are a key group of participants in the workshops which have taken place. <ul style="list-style-type: none"> <li>- Preliminary findings have been reported with more detailed work to follow in the coming months.</li> <li>- The research will enable recommendations for bespoke and targeted interventions to control and mitigate the risk to the wellbeing of our workforce.</li> </ul> </li> <li>• <b>Work continues</b> on a person-centred approach to absence management in partnership with Dr David Vickers with a focus on early intervention. Key findings are due to be presented at CMT shortly with a working group looking at a number of recommendations.</li> </ul>
<b>Failure to adequately follow regulations, policies, procedures &amp; protocols.</b>	<ul style="list-style-type: none"> <li>• A Policy Framework is in place and continues to be updated using TriX.</li> <li>• Audit Quality Assurance Framework in place to ensure ongoing regulatory compliance to all Policies and procedures.</li> <li>• Quality Development Plan – including weekly and monthly performance review meetings.</li> <li>• Ongoing monitoring of performance, compliance and</li> </ul>	<ul style="list-style-type: none"> <li>• Routine monitoring of performance is ongoing to evaluate regulatory compliance, with any follow up actions taken to make further improvements.</li> </ul>

	<p>subsequent actions are monitored by the Quality &amp; Development &amp; the weekly Performance Board.</p> <ul style="list-style-type: none"> <li>• The Quality Assurance Framework has been revised, approved and launched in Q3.</li> </ul>	
<p><b>Training and supervision being ineffective or inadequate</b></p>	<ul style="list-style-type: none"> <li>• Quality Assurance Framework in place to ensure compliance and adequacy.</li> <li>• The Audit Quality Assurance Framework has been revised, approved and launched in Q3.</li> <li>• Children’s Workforce Strategy in place.</li> <li>• A ‘Quality of Supervision’ survey was carried out during Quarter 4 2020/21.</li> <li>• The established Work Force Strategy Board provides oversight of the adequacy of Training and Supervision.</li> <li>• The Workforce &amp; Training Plan has been reviewed and signed off for the service.</li> <li>• Learning from the ‘Quality of Supervision’ survey has been progressed and an updated Supervision Policy was launched in Quarter 1.</li> <li>• Refreshed Supervision Training, in line with the updated Supervision Policy, <b>has been completed.</b></li> <li>• An Audit of Supervision takes place annually.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>A key element of the Quality &amp; Development Plan covers the expectations of Supervision. As part of this development plan there is ongoing work to improve the quality of our supervision and management oversight and this is reviewed on a Quarterly basis.</b></li> </ul>
<p><b>Breakdown of partner relationships</b></p>	<ul style="list-style-type: none"> <li>• Cumbria Safeguarding Children Partnership (CSCP), business plan and performance monitoring is in place to provide oversight, challenge partners and monitor partners individually and collectively. Oversight is provided by an independent person.</li> <li>• A Children and Young People’s Plan is now in place and was approved by Cabinet in Oct 2021. This plan includes Early Help, Think Family and the Locality Groups.</li> <li>• As part of our ongoing compliance of Working Together 2018, we have refreshed the model for delivering Independent Scrutiny of the Cumbria</li> </ul>	<ul style="list-style-type: none"> <li>• <b>The Children and Young People’s Plan outcomes framework has been drafted and the Children’s Trust Board met in Feb 2022 to support the development of this framework. A further meeting will take place on 19 April 2022 to agree the draft outcomes and a forward plan for the meetings for the next 12 months.</b></li> <li>• <b>Publication of Child Practise Reviews</b></li> <li>• <b>The Early Help Strategy and Implementation Plan has been under development and will be presented to the Children’s Trust Board in April 2022 for approval.</b></li> </ul>

	<p>Safeguarding Children Partnership (CSCP). A new external independent scrutineer has been appointed.</p> <ul style="list-style-type: none"> <li>• The Children’s Trust Board has developed and launched a new early help strategy due for implementation.</li> <li>• The Children’s Trust Board continues to meet regularly to ensure effective partner relationships at this challenging time. This Board has also established Locality Children and Family Groups linked to Resilience Groups within the Districts who are taking the lead for Children around COVID-19 response and recovery as well as Think Family. The first area of safeguarding practice the groups have focused on is Child in Need (CIN), to pull out the key points of learning from the quality assurance work that has been undertaken and develop into action plans for each group.</li> <li>• Implementation Plan for Children’s Services to include CCC as a good partner.</li> <li>• An annual report on work delivered over last 12-18 months during COVID-19 has been completed and was signed off in July 2021.</li> <li>• With regard to the recent appointment of the new independent scrutineer, <b>a new policy and performance and assurance framework has been agreed and is now being implemented as well as a forward plan of work for the scrutineer.</b></li> </ul>	
<p><b>Independent assurance of key risk controls</b>                  2019/20 – Internal Audit of Recruitment and retention of social workers in Children’s Services.</p>		

## Appendix 2

## 2021/22 QUARTER 4 – RISK REGISTER

Resulting in; Main Impacts of risk	Links to Council Plan Delivery Plan	Quarter 4 Risk Rating						
<ul style="list-style-type: none"> <li>• Serious injury or death to a Child or young person</li> <li>• Investigations carried out by a Serious Case Review (SCR)</li> <li>• Liability claims against the Council</li> <li>• Reputational damage to the Council</li> </ul>	2.7 Establish the new Cumbria Safeguarding Children Partnership's (CSCP) locality safeguarding arrangements – groups formed, priorities set, schedule of meetings and activity in place. First locality safeguarding priority-learning events held by January 2021.	<b>Q4 RISK RATING</b> likelihood x impact			<b>10</b>			
		<b>Previous quarter</b>	<b>Current quarter</b>		<b>End Yr Target</b>	<b>DOT</b>		
		<b>10</b>		<b>10</b>		<b>10</b>		
		<b>2</b>	<b>5</b>	<b>2</b>	<b>5</b>			




12.Safeguarding of Adults - Cath Whalley & Fiona Musgrave		
There is a risk that there may be a serious failure in protecting adults at risk of abuse or neglect.		
Caused by	Key controls to manage the risk	Further planned activity around key controls during Quarter 1
Staff shortages: a lack of capacity or capability	<ul style="list-style-type: none"> <li>Rolling recruitment campaign</li> <li>Workforce &amp; Practice Board in place.</li> <li>Weekly Leadership Team Meetings discuss issues in relation to the recruitment of permanent staff</li> <li>Incentive proposal taken to DMT for hard-to-reach areas</li> <li>Safeguarding Service was implemented in November 2020</li> <li>Secondment opportunities for community teams in Safeguarding Adults Service providing capacity as is the recruitment of externally provided workforce (EPW's).</li> <li>Work has been completed to identify incentives that will make Cumbria Adult Social Care stand out as a preferred employer.</li> </ul>	<ul style="list-style-type: none"> <li>Recruitment campaign has been refreshed for 2021/22 and is ongoing</li> <li>Additional staffing request to CMT to support ability to respond to risk in safeguarding referrals.</li> <li>Additional resources allocated for EPW recruitment</li> </ul>
Policies, procedures & protocols not being clear, up to date, understood and adhered to	<ul style="list-style-type: none"> <li>Adult Social Care TriX system in place</li> <li>Safeguarding Case File quality file audit process in place</li> <li>Internal audit receiving final papers and assurance.</li> <li>CCC Safeguarding Adults Policy, Procedure and supporting Guidance has been reviewed and approved by ASC Leadership Team</li> <li>CSAB Multi-Agency Safeguarding Adults Procedure and guidance in place</li> <li>Performance is reported on a weekly basis within operational Safeguarding Adults Service and ASC LTM</li> <li>Risk issues raised at ASC Leadership Team weekly</li> </ul>	<ul style="list-style-type: none"> <li>There is a rolling review of Safeguarding Adults Policies and Procedures.</li> <li>Ongoing development of Safeguarding adults internal and external partners protocols</li> <li>Internal audit report due</li> </ul>

	<p>meetings to identify early mitigations planning.</p>	
<p><b>Training and supervision being ineffective or inadequate</b></p>	<ul style="list-style-type: none"> <li>• ASC training standards in place to define mandatory training and ongoing monitoring of compliance in place.</li> <li>• The Practice Learning Group has been established with oversight being provided by the Principal Social worker for ASC; to lead training on the post-qualifying standards for adult Social Workers and Principal Social Workers and to support practice standards and effective supervision and learning across Adults.</li> <li>• Safeguarding Threshold guidance tools in place.</li> <li>• ASC mandatory training offer completed including additional training for members</li> <li>• Safeguarding Training Competency Passport in place. This allows for evaluation on My Learning for all CCC staff including Senior Leaders and members</li> <li>• Key specialist safeguarding training plan review completed and commissioned. Dates provided for 2021</li> <li>• New Supervision Policy in place.</li> <li>• Principal Social Worker and Advanced Practise Lead Team supporting teams with quality audits on individual cases to provide assurance around practise quality.</li> <li>• Safeguarding adults practice audit revised and implemented to support continuing improvements in Practice.</li> <li>• Safeguarding adults support sessions being developed and implemented to support partner understanding of procedures and key guidnace tools on when to refer concerns.</li> </ul>	<ul style="list-style-type: none"> <li>• Renewal of commissioned training completed for 2022/3</li> <li>• Quarterly reporting of mandatory training compliance</li> <li>• Review of Safeguarding Competency Framework imminent</li> <li>• Communications team to support promotion of Safeguarding Adults training offer for 2022/3.</li> <li>• Support being provided by Advanced Practice lead service to support effective oversight and learning delivery from statutory reviews which supports ongoing improvements in operational practice.</li> <li>• New ASC supervision tool in place</li> </ul>

<p><b>Breakdown of partner relationships</b></p>	<ul style="list-style-type: none"> <li>• Cumbria Safeguarding Adults Board (CSAB) has published it's Business Plan, including mitigations around COVID-19 and Recovery</li> <li>• Cumbria Safeguarding Adult Board continues to receive assurance from all partners on the ongoing impact of COVID-19</li> <li>• The Performance &amp; Quality Group provide oversight and reports to this group have been refined to make is easier to monitor issues, embed learning and deliver training as required. This group also receives assurance reports from different parts of the system and they report any escalation up to the Board.</li> <li>• A revised CSAB Business Plan was published in May 2021.</li> <li>• During Q1, the monthly CSAB Assurance and Business Continuity meetings with exec board members that took place during COVID-19 have now stood down.</li> <li>• A report about the Adult Social Care winter planning mitigations was presented to the CSAB and was well received.</li> </ul>	<ul style="list-style-type: none"> <li>• We continue to receive regular assurance reports from other Partners about Safeguarding pressures.</li> <li>• A new chair for the CSAB has been appointed and they will take up their new post in June 2022 and a handover from the previous chair will take place during Quarter 1.</li> <li>• We are in the process of developing the CSAB Business Plan for 2022/2023.</li> <li>• Joint work with health partners to support electronic referrals is in place with the implementation of STRATA but further work is required to support this as the preferred referral route by partners. Data sharing developments are ongoing.</li> <li>• Peer review of the Adult Safeguarding Partnership has been completed. A development day will take place during Quarter 1 to consider the findings from the review and following on from this the new Business Plan and the Strategic Plan will be developed. Also, the output of this report be used for LGR discussions and the future of the Partnership following April 2023.</li> <li>• Discussions have commenced with a joint Partnership group around the delivery of future safeguarding adult boards under the two new Cumbrian Authorities.</li> <li>• An options appraisal will be undertaken to help inform the LGR decision making regarding whether current operational safeguarding arrangements will remain a Cumbria wide service or be delivered separately under the new Cumbrian authorities.</li> </ul>
<p><b>Independent assurance of key risk controls</b>                  2019/20 – Internal Audit of Safeguarding Adults due to complete Quarter 1 2022/3</p>		

## Appendix 2

## 2021/22 QUARTER 4 – RISK REGISTER

Resulting in; Main Impacts of risk	Links to Council Plan Delivery Plan	Quarter 4 Risk Rating				
<ul style="list-style-type: none"> <li>• Serious injury or death to an adult</li> <li>• Investigations carried out by a Safeguarding Adults review (SAR)</li> <li>• Liability claims against the Council</li> <li>• Reputational damage to the Council</li> </ul>		<b>Q4 RISK RATING</b> likelihood x impact			10	
		Previous quarter	Current quarter	End Yr Target	DOT	
		10		10	10	
		2	5	2	5	

13.CUMBRIA COVID-19 Local Outbreak Control Plan – Colin Cox		
There is a risk that the Cumbria COVID-19 Local Outbreak Control Plan fails to prevent or reduce the extent and severity of COVID-19 outbreaks in Cumbria leading to increased lockdown restriction and or significant Business issues across mainstream Council Services and beyond.		
Caused by	Key controls to manage the risk	Further planned activity around key controls during Q1
<p><b>Insufficient resources to adequately implement the Plan</b></p>	<ul style="list-style-type: none"> <li>Resources flowing from Government through Test and Trace Support Grant and Contain Outbreak Management Fund over the short term will be sufficient to take us through 2021/22.</li> <li>Local governance structures and arrangements are in place with oversight &amp; implementation of the Plan being shared between Partnership Groups including the Health Protection Board, Strategic Coordination Group and the Public Health Alliance. Full terms of reference including chairmanship, membership, roles &amp; responsibilities &amp; decision-making capacity are listed in Part 1 of the plan – Appendix 1.</li> <li>The County wide Health Protection Board (HPB), chaired by the Leader of the County Council and the Director of Public Health for Cumbria, takes overall responsibility for the multi-agency management of the emergency and establishes the local policy &amp; strategic framework within which other coordinating groups will work. Recovery structure</li> <li>Given the complexity of the systems and processes in place for this plan to be effective, ongoing capacity will need to be drawn from various Partner Agencies using existing capacity &amp; expertise as well as using available Government funding.</li> </ul>	<ul style="list-style-type: none"> <li>Contain Outbreak Management Fund (COMF) has been sufficient to take us to end of 2021/22.</li> <li>Unspent COM Funds can be carried forward into 2022/23 to provide sufficient resource to continue to employ on a flexible basis enough staff to step up a response at short notice as required.</li> </ul>

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## Appendix 2




## 2021/22 QUARTER 4 – RISK REGISTER

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<b>Ineffective Data Integration</b>	<ul style="list-style-type: none"> <li>• Condition of National Data on Contact Tracing improving.</li> <li>• During Q3 2020/21 we formally become part of the locally supported contact tracing system and we now have access to National Data System, and this is improving data integration although there remain challenges.</li> </ul>	<ul style="list-style-type: none"> <li>• The National Data System no longer exists.</li> </ul>
<b>Inability to Influence People’s behaviour to ensure compliance with National &amp; Local COVID-19 guidance.</b>	<ul style="list-style-type: none"> <li>• Running communications campaigns on a routine basis to make people aware of current guidance and the importance of following the guidelines</li> <li>• Informal intelligence in place to monitor people’s behaviours, the nature and causes of local outbreaks</li> <li>• Additional investment to enable people to access financial support where this will help them to self-isolate is in place.</li> </ul>	<ul style="list-style-type: none"> <li>• As of 24 February 2022, there are no longer any National restrictions and regulations in place however, Public Health continues to provide advice.</li> </ul>
<b>Impact of new or amended Government-led programmes, controls and measures.</b>	<ul style="list-style-type: none"> <li>• The Local Outbreak control plan outlines how Cumbria will manage the ongoing risk posed by COVID-19 however, any new or amended measures imposed by central government could have a significant impact on this risk.</li> </ul>	<ul style="list-style-type: none"> <li>• As of 24 February 2022, there are no longer any National restrictions and regulations in place however, Public Health continues to provide advice.</li> </ul>
<b>Uncertainty around the impact of the Winter Flu Campaign</b>	<ul style="list-style-type: none"> <li>• In September 2021/22, the Flu campaign and Flu vaccination programme was implemented to help reduce numbers of people getting flu and assist with the identification of people who have the COVID-19 virus.</li> <li>• The Communications campaign was also implemented during September 2021/22 to support the Flu vaccination programme.</li> </ul>	<ul style="list-style-type: none"> <li>• The flu campaign was successfully implemented and finished during Quarter 4. During the Q4 period flu levels remained exceptionally low.</li> </ul>

## Appendix 2

## 2021/22 QUARTER 4 – RISK REGISTER

<b>Ineffective roll out of the COVID-19 Vaccination Program</b>	<ul style="list-style-type: none"> <li>The NHS is responsible for the roll out of the Vaccination program with Public Health providing oversight of the plans in place for the roll out of COVID-19 vaccines as quickly and as equitably as possible in line with National prioritisations.</li> <li>The County Council is responsible for the coordination and prioritisation of the vaccination of Council staff in accordance with the Joint Committee on Vaccination and Immunisation (JCVI) nationally identified priorities.</li> <li>The Vaccination Programme has been going very well.</li> </ul>	<ul style="list-style-type: none"> <li>The COVID-19 vaccination programme was rolled out very well and is effectively mainstream.</li> </ul>																					
<b>Independent assurance of key risk controls</b>																							
<b>Resulting in; Main Impacts of risk</b>	<b>Links to Council Plan Delivery Plan</b>	<b>Quarter 4 Risk Rating</b>																					
<ul style="list-style-type: none"> <li>Mortality and harm from COVID-19</li> <li>Increased lockdown restrictions</li> <li>CCC Service Disruption</li> <li>Reputational, financial &amp; legal</li> <li>Further socio/economic impacts</li> </ul>	2.6 Establish and embed a robust system for outbreak management and infection prevention and control, initially focused on COVID-19 but applicable in the longer term to wider health protection support with an integrated hub with Public Health England from October 2020.	<table border="1"> <tr> <td colspan="4" data-bbox="1350 812 1881 887"> <b>Q4 RISK RATING likelihood x impact</b> </td> <td data-bbox="1881 812 2054 887"> <b>9</b> </td> </tr> <tr> <td colspan="2" data-bbox="1350 887 1538 962"> <b>Previous quarter</b> </td> <td colspan="2" data-bbox="1538 887 1727 962"> <b>Current quarter</b> </td> <td data-bbox="1727 887 1881 962"> <b>End Yr Target</b> </td> <td data-bbox="1881 887 2054 962"> <b>DOT</b> </td> </tr> <tr> <td colspan="2" data-bbox="1350 962 1538 1035"> <b>12</b> </td> <td colspan="2" data-bbox="1538 962 1727 1035"> <b>9</b> </td> <td data-bbox="1727 962 1881 1035"> <b>8</b> </td> <td data-bbox="1881 962 2054 1035" rowspan="2">  </td> </tr> <tr> <td data-bbox="1350 1035 1453 1144"> <b>3</b> </td> <td data-bbox="1453 1035 1538 1144"> <b>4</b> </td> <td data-bbox="1538 1035 1641 1144"> <b>3</b> </td> <td data-bbox="1641 1035 1727 1144"> <b>3</b> </td> </tr> </table>	<b>Q4 RISK RATING likelihood x impact</b>				<b>9</b>	<b>Previous quarter</b>		<b>Current quarter</b>		<b>End Yr Target</b>	<b>DOT</b>	<b>12</b>		<b>9</b>		<b>8</b>		<b>3</b>	<b>4</b>	<b>3</b>	<b>3</b>
<b>Q4 RISK RATING likelihood x impact</b>				<b>9</b>																			
<b>Previous quarter</b>		<b>Current quarter</b>		<b>End Yr Target</b>	<b>DOT</b>																		
<b>12</b>		<b>9</b>		<b>8</b>																			
<b>3</b>	<b>4</b>	<b>3</b>	<b>3</b>																				

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## **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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Appendix 1

**2022/23 - CORPORATE RISK REFRESH STATUS**  
**Comparison of 2021/22 Quarter 4 risks & proposed 2022/23 Quarter 1 risks by Clusters**

2021/22 QUARTER 4				2022/23 QUARTER 1		
Risk Headings by Cluster	Risk Score	Target score	Summary of risk changes	Risk heading reworded or new risk description, provisional and target risk scores for Q1.	Risk Score	Target Score
<b>CROSS CUTTING RISKS</b>						
LGR - Organisational Risk	16	16	This risk <b>will remain</b> on the 2022/23 risk register and the risk description <b>unchanged</b> .	LGR - Organisational Risk	16	16
Impact of COVID-19 on the provision of Council Services	15	15	This risk <b>will remain</b> on the 2022/23 risk register and the risk description <b>unchanged</b> .	Impact of COVID-19 on the provision of Council Services.	15	15
<b>PEOPLE RISKS</b>						
Resilience of the Care Sector and impact on meeting care needs.	25	25	This risk <b>will remain</b> on the 2022/23 risk register <b>with a change to the risk description</b> to reflect multiple pressures impacting the Social Care System.  Pressure coming from the ongoing impact of Covid-19, significant increases in the cost of living for staff, care workers and care providers, future Covid-19 variants of interest and pressures within the NHS.	Resilience of the Care Sector and impact on meeting care needs.  There is a risk that the stability and sustainability of the care market <b>will be further impacted by System Pressures including further variants and waves of COVID-19.</b>	25	25
Health and Social Care Demand and System Failure	25	25	This risk <b>will remain</b> on the 2022/23 risk register with a <b>proposed change to the risk description</b> to reflect the potential for further waves of COVID-19 and the increasing and significant impact of an increasingly fragile care market.	Health and Social Care Demand and System Failure  There is a risk that Health and Social Care Services will continue to experience an increase in unmanageable levels of demand and increased complexity of needs as an ongoing consequence of COVID-19, <b>subsequent waves of COVID-19 and/ or pressure on the health and social care system.</b>	25	25
Increasing Demand on Children's Services	16	16	This risk <b>will remain</b> on the 2022/23 risk register and the risk description <b>unchanged</b> however, <b>minor changes will be made to the causal factors</b> . Workforce capacity remains an ongoing concern for the current and future Council's to enable Children's Services to meet their full statutory requirements.	Increasing Demand on Children's Services	16	16
Management of Significant Contracts	10	10	This risk <b>will remain</b> on the 2022/23 risk register and the risk description <b>unchanged</b> . (TBC)	Management of Significant Contracts	10	10
Safeguarding of Children	10	10	This risk <b>will remain</b> on the 2022/23 risk register and the risk description <b>unchanged</b> . Workforce capacity remains an ongoing concern for the current and future Council's to enable Children's Services to meet their full statutory requirements.	Safeguarding of Children	10	10

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## 2022/23 - CORPORATE RISK REFRESH STATUS

### Comparison of 2021/22 Quarter 4 risks & proposed 2022/23 Quarter 1 risks by Clusters

2021/22 QUARTER 4				2022/23 QUARTER 1		
Risk Headings by Cluster	Risk Score	Target score	Summary of risk changes	Risk heading reworded or new risk description, provisional and target risk scores for Q1.	Risk Score	Target Score
Safeguarding of Adults	10	10	This risk <b>will remain</b> on the 2022/23 risk register <b>with a minor addition to the risk description</b> to reflect concern about the possible splitting of the Safeguarding Service between 2 Unitary Council's and impacting the ability to meet their full statutory requirements and maintain a consistent approach across the County as a whole.	Safeguarding of Adults  There is a risk that there may be a serious failure in protecting adults at risk of abuse or neglect <b>and that the Council's statutory Safeguarding Adults duties are not met.</b>	10	10
Cumbria COVID-19 Local Outbreak Control Plan	9	8	This risk will remain on the 2022/23 risk register and <b>the risk description will change</b> to reflect the possible worst-case scenario, that there will be the resurgence of a new variant of concern that is able to break through the current vaccines or will impact due to waning immunity.  New variants are continuing to arise across the world so with this risk being highly uncertain and the impact potentially high, it will remain on the risk register reflecting a impact score of 5 and a likelihood of 2. The Planned arrangements remain in place to be able to respond quickly and escalate resources as needed.	Cumbria COVID-19 Local Outbreak Control Plan  There is a risk that there will be a resurgence of a further Covid-19 variant of concern that will cause significant harm.	10	10
<b>CORPORATE, CUSTOMER &amp; COMMUNITY SERVICES RISKS</b>						
Workforce Capacity	20	20	This risk will <b>remain</b> on the 2022/23 risk register and the risk description <b>unchanged.</b>	Workforce Capacity	20	20
Information Security Arrangements	15	15	This risk <b>remains</b> on the 2022/23 risk register and the risk description <b>unchanged.</b>  The threat to the security of Information and Data continues to increase and we strive to continually improve our internal controls to keep pace with this ever-changing threat.	Information Security Arrangements	15	15
<b>FINANCE RISK</b>						
Deliver a Financially Sustainable Authority	20	20	This risk <b>will remain</b> on the 2022/23 risk register and the risk description <b>unchanged</b> however, <b>there will be a greater focus on the actions required to mitigate the High Needs Block deficit.</b>	Deliver a Financially Sustainable Authority	20	20
<b>ECONOMY &amp; INFRASTRUCTURE</b>						
Become a Net Zero Climate Resilience Council	20	20	This risk will <b>remain</b> on the 2022/23 risk register and the risk description <b>unchanged.</b>	Become a Net Zero Climate Resilience Council	20	20

## **AUDIT AND ASSURANCE COMMITTEE**

**Meeting date: 30 June 2022**

**From: GROUP AUDIT MANAGER**

### **INTERNAL AUDIT ANNUAL REPORT 2021/22**

#### **1.0 EXECUTIVE SUMMARY**

- 1.1 *This report provides a summary of the outcomes of the work of Internal Audit for 2021/22 and includes the Head of Internal Audit's opinion on the effectiveness of the Council's arrangements for governance, risk management and internal control in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS).*
- 1.2 *The annual opinion of the Head of Internal Audit: based on the work undertaken by internal audit during 2021/22, the Group Audit Manager is able to provide reasonable assurance over the effectiveness of the Council's arrangements for governance, risk management and internal control.*
- 1.3 *In coming to this opinion, it is noted that:*
- a) *Overall, 80% of audits with an assurance rating (including schools) have received a substantial or reasonable rating. Only 1 audit review in 2021/22 was given our lowest assurance level of 'limited' and this related to a school.*
  - b) *Overall, 79% of Risk Based Audits (excluding schools) resulted in Reasonable or Substantial assurance, with 21% resulting in Partial assurance. This shows an improvement on 2020/21 outcomes where 71% received substantial or reasonable assurance.*
  - c) *The work of internal audit, and other sources of assurance, is considered to have given an appropriate level of coverage across the Council to provide the opinion. The opinion is based on 25 reviews (76% of audits that would have had a scored assessment for 2021/22).*
  - d) *The Head of Internal Audit's declaration of conformance with the mandatory PSIAS.*
  - e) *Safeguards have been put in place to mitigate any perceived threats to Internal Audit's independence in the year to which this opinion relates.*
  - f) *Actions have been agreed in respect of individual audits. Summaries of the outcomes of all completed audits during the year are included at Appendix 1 (those shaded in grey have previously been reported).*

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

- 2.1 Internal Audit's work is designed to provide assurance to management and members that effective systems of governance, risk management and internal control are in place in support of the delivery of Council Plan priorities.**
- 2.2 The Audit Plan aims to deliver a programme of internal audit reviews designed to target the areas of highest risk as identified through the corporate risk register together with management and internal audit view of key risk areas.**
- 2.3 The Accounts and Audit Regulations (2015) require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. These standards are the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note (LGAN) to the Standards.**
- 2.4 Regular reporting to Audit and Assurance Committee enables emerging issues to be identified during the year.**

## **3.0 RECOMMENDATION**

- 3.1 Members are asked to note:**
  - a) The progress in delivering the 2021/22 audit plan and the outcomes of completed audits set out at Appendix 1.**
  - b) The Head of Internal Audit's opinion of reasonable assurance over the adequacy and effectiveness of the Council's arrangements for governance, risk management and internal control for the year ended 31 March 2022.**
  - c) The Head of Internal Audit's declaration of conformance with the mandatory PSIAS.**
  - d) The Head of Internal Audit's declaration of safeguards put in place to protect Internal Audit's independence as required by the PSIAS.**
  - e) The results of the Quality Assurance and Improvement Programme.**

## 4.0 BACKGROUND

- 4.1 All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act. The Accounts and Audit Regulations 2015 require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. These standards are the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note (LGAN) to the Standards.
- 4.2 Internal Audit is responsible for providing independent assurance to the Council's senior management and to the Audit and Assurance Committee on the systems of governance, risk management and internal control.
- 4.3 It is management's responsibility to establish and maintain internal control systems and to ensure that resources are properly applied, risks appropriately managed and that outcomes are achieved. Management is responsible for the system of internal control and should set in place policies, procedures and checks to ensure that controls are operating effectively.
- 4.4 The internal audit plan for 2021/22 was prepared using a risk-based approach and following consultation with senior management to ensure that internal audit coverage is focused on the areas of highest risk to the Council. The plan has been prepared to allow the production of the annual internal audit opinion as required by the PSIAS.
- 4.5 This report provides an update on the work of internal audit up to 31 May 2022 and includes a summary of the outcomes of audit reviews completed in the period. This includes work carried forward from the 2020/21 audit plan.

### **Annual Opinion of the Head of Internal Audit on the Council's Arrangements for Governance, Risk Management and Internal Control**

- 4.6 The purpose of this report is to give my opinion as the Head of Internal Audit for Cumbria County Council on the adequacy and effectiveness of the Council's systems of governance, risk management and internal control based on the work undertaken by Internal Audit for the year ended 31 March 2022. This annual opinion from the designated Head of Internal Audit is a requirement of the PSIAS which states that the "chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement."
- 4.7 In giving this opinion, it should be noted that assurance can never be absolute, and it is not possible to give complete assurance. My opinion is based on the work undertaken by Internal Audit during the year, including the outcomes of follow up work and evidence gained from other sources.

## Risk Management

- 4.8 The Council's 'Risk Management Policy 2020-23' remained in place throughout 2021/22. The Policy document was last approved at the July 2020 Risk Owners Group and updates included refreshed Risk Management principles as well as the minimum expected risk management requirements as defined within the Performance & Risk Management Framework. The content of this Policy remained valid during 2021/22 and the next full review of the Policy was planned to take place in February 2023, but this will now not happen due to local government reorganisation.
- 4.9 The Risk Management Policy continues to sit alongside the Council's Performance and Risk Management Framework. This framework provides links between strategic planning and service delivery, including the effective management of risks and opportunities that could impact on corporate or service delivery. The Policy sets out the aim, objectives, scope, principles, roles, responsibilities and delivery mechanism for Risk Management across the Council.
- 4.10 The Risk Owners Group (ROG) has continued to operate throughout 2021/22, on a virtual basis. The aim of ROG continues to be challenging and approving the quarterly corporate risk register before presenting to DMTs, CMT and the Audit and Assurance Committee. Annually, the Group leads the refresh of the corporate risk register by evaluating the ongoing relevance of the risks to the Council Plan Delivery Plan and the changing needs of the Council, and to identify any new or emerging strategic risks as they arise.
- 4.11 The 2021/22 Risk Refresh showed that COVID-19 would continue to dominate the refreshed 2021/22 risk register, impacting the delivery of services either directly or indirectly. At the same time, the risk relating to exiting the EU transition period without a deal was removed from the register. Two new risks were added to the risk register during 2021/22 in terms of 'Achieving Net Zero Greenhouse Gas Emissions by 2037' and 'The impact of Local Government Reorganisation on the sustained quality provision of Council Services'. By the end of Quarter 3, two corporate risks linked to the Health & Social Care sector reached the highest risk score of 25, reflecting the ongoing impact of COVID-19 and other factors on staffing capacity.
- 4.12 Corporate risks continue to be reviewed on a quarterly basis by the Risk Owners themselves, the Risk Owners Group, Directorate Management Teams (DMTs), Corporate Management Team (CMT), the Leader and Deputy Leader of the Council, informal Cabinet Briefing and formally by the Audit and Assurance Committee. During 2021/22 all Audit and Assurance Committee meetings returned to an in-person format.
- 4.13 Deep dive reviews of the most critical corporate risks are presented to the Audit & Assurance Committee at its meetings, and these have continued during 2021/22. These have included presentations on the fragility of the social care sector, Children's safeguarding and the impact of local government reorganisation on the sustained provision of Council services.
- 4.14 The Council has continued its work on improving risk management in various areas including the ongoing development of Directorate Risk Registers, especially within the Economy & Infrastructure (E&I) Directorate during

2021/22. Work has continued on improving operational risk management by supporting various directorate and service areas. Training was provided to the new E&I Business Support Manager, who then supported the refresh of the E&I Directorate and service area risk registers in 2021/22.

- 4.15 Our work during the year has identified a mixed picture on service / operational risk management across the Council. The key areas for improvement include ensuring that service / operational risks are complete, reviewed on a regular basis, that evidence of this review is clearly documented, and that mitigation of risks is always documented in risk registers.
- 4.16 Corporate Training was provided to the E&I Extended DMT managers as part of a Performance & Risk Management workshop in May 2021, the main focus being risk management. Additionally, risk management training is also available as an e-learning course. Specific and specialist areas of corporate risk related training has continued during 2021/22 driven by the direct or secondary impact of COVID-19 and mandatory Data Security training for all County Council staff as well as the LGR Programme Management Office.
- 4.17 During 2021/22 the Council's Risk Appetite has remained the same. A risk appetite statement defines the appetite for risk taking and the agreed levels of tolerance to ensure the Council develops appropriate risk mitigation strategies and systems of control. Responding to COVID-19, and more recently Local Government Reorganisation, has been the priority in 2021/22 but officers will continue to review risk appetite statements from other authorities, Partner Organisations and work with Zurich Municipal to evaluate best practice.

## **Governance**

- 4.18 The Council has a Constitution in place. This is reviewed on an ongoing basis by the Constitutional Review Group with any changes to specific parts of the Constitution approved by the full Council.
- 4.19 The Constitution includes a suite of documents setting out the governance arrangements in place for decision making, standards of conduct, rules and procedures and policies and protocols. The Constitution includes Codes of Conduct setting out expectations of members and officers, an Anti-Fraud, Bribery and Corruption Policy and Whistleblowing policy.
- 4.20 Arrangements are in place to engage with stakeholders and partners through a combination of joint working arrangements, partnership boards and the annual appointment to external organisations including local NHS bodies and neighbourhood forums.
- 4.21 The Chief Executive, Chief Legal Officer and Director of Finance (Section 151 Officer) meet as the Council's Corporate Governance Group (which comprises its statutory officers, the Head of Paid Service, Monitoring Officer and Section 151 Officer), to oversee the effectiveness of governance arrangements and deliver improvements. All three statutory officers have changed during 2021/22 including the appointment of two new Chief Executives. The changes in the key statutory officers has meant that the

Corporate Governance Group (CGG) has met less frequently than usual, with the only meetings in 2021/22 being on 17 May 2021 and 28 March 2022. The meeting on 28 March 2022 discussed the approach to the preparation of the 2021/22 Annual Governance Statement (AGS) and also the work of the CGG going forward. It has been agreed that the Corporate Governance Group will meet bi-monthly going forward, with the next meeting scheduled for 27 June 2022. It should be noted that the Corporate Management Team (CMT) maintains an overview of governance with specific items coming forward as appropriate from the CGG or directorates.

- 4.22 The Council has a Local Code of Corporate Governance 2018-22 in place. The Council refreshed its Local Code of Governance in 2018 to align with the CIPFA / SOLACE publication; Delivering Good Governance in Local Government which was updated in 2016. The Code is due to be reviewed in June 2022 and will be extended so that it applies up to the end of March 2023.
- 4.23 In recent years there have been continued improvements made to areas such as operational risk management, performance management and maintenance of policies, protocols, strategies and procedures. It is important to ensure that all procedure notes are in place, as required, and that they are periodically reviewed to ensure that they are up to date and where required that they are approved. This is increasingly important as we go forward with local government reorganisation, as the way some services are delivered may look different and procedure notes will need to be updated to reflect this change.

### **Internal Control**

- 4.24 Based on the 24 completed reviews there are 79% which have received a substantial or reasonable rating. If we included the one report issued in draft, there are 80% which have received a substantial or reasonable rating. Only one audit review in 2021/22 was given our lowest assurance level of 'limited' and this related to a school.
- 4.25 Of the 19 risk based audits (excludes schools) completed, or at draft report stage, 15 received reasonable or substantial assurance (79%), whilst 4 resulted in partial assurance (21%). This shows an improvement on 2020/21 outcomes where 71% received substantial or reasonable assurance.
- 4.26 We have completed 6 follow ups and the outcome of audit follow ups has shown that 3 (50%) have resulted in improved assurance ratings and are now reasonable assurance whilst the other 3 (50%) have remained at partial assurance. Although, not as positive a position as the previous year, it reflects specific issues around staffing changes / capacity and the impact of COVID on the ability to progress the implementation of recommendations.



## Internal Audit Opinion 2021/22

- 4.27 I am satisfied that sufficient audit work has been undertaken, supported by consideration of other sources of assurance, to allow me to provide an opinion on the adequacy and effectiveness of the Council's risk management, governance and internal control for 2021/22.
- 4.28 A key part of my annual opinion is that it is an independent opinion on the adequacy and effectiveness of the Council's risk management, governance and internal control. It is therefore essential that any actual or perceived threats to Internal Audit's independence is addressed and mitigated. We have considered two separate issues in 2021/22. They are:
- As reported in previous years the Group Audit Manager is a friend, and ex-colleague, of the Senior Manager – Pensions and Financial Services. They may well separately attend the same events as part of a wider group of friends. This creates a perceived threat of independence, and this has been mitigated by putting in place safeguards, including the Group Audit Manager having no audit involvement with areas such as pensions and treasury management, with any audit work in these areas managed by one of the Audit Managers. This safeguard means the remaining perceived threat to independence and objectivity is low
  - The partner of one of our senior auditors is responsible for managing one of the areas that had a follow up review in 2021/22. The senior auditor had no involvement in this audit and the work was undertaken by another member of the audit team and managed by one of the Audit Managers
- 4.29 Audit Opinion statements available to me using the agreed Internal Audit reporting methodology are:
- **Substantial Assurance** – sound frameworks of governance, risk management and internal control are in place and are operating effectively.
  - **Reasonable Assurance** - frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them.
  - **Partial Assurance** - weaknesses in the frameworks of governance, risk management and / or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk.
  - **Limited Assurance** - there are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk.
- 4.30 Based on my consideration of the evidence it is my opinion is that I can provide reasonable assurance over the adequacy and effectiveness of the systems for governance, risk management and internal control operated by the Council in 2021/22.

## **Basis of the Opinion**

- 4.31 The opinion is based on the work undertaken by internal audit during the year, which was based on the audit plan approved by Audit & Assurance Committee on 11 March 2021. In addition, consideration has been given to other sources of assurance such as our ongoing work in 2021/22, the draft Annual Governance Statement 2021/22 and any external inspections.
- 4.32 COVID-19 has continued to have some impact on the delivery of Council services during 2021/22, with some services much more affected than others. The Chartered Institute of Public Finance and Accountancy (CIPFA) has not issued any additional guidance to be considered in giving the 2021/22 Head of Internal Audit opinion. However, consideration must always be given as to whether the Head of Internal Audit is able to issue a complete annual opinion in accordance with professional standards or whether there would need to be a limitation of scope. CIPFA states 'A limitation of scope arises where the Head of Internal Audit is unable to draw on sufficient assurance to issue a complete annual opinion in accordance with professional standards'.
- 4.33 In assessing whether I can give my Head of Internal Audit opinion for 2021/22 without a limitation of scope I have considered the following:
- **Have I sufficient assurance across each of the three aspects of the opinion; governance, risk management and internal control** – Yes - as outlined earlier in this report we have been able to consider and update our view on all three areas. In doing so we have been able to draw on the audit reviews completed, and in draft, for 2021/22, other sources of assurance and our other work, such as grants certification, also provides additional assurance.
  - **Have I obtained sufficient assurance across significant areas of operation of the Council** Yes – throughout 2021/22 we have considered whether we had sufficient coverage across the five directorates. Where we have needed to do so we have re-prioritised work to ensure that we had sufficient coverage. A later table shows the coverage across the Directorates.
- 4.34 In overall terms, my opinion is based on 25 reviews, completed or at draft stage (compared with 27 reviews for 2020/21). This represents 76% of audit reviews that would have been given a scored assessment in 2021/22. It is my view that, given the need for some officers and directorates to respond to the ongoing impact of COVID-19 and the work required around local government reorganisation, it is unlikely that the Council would have had the capacity to be able to support any more audit activity than has been delivered.
- 4.35 I am satisfied that there has been sufficient coverage across the directorates, and consideration of other sources of information, to allow me to provide an opinion without any limitation of scope.

4.36 The audit plan was prepared using a risk based approach designed to provide assurance over the areas considered to be of highest risk to the Council.

### **Internal Audit Coverage and Outcomes**

4.37 The audit plan for 2021/22 was approved by the Audit & Assurance Committee on 11 March 2021. The annual opinion is based on the audits completed, and in draft, from the plan at 31 May 2022 and includes work from the 2020/21 plan where reports were finalised after the 2020/21 audit opinion was prepared.

4.38 The table below shows the outcomes of the finalised and draft audit reports at 31 May 2022, including the 6 schools audits.

<b>Assurance level</b>	<b>Completed reviews</b>	<b>Draft reports</b>	<b>Completed and Draft reviews</b>
Substantial	1	0	1
Reasonable	18	1	19
Partial	4	0	4
Limited	1	0	1
<b>TOTAL</b>	<b>24</b>	<b>1</b>	<b>25</b>

4.39 The annual opinion is based on the outcomes of 24 completed reviews and 1 report issued in draft. This represents 76% of audits that would have had a scored assessment and is considered sufficient to provide an audit opinion.

4.40 The table below shows the outcomes of the finalised and draft audit reports at 31 May 2022, across the directorates.

<b>Directorate</b>	<b>Completed reviews</b>	<b>Draft reports</b>	<b>Completed and Draft reviews</b>
People	11	0	11
Corporate, Customer & Community Services (CC&CS)	2	0	2
Economy & Infrastructure	8	0	8
Cumbria Fire and Rescue Service (CFRS)	1	0	1
Finance	2	1	3
<b>TOTAL</b>	<b>24</b>	<b>1</b>	<b>25</b>

- 4.41 We have concluded that, based on the table above, for 2021/22 we have had a sufficient level of coverage across the 5 directorates.
- 4.42 The 2021/22 audit plan originally included 57 reviews. In December 2021 the 2021/22 audit plan was reduced to 56 reviews. At the end of January 2022, it was identified that some reviews would not be started at 31 March 2022 and in re-assessing the audit plan for 2021/22 it was reduced to 46 reviews.
- 4.43 In addition to the 25 reviews shown in the tables above we have also completed the following other work including:
- review of risk management arrangements
  - advisory work on Lateral Flow Testing (LFT) arrangements
  - certified or provided assurance on 13 grants claims, including 3 relating to additional specific funding for COVID-19
  - contributing to the ongoing development of the Council's anti-fraud strategy and fraud risk assessment
  - acting as key contact and co-ordinator for the mandatory NFI exercise
  - Group Audit Manager being the workstream lead on local government reorganisation for internal audit and finance legacy tasks.

#### **Statement of Conformance with the Public Sector Internal Audit Standards**

- 4.44 The risk based approach has been designed to ensure all internal audit work is conducted in accordance with the Public Sector Internal Audit Standards (PSIAS). All audit work has been conducted in line with the agreed audit methodology and has been subject to Quality Assurance checks by internal audit management.

#### **Results of the Quality Assurance and Improvement Programme (QAIP)**

- 4.45 The Public Sector Internal Audit Standards require that the 'Chief Audit Executive' must develop and maintain a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity'. For the Shared Internal Audit Service the Chief Audit Executive is the Group Audit Manager.
- 4.46 The QAIP is designed to provide assurance that the work of internal audit is undertaken in conformance with the Public Sector Internal Audit Standards.

4.47 The PSIAS require that a Quality Assurance and Improvement Programme is in place to provide reasonable assurance that Internal Audit:

- Performs its work in accordance with its Charter, which is consistent with the Public Sector Internal Audit Standards, Definition of Internal Auditing and Code of Ethics;
- Operates in an effective and efficient manner; and
- Is perceived by stakeholders as adding value and continually improving Internal Audit's operations as well as contributing to the organisation achieving its objectives.

4.48 The QAIP is documented in Appendix 4 and progress with the findings arising from the November 2017 External Quality Assessment is included as Appendix 5.

**Richard McGahon, Group Audit Manager**

*June 2022*

## **APPENDICES**

***Appendix 1: Summary of Final reports issued to 31 May 2022***

***Appendix 2: Progress on completion of planned work 2021/22***

***Appendix 3: Internal audit performance measures***

***Appendix 4: Quality Assurance and Improvement Programme***

***Appendix 5: External Quality Assessment (EQA) findings update***

## **IMPLICATIONS**

Staffing: none

Financial: none

Property: none

Electoral Division(s): none

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 Overview and Scrutiny Committee been sought or obtained?

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

	No*
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**PREVIOUS RELEVANT COUNCIL OR EXECUTIVE DECISIONS**  
*[including Local Committees]*

*No previous relevant decisions*

**CONSIDERATION BY OVERVIEW AND SCRUTINY**

*Not considered by Overview and Scrutiny*

**BACKGROUND PAPERS**

*No background papers*

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**APPENDIX 1 – SUMMARY OF OUTCOMES OF FINAL AUDIT REPORTS ISSUED TO 31 MAY 2022**

Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
<b>REPORTS INCLUDED IN THE 2020/21 ANNUAL OPINION BUT FINALISED AFTER 31 MAY 2021</b>					
These reports were in the 2021/22 audit plan but was sufficiently progressed to be included in 2020/21 opinion as a draft report but only finalised in 2021/22.					
Community Development Centres (CDC) – Governance arrangements	Reasonable	0	0	0	Details previously reported to the Audit and Assurance Committee meeting on 14 June 2021.
Child and Family Support Services contract management	Reasonable	0	3	3	Details previously reported to the Audit and Assurance Committee meeting on 14 September 2021.
Managing Construction Health & Safety compliance - Building Construction	Reasonable	0	3	0	Details previously reported to the Audit and Assurance Committee meeting on 14 September 2021.
Managing Construction Health & Safety compliance - Highways and Construction	Reasonable	0	2	0	Details previously reported to the Audit and Assurance Committee meeting on 14 September 2021.
Follow up - Children with additional needs	North Cumbria (Reasonable) South Cumbria (Partial)	1	9	0	Details previously reported to the Audit and Assurance Committee meeting on 7 December 2021.

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Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
These reports were in the 2020/21 audit plan and were included in 2020/21 opinion as a draft report but only finalised in 2021/22.					
Data Protection Compliance	Partial	1	7	0	Details previously reported to the Audit and Assurance Committee meeting on 14 September 2021.
Schools deficit recovery plans	Reasonable	0	3	1	Details previously reported to the Audit and Assurance Committee meeting on 14 September 2021.
Significant contract review - external fostering framework	Reasonable	0	2	1	Details previously reported to the Audit and Assurance Committee meeting on 7 December 2021.
Safeguarding Adults	Partial	2	4	1	Details previously reported to the Audit and Assurance Committee meeting on 7 December 2021.
<b>CORPORATE / CROSS CUTTING</b>					
Review of Lateral Flow Testing (LFT) Arrangements in place at April 2021 in response to the Covid-19 pandemic	N/A	N/A	N/A	N/A	Details previously reported to the Audit and Assurance Committee meeting on 14 September 2021.



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Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
<b>PEOPLE DIRECTORATE</b>					
<b>High Needs Block (EHCP budget management)</b>	Partial	2	3	0	Details previously reported to the Audit and Assurance Committee meeting on 7 December 2021.
<b>St Bridget's RC School, Egremont</b>	Reasonable	0	8	3	Details previously reported to the Audit and Assurance Committee meeting on 24 March 2022.
<b>Ellenborough and Ewanrigg Infants School</b>	Reasonable	0	2	3	Details previously reported to the Audit and Assurance Committee meeting on 24 March 2022.
<b>St. Benedict's Catholic High School, Whitehaven</b>	Reasonable	0	7	6	Details previously reported to the Audit and Assurance Committee meeting on 24 March 2022.
<b>Parkview Nursery School</b>	Reasonable	0	4	2	Details previously reported to the Audit and Assurance Committee meeting on 24 March 2022.
<b>Lakes School, Windermere</b>	Limited	3	10	1	Details previously reported to the Audit and Assurance Committee meeting on 24 March 2022.
<b>Sufficiency of Early Years places</b>	Reasonable	0	4	1	Details previously reported to the Audit and Assurance Committee meeting on 24 March 2022.

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Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
<b>Follow up - Personal budgets</b>	Reasonable	0	3	1	
<p>The assurance level has improved from partial to reasonable. There were 7 recommendations in the original report (2 high, 4 medium and 1 advisory). One of the high priority recommendations has been fully implemented and sufficient progress has been made on the other high priority for it to be re-graded as a medium priority recommendation. Of the four original medium priority recommendations one has been fully implemented, one has been partially implemented and sufficient progress has been made for this to now be an advisory recommendation, whilst two recommendations have not been implemented.</p> <p>The three medium priority recommendations made in the follow up report related to:</p> <ul style="list-style-type: none"> <li>• Including a named risk owner with responsibility for managing the personal budget risk on the Adult Social Care (ASC) Operational Risk Register and documenting the monthly review and discussion of the risk register at the ASC Leadership Team meetings</li> <li>• Ensuring that performance monitoring and reporting of personal budgets is fit for purpose and supports the active management of personal budget assessments, support plans and annual reviews against expected outcomes and targets</li> <li>• Putting in place arrangements to regularly monitor and report on completion of training on care and support planning requirements by Adult Social Care staff.</li> </ul> <p>Management will continue to monitor progress on implementing the recommendations.</p>					
<b>Follow up – Client affairs</b>	Reasonable	0	0	2	
<p>The assurance level has improved from partial to reasonable. There were 8 recommendations in the original report (2 high, 5 medium and 1 advisory). The two high priority recommendations have been fully implemented. Of the five original medium priority recommendations three have been fully implemented with the other two having been partially implemented and sufficient progress has been made for these now be advisory recommendations.</p>					

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Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
<b>Follow up – Safeguarding Adults</b>	Reasonable	0	1	0	
<p>The assurance level has improved from partial to reasonable. There were 7 recommendations in the original report (2 high, 4 medium and 1 advisory). The two high priority recommendations have been fully implemented. Of the four original medium priority recommendations three have been fully implemented with the other one having been partially implemented and this remain a medium priority recommendation.</p>					
<b>St Marks School, Natland</b>	Reasonable	0	7	2	
<p><b>Summary of controls that were operating effectively:</b></p> <ul style="list-style-type: none"> <li>• Documented financial guidance notes have been prepared to describe financial systems and procedures</li> <li>• Documented contractual arrangements are in place and have been considered within the Full Governing Body (FGB) minutes</li> <li>• Governors declarations of interest had been published on the School’s website as required</li> <li>• The School’s medium-term budget has been approved by the Council’s Assistant Director – Schools and Learning</li> <li>• The School has a Leadership and Management Committee to support the Governing Body in fulfilling its responsibilities for financial oversight, support and change</li> <li>• Financial returns are forwarded to the Schools Finance Team on a timely basis</li> <li>• The School’s Counter Fraud and Whistleblowing policies have been reviewed and are available on the School’s website</li> <li>• The 2020/21 School’s Financial Value Standard Assessment forms were completed, appropriately signed and submitted to the Schools Finance Team in advance of the 31st March 21 deadline</li> <li>• There is a documented debt recovery and write off policy / procedure in place</li> </ul>					

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**APPENDIX 1 – SUMMARY OF OUTCOMES OF FINAL AUDIT REPORTS ISSUED TO 31 MAY 2022**

Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
St Marks School, Natland (Cont'd)	Reasonable	N/A	N/A	N/A	
<p><b>Summary of controls that were operating effectively (Cont'd):</b></p> <ul style="list-style-type: none"> <li>• The School has a service level agreement for the payroll service</li> <li>• VAT is separately recorded in the School's accounting system and only reclaimed where the purchase invoice shows a VAT registration number</li> <li>• The School has a current registration with the Information Commissioner's Office under the Data Protection Act.</li> </ul> <p><b>Medium priority recommendations were made in the following areas:</b></p> <ul style="list-style-type: none"> <li>• Declaration of interest (DOI) forms had not been completed for all governors. The opportunity to make a declaration of interest is not a standing agenda item for the Leadership and Management Committee meetings</li> <li>• The Leadership and Management Committee Terms of Reference do not state the date of review or the person carrying out the review. The Terms of Reference have not been approved by the FGB</li> <li>• FGB minutes do not include sufficient detail of the School's financial position and there is no evidence of the approval of key financial policies</li> <li>• The Financial Procedures Manual included as a signatory a staff member who had left the school</li> <li>• The financial reports examined did not include sufficient detail or any narrative commentary on variances. Future expenditure commitments were also not included. The School is not carrying out monthly financial monitoring as required by the Cumbria Scheme for Financing Schools</li> <li>• The School Fund accounts had not been independently audited since 2017-18.</li> <li>• Copies of purchase orders could not be provided for half of the paid invoice sample tested. Where purchase orders were provided, they did not contain all the required information.</li> </ul> <p>The expectation, agreed at the time the report was finalised in April 2022, was that the 3 of the medium priority recommendations would be implemented by the end of April 2022 with the other 4 implemented by the end of May 2022.</p>					

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**APPENDIX 1 – SUMMARY OF OUTCOMES OF FINAL AUDIT REPORTS ISSUED TO 31 MAY 2022**

Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
<b>CORPORATE CUSTOMER AND COMMUNITY SERVICES DIRECTORATE</b>					
<b>Corporate Complaints system</b>	Reasonable	0	2	2	Details previously reported to the Audit and Assurance Committee meeting on 24 March 2022.
<b>Payroll</b>	Reasonable	0	6	0	
<p><b>Summary of controls that were operating effectively:</b></p> <ul style="list-style-type: none"> <li>• There is segregation of duties in place for maintaining and updating the staffing establishment and updating the payroll system</li> <li>• Payroll payments are only made to authorised posts / positions on iTrent</li> <li>• Official new starter forms and leaver proformas are completed for all starters and leavers</li> <li>• Leavers are removed from the payroll promptly</li> <li>• Payroll administration staff receive an induction and on the job training</li> <li>• There is a timetable for processing payroll data</li> <li>• Variations, adjustments, non-statutory deductions (i.e. pensions etc) and overtime are recorded on ticket requests, paper timesheets or direct input timesheets</li> <li>• Payroll reconciliations are carried out on a regular and timely basis and subject to independent review. Payroll transactions are accurately reflected in the general ledger</li> <li>• Payroll access controls are in place to restrict entry to the payroll system.</li> </ul>					

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Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
Payroll (Cont'd)	Reasonable	N/A	N/A	N/A	

**Medium priority recommendations were made in the following areas:**

- There is no formal scheme of delegation for approving payroll forms. Instead Payroll Administration staff refer to the management hierarchy in iTrent to check that approvals are appropriate. There was not always a record of the recruiting/line manager’s approval on the HR02 (Appointment) form or a record of the payroll source document approvers on the chain of management on the iTrent staff hierarchy. In addition, in some cases, employees had submitted their own timesheets after their managers approved these
- Payroll procedures and associated forms for processing payroll are in need of review and development. Procedures are not always kept up to date, there is no record of when they were last reviewed, and they are sometimes inconsistent with working practices and not linked and cross-referenced to payroll forms and internal checklists. In some cases there are no documented procedures e.g. on exception reporting and permanent variation etc. The forms used for processing payroll are not aligned to current working practice in terms of who approves them
- New starters contracts of employment are not always signed and returned by the employee and HR advised that it was best practice for this to be done. There is no monitoring and reporting on the return of signed contracts of employment. We were informed that the Council’s standard employment contract needs updating to meet national standards and People Management and Legal Services are currently working on this. We also found one example of a new starter where only an offer letter was documented, and no contract of employment was in place.
- There is no record on the Bank Account Creations and Changes reports to show that checks are undertaken to verify new starters’ bank details and changes to existing employees bank details. There was also no record of any changes that had been made as a result of the reviews
- One user out of a sample of 5 still had access to input time to the payroll system even though access was no longer required following a change of role. Payroll system access reports not regularly issued to Payroll/SC managers to review and confirm that access rights remain appropriate.
- No formal, documented risk assessment has been carried out to identify cover requirements for key roles / tasks in payroll due to staff absences / shortages.

The expectation, agreed at the time the report was being finalised in March 2022, was that the 3 medium priority recommendations would be implemented by the end of April 2022, 1 in June 2022, 1 in July 2022 with the last one implemented in September 2022.

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Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
<b>ECONOMY AND INFRASTRUCTURE DIRECTORATE</b>					
Growth Hub Grant 2020/21	N/A	N/A	N/A	N/A	Details previously reported to the Audit and Assurance Committee meeting on 14 September 2021.
Travel Demand Management Grant 2020/21	N/A	N/A	N/A	N/A	Details previously reported to the Audit and Assurance Committee meeting on 14 September 2021.
EU Transition Business Growth Hub Funding Grant 2020/21	N/A	N/A	N/A	N/A	Details previously reported to the Audit and Assurance Committee meeting on 14 September 2021.
Growth Hub Supplementary Funding Grant 2020/21	N/A	N/A	N/A	N/A	Details previously reported to the Audit and Assurance Committee meeting on 14 September 2021.
Peer Network Funding Grant 2020/21 for Cumbria LEP	N/A	N/A	N/A	N/A	Details previously reported to the Audit and Assurance Committee meeting on 14 September 2021.
Additional Dedicated Home to School Grant 2020/21	N/A	N/A	N/A	N/A	Details previously reported to the Audit and Assurance Committee meeting on 14 September 2021.
Trading Standards - Approved Premises Inspection process	Substantial	0	0	1	Details previously reported to the Audit and Assurance Committee meeting on 14 September 2021.
Operator's Licence	Reasonable	0	5	3	Details previously reported to the Audit and Assurance Committee meeting on 7 December 2021.
Renewi waste contract – Governance arrangements	Reasonable	0	2	3	Details previously reported to the Audit and Assurance Committee meeting on 7 December 2021.

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Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
Highways Conditions Inspections	Reasonable	0	6	1	Details previously reported to the Audit and Assurance Committee meeting on 7 December 2021.
Bus Service Operators Grant (BSOG)	N/A	N/A	N/A	N/A	Details previously reported to the Audit and Assurance Committee meeting on 7 December 2021.
Disabled Facilities Grant (DFG)	N/A	N/A	N/A	N/A	Details previously reported to the Audit and Assurance Committee meeting on 7 December 2021.
Local Transport Capital Funding BLOCK 2020/21 Grant	N/A	N/A	N/A	N/A	Details previously reported to the Audit and Assurance Committee meeting on 7 December 2021.
Grants - TIIF Highways Maintenance Challenge Fund - Specific Grant 2020/21	N/A	N/A	N/A	N/A	Details previously reported to the Audit and Assurance Committee meeting on 7 December 2021.
DfT Pothole and Challenge Fund 2020/21	N/A	N/A	N/A	N/A	Details previously reported to the Audit and Assurance Committee meeting on 7 December 2021.
Grants - Additional Home to School Transport Survey - Final Reconciliation Process	N/A	N/A	N/A	N/A	Audit report issued on 8 November 2021.
Follow up – CNDR Connect	Partial	2	7	0	Details previously reported to the Audit and Assurance Committee meeting on 24 March 2022.
Bridges and Structures	Reasonable	0	3	0	Details previously reported to the Audit and Assurance Committee meeting on 24 March 2022.



**APPENDIX 1 – SUMMARY OF OUTCOMES OF FINAL AUDIT REPORTS ISSUED TO 31 MAY 2022**

Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
<b>Carlisle Southern Link Road (CSLR) - governance arrangements</b>	Reasonable	0	3	0	<p>Internal Audit previously reviewed the governance arrangements for CSLR at the end of 2020 and concluded that these only provided partial assurance. The report included 3 high priority and 10 medium priority recommendations to improve governance arrangements. Since the previous audit, a new CSLR Project Director (a council employee) has started in post (July 2021) and a contract for the first stage of a design and build contract has been awarded. It is estimated that the total cost of the CSLR project to be substantially more than the funding in place, mainly as a result of the increased cost of materials required for the project. A revised business case has been submitted to Homes England to request additional funding but if the extra funding is not obtained the CSLR project will not be able to continue.</p> <p><b>Summary of controls that were operating effectively:</b></p> <ul style="list-style-type: none"> <li>• Project Board meetings are held regularly, scheduled in advance and project information is regularly reported at Project Board meetings</li> <li>• A project plan is in place, including project stages / activities and timescales for these</li> <li>• Appropriate senior officers of the County Council are involved in the project (several Assistant Directors and members of the Corporate Management Team are on the Project Board)</li> <li>• Members are kept informed about the project on a regular and timely basis</li> <li>• The Finance Subgroup has met regularly, and in line with its terms of reference, since its inception</li> <li>• Regular weekly meetings are held with the main contractor and are documented</li> <li>• Project risks are reviewed on a regular basis and the funding gap risk is included on the E&amp;I Directorate risk register (as well as the Project Risk Register) given its importance.</li> </ul>

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Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
<b>Carlisle Southern Link Road (CSLR) - governance arrangements (Cont'd)</b>	Reasonable	N/A	N/A	N/A	
<p><b>Medium priority recommendations were made in the following areas:</b></p> <ul style="list-style-type: none"> <li>• Invoices were not always authorised in line with the CSLR scheme of delegation, or by officers involved in the project, and authorisation did not always come directly from the person giving the approval</li> <li>• Approval of the revised terms of reference was not recorded on the decision log and neither was the approval of key role profiles, which was also not clearly recorded elsewhere as it was approved outside of the Project Board</li> <li>• Several examples of incomplete / inaccurate governance documents were identified including: the organogram not including the Project Board or linking with the terms of reference, the Scheme Guardian role not being formally documented, subgroup terms of reference referring to the Project Review Group which is no longer in place, Technical Subgroup minutes not always recording meeting attendees, Commercial subgroup meetings not being formally minuted until November 2021, and the compliance management plan including references to groups / documents no longer in place.</li> </ul> <p>At the time the report was finalised in early April 2022, management confirmed that 2 of the 3 medium priority recommendations had already been implemented and the other one was in the process of being implemented.</p>					

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Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
<b>Follow up - Recording of drivers hours</b>	Partial	1	1	0	
<p>The assurance level has remained at partial. There were 3 recommendations in the original report (2 high and 1 advisory). The two high priority recommendations have been partially implemented and further action is needed to adequately address the risks exposed. Sufficient action has been taken on one of the recommendations to reduce it to medium priority. However, the second recommendation remains a high priority recommendation.</p> <p>The high priority recommendation in the follow up report relates to the fact that arrangements are not currently in place to confirm that hours recorded on the completed W20s, and the manual timesheets are consistent, and the 48 hour report used by management to identify breaches or potential breaches in legislation does not include the hours of all employees performing driving duties. This means that the risk that actual and potential breaches may not be identified remains.</p> <p>The medium priority recommendation in the follow up report relates to the recently developed e-learning, which includes a Module on Driver Hours but has only been completed by a few members of staff, and documented procedures do not define management’s expectations in relation to the checks required on drivers’ W20 records and on the weekly timesheets.</p> <p>Management will continue to monitor progress on implementing the recommendations.</p>					
<b>CUMBRIA FIRE AND RESCUE SERVICE</b>					
Police and Crime Panel Grant 2020/21	N/A	N/A	N/A	N/A	Details previously reported to the Audit and Assurance Committee meeting on 14 September 2021.

**APPENDIX 1 – SUMMARY OF OUTCOMES OF FINAL AUDIT REPORTS ISSUED TO 31 MAY 2022**

Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
<b>Follow up - CFRS - Operational assurance</b>	Partial	2	5	0	
<p>The assurance level has remained at partial. There were 7 recommendations in the original report (1 high and 6 medium). The high priority recommendation has not been implemented. Of the 6 medium priority recommendations two have not been implemented and we have re-assed one of these as now being high priority whilst the other remains a medium priority. Although management advised that some progress has been made on the other four medium priority recommendations, these have not been fully implemented and therefore remain medium priority.</p> <p>The two high priority recommendations made in the follow up report related to:</p> <ul style="list-style-type: none"> <li>• The multi-agency action plan has no completion dates against each action. The new Consolidated Action Plan, which brings together all actions from both Level 2 and multi-agency incidents, is still being developed. The Consolidated Action Plan shows against each debrief action a priority grading, but no target completion dates. PDA (People, Development and Assurance Department) Management meetings and Programme Board meetings are regularly held to review progress against action plans but neither the individual debrief action plans or Consolidated Action Plan have been presented at these meetings. A follow up process is being developed to confirm debrief actions have been implemented.</li> <li>• The current controls &amp; measures to manage risk 4 “Firefighters Safety might be compromised caused by the failure to quality assure operational activities including command and control” do not include the key controls in place in Operational Assurance. The controls that are included have not been updated for 2 quarters to show the current controls to manage this risk. The Programme Board has insufficient evidence to be assured that key controls to manage risk 4 are in place and operating effectively. We have increased the priority of this recommendation to high as there is no evidence that senior management are provided with up-to-date information on key controls in place to mitigate the identified risk</li> </ul> <p>The five medium priority recommendations made in the follow up report related to:</p> <ul style="list-style-type: none"> <li>• We were informed that the current PDA Plan on a Page has no measurable outcomes. A Delivery plan for 2022-23 is currently being developed and a PDA strategic planning cycle has been introduced. We were informed that on 1st April 2022 the new 2022/23 Plan on a Page will be shared with SLT. A 12 monthly PDA plan with SMART actions will be developed and will include KPIs. Service Delivery meetings are used to review progress, overall percentage completion and direction of travel against the plan. We were informed that as the Plan on a Page is devoid of actions/deadlines, an assessment is made on the completion of improvements / achievement to-date.</li> </ul>					

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Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
<b>Follow up - CFRS - Operational assurance (Cont'd)</b>	Partial	N/A	N/A	N/A	
<ul style="list-style-type: none"> <li>• Arrangements should be put in place to ensure that the roles and responsibilities for redeveloping and managing operational assurance and day to day responsibilities for reviewing, evaluating, recording and communicating learning outcomes from incidents are aligned and allocated to the staffing resources available. Operational assurance roles and responsibilities should be regularly reviewed against the staffing resource available to undertake this work.</li> <li>• Management should ensure that the Post Incident Debriefs include a prioritisation of learning outcomes and good practice that is aligned to the guidance to manage and communicate these. Appropriate arrangements should be put in place to ensure that learning outcomes and good practices from Operational Assurance and Post Incident Hot Debrief are escalated to Post Incident Level 1 Debrief and thereafter to Level 2 Debrief. Arrangements should be put in place to ensure that regular reports that show learning outcomes prioritised as safety critical and requiring improvement; scored 1 and 2 are produced and regularly reviewed. Appropriate arrangements should be put in place to ensure that there is a record of the discussions, decisions taken and actions arising relating to learning outcomes with scores 1 and 2 at Post Incident Level 1 and Level 2 Debriefs.</li> <li>• Management should ensure that the Operational Assurance and Operational Debrief policies and service instructions are reviewed and updated to reflect current working practices and the latest FRS National Operational Guidance. The policies and service instructions should include defined guidance on how incident learning outcomes are prioritised and evaluated and thereafter communicated within CFRS and nationally where required. Management should ensure that the operational assurance and post incident debrief training module is reviewed and updated to reflect the guidance on the latest policies and service instructions.</li> <li>• Management should ensure that there is regular performance reporting of organisational learning KPIs that show the percentage of returns completed within target. Management should review and update the HMICFRS Action Plan to show against the service improvement operational assurance actions revised completion dates.</li> </ul> <p>Staffing levels have impacted on the pace at which the recommendations have been completed. We have been informed that more robust reporting arrangements are now in place and a service restructure is complete with an uplift of 4 wholetime firefighter posts in assurance. This new team will report to the Area Manager Assurance who in turn will report directly to the newly appointed Assistant Chief Fire Officer who will be the service lead for assurance. This will allow greater progress to be made in implementing the recommendations'</p>					

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Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
<b>FINANCE DIRECTORATE</b>					
<b>Main Accounting</b>	Reasonable	0	1	2	
<p><b>Summary of controls that were operating effectively:</b></p> <ul style="list-style-type: none"> <li>• The Council’s Constitution (Financial Standing Orders) includes governance arrangements for the MAS</li> <li>• Finance staff have access to operational procedures</li> <li>• System in place to ensure access for current E5 users has been appropriately authorised, have access levels appropriate to their duties and a unique username and password which is changed regularly</li> <li>• Code changes have documented evidence</li> <li>• All cost centres on the E5 system have a named budget holder</li> <li>• There is a control schedule in operation which sets out dates of bank reconciliations and these are undertaken on a regular and timely basis</li> <li>• There is a standard annual budget planning cycle in operation with the budget approved by Full Council. Arrangements are in place to ensure that the budget is uploaded to E5 on a timely basis and agrees to the approved budget. The budget is monitored on a timely basis throughout the year</li> <li>• An exercise has been carried out to ensure adequate cover is in place to provide resilience to the Finance Teams.</li> </ul> <p>The medium priority recommendation related to the development of controls over feeder systems such as overall monitoring arrangements for documenting that all the feeder systems have been successfully uploaded, a regular reconciliation for the Virtual Worker feeder system and ensuring the Capita schools payroll control spreadsheet is fully completed.</p> <p>It was agreed that the medium priority recommendations would be implemented by the end of March 2022.</p>					

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Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
<b>Progress on implementing CIPFA Financial Management Code</b>	Reasonable	0	2	0	
<p>CIPFA published its Financial Management Code (FM Code) in December 2019. The purpose of the code is to assist local authorities in demonstrating their financial sustainability through a set of financial management standards. There are 6 underlying principles covering 17 individual standards. The standards set out what is needed for a local authority’s financial management to be acceptable to meet its fiduciary duties to taxpayers, customers and lenders. Since these are minimum standards, CIPFA’s judgement is that compliance with them is obligatory if a local authority is to meet its statutory responsibility for sound financial administration.</p> <p>In Spring 2021 the Finance Team carried out an initial assessment against the 17 FM Code standards to determine the Council’s adherence to the CIPFA standards, noting that 2020/21 was the shadow year for the FM Code with its full implementation from 2021/22. At the time of the audit the Finance Team was in the process of updating its current evidence assessment and work had been completed for 11 of the standards, and these were confirmed as compliant, but further work was required to complete the assessment on the remaining 6 standards. The initial assessment in Spring 2021 had concluded that of these 6, 4 were compliant and 2 were RAG rated as Amber so required further work to ensure compliance.</p> <p>Medium priority recommendations were made in the following areas:</p> <ul style="list-style-type: none"> <li>• The Finance team finalised collating evidence to support its self-assessment against the remaining 6 of the 17 CIPFA standards</li> <li>• Producing a reporting to the Finance Management Team on compliance with the CIPFA FM Code.</li> </ul> <p>We have been informed that the Finance team has now collated evidence to support the assessment in these outstanding areas and where the final assessment identifies any ‘Amber’ ratings, recommendations will be provided initially to the Director of Finance and FMT. These are expected to be relatively minor and relate to improvement work to evidence better compliance with the FM Code, rather than any significant failing with relation to the sound financial management of the Council. The Director of Finance (s151 Officer) has been verbally briefed on progress with a formal report to FMT expected by the end of June 2022.</p>					

**APPENDIX 2 – PROGRESS ON AUDIT WORK 2021/22**

Directorate / Audit type	Audit	Planned days	Stage	Assurance level
<b>COMPLETION OF WORK IN PROGRESS FROM PREVIOUS YEAR PLANS</b>		<b>160</b>		
People	SPROC net system (Adam) - Home Care Commissioning		Fieldwork	
Economy and Infrastructure	Highways Conditions Inspections		Completed	Reasonable
Economy and Infrastructure	Managing Construction Health & Safety Compliance – Building Construction		Completed	Reasonable (included in 2020/21 opinion)
Economy and Infrastructure	Managing Construction Health & Safety Compliance – Highway Construction		Completed	Reasonable (included in 2020/21 opinion)
Corporate	Financial Sustainability		Removed from audit plan	
People	High Needs Block (EHCP budget management)		Completed	Partial
People	Child & Family support services (Early Help 0-19) - Contract Management		Completed	Reasonable (included in 2020/21 opinion)
Economy and Infrastructure	Renewi Waste Contract - Governance arrangements		Completed	Reasonable
People	Direct Payments / Individual service funds		Fieldwork	
Economy and Infrastructure	LEP Funding		Removed from audit plan	

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**APPENDIX 2 – PROGRESS ON AUDIT WORK 2021/22**

<b>Directorate / Audit type</b>	<b>Audit</b>	<b>Planned days</b>	<b>Stage</b>	<b>Assurance level</b>
People	Community Development Centres – Governance arrangements		Completed	Reasonable (included in 2020/21 opinion)
People	Lakes School, Windermere		Completed	Limited
Economy and Infrastructure	Follow up – Planned maintenance		Fieldwork	
Economy and Infrastructure	Follow up – CNDR Connect		Completed	Partial
Economy and Infrastructure	Follow up – Recording of drivers hours		Completed	Partial
People	Follow up – Children with additional needs – North Cumbria		Completed	Reasonable (included in 2020/21 opinion)
People	Follow up – Children with additional needs – South Cumbria		Completed	Partial (included in 2020/21 opinion)
Corporate Customer & Community Services	Follow up – Ethical Policies		Fieldwork	
Corporate	Review of risk management arrangements	15	Completed	
Corporate	Corporate Complaints System	20	Completed	Reasonable
Corporate	Financial Sustainability	20	Draft report issued	
Corporate / cross cutting	Consultancy / VFM style reviews	30	Not yet started	

**APPENDIX 2 – PROGRESS ON AUDIT WORK 2021/22**

Directorate / Audit type	Audit	Planned days	Stage	Assurance level
Corporate Counter-fraud	Review of Counter-Fraud arrangements	15	Fieldwork	
People	Sufficiency of Early Years places	20	Completed	Reasonable
People	Regional Adoption Agency	20	Rolled forward into 2022/23 audit plan	
People	Domestic Abuse	20	Not yet started	
People	Unallocated time (potentially 4 reviews)	90	Not yet started	
People (Schools)	<b>See details below</b>	<b>65</b>		
People (Schools)	St. Benedict's Catholic High School, Whitehaven		Completed	Reasonable
People (Schools)	Ellenborough and Ewanrigg Infants School, Maryport		Completed	Reasonable
People (Schools)	Parkview Nursery School, Millom		Completed	Reasonable
People (Schools)	St Bridget's RC School, Egremont		Completed	Reasonable
People (Schools)	St Mark's CE School, Natland		Completed	Reasonable
Corporate Customer & Community Services	COVID grants	20	Rolled forward into 2022/23 audit plan	
Corporate Customer & Community Services	Lateral Flow Testing (LFT)	15	Completed	
Corporate Customer & Community Services	Transforming Care Implementation for learning disabilities	20	Removed from audit plan	
Corporate Customer & Community Services	Unallocated time	25	Not yet started	

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**APPENDIX 2 – PROGRESS ON AUDIT WORK 2021/22**

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<b>Directorate / Audit type</b>	<b>Audit</b>	<b>Planned days</b>	<b>Stage</b>	<b>Assurance level</b>
Economy & Infrastructure	Contract management – non-significant contracts	20	Fieldwork	
Economy & Infrastructure	Operator’s Licence	25	Completed	Reasonable
Economy & Infrastructure	New Highways Information Management System	20	Rolled forward into 2022/23 audit plan	
Economy & Infrastructure	Bridges and Structures	20	Completed	Reasonable
Economy & Infrastructure	Carlisle Southern Link Road (CSLR) governance arrangements	15	Completed	Reasonable
Economy & Infrastructure	Capital Programme – Monitoring and Management of Consultancy Spend and Utilisation	20	Rolled forward into 2022/23 audit plan	
Economy & Infrastructure	Trading Standards – Approved Premises Inspection Process	20	Completed	Substantial
Cumbria Fire & Rescue Service	Asset Management	20	Rolled forward into 2022/23 audit plan	
Cumbria Fire & Rescue Service	Maintenance of Operational Equipment	20	Rolled forward into 2022/23 audit plan	
Finance	Progress on implementing CIPFA Financial Management Code	20	Completed	Reasonable
Financial System audit	Main Accounting (compliance audit)	20	Completed	Reasonable
Financial System audit	Payroll (compliance audit)	20	Completed	Reasonable
<b>Follow up Audits</b>	<b>Follow up provision (see below)</b>	<b>40</b>		

**APPENDIX 2 – PROGRESS ON AUDIT WORK 2021/22**

Directorate / Audit type	Audit	Planned days	Stage	Assurance level
Follow up	Follow up – CFRS Operational assurance		Completed	Partial
Follow up	Follow up – Client affairs		Completed	Reasonable
Follow up	Follow up – Data Protection (GDPR)		Rolled forward into 2022/23 audit plan	
Follow up	Follow up – ICT Service Continuity		Rolled forward into 2022/23 audit plan	
Follow up	Follow up - Safeguarding adults		Completed	Reasonable
Follow up	Follow up – Personal budgets		Completed	Reasonable
<b>Grants</b>				
People	Focus Families grant claims	10	In progress - Internal Audit attending PBR meetings and undertake a 10% sample check on files to support the claim.	
	<b>Other Grant Claims – See below (Allocation for all claims received in year)</b>	<b>60</b>		
	Police and Crime Panel Grant		Completed	
	Growth Hub Grant		Completed – this work relates to Cumbria LEP where Cumbria CC is the accountable body.	
	Growth Hub Supplementary Funding Grant 2020/21		Completed – this work relates to Cumbria LEP	

**APPENDIX 2 – PROGRESS ON AUDIT WORK 2021/22**

Directorate / Audit type	Audit	Planned days	Stage	Assurance level
			where Cumbria CC is the accountable body.	
	EU Transition Business Growth Hub Funding Grant 2020/21		Completed – this work relates to Cumbria LEP where Cumbria CC is the accountable body.	
	Peer Network Funding Grant 2020/21 for Cumbria LEP		Completed – this work relates to Cumbria LEP where Cumbria CC is the accountable body.	
	Travel Demand Management Grant 2020/21		Completed	
	Additional Dedicated Home to School Grant 2020/21		Completed	
	Bus Service Operators Grant (BSOG)		Completed	
	Local Transport Capital Funding BLOCK 2020/21 Grant		Completed	
	Grants - TIIF Highways Maintenance Challenge Fund - Specific Grant 2020/21		Completed	
	DfT Pothole and Challenge Fund 2020/21		Completed	
	Disabled Facilities Grant 2020/21		Completed	
	Additional Home to School Transport Survey - Final Reconciliation Process		Completed	

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**APPENDIX 2 – PROGRESS ON AUDIT WORK 2021/22**

Directorate / Audit type	Audit	Planned days	Stage	Assurance level
	Cumbria Live Labs		Fieldwork	
Corporate	National Fraud Initiative	50	The NFI 2020 exercise is in progress. Data match reports were received in February 2021 and Internal Audit has reviewed and discussed these with relevant leads in Directorates. Matches are now being investigated by Directorate contacts and Internal Audit is supporting this process and monitoring progress.	
	General advice to reflect the changing environment in which we work and that issues may arise during the year. This time could be used for general advice, consultancy type work, or to provide proactive assurance on aspects of control during project implementation or emerging issues.	25	As required.	
	Liaison with 2nd line of defence colleagues to continue to develop annual audit opinion on risk management arrangements and input into the development of corporate approaches to fraud and governance (including Annual Governance Statement).	15		
	Management, planning, supervision	160		
	Internal audit service development	20		

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**APPENDIX 2 – PROGRESS ON AUDIT WORK 2021/22**

Directorate / Audit type	Audit	Planned days	Stage	Assurance level
External Quality Assessment - Preparation		15		
<b>TOTAL DAYS AS PER AGREED PLAN</b>		<b>1,190</b>		

### Appendix 3 – measures of internal audit performance

Measure	Description	Target	Actual	Explanations / remedial action required
Completion of audit plan	% of audits completed to draft / final report	71% (based on 2020/21 actual)	72%	33 reports out of 46.
Audit scopes agreed	Scoping meeting to be held for every risk based audit and client notification issued prior to commencement of fieldwork.	100%	100%	
Draft reports issued by agreed deadline	Draft reports to be issued in line with agreed deadline or formally approved revised deadline where issues arise during fieldwork.	70%	78%	
Timeliness of final reports	% of final reports issued for corporate director comments within 5 working days of management response or closeout meeting (where no additional work required to be undertaken)	90%	100%	
Recommendations agreed	% of high / medium priority recommendations accepted by management	95%	100%	
Assignment completion	% of individual reviews completed to required standard within target days or prior approval of extension by audit manager.	75%	70%	
Quality assurance checks completed	% of QA checks completed	100%	100%	



Measure	Description	Target	Actual	Explanations / remedial action required
Customer Feedback	% of customer satisfaction survey scoring the service as good.	80%	90%	Based on 11 questionnaires returned YTD.
Chargeable time	% of available auditor time directly chargeable to audit jobs.	80%	70%	

## APPENDIX 4 – QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

On-going reviews conducted through	Elements
<b>Supervision of engagements</b>	<ul style="list-style-type: none"> <li>• Work is allocated from the annual risk-based plan by the internal audit management team across the shared service</li> <li>• Staff are involved in developing audit scope in conjunction with audit clients prior to commencement</li> <li>• Work is supervised to ensure that it complies with the approved methodology for carrying out an audit</li> <li>• Audit Manager / Principal Auditor attend close out meetings to support the auditor and ensure that key messages are relayed appropriately</li> <li>• Internal Audit reports signed off by Audit Manager</li> <li>• Audit reports with less than Reasonable Assurance subject to final review by Group Audit Manager.</li> </ul>
<b>Regular, documented review of working papers during engagements</b>	<p>Audit Manager / Principal Auditor review each audit file to ensure:</p> <ul style="list-style-type: none"> <li>• The scope and objectives of the audit have been agreed with clients and adequately documented and communicated</li> <li>• Key risks have been identified</li> <li>• The audit testing strategy has been designed to meet the objectives of the audit and testing undertaken to the extent necessary to provide an audit opinion for each piece of work</li> <li>• Audit has been completed in a thorough, accurate and timely manner</li> <li>• The standard of working papers and evidence collected during the audit are in accordance with</li> </ul>

On-going reviews conducted through	Elements
	<p>audit processes and procedures</p> <ul style="list-style-type: none"> <li>• The draft audit report fully reflects all findings from the audit, and these are properly explained, and practical recommendations made</li> <li>• The assurance rating is fully supported by the working papers and can be justified by the auditor</li> <li>• The audit has been completed within the time allocation</li> <li>• The audit report has been produced to a good standard in an accurate and timely manner</li> <li>• Training and development needs are identified through the review process</li> <li>• Periodic reviews by the Group Audit Manager to ensure that the quality assurance process is being applied consistently.</li> </ul>
<p><b>Audit manual containing all key policies and procedures to be used for each engagement to ensure compliance with applicable planning, fieldwork and reporting standards</b></p>	<ul style="list-style-type: none"> <li>• Audit manual contains the risk-based audit methodology and key working papers, the code of ethics and performance measures for the shared internal audit service</li> <li>• The audit manual is updated on an on-going basis as required.</li> </ul>

## APPENDIX 4 – QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

On-going reviews conducted through	Elements
<b>Feedback from customer survey on individual assignments</b>	<ul style="list-style-type: none"> <li>• Customer feedback form in place and linked to performance measures for internal audit</li> <li>• Feedback form issued for all risk based internal audit assignments</li> <li>• Feedback from client satisfaction forms passed on to individual auditors. Any areas identified for learning and development are taken forward</li> <li>• Any common issues are identified, and action taken where necessary.</li> </ul>
<b>Analysis of performance measures established to improve internal audit effectiveness and efficiency</b>	<ul style="list-style-type: none"> <li>• Monthly monitoring of performance measures by the audit management team</li> <li>• Feedback to individuals / teams as appropriate</li> <li>• Reporting to Audit and Assurance Committee on a quarterly basis and where required to the Corporate Governance Group.</li> </ul>
<b>All final reports and recommendations are reviewed and approved by the Audit Manager</b>	<ul style="list-style-type: none"> <li>• Formal sign off and issue of all final reports and recommendations by Audit Manager</li> <li>• Audit report template includes comments from Executive Director.</li> </ul>
<b>Annual risk assessments for the purposes of annual audit planning</b>	<ul style="list-style-type: none"> <li>• Annual risk assessment of audit universe as part of the planning process.</li> </ul>

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## APPENDIX 4 – QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

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Periodic reviews conducted through	Elements
<b>Annual assessment of Internal Audit's conformance with its Charter, PSIAS with an improvement plan produced to address any areas of non-conformance identified</b>	<ul style="list-style-type: none"> <li>• Review of Charter for conformance</li> <li>• Annual completion of CIPFA checklist for assessing conformance with the PSIAS</li> <li>• Improvement plan produced to address areas of non-conformance</li> <li>• Service development plan identifying actions for service improvement.</li> </ul>
<b>Benchmarking with other Internal Audit service providers</b>	<ul style="list-style-type: none"> <li>• Benchmarking through regional and national level networks by attending the following Heads of Internal Audit groups including the Local Authority Chief Auditors Network (LACAN – all local authorities) and North West Chief Audit Executives (NWCAE – North West based local authorities).</li> </ul>
<b>Quarterly reports to audit committees on progress with delivery of the audit plan</b>	<ul style="list-style-type: none"> <li>• Preparation of progress report for each Audit and Assurance Committee and attendance by Group Audit Manager and / or Audit Manager.</li> </ul>
<b>Annual sign up to Code of Ethics by all internal audit staff</b>	<ul style="list-style-type: none"> <li>• Signed declaration from all internal audit staff.</li> </ul>
<b>Annual completion of declaration of business interests from by all internal audit staff</b>	<ul style="list-style-type: none"> <li>• Signed declaration from all internal audit staff.</li> </ul>

## APPENDIX 4 – QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

### EXTERNAL ASSESSMENTS (PSIAS ref: 1312)

External Assessments will be carried out in accordance with the requirements of the PSIAS and reported to Audit and Assurance Committee as appropriate.

The first External Quality Assessment was carried out in November 2017, in line with the requirement of the PSIAS to have an external assessment at least every five years.

### REPORTING ON THE QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME (PSIAS ref: 1320)

The results of the quality assurance programme and progress against any improvement plans must be reported in the annual report.

**Internal Assessments** – outcomes of internal assessments will be reported to the Audit and Assurance Committee on an annual basis.

**External Assessments** – results of external assessments will be reported to the Audit and Assurance Committee and S151 officer at the earliest opportunity following receipt of the external assessor's report. The external assessment report was accompanied by a written plan in response to findings and recommendations contained in the report and was reported to Audit and Assurance Committee on 20 March 2018.

**Follow up** – all audits receiving less than reasonable assurance will be followed up. Usually this will occur within six to twelve months of the original report being issued but will vary dependent on the agreed timescales for the recommendations to be implemented and any known implementation issues. Directorates are responsible for monitoring the implementation of audit recommendations. Therefore, rather than following up all recommendations we changed our follow up approach in 2019/20 so that we only follow up high priority recommendations and a sample of medium priority recommendations. This approach provides a more balanced use of our limited audit resources, whilst at the same time allowing enough work to be undertaken to assess progress on implementing the recommendations, allowing us to provide up to 'Reasonable' assurance.

## APPENDIX 5 - EXTERNAL QUALITY ASSESSMENT (EQA) FINDINGS UPDATE

Finding	Action	What we have done	Status
<b>Nature of internal auditing (Standard 2100 Nature of internal audit work)</b>			
<p><b><u>Finding 1</u></b></p> <p>Risk based internal audit is most effective when the organisation has a clear definition of its strategic risks with detailed identification of the controls and monitoring arrangements designed to mitigate the risks to an acceptable level. From this it is then possible to match who is best placed to provide assurance mitigation is working (an assurance map based on the 3 lines of defence) to prevent gaps or duplication in assurance. The annual internal audit plan can then be derived from the assurance map and include review of those other forms of assurance.</p> <p>Our recommendations below are designed to achieve this objective and will further facilitate general conformance to professional internal auditing standards. However, we would ask the Audit &amp; Assurance Committee to consider its overall aim for risk based auditing and how a risk based culture will be reinforced.</p>	<p><b><u>Action 1 – Corporate Action</u></b></p> <p>A refresh of the Corporate Risk Register is in progress and will address the recommendation for greater clarity over mitigating actions.</p>	<p>In the first quarter of 2018/19 responsibility for the Risk and Performance Management functions transferred to the Director of Finance (s.151 Officer).</p> <p>In Q1 of 2018/19 a new Corporate Risks reporting template was implemented to simplify the links between the causal factors of the risk and the key corporate and operational controls and measures in place to maintain or mitigate the risk.</p> <p>The Corporate reporting template demonstrates both the current controls and measures in place and planned improvements for the following quarter.</p> <p>The Risk Owners Group (ROG) was established in August 2018. Its role is to challenge and approve the quarterly risk register before it is presented to CMT, as well as embedding corporate and operational risk management standards of practise across all Directorates and business processes.</p>	<p><b>Completed</b></p>

## APPENDIX 5 - EXTERNAL QUALITY ASSESSMENT (EQA) FINDINGS UPDATE

Finding	Action	What we have done	Status
<b>Coordination and reliance (Standard 2010 Planning – non-conformance)</b>			
<p><b><u>Finding 2</u></b></p> <p>We acknowledge the work within the wider Council to develop strategic risk management processes and the strategic business assurance framework. As part of this progress management should begin to map who is best placed to provide assurance that risk mitigation for strategic risks is reliable and working. Active participation by the Group Audit Manager to achieve a coordinated approach will help to maximise assurance resources and achieve conformance to the standard.</p>	<p><b><u>Action 2 – Corporate Action</u></b></p> <p>The recommendation is supported and will be addressed within the strategic review of risk management arrangements.</p>	<p>This was first included in the 2018/19 Audit Plan which outlined in Appendix 2 – How Internal Audit Plan addresses risks in Corporate Risk Register. This showed how inspectorates and internal groups set up by management may be better placed to provide assurance.</p> <p>Each Audit and Assurance Committee meeting the members receive a ‘Deep dive’ presentation by an Assistant Director (AD) on one of the corporate risks. This provides a key outline of the risk, the causal factors and key action being taken to mitigate the risk. This often refers to where the AD gets their assurance from and whether regulators are involved in this area.</p>	<p><b>Completed</b></p>

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## APPENDIX 5 - EXTERNAL QUALITY ASSESSMENT (EQA) FINDINGS UPDATE

Finding	Action	What we have done	Status
<b>Responsibilities regarding governance and risk management (Standard 2110 Governance and Standard 2120 Risk management – partial conformances)</b>			
<p><b><u>Finding 3</u></b></p> <p>The aim of the internal audit plan is to provide a broad range of assurance to enable the Board to deliver an annual statement of control. In support of this aim we suggest that the Group Audit Manager gives an annual opinion upon:</p> <ul style="list-style-type: none"> <li>a) The development of an effective risk culture and risk maturity through specific governance audits and risk management audits.</li> <li>b) The application of corporate risk management arrangements, including implementation of processes, management of emerging risks, and the effectiveness of training.</li> <li>c) The development of operational risk management based upon specific assessment of risk processes in individual audits.</li> </ul> <p>Progress towards assurance mapping and the coordination of assurance arising from specific assurance audits.</p>	<p><b><u>Action 3 – Internal Audit action</u></b></p> <p>Provision has been included within the 2018/19 audit plan for additional liaison with Risk Management colleagues to fulfil this requirement. In addition, regular audits will continue to include an assessment of risk management arrangements where appropriate.</p>	<p>It is now common practice for us to include time in our audit plan for additional liaison with risk management colleagues. In addition, the Group Audit Manager attends the quarterly Officer Risk Owners Group meetings.</p> <p>When we undertake our regular individual audit reviews, we will always consider risk management arrangements where appropriate.</p> <p>Since 2018/19 time has been included in our audit plan to report an opinion on risk management. This will continue to feature in all future audit plans</p> <p>The annual opinion, since 2018/19, has included specific commentary on the areas suggested and this continues to be our approach.</p>	<p><b>Completed</b></p>

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## APPENDIX 5 - EXTERNAL QUALITY ASSESSMENT (EQA) FINDINGS UPDATE

Finding	Action	What we have done	Status
<b>Direct interaction with the Audit &amp; Assurance Committee (Standard 1111 – partial conformance)</b>			
<p><b><u>Finding 4</u></b></p> <p>The recommendations above regarding coordination and planning will be challenging and we feel further interaction with the Audit &amp; Assurance Committee, along with senior management consultation, is needed to explore how they will be delivered and monitored, particularly with regard to annual priorities. We note that the Group Audit Manager does not have private meetings with the Chair of the Audit &amp; Assurance Committee. This is an important safeguard over independence which we recommend is implemented in advance of each Committee meeting. This is especially important as the Group Audit Manager is in the third tier of management whereas we would ordinarily expect the Head of Internal Audit to report direct to the top level of the management structure.</p>	<p><b><u>Action 4 – Internal Audit action</u></b></p> <p>This action plan together with a longer term plan for the Internal Audit service will be reported to Audit &amp; Assurance Committee on a regular basis to give clear oversight of the actions planned to further develop the service.</p> <p>Private meetings between the Group Audit Manager and the Chair of Audit &amp; Assurance Committee will be re-introduced.</p>	<p>To produce the 2021/22 audit plan we held discussion with individual Executive Directors (EDs) and Assistant Directors (ADs) in January and early February 2021 to identify priorities. The audit plan was presented to the March 2021 Audit and Assurance Committee meeting.</p> <p>This update provides the Audit and Assurance Committee with progress on delivery of improvement actions identified through the EQA and the continuous improvement of the Shared Internal Audit Service.</p> <p>Private meetings between the Group Audit Manager and the Chair of Audit &amp; Assurance Committee re-introduced.</p>	<p><b>Completed</b></p>

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## APPENDIX 5 - EXTERNAL QUALITY ASSESSMENT (EQA) FINDINGS UPDATE

Finding	Action	What we have done	Status
<b>Overall planning of audit assignments (Standard 2200 Engagement planning, Standard 2201 Planning considerations, Standard 2210 Engagement objectives, Standard 2220 Engagement scope – partial conformances)</b>			
<p><b><u>Finding 5</u></b></p> <p>Individual audits need closer alignment to specific risks (identified during the development of the audit plan) to reaffirm their specific purpose and include definition of the key risks and controls associated with that subject as opposed to reference to wider more generic risks. In some cases, this may prompt sessions with management so auditors can assess the adequacy of controls and monitoring as opposed to the current practice of internal audit documenting 'expected controls' in advance of the audit.</p> <p>We note the most successful audits involve consultation with senior managers as sponsors to fine tune and tighten the objectives and scope to specific risks and we encourage this practice. Realistic timetables need to be set for interviews, testing and reporting in advance with the sponsor to help the achievement of such targets.</p> <p>We also recommend the introduction of shorter 3 – 5 day specific reviews that focus on key controls within systems and procedures where risks and controls are known and established.</p>	<p><b><u>Action 5 – Internal Audit action</u></b></p> <p>A project will be established to take this recommendation forward. Some audits within the 2018/19 audit plan have been included with the intention of focusing in on key controls (e.g. Social Media accounts, cyber risk, some counter-fraud audits and main financial systems).</p> <p>All audits have a scoping meeting with the Assistant Director to agree the scope. This will continue to be an important part of our audit process.</p> <p>We agree that some audits have taken too long to bring to conclusion, and we understand the reasons for these delays. All audits have a deadline that has been agreed with the client and these are monitored through regular one to one meetings. We work consistently to ensure deadlines are met and to deliver audits in as short a timescale as possible.</p> <p>The audit plan for 2018/19 includes a number of shorter audits than in previous years. We will continue to develop our approach during 2018/19 with the aim of reducing the days per shorter audit further, if possible, in 2019/20.</p>	<p>As part of the continued development of the Shared Internal Audit service, in 2019/20, we set up working group to review areas identified for development, including looking at client engagement and scoping. We always keep how we do things under review and the continued impact of COVID-19 has meant the ongoing re-assessment of how we deliver our audits in the future.</p> <p>The plan for 2018/19 included some shorter audits but these took longer than expected. As part of our continuing improvement work, we set up a working group looking at developing a framework / approach in which we do any future shorter audits. Our conclusion was that short audits of 3-5 days would have to be limited to financial systems and even then only limited areas of the system.</p>	<p><b>Completed</b></p>

## APPENDIX 5 - EXTERNAL QUALITY ASSESSMENT (EQA) FINDINGS UPDATE

Finding	Action	What we have done	Status
<b>Use of resources (Standard 2030 Resource management – partial conformance)</b>			
<p><b><u>Finding 6</u></b></p> <p>The current audit methodology was developed when the team included staff with little or no experience of risk based internal auditing. This has resulted in several supervision points in the process with extensive documentation requirements. As a result many audits often overrun and audit managers do not have time available to undertake audit work.</p> <p>There is now the opportunity to review the audit methodology to streamline the process. For example, revisiting the documentation standards and supervision stages to reduce time spent on these activities. In doing so a target should be set to increase the number of days available to the plan, which may involve assigning more audits to the most senior audit managers thus ensuring the allocation of challenging audits to the most experienced people.</p>	<p><b><u>Action 6 – Internal Audit action</u></b></p> <p>The risk based approach was a significant change in audit approach and a detailed methodology was appropriate at the time. Audit &amp; Assurance Committee were briefed at the time about the changes and the challenges the new approach presented.</p> <p>The reasons for audits over-running are well understood by the Audit Management Team. These are varied and rarely a result of over-supervision. There are four key supervision stages in the audit process; scoping, initial risk assessment, controls and testing strategy and review of findings/draft report. We consider these to be essential in ensuring scope is agreed, focus is on appropriate risks/controls, testing is relevant and proportionate, and findings are adequately supported and reflected fairly in report and opinion (as required under the PSIAS).</p> <p>We will review our audit approach during 2018/19 to identify efficiencies in the process, including where appropriate the management and supervision stages.</p> <p>Audits are assigned according to skills, experience, development needs and availability of team members.</p>	<p>Supervision points are in line with the PSIAS and are defined within the QAIP.</p> <p>We continually seek to identify efficiencies in the process whilst ensuring a quality product through management and supervision. The level of supervision and review required is a matter of professional judgement and will be dependent on the complexity of the area being reviewed, the experience of the auditor undertaking the work and whether this meets a development need for the auditor.</p> <p>As part of the continued development of the Shared Internal Audit service, in 2019/20, we set up working groups to review areas identified for development, including client engagement and scoping, working papers format (including appropriate management and supervision stages) and reporting format. This led to improvements in the reporting format (reporting re-structured under priority of recommendations and revising audit opinion definitions), streamlining working papers for school reviews and agreeing a school follow up approach.</p>	<p><b>Completed</b></p>

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## APPENDIX 5 - EXTERNAL QUALITY ASSESSMENT (EQA) FINDINGS UPDATE

Finding	Action	What we have done	Status
<b>Tracking audit recommendations (Standard 2500 Monitoring progress – partial conformance)</b>			
<p><b><u>Finding 7</u></b></p> <p>At present follow up of audit actions is limited to a single follow up of the agreed actions at the point in time where all High and Medium Priority recommendations are due to have been implemented. This may undermine the overall benefit of internal audit work. Once audit follow-up of partial or limited assurance assignments has been undertaken the responsibility for further progress reporting is handed over to management and there is a risk that some important issues may remain outstanding. We understand that senior managers in some areas have recognised this and have been initiating monitoring and reporting. We recommend management across the Council be asked to undertake such monitoring and that the Audit &amp; Assurance Committee receive regular updates.</p>	<p><b><u>Action 7 – Corporate Action</u></b></p> <p>Each directorate is responsible for tracking the implementation of agreed actions arising from internal audit reports. Business Managers maintain this information on behalf of each Corporate Director.</p> <p>A mechanism will be implemented to report this information to CMT and Audit &amp; Assurance Committee on a six-monthly basis.</p>	<p>Internal Audit will continue to follow up all audits resulting in ‘Partial’ or ‘Limited’ assurance.</p> <p>Directorates are responsible for monitoring the implementation of audit recommendations and to report this at DMTs. Therefore, rather than following up all recommendations we changed our follow up approach in 2019/20 so that we only follow up high priority recommendations and a sample of medium priority recommendations. This approach provides a more balanced use of our limited audit resources, whilst at the same time allowing enough work to be undertaken to assess progress on implementing the recommendations, allowing us to provide up to ‘Reasonable’ assurance.</p>	<p><b>Completed</b></p>

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<b>AUDIT AND ASSURANCE COMMITTEE</b>	<b>Paper No.</b>
<b>Meeting date: 30 June 2022</b>	
<b>From: Director of Finance (s151 Officer)</b>	

**ANNUAL REVIEW OF AUDIT COMMITTEE EFFECTIVENESS  
2021/22**

**1.0 EXECUTIVE SUMMARY**

- 1.1 *This report provides a review of the work of the Audit and Assurance Committee against the core functions of an audit committee as defined within the CIPFA Position Statement on Audit Committees in Local Authorities and Police 2018.*
- 1.2 *The Council is required under the 2016 Delivering Good Governance Framework, to include within its Annual Governance Statement reference to and assessment of the effectiveness of key elements of the governance framework including the Audit Committee.*
- 1.3 *This assessment has been undertaken against CIPFA’s 2018 publication Audit Committees: Practical guidance for Local Authorities and Police.*
- 1.4 *An analysis of how the Committee matches the core functions of an Audit Committee as set out in CIPFA Position Statement on Audit Committees in Local Authorities and Police 2018 is included in Appendix 1.*
- 1.5 *CIPFA is currently updating its guidance publication Audit committees: Practical guidance for local authorities and police. The new edition will be published in June 2022.*

**2.0 POLICY POSITION, BUDGETARY AND EQUALITY IMPLICATIONS,  
AND LINKS TO COUNCIL PLAN**

- 2.1 *The Audit and Assurance Committee performs a key role in reviewing the Council’s overall systems of governance, risk management and internal control.*

### **3.0 RECOMMENDATION**

- 3.1 ***Members are asked to note the report and confirm the assessment of conformance with the core functions of an audit committee per the 2018 CIPFA Guidance as set out at Appendix 1.***

### **4.0 BACKGROUND**

- 4.1 The Audit and Assurance Committee has pursued its work programme throughout 2021/22, building on its activities in recent years. The Chair of the Committee was appointed to the role in July 2017 and a new Vice Chair was appointed in April 2021. Both have continued in their respective roles throughout 2021/22.
- 4.2 The Committee met five times during 2021/22: Meetings were held on 14 June 2021, 14 September 2021, 27 September 2021, 7 December 2021 and 24 March 2022.
- 4.3 On 14 June 2021, the Committee received the annual internal audit report which concluded that there was reasonable assurance over the Council's arrangements for governance, risk management and internal control for 2020/21. In addition, the Committee received the Quarter 4 update on the Corporate Risk Register for 2020/21 and the draft Corporate Risk Refresh for 2021/22.
- 4.4 At its meeting on 14 June 2021, the Committee also received a report from the Monitoring Officer on the draft Annual Governance Statement (AGS) for 2020/21. The Monitoring Officer advised that no significant governance issues had been identified. Therefore, there was no need for an action plan from the 2020/21 Annual Governance Statement or regular progress updates to the Committee in 2021/22. She commented that the review had demonstrated that while the Council experienced significant disruption to its day to day operations as a result of the coronavirus pandemic, the governance arrangements that the Council had in place prior to the pandemic provided a strong foundation for the governance of the Council's response to the pandemic. Reference was made to the significant impact the coronavirus pandemic had, and would continue to have for some time, on the operations of the Council. The conclusion was that there had been no significant impact on the governance arrangements as a result of the pandemic and the local code of governance was still an accurate reflection of how governance had operated in 2020/21.
- 4.5 CIPFA's Financial Management (FM) Code sets out the principles by which authorities should be guided in managing their finances and the specific standards that they should seek to achieve. The 2020/21 AGS stated the Council could demonstrate substantial compliance with the CIPFA FM Code and any further actions would ensure the Council maintains its strong financial management arrangements moving forward.



- 4.6 The meeting on 14 September 2021 considered the refreshed 2021/22 Corporate Risk Register (Quarter 1 of 2021/22). The Senior Information Risk Owner (SIRO) also presented the annual report on Information Governance.
- 4.7 The Committee has responsibility for approving the annual Statement of Accounts. Annual training is sought from officers to assist in this significant responsibility with additional training provided on accounting estimates. The Committee also seeks assurances from the external auditor that the accounts present a true and fair view of the Council's financial position. The Committee approved the Audited Accounts for 2020/21 for Cumbria County Council, Cumbria Local Government Pension Scheme and the Port of Workington Harbour at its meeting on 27 September 2021. The Committee also received and approved the final Annual Government Statement alongside the Accounts, and agreed letters of representation, action plans arising from external audit work and authorised the Director of Finance (S151 Officer) to sign the accounts. It is important to recognise that Cumbria County Council was one of only 9% of local government bodies that received their 2020/21 account's opinion from their external auditor by the 30 September 2021 deadline. The Committee thanked all those involved in the audit process in achieving an unqualified external audit opinion on the 2020/21 accounts even with the added complexities of both the Covid grant funding and the current auditing process.
- 4.8 At its meeting on 7 December 2021, the Committee approved in principle the Council's annual Treasury Management Strategy for 2022/23 prior to formal approval by Full Council. The Committee also approved the Council opting-in to the PSAA Sector Led Body national scheme for the next procurement of external auditors.
- 4.9 The Committee continued to monitor the effectiveness of the Council's arrangements for risk management. The corporate risk register has been a regular item on the Committee's agendas and assurances have been provided that risk management arrangements are both robust and effective. The Committee has requested Assistant Directors and Senior Managers to give the Committee 'Deep dive' presentations on selected topics from the corporate risk register throughout the year allowing the Committee to gain a deeper understanding of those risks and the arrangements in place to manage them. Deep dive presentations were received during the year on Managing the fragility of the Social Care sector, Children's safeguarding and the Impact of Local Government Reorganisation on the sustained provision of Council Services.
- 4.10 The Committee has continued to receive regular progress reports on the work of Internal Audit. The Committee has welcomed and supported the approach adopted by Internal Audit during 2021/22 in terms of moving reviews around if issues arose with starting planned reviews and using staff flexibly. Also the sensitivity the Internal Audit team has used when respecting the pressures on others while still ensuring sufficient audit coverage to enable the Group Audit Manager to deliver the annual opinion.

- 4.11 The Committee has continued to take a particular interest in the outcomes of Internal Audit's follow up work. Of the 6 follow ups completed in 2021/22 three (50%) have resulted in improved assurance ratings and are now reasonable assurance whilst the other three (50%) have remained at partial assurance.
- 4.12 At its meeting on the 24 March 2022 the Committee considered the internal audit plan for 2022/23. The Committee also considered the Audit Charter. The Charter is a key document required by the Public Sector Internal Audit Standards (PSIAS), which sets out the purpose, authority and responsibility of Internal Audit and ensures its independence. In addition the Charter sets out the Committee's commitment to ensuring that Internal Audit has access to all information considered necessary to undertake its work. The only change to the Audit Charter from 2021/22 related to the removal of any references to the Cumbria Shared Internal Audit Service which ceased on 31 March 2022.
- 4.13 The Public Sector Internal Audit Standards (PSIAS) require an External Quality Assessment (EQA) of Internal Audit to be undertaken every five years. The results of Cumbria's EQA was reported to the Committee on 20 March 2018 and reported a high level of conformance with the PSIAS but made some recommendations for further developing the audit service. The Committee has continued to be supportive of the work to implement these recommendations in previous years and during 2021/22. At its meeting on 24 March 2022 the Committee gave approval for the Council not to undertake the External Quality Assessment (EQA) of its Internal Audit arrangements, due in November 2022. This decision reflected the fact that with Local Government Reorganisation, Cumbria County Council would only exist for 5 months after the EQA and therefore any benefit from the EQA would be of limited value.
- 4.14 The Audit and Assurance Committee compares well against the CIPFA core purpose statements for audit committees. The Committee has continued to hold separate private meetings with external audit before each Committee meeting and the Chair, Vice Chair and I meet regularly with the Group Audit Manager and other officers to discuss agendas and papers.
- 4.15 CIPFA is currently updating its guidance publication Audit committees: Practical guidance for local authorities and police. The new edition will be published in June 2022.

**Director of Finance (s151 Officer)**

*June 2022*

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## **APPENDICES**

***Appendix 1 How the Audit & Assurance Committee compares against the core functions of an Audit Committee as defined within the CIPFA Position Statement 2018.***

## **IMPLICATIONS**

Staffing: none  
Financial: none  
Property: none  
Electoral Division(s): none

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 Overview and Scrutiny Committee been sought or obtained?

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

	No*
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## **PREVIOUS RELEVANT COUNCIL OR EXECUTIVE DECISIONS**

*[including Local Committees]*

*No previous relevant decisions*

## **CONSIDERATION BY OVERVIEW AND SCRUTINY**

*Not considered by Overview and Scrutiny*

## **BACKGROUND PAPERS**

*No background papers*

**Contact:** Richard McGahon, 07917 837416, [richard.mcgahon@cumbria.gov.uk](mailto:richard.mcgahon@cumbria.gov.uk)

**Appendix 1 – Assessment of Audit and Assurance Committee Effectiveness against the core functions of an audit committee (CIPFA Guidance 2018)**

Core functions of an audit committee	Y	P	N	Examples
<p>Be satisfied that the authority’s assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievement of the authority’s objectives</p>	✓			<p>Audit &amp; Assurance Committee review and approve the draft Annual Governance Statement prior to sign off by the Leader and the Chief Executive.</p> <p>The Committee ensures that the significant governance issues identified within the AGS reflect their knowledge of the Council and that a robust action plan is in place to address any issues identified. No significant governance issues were identified in the 2020/21 Annual Governance Statement. The Committee were also assured that whilst the Council experienced significant disruption to its day to day operations as a result of the coronavirus pandemic, the governance arrangements that the Council had in place prior to the pandemic provided a strong foundation for the governance of the Council’s response to the pandemic. Reference was made to the significant impact the coronavirus pandemic had, and would continue to have for some time, on the operations of the Council. The conclusion was that there had been no significant impact on the governance arrangements as a result of the pandemic and the local code of governance is still an accurate reflection of how governance has operated in 2020/21.</p> <p>The Committee also oversees risk management arrangements. The corporate risk register is reported quarterly to the Committee who challenge the content robustly to ensure that risks are properly reflected within the corporate risk register.</p>
<p>In relation to the authority’s internal audit functions:</p> <ul style="list-style-type: none"> <li>• Oversee its independence, objectivity, performance and professionalism</li> <li>• Support the effectiveness of the internal audit process</li> <li>• Promote the effective use of internal audit within the assurance framework</li> </ul>	✓			<p>On the 24 March 2022 the Audit &amp; Assurance Committee approved the Audit Plan for 2022/23 and the internal audit charter, which sets out the arrangements in place to ensure the independence of internal audit is maintained.</p> <p>The Committee received regular progress reports from the Group Audit Manager and seeks its own assurances on the quality and robustness of the work undertaken as well as on the adequacy of the management responses to internal audit recommendations.</p>

**Appendix 1 – Assessment of Audit and Assurance Committee Effectiveness against the core functions of an audit committee (CIPFA Guidance 2018)**

Core functions of an audit committee	Y	P	N	Examples
				<p>The Chair and Vice Chair have access to the Group Audit Manager and there are paper review meetings prior to each meeting between the Chair, Vice Chair and Group Audit Manager, Executive Director, Director of Finance (s151 Officer) and other Assistant Directors (as required). An annual private meeting / discussion between the Chair and the Group Audit Manager took place on 12 October 2021.</p>
<p>Consider the effectiveness of the authority’s risk management arrangements and the control environment, reviewing the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships and collaborations with other organisations.</p>	✓			<p>Audit &amp; Assurance Committee receives quarterly updates on the corporate risk register and seeks assurances that risks are being effectively identified, assessed and controlled.</p> <p>The Committee invites members of the Extended Leadership Team to give in depth (referred to as ‘deep dive’) presentations on selected aspects of the corporate risk register, as necessary. This enables the Committee to gain a deeper understanding of those risks and receive direct management assurances that corporate risks are being effectively managed.</p> <p>On behalf of the committee, the Chair and Vice Chair receive regular briefings on the account’s preparation and audit processes.</p>
<p>Monitor the effectiveness of the control environment, including arrangements for ensuring value for money, supporting standards and ethics and for managing the authority’s exposure to risks of fraud and corruption.</p>	✓			<p>Audit &amp; Assurance Committee receive reports from both external and internal audit which provide assurances on the arrangements in place for ensuring value for money and for managing the Council’s exposure to fraud and corruption.</p> <p>Previously the Committee has had the opportunity to review the content of ethical policies prior to their approval by Full Council. These policies have included those for Whistleblowing and Anti-Fraud, Bribery &amp; Corruption and also the “Speak up” arrangements.</p>

**Appendix 1 – Assessment of Audit and Assurance Committee Effectiveness against the core functions of an audit committee (CIPFA Guidance 2018)**

Core functions of an audit committee	Y	P	N	Examples
Consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control.	✓			<p>Audit &amp; Assurance Committee receives regular reports from external audit as well as reports from other inspectorates as appropriate.</p> <p>The Committee also receives assurances through the regular Annual Governance Statement updates, where required, in relation to matters identified by external inspectorates.</p>
Support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies and encourage the active promotion of the value of the audit process.	✓			<p>Audit &amp; Assurance Committee receives assurances that internal audit and external audit have effective dialogue in place to share information as appropriate. In response to the Redmond Review internal and external audit now meet formerly on a quarterly basis.</p>
Review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.	✓			<p>Audit &amp; Assurance Committee receives annual training on the Statement of Accounts, with additional training provided on accounting estimates, to assist them with their responsibility to review and approve the Council's accounts. The Committee approved the Audited Accounts for 2020/21 for Cumbria County Council, Cumbria Local Government Pension Scheme and the Port of Workington Harbour on 27 September 2021 with the Council being one of only 9% of local government bodies that received their 2020/21 account's opinion from their external auditor by the 30 September 2021 deadline.</p> <p>Committee Members also receive Treasury Management training so they can comment in an informed way on the Council's Treasury Management Strategy. This training is rolled out to all Members as the strategy is approved by Full Council.</p> <p>The Committee receives the external auditor's reports and opinion on the accounts and their value for money judgement and seeks assurances on these as appropriate.</p>

## **AUDIT AND ASSURANCE COMMITTEE**

**Meeting date: 30 June 2022**

**From: Monitoring Officer**

### **LOCAL CODE OF GOVERNANCE**

#### **1.0 EXECUTIVE SUMMARY**

- 1.1 *This report recommends that the committee approves the extension of the existing Local Code of Governance, which is due to expire at the end of this year, until 31 March 2023 when the Council will be dissolved in accordance with the Cumbria (Structural Changes) Order 2022.*

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

- 2.1 *The Local Code of Governance is a key document which sets out the framework for ensuring that the Council has a strong governance framework.*
- 2.2 *There are no specific equalities issues arising in relation to the approval of the Local Code of Governance.*

#### **3.0 RECOMMENDATION**

- 3.1 *The Audit and Assurance Committee is recommended to consider the Local Code of Governance as set out in Appendix 1 and agree that it should be extended to 31 March 2023.*

#### **4.0 BACKGROUND**

- 4.1 Local Authorities operate through a governance framework; a system that brings together an underlying set of legislative requirements, governance principles and management processes.
- 4.2 Each Local Authority is responsible for maintaining its own local governance framework which ensures that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those

resources in order to achieve desired outcomes for service users and communities.

- 4.3 In 2016 CIPFA and SOLACE published a framework, “Delivering Good Governance in Local Government: Framework” which defines the principles that should underpin the governance of each local authority and provides a structure to help individual authorities with their approach to governance. CIPFA and Solace provided guidance notes to sit alongside the framework. The Council is required to prepare an Annual Governance Statement which is issued alongside its accounts which reports on the extent to which they comply with their own code of governance on an annual basis, including how they have monitored and evaluated the effectiveness of their governance arrangements in the year and on any planned changes in the comping period.
- 4.4 The Cumbria County Council’s Local Code of Governance 2018-22 which was adopted in 2018 was based on the framework and guidance issued by CIPFA and SOLACE. Each year the Council carries out a review of its governance structures against this framework. The findings of that review are published as the Annual Governance Statement.
- 4.5 The Local Code of Governance is due for review in the current year. A review of the code has been carried out to ensure that it continues to take account of best practice and the most recent guidance and continues to reflect governance arrangements within the Council. That review has not identified any significant changes to the Local Code of Governance. Some minor changes have been identified to reflect current governance arrangements within the Council. These minor changes are marked up on the attached report. It is recommended that the Local Code of Governance as set out in Appendix 1 is extended for the remaining term of the Council.

## **5.0 OPTIONS**

- 5.1 The Council is required to have a Local Code of Governance which sets out the Council’s approach to governance.
- 5.2 The Committee can approve the extension of the Local Code of Governance for the remainder of the Council’s life in the form attached at Appendix 1 or can request amendments to the document.

## **6.0 CONCLUSION**

- 6.1 The Audit and Assurance Committee is invited to review and approve the extension of the Local Code of Governance until 31 March 2023.

**Catherine A. Parkinson**  
**Interim Chief Legal Officer and Monitoring Officer**



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## **APPENDICES**

### ***Appendix 1: Draft Local Code of Governance 2018-23.***

## **IMPLICATIONS**

Staffing: None  
Financial: None  
Property: None  
Electoral Division(s): All

\* ***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

***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 Head of Member Services and Scrutiny 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.***

Contact: Liz Morgan, liz.morgan@cumbria.gov.uk.

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# Cumbria County Council Local Code of Governance 2018 to 2023

## Introduction – what is Governance?

Governance is the framework that the Council uses to direct, manage and monitor its activities to ensure the delivery of its priorities, aims and objectives. Governance comprises the systems, processes, cultures and values that ensure the Council upholds the highest standards of ethical conduct, engages effectively with its stakeholders and is able to demonstrate effective decision making and accountability.

Good governance encourages better informed and longer-term decision making as well as the efficient use of resources and is characterised by robust scrutiny.

The Council has refreshed its Local Code of Governance to align with the CIPFA / SOLACE publication; Delivering Good Governance in Local Government which was updated in 2016. The updated Framework places greater emphasis on attainment of sustainable economic, societal, and environmental outcomes as a key focus of governance processes and structures.

The Framework sets out seven principles on which arrangements for good governance should be based. This code aims to reflect these in describing the arrangements that Cumbria County Council has put in place.

## The Seven Principles



<b>Principle A:</b> Behaving with Integrity, demonstrating strong commitment to ethical values, and respecting the rule of law		
<b>Supporting Principles</b>	<b>To achieve this, Cumbria County Council does the following:</b>	<b>This is evidenced by:</b>
<ul style="list-style-type: none"> <li>• Behaving with Integrity</li> <li>• Demonstrating strong commitment to ethical values</li> <li>• Respecting the rule of law</li> </ul>	<p>Maintains formal codes of conduct defining standards of behaviour expected of both Members and Officers</p> <p>Complies with legislation and all relevant professional standards</p> <p>Maintains register of business interests and seek declarations at all Council meetings</p> <p>Maintains registers of interests, gifts and hospitality for Officers and publicise the need for all real and perceived conflicts of interest to be recorded and managed.</p> <p>Undertakes appraisals for staff and reinforce the Council's Behaviours through the appraisal process.</p> <p>Maintains a policy framework to address the risks of fraud and corruption including and Counter-Fraud, Bribery &amp; Corruption Policy and Whistleblowing policy.</p> <p>Publishes an Annual Governance Statement which publicly reports on the effectiveness of the governance framework, compliance with the Local Code and declares any significant governance issues arising.</p> <p>Maintains a Corporate Governance Group which co-ordinates the annual review of governance as well as championing good governance across the Council.</p>	<ul style="list-style-type: none"> <li>• Members Code of Conduct and Guidance</li> <li>• Members Development Group</li> <li>• Code of Good Practice for Members and Officers involved in the Planning Process</li> <li>• Officers Code of Conduct</li> <li>• Member/Officer Protocol</li> <li>• Constitution, which includes: <ul style="list-style-type: none"> <li>- Role description for all members</li> <li>- Guide to decision making</li> </ul> </li> <li>• Minutes of council meetings</li> <li>• Register of Interests</li> <li>• Register of gifts and hospitality</li> <li>• Appraisal scheme</li> <li>• Whistleblowing policy and speak up procedure</li> <li>• Counter-Fraud, Bribery &amp; Corruption policy</li> <li>• Internal Audit Charter</li> <li>• Internal Audit reports to Audit &amp; Assurance Committee</li> <li>• Contract Procedure Rules</li> </ul>

	<p>Maintains an effective Standards Committee.</p> <p>Investigates allegations of irregularities involving Officers or Members.</p> <p>Maintains a complaints policy and arrangements to learn from complaints and feedback.</p> <p>Undertakes training for Officers on the Council's ethical policies.</p> <p>Continues the programme of Corporate Governance training for Officers.</p> <p>Maintains a Recruitment, Appointment and Induction policy.</p> <p>Maintains up to date job descriptions for Officers to ensure clarity over roles and responsibilities.</p> <p>Maintains statutory roles of S151 (Chief Finance) Officer and Monitoring Officer.</p> <p>Ensures arrangements comply with relevant CIPFA Statements on the roles of the Chief Finance Officer and the Head of Internal Audit.</p>	<ul style="list-style-type: none"> <li>• Financial Regulations</li> <li>• Statement of Accounts</li> <li>• Public inspection of Statement of Accounts</li> <li>• External Auditor's Audit Findings Report</li> <li>• Annual Governance Statement</li> <li>• Standards Committee</li> <li>• Recruitment, Appointment &amp; Induction policy</li> <li>• Complaints policy</li> <li>• Corporate Governance Group</li> <li>• Leadership and Management Development Programme</li> </ul>
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<b>Principle B: Ensuring openness and comprehensive stakeholder engagement</b>		
<b>Supporting Principles</b>	<b>To achieve this, Cumbria County Council does the following:</b>	<b>This is evidenced by:</b>
<ul style="list-style-type: none"> <li>• Openness</li> </ul>	<p>Seeks the views of stakeholders when setting priorities</p>	<ul style="list-style-type: none"> <li>• Council Plan</li> <li>• Council Plan Delivery Plan</li> <li>• Workforce Plan</li> </ul>

<ul style="list-style-type: none"> <li>• Engaging comprehensively with institutional stakeholders</li> <li>• Engaging stakeholders effectively, including individual citizens and service users</li> </ul>	<p>Provides a variety of opportunities and channels for stakeholders to engage with the Council</p> <p>Publishes a Council plan setting out the agreed priorities for the County Council.</p> <p>Publishes area plans for the six local districts.</p> <p>Ensures Council business is conducted in public unless legislation deems it appropriate for matters to be considered in private.</p> <p>Publishes agendas and minutes and a full calendar of Council meetings.</p> <p>Publishes all reports and decisions taken at Council meetings including the professional and technical advice received unless legislation deems it appropriate for matters to be considered in private.</p> <p>Ensures compliance with the requirements of the Transparency Code.</p> <p>Publishes an annual Statement of Accounts and facilitate public inspection of the Statement.</p> <p>Publishes information in accordance with our Publication Scheme.</p> <p>Maintains a Consultation Hub to help stakeholders find and participate in consultations.</p> <p>Maintains a Partnership toolkit to ensure the Council has effective arrangements for working in partnership with other organisations.</p> <p>Maintains 'Have Your Say' area on the Council's website to encourage engagement with the Council.</p>	<ul style="list-style-type: none"> <li>• Medium Term Financial Plan</li> <li>• Constitution</li> <li>• Area plans</li> <li>• Modern Gov</li> <li>• Calendar of council meetings</li> <li>• Publication Scheme</li> <li>• Disclosure log</li> <li>• Consultation Hub</li> <li>• Have Your Say</li> <li>• Annual report to Council on scrutiny function</li> <li>• Guide to Doing Business with us</li> <li>• Supplier Engagement Days</li> <li>• Partnership Toolkit</li> <li>• Compact (3<sup>rd</sup> Sector)</li> </ul>
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	<p>Publishes an annual report of the Scrutiny activities for consideration by full Council.</p> <p>Provides opportunities for suppliers to work with the Council through supplier days and use of the Chest procurement portal.</p>	
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**Principle C:** Defining outcomes in terms of sustainable, economic, social and environmental benefits

Supporting Principles	To achieve this, Cumbria County Council does the following:	This is evidenced by:
<ul style="list-style-type: none"> <li>• Defining Outcomes</li> <li>• Sustainable economic, social and environmental benefits</li> </ul>	<p>Produces a Council plan setting out the priorities for the County Council.</p> <p>Uses the Council Plan as a basis for Area and Service Plans.</p> <p>Maintains a Council Plan Delivery Plan setting out how the priorities will be delivered.</p> <p>Monitors and reports on delivery of the agreed priorities.</p> <p>Maintains a Medium Term Financial Strategy and a Workforce Development Plan to ensure priorities continue to be appropriately resourced.</p> <p>Identifies and manage risks to delivery of priorities and objectives.</p>	<ul style="list-style-type: none"> <li>• Council Plan</li> <li>• Area Plans</li> <li>• Service Plans</li> <li>• Council Plan Delivery Plan</li> <li>• Medium Term Financial Strategy</li> <li>• Service plan performance reporting</li> <li>• Performance &amp; Risk Management Framework</li> <li>• Corporate Risk Register</li> <li>• Risk Management policy / strategy</li> <li>• Operational, programme and project risk registers</li> <li>• Business Cases for investment decisions</li> </ul>

	Ensures investment decisions take into account a range of factors including economic, social and environmental benefits.	<ul style="list-style-type: none"> <li>• Corporate Procurement Strategy</li> </ul>
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**Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

<b>Supporting Principles</b>	<b>To achieve this, Cumbria County Council does the following:</b>	<b>This is evidenced by:</b>
<ul style="list-style-type: none"> <li>• Determining interventions</li> <li>• Planning interventions</li> <li>• Optimising achievement of intended outcomes</li> </ul>	<p>Makes a clear statement of the council's aims and use this as a basis for service planning.</p> <p>Regularly reports on performance measures which have been established for each service.</p> <p>Ensures budgets are prepared in line with our corporate framework and are monitored and regularly reported on.</p> <p>Provides senior managers and elected Members with timely and accurate financial and performance information.</p>	<ul style="list-style-type: none"> <li>• Council Plan</li> <li>• Service plans</li> <li>• Service plan reporting</li> <li>• Medium Term Financial Strategy and Plan</li> <li>• Budgets held on Budget Manager</li> <li>• Staffing establishment held on Trent and linked to budget monitoring report</li> <li>• Reporting of budgets to DMTs / CMT</li> <li>• Strategic planning reports to Cabinet and Council</li> <li>• Business cases for investment decisions</li> </ul>



		<ul style="list-style-type: none"> <li>• Strategic Investment Group</li> <li>• Strategic planning</li> </ul>
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**Principle E:** Developing the entity's capacity including the capacity of its leadership and the individuals within in

Supporting Principles	To achieve this, Cumbria County Council does the following:	This is evidenced by:
<ul style="list-style-type: none"> <li>• Developing the entity's capacity</li> <li>• Developing the capability of the entity's leadership and other individuals</li> </ul>	<p>Sets out a clear statement of the respective roles and responsibilities of the full Council, Cabinet and individual Members through the constitution.</p> <p>Maintains a workforce development plan to ensure appropriate skills and resources are available to deliver the changing needs of the Council.</p> <p>Maintains officer and Member induction programmes.</p> <p>Provides training and development for Members to continue to develop their skills through a programme of Member Development.</p> <p>Reviews and update the Constitution and Scheme of Delegation as required.</p> <p>Ensures arrangements are in place to support a healthy workforce.</p> <p>Ensures staff receive feedback on their performance and maintain development plans through the appraisal process.</p>	<ul style="list-style-type: none"> <li>• Constitution</li> <li>• Scheme of delegation</li> <li>• Member / officer protocol</li> <li>• Workforce development plan</li> <li>• Induction programmes</li> <li>• Appraisal process</li> <li>• Job descriptions</li> <li>• Better Health at Work</li> <li>• Health advocates</li> <li>• Stress awareness sessions</li> <li>• Leadership and Management Development Programme</li> <li>• ELT Development Programme</li> <li>• Member Development Group</li> <li>• Apprenticeship Programme</li> <li>• IOSH Health and Safety Training</li> </ul>

<b>Principle F: Managing risks and performance through robust internal control and strong public financial management</b>		
<b>Supporting Principles</b>	<b>To achieve this, Cumbria County Council does the following:</b>	<b>This is evidenced by:</b>
<ul style="list-style-type: none"> <li>• Managing risk</li> <li>• Managing performance</li> <li>• Robust internal control</li> <li>• Managing data</li> <li>• Strong public financial management</li> </ul>	<p>Maintains an up to date corporate risk register.</p> <p>Ensures regular reporting of Corporate risks to Audit &amp; Assurance Committee.</p> <p>Maintains an effective Scrutiny function.</p> <p>Maintains a risk management policy / strategy.</p> <p>Ensures risks are considered in service plans, programmes and projects and in operational service delivery.</p> <p>Manages performance by ensuring the corporate Performance Management Framework is adhered to.</p> <p>Provides training for Audit &amp; Assurance Committee to enhance their skills and ability to provide and challenge assurances.</p> <p>Maintains financial procedure rules to provide clarity over the Council's rules.</p> <p>Prepares an annual risk based internal audit plan to provide independent assurance on governance, risk management and internal control.</p> <p>Reports outcomes of Internal Audit work to Corporate Management Team and Audit &amp; Assurance Committee.</p>	<ul style="list-style-type: none"> <li>• Corporate Risk Register</li> <li>• Audit &amp; Assurance committee minutes</li> <li>• Annual report on Audit Committee effectiveness</li> <li>• Scrutiny Terms of reference</li> <li>• Risk management policy / strategy</li> <li>• Project / programme management</li> <li>• Outcomes of Internal Audit reviews</li> <li>• Performance and Risk Management Framework</li> <li>• Audit committee training</li> <li>• Financial procedure rules in constitution</li> <li>• Audit plan</li> <li>• Annual audit report and opinion of the Head of Internal Audit</li> <li>• Information Governance policies</li> <li>• Information e-learning training and monitoring of take-up</li> </ul>

	<p>Ensures effective information governance policies, procedures and training are in place.</p> <p>Ensures financial management supports decision making and transformation of council services.</p>	<ul style="list-style-type: none"> <li>• Budget Manager system</li> <li>• Training for budget managers</li> <li>• Budget monitoring reports to CMT and Cabinet aligned with the quarterly performance reports and the corporate risk register.</li> </ul>
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<b>Principle G: Implementing good practices in transparency, reporting and audit, to deliver effective accountability</b>		
<b>Supporting Principles</b>	<b>To achieve this, Cumbria County Council does the following:</b>	<b>This is evidenced by:</b>
<ul style="list-style-type: none"> <li>• Implementing good practice in transparency</li> <li>• Implementing good practices in reporting</li> <li>• Assurance and effective accountability</li> </ul>	<p>Maintains compliance with the local government Transparency Code and publish all required information in a timely manner.</p> <p>Maintains effective Corporate Governance Group to oversee annual review of compliance with Local Code and publish an Annual Governance Statement to report publicly on the outcomes of the review.</p> <p>Publishes an annual Statement of Accounts and respond appropriately to recommendations from the External Auditor arising from the annual audit of the Accounts.</p> <p>Reports on the implementation of actions arising from the external audit to Audit &amp; Assurance Committee.</p>	<ul style="list-style-type: none"> <li>• FoI responses published online</li> <li>• Annual Governance Statement</li> <li>• Statement of Accounts</li> <li>• External Auditor's Audit Findings Report</li> <li>• Audit Charter</li> <li>• Audit progress reports to Audit &amp; Assurance Committee</li> <li>• Annual audit report and opinion of the Head of Internal Audit</li> <li>• Internal Audit Quality Assurance and Improvement Programme</li> </ul>

	<p>Maintains an effective Internal Audit service which complies with the Public Sector Internal Audit Standards and the CIPFA Statement on the Role of the Head of Internal Audit.</p> <p>Ensures performance information is prepared and reported on a timely basis.</p> <p>Produces regular financial information and budget monitoring reports.</p>	<ul style="list-style-type: none"><li>• Performance and Risk Management Framework</li><li>• Budget monitoring reports</li></ul>
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DRAFT

<b>AUDIT AND ASSURANCE COMMITTEE</b>
<b>Meeting date: 30 June 2022</b>
<b>From: Monitoring Officer</b>

## **DRAFT ANNUAL GOVERNANCE STATEMENT 2021/22**

### **1.0 EXECUTIVE SUMMARY**

- 1.1 *This report presents the draft Annual Governance Statement 2021/22 (Appendix 1).*

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

- 2.1 *The corporate governance framework comprises the systems processes, culture and values by which the Council is directed and controlled and through which it accounts to, engages with and where appropriate, leads the community. It sets the framework by which the Council is managed and operates.*
- 2.2 *The Annual Governance Statement is a key document providing an assessment of the governance arrangements operating in the financial year and identifying governance issues for action in the future.*
- 2.3 *There are no specific equalities issues arising in relation to publication of the Annual Governance Statement.*

### **3.0 RECOMMENDATION**

- 3.1 *Members are asked to:-*

- *review the draft Annual Governance Statement of Cumbria County Council for 2021/22 before its publication as a draft on the Council's website.*
- *authorise the Chief Executive and the Leader of the Council to sign the Annual Governance Statement on behalf of the Council.*

## **4.0 BACKGROUND**

- 4.1 The Council is required to review its corporate governance arrangements annually.
- 4.2 The review has been undertaken with reference to the Council's Local Code of Governance in 2018/2022, which was approved by the Audit and Assurance Committee in March 2018 and is due for review at this meeting. The Local Code is aligned to the COPFA/SOLACE Delivering Good Governance in Local Government Framework 2016.
- 4.3 The Annual Governance Statement has been prepared in accordance with the guidance issued by CIPFA in CIPFA Bulletin 10 – Closure of the 2021/22 Financial Statements. It has considered the impact of the COVID-19 pandemic on governance arrangements. Reference has also been made to Advisory Note 1 CIPFA Practice Oversight Panel on understanding key messages that have been identified in statutory and non-statutory reviews and public interest reports in reviewing the governance arrangements of the Council.
- 4.4 Following the formal adoption by the Council of the CIPFA Financial Management (FM) Code in 2021/22 the Annual Governance Statement discloses compliance with the FM Code and identifies outstanding areas for improvement or change.
- 4.5 The Cumbria (Structural Changes) Order 2022 which came into force on 18 March 2022 provides for the creation of two new unitary authorities for Cumbria and the abolition of the existing local government areas and councils including the County Council. This has and will continue to have a significant impact on the governance arrangements of the Council during 2022/23 and this impact is discussed in the draft Annual Governance Statement. It is also recognised that the new Shadow Authorities can benefit from learning from the annual review of governance in developing their governance structures in preparation of taking over full local government responsibilities and functions from 1 April 2023.
- 4.6 In undertaking the review, the Monitoring Officer has gathered evidence from a number of sources including through interviews with senior managers within the Council, corporate information and reports assessing the performance of the Council in various aspects of its work. The detail of the evidence gathered is set out in section four of the draft Annual Governance Statement.
- 4.7 The culmination of the above work is an assessment of whether there are any significant governance issues, that is, issues that require specific action and monitoring by the Corporate Management Team, in contrast to being addressed through day-to-day arrangements for managing and improving corporate governance.
- 4.8 In March 2015, the Corporate Governance Group adopted the following definition and criteria to help the Council identify significant governance issues. A significant governance issue will arise if an issue which has occurred:

- has significantly prejudiced or prevented achievement of a principal objective;
- has resulted in the need to seek additional funding to allow it to be resolved;
- has required a significant diversion of resources;
- has a material impact on the accounts;
- has been identified by the Audit and Assurance Committee as significant;
- has resulted in significant public interest or has seriously damaged reputation;
- has resulted in formal actions being taken by the Section 151 Officer or Monitoring Officer;
- has received significant adverse commentary in external or internal inspection reports that has not been able to be addressed in a timely manner.

4.9 Applying this definition to the review, no significant governance issues have been identified in 2021/22. Issues that arise that are not considered to be significant will be addressed by Executive Directors and will be fed into the work of the Shadow Authorities in preparing to take over the full functions and responsibilities of local government in April 2023.

4.10 The governance arrangements will be kept under review up to final publication of the Annual Governance Statement in September 2022 and any updates to the statement will be made to reflect any developments prior to final publication.

## **5.0 OPTIONS**

5.1 The Council is required to publish its draft Annual Governance Statement for 2021/22 with its annual Statement of Accounts.

5.2 The Committee can approve the Annual Governance Statement in the format attached at Appendix 1 or can request amendments to the document.

## **6.0 CONCLUSION**

6.1 The Audit and Assurance Committee is invited to review the draft Annual Governance Statement before it is published with the Statement of Accounts.

## **APPENDICES**

### **Appendix One: Draft Annual Governance Statement for 2021/22.**

## **IMPLICATIONS**

Staffing: None  
Financial: None  
Property: None  
Electoral Division(s): All

\* *Please remove whichever option is not applicable*

Executive Decision	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No
Key Decision	<input type="checkbox"/>	<input checked="" 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

***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 Head of Member Services and Scrutiny has obtained the necessary approvals.***

## **PREVIOUS RELEVANT COUNCIL OR EXECUTIVE DECISIONS** ***[including Local Committees]***

***No previous relevant decisions.***

## **CONSIDERATION BY OVERVIEW AND SCRUTINY**

***Not considered by Overview and Scrutiny.***

## **BACKGROUND PAPERS**



***No background papers.***

Contact: Liz Morgan, Senior Governance Lawyer, [liz.morgan@cumbria.gov.uk](mailto:liz.morgan@cumbria.gov.uk).

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# ANNUAL GOVERNANCE STATEMENT

2021-2022

CUMBRIA COUNTY COUNCIL

## CONTENTS PAGE

1. The Council's Responsibilities
2. The Purpose of the Governance Framework
3. The Governance Framework
4. The Annual Review of Effectiveness
5. Impacts of the Coronavirus Pandemic and Local Government Reorganisation in Cumbria on Governance
6. Financial Management Code
7. Significant Governance Issues
8. Conclusion

## **1. THE COUNCIL'S RESPONSIBILITIES**

Cumbria County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards; that public money is properly accounted for, and is used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and the effective exercise of its functions, including arrangements for the management of risk and for dealing with issues which arise.

The Council is required to review its corporate governance arrangements annually against its Local Code of Corporate Governance. This Code, approved in 2018 was reviewed and extended in June 2022 to apply until the end of March 2023, aligns with the principles of the CIPFA/SOLACE 'Delivering Good Governance in Local Government Framework 2016'.

The Council's Local Code of Governance 2018-23 can be found at:

[Local Code](#)

The Annual Governance Statement provides assurance on the effectiveness of the Council's governance arrangements up to the date of approval of the Council's Annual Report and Statement of Accounts.

The coronavirus pandemic has continued to impact on the governance of all organisations, including the Council throughout 2021/22. In line with guidance issued by CIPFA in April 2022 this statement includes commentary around the impacts of the coronavirus pandemic on the Council's governance including details of any significant impacts and adaptations in the year to reflect new ways of working or emergency arrangements, changes to "business as usual" activities and longer-term changes to priorities, strategies, and plans.

The Cumbria (Structural Changes) Order 2022 which came into force on 18 March 2022 provides for the creation of two new unitary authorities for Cumbria, Cumberland Council and Westmorland and Furness Council and for the abolition of the existing local government areas and councils including the County Council. Elections to the two new unitary authorities were held on 5 May 2022 and the two new councils both met for the first time on 17 May 2022 as shadow authorities. Local government reorganisation within Cumbria has, and will continue to have, a significant impact on the governance arrangements of the Council during 2022/23.

## **2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

The Council's governance framework comprises all the systems, processes, values, and culture by which the Council directs and controls its activities, and through which it accounts to, engages with, and leads the community. It enables the Council to

monitor the achievement of its strategic objectives, manage risk and address issues that have a significant impact on the Council's finances, the achievement of its objectives or its reputation. Full details of those arrangements can be found in the Local Code of Corporate Governance (see link above).

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework, described in Section 3 below, has been in place at Cumbria County Council for the year ended 31 March 2022 and up to the date of approval of the Council's Annual Report and Statement of Accounts.

### **3.THE GOVERNANCE FRAMEWORK**

The Council's Local Code of Corporate Governance sets out its framework for corporate governance.

The principles which underpin the Local Code of Governance are summarised below, along with a description of the types of arrangements which the Council has put in place to secure robust corporate governance. Full details of these arrangements can be found in the Code.

#### **PRINCIPLE A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

The Chief Legal Officer acts as the Council's Monitoring Officer and is responsible for ensuring the lawfulness of decision making. The responsibilities of this post are codified within the Constitution. The Monitoring Officer ensures that the Council acts within legal and statutory requirements. This is achieved through the provision of frontline legal advice to Council services on a daily basis, the active participation of the Monitoring Officer within the Corporate Management Team (CMT) and the active participation of Legal Services in the preparation and consideration of legal implications arising from reports for decision including officer decision records.

The Chief Executive is the Council's Head of Paid Service.

The Director of Finance is the appointed Chief Financial Officer (Section 151 Officer) with responsibility for the proper administration of the Council's finances. Financial governance is underpinned by the Council's Financial Standing Orders in the Constitution. Each year, the Director of Finance (S151 Officer) carries out a review of financial arrangements against the CIPFA Statement on the Role of the Chief Financial Officer which confirmed that the Council's arrangements comply with the requirements.

All three statutory officers (the head of paid service, the chief financial officer and the monitoring officer) have changed in the last 12 months including the appointment of two new Chief Executives and an interim Chief Executive acting in the role between these appointments. Despite these changes in the key statutory officers key structures and mechanisms for ensuring that good governance is maintained and providing oversight of governance have remained in place and appropriate support has been provided to member bodies and key decision makers. The Corporate Governance Group (“CGG”) has met less frequently than in previous years but it met on 28 March 2022 and it has been agreed that it will meet bi-monthly going forward with meetings scheduled for the remainder of 2022/23. The Corporate Management Team (CMT), which includes the 3 statutory officers, the Executive Directors, the Chief Fire Officer and the Director of Public Health and which meets weekly (and has continued to meet throughout the year), maintains an overview of governance with specific items being referred from CGG or the directorates as appropriate. As a result, no significant governance concerns have arisen as a result of the changes in the statutory officers and existing staff and procedures including the oversight of CMT have ensured that good governance has continued. A new head of paid service joined at the beginning of April 2022.

All reports to members, and significant decisions made by officers, are subject to review by the Council's Legal Services, Finance and Corporate Health and Safety teams to ensure that decisions are taken within the law and that expenditure is lawful and adheres to the commitments outlined in the Annual Health, Safety and Wellbeing Policy agreed by Cabinet.

The Constitution sets out the responsibilities of staff and elected members by defining decision-making powers, providing clear terms of reference for committees, and specifying the delegated power of officers. Key officers have established schemes of delegation which delegate responsibility for decisions (other than key decisions) to appropriate officers which are published on the intranet. Further guidance is provided through the intranet and targeted training.

Standards of behaviour and a commitment to ethical standards are set out within the Constitution in the following Codes and Procedures:

- Members' Code of Conduct and Guidance
- Officers' Code of Conduct
- Member / Officer Protocol
- Code of Good Practice for Members and Officers involved in the Planning process
- Whistleblowing Policy and Speak Up document
- Anti-Fraud, Bribery and Corruption Policy

The Constitution can be found here: [Constitution](#)

These Codes are subject to regular periodic review through the work programme of the Corporate Governance Group and Constitution Review Group. A new Member

Code of Conduct was adopted in November 2021. This was produced in conjunction with the six Cumbrian district councils and is based on the new LGA model code of conduct. Induction training is provided to all officers and members to ensure they are familiar with the codes and policies and know where to access appropriate guidance.

## **PRINCIPLE B: Ensuring openness and comprehensive stakeholder engagement**

All Council business is conducted in public unless legislation deems it appropriate for it to be considered in private. Prior to 7 May 2021 meetings were held virtually in line with the Local Authorities and Police and Crime Panels (Coronavirus) Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020. From 7 May 2021 when the Council was no longer able to hold virtual meetings, all meetings have been held in person. During periods when social distancing and other restrictions on meetings were in place due to the impact of the pandemic a reduced schedule of meetings was held. The Council put in arrangements, including the use of non-council premises, to enable social distancing at meetings. This helped to ensure that all meetings where critical decisions were required could continue. These were held in person and were open to the public. Where necessary existing emergency powers were used to enable officers and members to take urgent decisions. Urgent decisions taken using emergency powers were published on the website and reported to the next meeting of the Council. As a result of these steps all decisions required to be made have been in time and in a transparent and open way.

The Council adopted a new Public Participation Scheme on 15 April 2021. The Council is committed to ensuring the people of Cumbria continue to have an opportunity to have a say on its services and decisions and recognise that public participation is an important part of this. However public participation can absorb a significant amount of committee time and there is a need to find the right balance between openness, accountability and transparency and the need to conduct the business of the Council efficiently. The changes to the public participation scheme were intended to ensure that balance was maintained. The details of the public participation scheme can be found here: [Public Participation Scheme](#)

All key decisions of officers are published on the Council's website. [Decisions](#)

The Council's Constitution sets out how it engages with stakeholders and partners including local NHS bodies, certain charities, third sector organisations, national parks, trade unions and other local authority bodies through a combination of joint working arrangements, partnership boards, annual appointments to external organisations and consultations. This engagement has increased significantly in response to the demands of the pandemic and the Council has used new ways of engaging with stakeholders and partners.

The Council has worked closely with other agencies and authorities to ensure the increased demand and complexity of service users needs can continue to be met. New joint working arrangements have been developed to respond to the pandemic



and ensure that the needs of service users continue to be met examples include regular meetings with trade unions, which were initially on a weekly basis and subsequently fortnightly, to work together on the delivery of Personal Protective Equipment (PPE) and the response to covid. These meetings helped to create a truly collaborative approach to help shape the response to Covid and agree priorities.

Recovery from any emergency is a key part of the overall response. The strategy was developed by the Cumbria Strategic Recovery Coordination Group (of which the Council is a member) and recognises that recovery will be demanding and long-term. The Strategy itself is built on the Cumbria Public Health Strategy and the aim is to build a better place where people are healthy and safe and people want to visit, communities are connected and thriving and our economy is growing, sustainable and benefits everyone. There was a consultation on the strategy in January 2021 that ran until April 2021

### [Recovery Strategy Consultation](#)

There were over 350 bits of feedback which feed into the strategy. In addition, Children in Cumbria were asked to supply photographs for the strategy and there were prizes for the best ones and they feature in the final document. The final strategy was launched on 1 July 2021, and was endorsed at Cabinet (as well as through the governance structures of partners and the Strategic Partnerships) and can be found [here](#)

### [Recovery Strategy](#)

During the year there has been an Outcomes Framework develop and the strategy has been embedded into existing governance structures and plans so that it becomes an integral part of everything the Council does.

Local government reorganisation in Cumbria has required the Council to work very closely with the district councils in Cumbria and with the two new shadow authorities to plan and prepare for the implementation of the two new unitary authorities. This has involved the setting up of joint working arrangements across the seven councils involving both members and officers including the LGR Programme Board and the joint committees. Further details on local government reorganisation can be found [here](#). [LGR](#)

The Council recognises the critical importance of public consultation and engagement with service users and others to ensure that their views and experiences are taken into account when setting priorities and structuring service delivery. Stakeholder engagement is seen as an integral part of any major project and the Council understands its importance in ensuring that value for money is achieved in projects.

Recent examples include the implementation of new arrangements for social workers to spend time with children in care in a social context in response to feedback from children and young people; changes to the project for the redesign and refurbishment of Barrow library to include more space for the IT suite in response to public feedback [Barrow Library Consultation](#); changes to the design of the Carlisle Station Gateway to change the location of vehicular access in response to feedback from the public

[Carlisle Gateway Consultation](#) and changes to the eligibility criteria and entitlement to access commissioned services as part of the redesign of the specialist short breaks services for Children and Young People [Short Breaks Consultation](#).

In response to the pandemic new ways of engaging with the public, and ensuring effective consultation, have been developed including the use of on-line methods and outdoor events to engage with children and young people in care. Although there was an initial concern the pandemic would result in less effective engagement it has in practice improved engagement with the public and encouraged the use of innovative methods of engagement.

The Council has formal and informal engagement with recognised trade unions who can support the delivery of the priorities of the Council Plan and deliver the best services possible to the people of Cumbria, within the available resources. The Council works with the unions in the Council JCG, the corporate JCG and directorate JCGs. These collaborative working arrangements have been particularly important during the pandemic to ensure that key priorities and approaches are agreed in consultation with the trade unions. Governance arrangements for health and safety have been maintain throughout the year at council wide and directorate levels. Cabinet will consider the Annual Health, Safety and Wellbeing report at its July meeting.

Senior managers are additionally engaged through regular meetings of the Extended Leadership Team and management development conferences.

The Council recognises that local government reorganisation is a time of significant change and uncertainty for the workforce and has worked with the six district councils to ensure the workforce is regularly updated on the process through regular bulletins, briefing, workshops, FAQs and other channels of communication.

### **PRINCIPLE C: Defining outcomes in terms of sustainable, economic, social and environmental benefits**

The Council's vision is set out in its Council Plan (2018-2023) adopted by full Council in February 2018 and extended in February 2022 until 31 March 2023. This plan was in place during 2021/2022 and sets out objectives focused on outcomes for citizens and communities. The Council Plan specifically has as one of its outcomes working with partner organisations and communities to achieve shared aspirations. The Council Plan is published on the Council's website and is available to all. [Council Plan](#)

The Council adopted a new Council Plan Delivery Plan in March 2022 [Council Plan Delivery Plan](#) which will cover the remainder of the life span of the Council. This provides a clear focus of actions to be delivered to ensure the continued support for realisation of council plan outcomes and consequently a clear and strong position for local government reform. The delivery plan sets out the measures the Council will use to monitor progress against delivery of the outcomes and Cabinet receives a quarterly update on progress against this plan. The Council has established effective arrangements to manage performance and the corporate risks facing the Council,

which are overseen by the Audit and Assurance Committee. Scrutiny plays a key role in monitoring performance against progress and ensuring key outcomes are delivered. Further details can be found in the scrutiny annual report. [Scrutiny Annual Report](#)

The Council Plan and the Council Plan Delivery Plan are used as a basis for area and service plans. Individual services use key performance indicators and benchmarking against other similar authorities to measure performance and ensure that they are achieving value for money.

The Council's decision-making process takes account of the economic, social and, where relevant, environmental impacts of policies and plans. Reports to decision makers require a consideration of these factors along with risk, health and safety, strategic planning, equalities and financial implications.

Achieving value for money based on the four main pillars of Economy (spending less) Efficiency (spending well), Effectiveness (spending wisely) and Equity (spending fairly) is a key factor in all decision making. Decision making, including the procurement process, is designed to ensure to the best extent possible value for money is obtained. It is recognised that this does not necessarily mean the cheapest option and that solutions need to provide value for money in the medium to long term.

An example of how this is approached in practice is the restructuring of the reablement service. Significant work has been undertaken to improve the service provided to service users in order to manage demand for services in future years. A key focus of the re-structuring of service delivery has been planning for the delivery of services to enable service users to gain independence and to minimise the requirement for ongoing support. Around 3,000 people access the service in a year and a key objective has been set of making sure that 65% to 70% of users have no ongoing care needs.

New arrangements for delivery of IT equipment to officers have been developed so that equipment is supplied directly from the supplier to users homes. This has delivered savings as a result of removing the need to sort bulk deliveries and has provided equipment efficiently to users.

## **PRINCIPLE D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

The Council has a clear statement of aims articulated in its Council Plan and uses this as a basis for service planning. The Medium-Term Financial Plan is fully integrated with the Council Plan and sets the framework for how the Council intends to use its available financial resources to fund the activity to deliver the outcomes of its plans.

There are a number of organisational strategies and plans which support the delivery of the Council's objectives, such as the ICT Plan, Workforce Plan and the Customer Strategy. [Key Plans and Strategies](#)

Option appraisal is a key part of decision making. All reports to decision makers including Cabinet and Council reports and office decision records require a consideration of options available and option appraisal is built into the policies and

procedures for decision making at strategic and operational levels. Senior management meetings are used to challenge and explore options through informal discussions.

The Council works with private, public and third sector organisations (charities, social enterprises and voluntary bodies) to deliver its objectives for Cumbria. Closer collaboration and partnerships are a continued focus as a way to meet the challenges facing public bodies, in particular with NHS partners to align and integrate services, to ensure residents receive the best possible services within available resources. The pandemic has accelerated and enhanced the move towards closer collaboration and partnership with other bodies particularly NHS partners.

The Council works collaboratively with the district authorities and other bodies to maximise the external funding available to Cumbria in order to deliver the desired outcomes for the local population.

## **PRINCIPLE E: Developing the entity's capacity including the capacity of its leadership and the individuals within it**

The Council has in place arrangements to provide assurance about the capability and capacity of its officers, including appropriate management arrangements, induction and appraisal processes.

Training of the workforce has continued throughout the pandemic with a refocus on providing training through e-learning and other forms of virtual learning. At the start of the pandemic there was a focus on moving existing training on-line and over 400 courses can now be accessed by officers remotely.

The Council has prioritised the provision of apprenticeships and support provide to apprentices across the Council. This has enabled the Council to use the full amount from the Apprenticeship levy. It is also provided a wide range of benefits to the Council in terms of developing future talent. Details of the Council's apprenticeships can be found here. [Apprenticeships](#)

The Council has launched 'New Ways of Working' which provides innovative and exciting new ways of working for staff. The Council has launched 'New Ways of Working' which provides innovative and exciting new ways of working for staff. This has built on the work of 'Better Places to Work' and the learning from our response to delivering within the context of COVID-19 national restrictions. The policy has aligned The Council's strategic ambitions regarding staff wellbeing, the customer and digital strategy, ICT and the financial plan alongside the driver of net zero.

Work is about what you do and not where you go which is acknowledged through the newly introduced blended workforce model which brings together three work styles which were co-created with elected members, leaders managers staff and trade union colleagues. New Ways of Working and the blended workforce model allows a flexible approach to workstyles allowing employees to find the right solution to empower and

support all to be brilliant while continuing to place the customer at the heart of everything we do.

The Council adopted a new People Plan in March 2022 which will run until April 2023. The plan was developed in consultation with key stakeholders who identified wellbeing, together with the health and safety of our workforce as the key priorities going forward. The new plan will enable a person-centred approach, together with the delivery of clearly identified priorities prioritising health, safety and wellbeing of our workforce, which will be underpinned by a detailed delivery plan. [Workforce Plan](#)

Cumbria County Council and its six partner district councils work collaboratively to ensure consistent communication with staff, members, stakeholders and the wider community on developments in local government reorganisation. The communications plan details a multi-channel approach which sees the latest information communicated regularly through our own channels and working with local media. The former includes regular online and printed newsletters for all staff and members, virtual briefings, workshops, FAQs, the establishment of an LGR website, and subsequently two Shadow Authority sites, social media posts and videos. [LGR Website](#)

The key challenge in 2021/22 has been in relation to the retention and recruitment of staff particularly in the care sector. The Council has focused both on recruitment and retention for example addressing issues of low morale at the earliest opportunity and has worked with the LGA to develop a strategy for improving workforce recruitment and retention.

The Council provides a comprehensive induction programme for elected members and works with them through the Members Development Group to identify training and support needs, which are met in a variety of ways. Regular members' briefings focused on the impact of local government reorganisation have been established to ensure members are kept up to date on progress of the reorganisation and understand their role and the role of the members of the shadow authorities during this period.

## **PRINCIPLE F. Managing risks and performance through robust internal control and strong public financial management**

The Council recognises the importance of a robust and effective risk management strategy. A performance and risk management framework is in place to ensure that the Council continuously monitors the delivery of its services and manages its risks effectively. The arrangements include reports to CMT and Cabinet, monthly performance reporting and meetings, programme board reports and meetings, reports to service and directorate management team meetings and scrutiny reports and meetings.

The Council maintains a Constitution that sets out detailed financial and other procedure rules which must be followed when conducting Council business.

The Council maintains a Corporate Risk Register, which is reviewed regularly by the Officer Risk Owners Group, CMT and has quarterly oversight from the Audit and

Assurance Committee. The Audit and Assurance also receive regular deep dives on risks included in the Corporate Risk Register. Individual services maintain service risk registers which are regularly reviewed and feed into the Corporate Risk Register.

The Council Plan Delivery Plan is reviewed by Cabinet annually and kept under review during the year, incorporating changes as required. A Corporate Performance Management Report providing an update on progress is provided to Cabinet on a quarterly basis.

There is an approved Anti-Fraud, Bribery and Corruption Policy in place within the Constitution. Where allegations have been received, these have been investigated under the Policy. The Council's arrangements for reporting suspected wrong-doing ('whistleblowing') and the associated "speak-up" policy are kept under review by the Corporate Governance Group and feedback on the policy has been provided through staff discussion forums.

The Council has a Group Audit Manager who is the Head of Internal Audit. The Council reviews its Internal Audit arrangements against the CIPFA Statement annually and had confirmed continued compliance with the requirements.

The annual report and opinion of the Head of Internal Audit (Group Audit Manager) is a key contributor to the Annual Governance Statement. The Head of Internal Audit's annual opinion has been considered when preparing the Annual Governance Statement

The Council has a local pension board in line with the requirements of The Public Service Pensions Act 2013 to assist in the governance of the Local Government Pension Scheme (LGPS). Meetings of the board are scheduled on a quarterly basis and the board formally reports to the Cumbria Pensions Committee on a quarterly basis. The Terms of Reference of the board have been recently updated to reflect the advisory role. Focussed training was provided to members of the board in January 2022.

The Council faces significant financial pressures due to the impact of the pandemic and other non-Covid related and issues and the non-delivery of approved MTFP savings. The Financial Challenge Group which was established in 2021 continues to provide targeted intervention and support in the light of these challenges.

A joint LGR implementation reserve has been set up by the Council and the six district councils in order to meet the costs of Local Government Reorganisation. The reserve is held by the Council on behalf of all seven authorities and robust governance arrangements have been put in place through a joint memorandum of understanding between the Councils to ensure that appropriate accountabilities and reporting arrangements are in place.

Robust procedures are in place to ensure that personal data is managed effectively and securely. All officers are required to undertake annual training on data security and information governance and completion of this course by all officers is carefully monitored. The Senior Information Risk Owner has responsibility for ensuring that robust processes and procedures are in place in managing the risk relating to



information governance and acting as a champion for information governance in the Council. The SIRO chairs quarterly meetings which review performance in this area and reports annually to the Audit and Assurance Committee in September. A copy of the report for 2020/21 can be found here. [SIRO Annual Report 2020/21](#). The Council continues to learn from data breaches which do occur.

The Council maintains an effective scrutiny function. The Scrutiny Management Board which oversees the work of scrutiny across the Council provides an annual update to the Council on the work of scrutiny. [Scrutiny Update Report](#) In the current year scrutiny focused on the pandemic and its impacts, the beginning of the implementation of Local Government Reorganisation and the ongoing pressures and challenges faced by the Council's services as well as a focus on issues which are critically important to residents in Cumbria.

### **PRINCIPLE G: implementing good practices in transparency, reporting and audit, to deliver effective accountability**

The Council complies with the Local Government Transparency Code and publishes all required information in a timely fashion. The Council publishes a Forward Plan [Forward Plan](#) giving notice of all upcoming Key Decisions and notice is given five clear days in advance of any formal meeting other than meetings called at short notice when notice is given as soon as the meeting is called. Decisions are published alongside supporting information setting out the background and options considered.

These arrangements have been maintained throughout 2021/2022, with provisions in the Constitution for urgent decisions applied where necessary during the coronavirus pandemic. All key decisions of Executive Directors and decisions taken by the Leader of the Council are published on the Council's website. [Decisions](#)

The Council reports the achievement of performance and financial targets on a regular basis to senior officers, and to members in meetings that are open to the public.

The Council maintains an effective Internal Audit Service which complies with the Public Sector Internal Audit Standards and the CIPFA Statement on the Role of the Head of Internal Audit 2019. [Internal Audit](#)

The Council publishes an annual Statement of Accounts and responds appropriately to any recommendations from the External Auditor arising from the annual audit of the Accounts. Progress on the implementation of actions arising from the external audit is reported to the Audit and Assurance Committee. [Statement of Accounts](#)

The Council uses external reports and/or inspections to inform and improve practice and to learn from past experience. The Council commissioned an independent review of the determination of the s73 planning application for the Energy from Waste plant at Kingmoor Industrial Estate to ensure appropriate lessons were learned. The Council develops plans where necessary, to respond to recommendations and these are monitored in a variety of ways, including reports to committees such as Audit and Assurance Committee. CMT maintains oversight of progress.

## 4. THE ANNUAL REVIEW OF EFFECTIVENESS

The Council has a duty to conduct, at least annually, a review of the effectiveness of its governance framework including its system of internal control. The review of effectiveness is informed by the work of the Corporate Governance Group, the Group Audit Manager's (Head of Internal Audit) report and by comments made by the External Auditors and other review agencies and inspectorates.

The review of governance for 2021/22 has been evaluated as follows:

- A review of internal control comprising an interview with each Assistant Director to understand how their service areas meet the required standards, carried out in April 2022.
- A review of minutes of Audit and Assurance Committee, Cabinet and Council to ensure that periodic monitoring and reviews are being reported appropriately and governance issues are addressed.
- A review of the overall opinion of the Group Audit Manager (Head of Internal Audit) is set out in the annual internal audit report. Based on the work undertaken by internal audit in 2021/2022, the Group Audit Manager is able to provide reasonable assurance over the effectiveness of the Council's arrangements for governance, risk management and internal control.
- An assessment of the Audit and Assurance Committee arrangements against the core functions of Audit Committees set out within the 2018 CIPFA Guidance for Audit Committees in Local Authorities and the Police. The review confirms that the Committee fulfils the core purpose of an audit committee as set out in the Guidance.
- A review of the Council's arrangements against the CIPFA Statements on the Role of the Chief Financial Officer and the Role of the Head of Internal Audit. The review confirms that the Council's arrangements conform to the CIPFA Statements on the Role of the Chief Financial Officer and Head of Audit.
- Annual review by the Pensions Committee of the Cumbria Local Government Pension Scheme (LGPS) Fund Policy documents. In addition, the effectiveness of the Cumbria arrangements is reported in the Cumbria LGPS Annual Report to provide assurance to members when approving the Accounts. In addition, the Fund's Stewardship Report 2020/21 has been assessed by the Financial Reporting Council as meeting the requirements of their UK Stewardship Code 2020.
- A review of the 2020/2021 Statement of Assurance in respect of Cumbria Fire and Rescue Service, which is the latest Statement, approved in November 2021. No significant governance issues were identified, and the Statement concluded that the Fire and Rescue Services is working effectively and efficiently and has demonstrated its ability to work with partners and to show strategic leadership in dealing with the pandemic. [Fire Statement of Assurance](#)
- The Council's arrangements with its controlled company, Cumbria County Holdings Limited, and its subsidiaries, which are kept under review by the Section 151 Officer.



- The outcome from the Ofsted focused visit to Cumbria children's services in July 2021. [Ofsted Report](#)

This Annual Governance Statement has been prepared in accordance with the guidance set out in CIPFA Bulletin 10 – Closure of the 2021/22 Financial Statements.

## **5. IMPACTS OF THE CORONAVIRUS PANDEMIC AND LOCAL GOVERNMENT REORGANISATION IN CUMBRIA ON GOVERNANCE**

The coronavirus pandemic has continued to have a significant impact on the operations of the Council throughout 2021/22. In addition, the proposal to reorganise local government in Cumbria, which will involve the establishment of two new unitary authorities and the dissolution of the Council and the six districts councils, will continue for the remainder of its life to have, a significant impact on the Council and its governance.

### **Adaptions to reflect new ways of working and emergency arrangements**

As reported in the Annual Governance Statement for 2020/21 the pandemic has had a significant impact on pre-coronavirus ways of working and service delivery. Rapid decision making was required to respond to the crisis. In some cases, this was not assisted by last minute decision making and guidance from central government. The Council's existing governance structures, in particular existing powers for urgent decision making enabled the Council to meet the challenges.

The pandemic resulted in the need to adopt new ways of working including new partnership and joint working arrangements and new working arrangements for officers and members. The Council has been able to learn from the best of these changes and has kept the momentum going to identify new opportunities and ways of working including new ways of working with third parties, new methods of engagement with service users and new ways of working for employees in order to embrace some of the innovative and exciting opportunities which developed in response to the pandemic.

### **Impact on 'business as usual' activities including cessation or reduced frequency or scale of activities**

There has continued to be an impact on business-as-usual activities across the Council as a result of Covid although the impact is now significantly reduced and substantially all business-as-usual arrangements have now been stepped back up to the pre-pandemic position.

### **Longer term changes to priorities, programmes, strategies and plans as a result of the impact of the pandemic on the organisation and the local area**

Over the longer term there has been an impact on some areas of Council work, with planned work that has not progressed as was originally intended, including some internal restructures and planned audit work. In addition, there has been some impact on delivery in Service Plans especially in those areas most impacted by the pandemic

such as public health although periodic reviews of Service Plans have continued in the usual way.

There is a recognition that there will be long term impacts as a result of the pandemic in many areas including provision of adult services as a result of changes in demand as a result of the pandemic; public health; and education.

The launch of the Cumbria Recovery Strategy, the development of the Outcomes Framework and the process of embedding the strategy into everything the Council does has helped ensure that there is a strong approach to recovery.

### **Impact of pandemic on local code of governance**

There has been no significant impact on the governance arrangements as a result of the pandemic and the local code of governance is still an accurate reflection of how governance has operated in 2021/22.

### **Impact of Local Government Reorganisation**

Local government reorganisation which will result in the Council being dissolved from 31 March 2023 is and will continue to have a very significant impact on the Council for this period.

New governance arrangements have been put in place to support the implementation of the reorganisation including the LGR Programme Board and joint committees for the Cumberland and Westmorland and Furness areas which met prior to the new shadow authorities for the two areas standing up.

The Council's Medium Term Financial Plan 2022/23 to 2026/27 which was approved in February 2022 recognised that the Council will cease to exist on 1 April 2023 and hence the budget for 2022/23 was the final budget the Council would approve. However financial planning has been continued until 2026/27 in order to present the Medium-Term Financial Plan for those years. The Medium-Term Financial Plan shows that savings of £29.348 million will be required over these years in order to deliver a balanced budget. The figures for future years are only indicative and provide a guideline for future planning purposes. It will be for the two new unitary authority and the Cumbria Fire and Rescue Service to agree the budget for these future years and identifying proposals for these required saving will be a priority for the new unitary authorities.

Local government reorganisation, especially in combination with the impact of Covid, has had a significant impact on officers as there are a number of competing priorities and demands. It also results in uncertainty for officers and has had an impact on recruitment and retention.

Local government reorganisation, without further legislation, could see the Cumbria Fire and Rescue Service, which currently is the responsibility of the Council, divided with each new unitary authority taking over responsibility in their area. There is recognition in the explanatory note issued with the Structural Changes Order that this is not a preferred outcome and there is a strong preference for the fire service to continue on a county-wide basis. The Police and Crime Commissioner for Cumbria

has submitted a proposal to the Secretary of State to take over the Fire and Rescue Services. The alternative solution would be to create a new combined fire and rescue authority. Both arrangements will require new regulations to implement.

On 10 May 2022 the Secretary of State for the Department of Levelling Up, Housing and Communities issued a direction under section 24 of the Local Government and Public Involvement in Health Act 2007 which requires the Council to seek the consent of the executives of the two new shadow authorities both disposing of any land or entering into any new contracts above a certain threshold level on or after 30 June. The application of these thresholds, including the requirement to aggregate expenditure on other related contracts dating back to 2007 would result in the Council needing to seek specific consent prior to entering into any new contracts. The Council is working with the six district councils and the two new shadow authorities to ensure general consents can be put in place to enable the Council to continue to operate business-as-usual. Failure to put these consents in place would have a very significant impact on the operation of the Council's business.

## **6. FINANCIAL MANAGEMENT CODE**

With local authorities across the UK facing the challenges of reduced funding and increased demand for services, the need for robust financial management has never been more important. CIPFA has developed the Financial Management Code (FM Code), which sets out the principles by which authorities should be guided in managing their finances and the specific standards that they should seek to achieve. It is up to each authority to determine the extent to which it complies with the FM Code and to identify what action it may wish to take to better meet the standards that the FM Code sets out.

2021/22 is the first year in which compliance with the FM Code is to be demonstrated. An assessment has been undertaken and no significant areas of departure from the FM Code were identified. A report to summarise this position will be presented to the Finance Directorate Management Team. Additional assurance has been provided by Internal Audit who reviewed the assessment process, prior to the assessment being finalised, and from the areas examined and tested considered the controls operating to implement the CIPFA Financial Management (FM) Code provided 'Reasonable Assurance'

## **7. SIGNIFICANT GOVERNANCE ISSUES**

A governance issue arises when something has gone wrong which will affect the achievement of the Council's objectives. There is a need to respond and often recover from an issue and in financial terms, responding and recovering may add significant cost to the organisation or its processes. An issue may arise unexpectedly or may result from a poorly managed risk.

Whilst determining the significance of an issue will always contain an element of judgement, an issue is likely to be significant if one or more of the following criteria applies:

- It has significantly prejudiced or prevented achievement of a principal objective;
- It has resulted in the need to seek additional funding to allow it to be resolved;
- It has required a significant diversion of resources;
- It has had a material impact on the accounts;
- It has been identified by the Audit and Assurance Committee as significant;
- It has resulted in significant public interest or has seriously damaged reputation;
- It has resulted in formal actions being taken by the Section 151 Officer or Monitoring Officer;
- It has received significant adverse commentary in external or internal inspection reports that has not been able to be addressed in a timely manner.

The above definition and criteria were adopted by the Corporate Governance Group in March 2015. These criteria have been applied to help the Council assess its governance issues in 2021/22. Reference has also been made to the CIPFA Advisory Note: Understanding the challenge to local authority governance as part of this review.

No significant governance issues have been identified.

The review has highlighted that the coronavirus pandemic, and more recently local government reorganisation in Cumbria, have had a significant impact on the Council's day to day operations and ways of working. Both will continue to have a significant impact on the priorities, programmes, strategies and plans of the Council for the remainder of its life.

The governance arrangements that the Council had in place prior to the pandemic have provided a strong foundation for the governance of the Council's response to the pandemic and there has been no significant impact on the Local Code of Governance or the governance arrangements within the Council. As identified in the annual governance statement for 2020/21 the response to the pandemic prompted the Council to adopt new ways of working and partnership arrangements and in many areas the pandemic has accelerated the rate of change.

The implementation of local government reorganisation in Cumbria, which will involve the creation of two new unitary authorities and the dissolution of the Council and the six District Authorities, has had a significant impact on the Council. The Council is working closely and cooperatively with the six District Councils in Cumbria and, following the elections on 5 May 2022, the two new shadow authorities, to implement the proposals and ensure the economic, effective, efficient and timely transfer of functions, property, rights and liabilities to the two new unitary authorities. This has involved the setting up of new governance arrangements including a joint LGR Programme Board which is the overarching joint officer body responsible for programme implementation and joint committees of members of the Council and relevant district Councils covering the areas of Cumberland and Westmorland and Furness which were set up in the period immediately prior to the establishment of the two new shadow authorities to prepare for the shadow authorities.

## 8. CONCLUSION

*We have been advised on the implications of the result of the review of the effectiveness of the Council's corporate governance by the Audit and Assurance Committee and are satisfied that the Council's corporate governance arrangements in place during 2021/22 were fit for purpose in accordance with the CIPFA/SOLACE Delivering Good Governance Framework 2016.*

As senior leaders we recognise how critical an effective and robust governance framework is in ensuring the council can continue to achieve its strategically agreed objectives and remain financially sustainable. We are committed to maintaining an effective governance framework for the Council and ensuring that it can meet the challenges and opportunities which arise as a result of local government reorganisation and prepare for and facilitate the economic, effective, efficient and timely transfer of functions, property, rights and liabilities to the two new unitary authorities.

Both the continuing pandemic and the impact of local government reorganisation in Cumbria have had a significant impact on the Council but the existing governance arrangements and enhanced partnership working especially with NHS partners and the six District councils in Cumbria has ensued that the Council has been able to respond effectively to the challenges it has faced.

Whilst the review has identified no significant governance issues in 2021/2022, we recognise the importance of maintaining effective governance structures particularly in times of change, and in learning from governance failures that have been identified in statutory and non-statutory reviews and public interest reports into other council. We will use the knowledge gained from the review of governance in the Council for the purposes of preparing this statement to ensure that the Council's governance arrangements remain robust and effective for the remainder of its life and to help input into the development of the governance structures for the two new unitary authorities.

Dated

Signed by the Leader of the Council and the Chief Executive

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<b>AUDIT AND ASSURANCE COMMITTEE</b>
<b>Meeting date: 30<sup>th</sup> June 2022</b>
<b>From: Director of Finance (S151 Officer)</b>

## **ACCOUNTS PREPARATION 2021/22**

### **1.0 EXECUTIVE SUMMARY**

- 1.1 *This report provides an update on the previous report to the March 2022 Audit and Assurance Committee and summarises the progress to date on the preparations for the Council's and Cumbria Local Government Pension Scheme Statement of Accounts 2021/22 and the Council's Value for Money conclusion.*
- 1.2 *The unaudited Statement of Accounts will be published in late June ahead of the statutory deadline of 31<sup>st</sup> July 2022, in accordance with the Accounts and Audit (Amendment) Regulations 2021. The audited Statement of Accounts will be presented to Audit and Assurance Committee once the audit is completed.*

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

- 2.1 *This report supports the priorities of the Council Plan, as effective management of financial resources is a pre-requisite for making informed decisions when planning and delivering Council services.*

### **3.0 RECOMMENDATION**

#### **3.1 Members are asked:**

- a. *To note the high level timetable for the closedown of the Council's and the Cumbria Local Government Pension Scheme 2021/22 accounts. (paragraph 4.2).*
- b. *To confirm in respect of the use of estimates (Council - paragraphs 4.4-4.7 and CLGPS paragraphs 5.5) that:*
  - *They have been appropriately briefed on how accounting estimates are used.*

- *There has been an opportunity to consider the areas where estimates are used.*
- *There has been an opportunity to challenge the approach / methodologies.*
- *That the approach taken by management is reasonable.*

## 4.0 BACKGROUND

### Cumbria County Council Statement of Accounts

#### **Closure of 2021/22 Accounts**

- 4.1 The March Committee meeting agenda included a report which set out the plans for the preparation of the 2021/22 Statement of Accounts.
- 4.2 The closure of Accounts has progressed broadly in line with the timetable set out previously. The information required from external bodies has all been received. A high level summary of the original timetable is attached at **Appendix 1** for information. Key dates and progress are as follows:

Task	Date	Date Completed
Directorate finance teams to complete all accounting entries and produce their provisional outturn report.	21 <sup>st</sup> April	27 <sup>th</sup> April
Directorate working papers and analytical review completed	27 <sup>th</sup> April	29 <sup>th</sup> April
First draft of Statement of Accounts to be produced for Senior Managers Accountancy and Technical Finance to review.	6 <sup>th</sup> June	10 <sup>th</sup> June
Outturn report to Cabinet	9 <sup>th</sup> June	9 <sup>th</sup> June
First draft of Statement of Accounts to Director of Finance.	9 <sup>th</sup> June	23 <sup>rd</sup> June
Final draft of unaudited Statement of Accounts to Director of Finance.	24 <sup>th</sup> May	27 <sup>th</sup> June
Unaudited Statement of Accounts approved by Director of Finance, published on the website and passed to Grant Thornton together with working papers	30 <sup>th</sup> June	
Audit & Assurance Committee to receive Audit Findings Report from Grant Thornton	27 <sup>th</sup> September	

- 4.3 Regular meetings are scheduled with Grant Thornton during the year (monthly from December until the end of June and weekly during the main audit period from July to September) involving the Senior Manager Accountancy and the Group Accountant – Corporate Accounting. These meetings provide the opportunity to raise issues early with a view to a prompt resolution before the year end.



### **Use of Estimates**

4.4 As part of the closedown process Grant Thornton also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

4.5 Specifically do Audit and Assurance Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates.

4.6 There are five areas of the Council's Accounts where significant estimates are used:

#### Council Accounts:

- Valuations of land and buildings
- Depreciation
- Year end provisions and accruals
- PFI liability
- Fair value estimates

4.7 These were covered by the Finance team in the Briefing for Committee members held on 12<sup>th</sup> May.

### **2021/22 External Audit**

4.8 The external audit to be undertaken by Grant Thornton is scheduled for the period July to September. Grant Thornton's Audit Plan was presented to the March meeting of the Audit and Assurance Committee and the audit findings being reported to the 27<sup>th</sup> September meeting.

### **Significant Risks Identified by Grant Thornton**

4.9 Grant Thornton reported that the significant risks for 2021/22 are unchanged from the previous years and are:

- Valuation of land and buildings and Investment Property
- Valuation of pension fund net liability
- Management over-ride of controls

4.10 All the above have been included in the planning for the preparation of the 2021/22 statement of accounts, the overall production of the Accounts and Annual Governance Statement is progressing to the 30<sup>th</sup> June deadline.

### **Significant risks identified by CCC for 2020/21 closure of accounts**

4.11 There are no significant risks identified at this stage to the closure of the 2020/21 accounts.

## **Changes to Code of Practice on Local Authority Accounting for 2021/22**

4.12 For 2021/22 there were initially no significant technical accounting changes in the Code, although preparations for the implementation of IFRS16 Leases on 1<sup>st</sup> April 2022 i.e. financial year 2022/23 were included. Late in the financial year, in an unusual move, CIPFA have consulted on three issues:

- an adaptation to the allow for a pause in valuations of operational property, plant and equipment for up to two years, this approach also explores the use of an index to be used to increase or decrease that valuation.
- deferring the implementation of IFRS16 Leases for a further year
- accounting for infrastructure assets.

The first two issues were set out in detail in the report to the March meeting of the Committee, more detail on the third issue and the action taken by CIPFA on all three issues, is summarised below.

### *Valuations of Operational Property, Plant and Equipment*

4.13 An adaptation to the Code to allow local authorities to pause professional valuations for operational property, plant and equipment for a period of up to two years: this approach also explores the use of an index to be used to increase or decrease that valuation. CIPFA confirmed on 17<sup>th</sup> March 2022 that they weren't taking this option forward.

4.14 CIPFA's decision not to pause professional valuations reflected the following factors:

- Responses to the consultation did not substantially support the proposal
- unresolved concerns over whether it would reduce auditor work
- technical issues that might invalidate the approach for some assets
- difficulties in determining suitable indexes for the indexation proposal
- issues around 'catching up' after pausing stopped.

### *IFRS16 Leases implementation*

4.15 CIPFA confirmed on 8<sup>th</sup> April 2022 that the implementation of IFRS 16 Leases would be deferred for a further two years until 1<sup>st</sup> April 2024. However, both the 2022/23 and the 2023/24 Codes would allow for early adoption as of 1<sup>st</sup> April 2022 or 2023. The Council will not be pursuing early adoption at this time.

### *Accounting for Infrastructure Assets*

4.16 At the March meeting Grant Thornton commented on an emerging issue that had arisen nationally in relation to the accounting for infrastructure assets, which affects predominantly highways authorities. Concerns had been raised by a local government auditor that some authorities are not applying component accounting requirements appropriately and this is now an area of focus for all local audit firms.

4.17 CIPFA convened a Task and Finish Group which met three times in March and April continue to pursue options for resolution. However, CIPFA has

instead agreed to issue a consultation paper on a temporary solution so that local authorities and auditors can progress the 2021/22 Accounts and audit.

- 4.18 The proposed temporary solution for an amendment to the Code up to and including the 2022/23 Code would be to remove the need to derecognise and report gross historical cost and accumulated depreciation i.e. the Property, Plant and Equipment note to the Accounts would only show the net book value for Infrastructure assets.
- 4.19 The four week consultation on the temporary solution was issued on 12<sup>th</sup> May 2022 and closed on 14<sup>th</sup> June 2022. A more in-depth consultation on the issue will follow as a part of the consultation on the 2023/24 code.

#### **Value for Money Opinion**

- 4.20 As in previous years the Auditors will provide a Value for Money (VFM) conclusion for the financial year.
- 4.21 The NAO Code of Audit Practice for England onwards set out three reporting criteria for the value for money conclusion:
- *Governance* – how the Council ensures that it makes informed decisions and properly manages its risks.
  - *Financial sustainability* – how the Council plans and manages its resources to ensure it can continue to deliver services.
  - *Improving economy, efficiency and effectiveness* – how the Council uses information about its costs and performance to improve the way it manages and delivers services.
- 4.22 The Code requires a narrative VFM opinion and increases the focus on all three areas, particularly financial sustainability, and this is likely to have a significant impact on the evidence required by the external auditor and the impact on officer time.
- 4.23 To aid the completion of the Statement of Accounts audit the VFM audit can be completed up to three months after the opinion on the accounts is issued. The VFM conclusion is expected to be reported to the Audit and Assurance Committee on 6<sup>th</sup> December 2022

#### **Whole of Government Accounts (WGA)**

- 4.24 Prior to 2020 HM Treasury would issue the data collection tool (DCT) in March with submission for the unaudited Accounts by mid June and for the audited Accounts by the end of August. The DCT for the financial year 2020/21 was finally published on 29<sup>th</sup> April 2022. The deadline for completion is 31<sup>st</sup> July.
- 4.25 The completion of the 2020/21 DCT is scheduled for completion in early July, once the 2021/22 Accounts have been completed. It will be submitted by the deadline of 31<sup>st</sup> July.

- 4.26 The guidance published alongside the DCT suggests that the Council falls below the threshold for audit of the WGA for 2020/21.
- 4.27 Grant Thornton haven't yet received confirmation of this through their internal channels, the audit closure certificate will be issued when either it is confirmed that an audit isn't required or the audit work is complete.

## **5.0 Cumbria Local Government Pension Scheme ("The Fund")**

### **2021/22 Closure Plan and Key Dates (LGPS)**

- 5.1 Officers have completed the compilation of the financial statements for the Fund and these were presented to the Cumbria Pensions Committee on 16<sup>th</sup> June. The Senior Manager, Pensions & Financial Services will provide a verbal update to the Audit & Assurance Committee of any issues arising at the Pensions Committee regarding the draft accounts.
- 5.2 In producing the 2021/22 Cumbria LGPS Financial Statements, the Fund has followed the same process as in previous years including setting a cut-off date (17<sup>th</sup> May 2022) at which time all estimates within the accounts were revised to reflect any non-trivial adjustments advised to the Pension Fund by this date.
- 5.3 Whilst the Fund may continue to receive updated valuations from investment managers after this date, the financial statements will only be further amended if the revised valuations are deemed to be materially significant.
- 5.4 As noted in section 4.3, the unaudited accounts must be published at the latest by 31<sup>st</sup> July.

### **Significant Risks Identified by Grant Thornton**

- 5.5 Grant Thornton have confirmed within their Audit Plan that the significant risks identified for 2021/22 are unchanged from those in 2020/21 which were:
- potential for management override of controls;
  - valuation of directly held investment property; and
  - valuation of "Level 3" investments

The use of estimates in the LGPS accounts, including the valuation of directly held investment property and "Level 3" investments were covered by the Finance team in the briefing for the Committee held on 12<sup>th</sup> May.

- 5.6 In addition, Grant Thornton have noted that, under ISA (UK)240, there is a presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud related

to revenue recognition. Having considered the risk factors and the nature of the revenue streams of the Fund, Grant Thornton have concluded that this risk of fraud can be rebutted. Consequently, Grant Thornton have concluded that there is no significant risk to the Fund that revenue may be misstated due to the improper recognition of revenue.

### **Risks identified by the Fund for 2021/22 closure of accounts**

- 5.7 In producing the 2020/21 financial statements, the Fund included an estimate of the impact of the McCloud case on the present value of past service liabilities on both a valuation basis and an IAS19 basis. The Fund has included a similar estimate in the production of the 2021/22 accounts. However, details of the resolution to McCloud may be finalised during 2022/23. Depending upon the timing of the announcement, Officers may need to reconsider its impact and potentially adjust the accounting entries. Officers continue to monitor this closely.
- 5.8 The Pensions Committee approved a revised Investment Strategy in December 2019 which was subsequently amended in March 2021 in response to the impact of the pandemic on expected future investment returns. The Fund is currently transitioning its assets to meet the revised asset allocation as set out in the Investment Strategy. Whilst this does not represent a risk to the 2021/22 closure of accounts, Officers will be working with Grant Thornton throughout the production of the accounts to ensure the auditors are familiar with the accounting entries employed by the Fund and the types of assets the Fund is invested in.

### **6.0 Role of the Audit and Assurance Committee in relation to the Accounts and the Audit Findings Report**

- 6.1 The role of the Audit and Assurance Committee, as set out in the Constitution, in relation to the Statement of Accounts is to review the financial statements, receive the external auditor's Audit Findings Report and reports to members, letter of representation, and monitor management action in response to the issues raised by external audit.
- 6.2 The meeting of the Committee on 27<sup>th</sup> September 2022 will receive:
- The audited 2021/22 Statement of Accounts including CLGPS.
  - Audit Findings Report from Grant Thornton setting out their opinion on the Council's Accounts.
  - Audit Findings Report from Grant Thornton setting out their opinion on the CLGPS' Accounts.
  - The letters of representation from the Council to Grant Thornton in respect of the Council and CLGPS. The letters contain written representations about the Council's financial statements and governance arrangements.
  - The audited set of accounts for Port of Workington.
- 6.3 After considering all the above items the Committee will be asked to:

- a) Agree the Letters of Representation on behalf of the Council in respect of the two sets of accounts authorise the Director of Finance, as the Council's Section 151 (Local Government Act 1972) Officer and the Chief Executive to sign the letters this enables Grant Thornton to issue audit opinions on the accounts. Two signatures are required to fulfil the International Auditing Standards.
- b) Approve the Cumbria County Council Accounts 2021/22 which incorporates the Cumbria Local Government Pension Scheme Accounts on behalf of the Council.
- c) Approve the Port of Workington Harbour Accounts 2021/22 on behalf of the Council.
- d) Authorise the Director of Finance, as the Council's Section 151 (Local Government Act 1972) Officer and the Chair of the Audit and Assurance Committee to sign the three sets of accounts on behalf of the Council.
- e) Agree the completed Action Plan to the Audit Findings Report for the Council.

## **7.0 OPTIONS**

7.1 Audit and Assurance Committee may either:

7.1.1 Note the report and confirm in respect of the use of estimates (paragraphs 4.10-4.14) that:

- They have been appropriately briefed on how accounting estimates are used;
- There has been an opportunity to consider the areas where estimates are used;
- There has been an opportunity to challenge the approach / methodologies; and
- That the approach taken by management is reasonable.

or

7.1.2 Request further information in respect of this report and / or the use of estimates.

**Pam Duke, Director of Finance (S151 Officer)**  
**21<sup>st</sup> June 2022**

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## **APPENDICES**

***Appendix 1* Closure of Accounts 2021/22 – Original High Level Closure Timetable**

## **IMPLICATIONS**

Staffing: None  
Financial: None  
Property: None  
Electoral Division(s): None

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? If so, give details below.		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 Head of Member Services and Scrutiny 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***

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Closure of Accounts 2021/22 – High Level Closure TimetableWeekly Review

Progress against the closure plan will be reviewed weekly by the Senior Manager Accountancy and the Group Accountant Corporate Accounting.

Key Dates for Closure TimetablePrior to Year End

	2020/21 Planned	2020/21 Actual	2021/22 Planned	2021/22 Actual
December (Q3) monitoring report to Cabinet	18 <sup>th</sup> March	18 <sup>th</sup> March	17 <sup>th</sup> March	17 <sup>th</sup> March
Briefing on closedown to Audit & Assurance Committee	11 <sup>th</sup> March	11 <sup>th</sup> March	24 <sup>th</sup> March	24 <sup>th</sup> March

Closure of Accounts

	2020/21 Planned	2020/21 Actual	2021/22 Planned	2021/22 Actual
Key feeder systems and control accounts reconciled	31 <sup>st</sup> March	31 <sup>st</sup> March	1 <sup>st</sup> April	1 <sup>st</sup> April
Capital entries completed by directorates	8 <sup>th</sup> April	8 <sup>th</sup> April	10 <sup>th</sup> April	19 <sup>th</sup> April
Capital outturn completed	12 <sup>th</sup> April	12 <sup>th</sup> April	14 <sup>th</sup> April	26 <sup>th</sup> April
Directorate ledger signed off by Directorate Group Accountants and provisional outturn reports to Corporate Accounting	16 <sup>th</sup> April	21 <sup>st</sup> April	21 <sup>st</sup> April	27 <sup>th</sup> April
Briefing on closedown for Chair and Vice Chair of Audit & Assurance Committee	20 <sup>th</sup> April	20 <sup>th</sup> April	TBC	N/A
All working papers and analytical review from directorates completed and submitted for peer review.	30 <sup>th</sup> April	6 <sup>th</sup> May	27 <sup>th</sup> April	29 <sup>th</sup> April
Cabinet outturn report circulated to CMT	12 <sup>th</sup> May (CMT), Cabinet TBC	CMT 12 <sup>th</sup> May	29 <sup>th</sup> April (CMT 4 <sup>th</sup> May, Cabinet 9 <sup>th</sup> June)	6 <sup>th</sup> May (CMT 11 <sup>th</sup> May, Cabinet 9 <sup>th</sup> June)
Briefing on closedown for Chair and Vice Chair of Audit & Assurance Committee	18 <sup>th</sup> May	18 <sup>th</sup> May	5 <sup>th</sup> May	Cancelled - briefing note circulated
Cabinet outturn report circulated for Cabinet Briefing	19 <sup>th</sup> May		11 <sup>th</sup> May (Meeting 19 <sup>th</sup> May)	13 <sup>th</sup> May
Capital accounting completed	14 <sup>th</sup> May	12 <sup>th</sup> May	14 <sup>th</sup> May	19 <sup>th</sup> May
Receive Cumbria County Holdings Ltd group accounts for consolidation	14 <sup>th</sup> May	12 <sup>th</sup> May	20 <sup>th</sup> May	20 <sup>th</sup> May
Cabinet outturn report published	10 <sup>th</sup> June meeting cancelled	10 <sup>th</sup> June meeting cancelled	26 <sup>th</sup> May (Meeting 9 <sup>th</sup> June)	30 <sup>th</sup> May

	2020/21 Planned	2020/21 Actual	2021/22 Planned	2021/22 Actual
<b>Draft Statement of Accounts completed for review by Senior Manager - Accountancy</b>	4 <sup>th</sup> June	8 <sup>th</sup> June	6 <sup>th</sup> June	10 <sup>th</sup> June
<b>Draft Statement of Accounts to Director of Finance for first review</b>	11 <sup>th</sup> June	11 <sup>th</sup> June	9 <sup>th</sup> June	23 <sup>rd</sup> June
<b>Ongoing review of Draft Statement of Accounts</b>	4 <sup>th</sup> June – 18 <sup>th</sup> June	4 <sup>th</sup> June – 18 <sup>th</sup> June	10 <sup>th</sup> June – 20 <sup>th</sup> June	10 <sup>th</sup> June to 29 <sup>th</sup> June
Briefing on closedown for Chair and Vice Chair of Audit & Assurance Committee	15 <sup>th</sup> June	14 <sup>th</sup> June	17 <sup>th</sup> June	Cancelled – verbal update 9 <sup>th</sup> June
Updated Draft Statement of Accounts to Director of Finance and Chair of Audit Committee	22 <sup>nd</sup> June	18 <sup>th</sup> June & 25 <sup>th</sup> June	22 <sup>nd</sup> June	27 <sup>th</sup> June
Council outturn report published (meeting 23 <sup>rd</sup> June)	17 <sup>th</sup> June	Meeting cancelled	15 <sup>th</sup> June	No report to Council for 2021/22 outturn.
<b>Sign off unaudited Statement of Accounts by Director of Finance</b>	28 <sup>th</sup> June	1 <sup>st</sup> July	29 <sup>th</sup> June	29 <sup>th</sup> June
Unaudited Statement of Accounts published on Council website	30 <sup>th</sup> June	1 <sup>st</sup> July	30 <sup>th</sup> June	
Unaudited Statement of Accounts to Grant Thornton	30 <sup>th</sup> June	1 <sup>st</sup> July	30 <sup>th</sup> June	
Final completed working papers to Grant Thornton	30 <sup>th</sup> June	1 <sup>st</sup> July	30 <sup>th</sup> June	
Unaudited WGA return submitted to DLUHC and Grant Thornton	30 <sup>th</sup> June	Still outstanding, DLUHC/HMT haven't circulated return	TBC	

### LGPS Accounts

	2020/21 Planned	2020/21 Actual	2021/22 Planned	2021/22 Actual
Accruals uploaded to General Ledger	30 <sup>th</sup> Apr	30 <sup>th</sup> Apr	30 <sup>th</sup> Apr	30 <sup>th</sup> Apr
Cut-off for updated valuation of Alternative investments	17 <sup>th</sup> May	17 <sup>th</sup> May	17 <sup>th</sup> May	17 <sup>th</sup> May
Updated Draft Statement of Accounts to Director of Finance	24 <sup>th</sup> May		24 <sup>th</sup> May	Review undertaken by Senior Manager – completed 31 <sup>st</sup> May
Sign off of unaudited Statement of Accounts by Director of Finance	26 <sup>th</sup> May	1 <sup>st</sup> July	26 <sup>th</sup> May	
Final completed working papers to Grant Thornton	7 <sup>th</sup> June		7 <sup>th</sup> June	Will meet revised deadline requested by GT (30 <sup>th</sup> June)

## Audit

	<b>2020/21 Planned</b>	<b>2020/21 Actual</b>	<b>2021/22 Planned</b>	<b>2021/22 Actual</b>
Briefing on closedown for Chair and Vice Chair of Audit & Assurance Committee	TBC	No meeting	29 <sup>th</sup> July	
External Audit work	July / August / September	July / August / September	July / August / September	
Receive first draft Audit Findings Report from Grant Thornton	15 <sup>th</sup> September	20 <sup>th</sup> September	15 <sup>th</sup> September	
Briefing on closedown for Audit & Assurance Committee	Mid September	23 <sup>rd</sup> September	Mid September	
Finalise audit adjustments (if any) to the Statement of Accounts	Mid September	17 <sup>th</sup> September	Mid September	
Finalise report to Audit & Assurance Committee on the Statement of Accounts	Mid September	22 <sup>nd</sup> September	Mid September	
Audit & Assurance Committee reports published	17 <sup>th</sup> September	22 <sup>nd</sup> September	17 <sup>th</sup> September	
Audit & Assurance Committee meeting to receive Grant Thornton Audit Findings Report	27 <sup>th</sup> September (provisional)	27 <sup>th</sup> September	27 <sup>th</sup> September	
Receive audit opinion from Grant Thornton	30 <sup>th</sup> September	30 <sup>th</sup> September	30 <sup>th</sup> September	
Publish statutory accounts on website	30 <sup>th</sup> September	1 <sup>st</sup> October	1 <sup>st</sup> October	
Final audited WGA submitted to DLUHC	30 <sup>th</sup> September	Still outstanding, DLUHC/HMT haven't circulated return	TBC	

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# Cumbria County Council Audit Progress Report and Sector Update

Year ending 31 March 2022

June 2022

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Introduction

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## Your key Grant Thornton team members are:

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Key Audit Partner

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### Richard Anderson

Engagement Manager

### Natasha Ayre

Engagement In-Charge

This paper provides the Audit and Assurance Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Audit and Assurance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications <https://www.grantthornton.co.uk/en/services/public-sector-services/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

# Progress at June 2022

## Financial Statements Audit

We undertook our initial planning for the 2021/22 audit in March 2022. We expect to begin our work on your draft financial statements in late July.

Our planning and interim fieldwork includes:

- Updated review of the Authority's control environment
- Updated understanding of financial systems
- Review of Internal Audit reports on core financial systems
- Understanding how the Authority makes material estimates for the financial statements
- Early work on emerging accounting issues
- Meeting the new Chief Executive.

The results of our work to date are included in this report.

In March 2022 we issued a detailed audit plan, setting out our proposed approach to the audit of the Authority's 2021/22 financial statements.

We will report our work in the Audit Findings Report and aim to give our opinion on the Statement of Accounts.

The Accounts and Audit (Amendment) Regulations 2021 push back the date by which principal authorities need to publish their draft financial statements to the first working day of August. The Department for Levelling Up, Housing and Communities (DLUHC) states that they intend, subject to consultation, to introduce secondary legislation to extend the deadline for publishing audited local authority accounts to 30 November 2022 for the 2021/22 accounts.

## Value for Money

The new Code of Audit Practice (the "Code") came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code was the introduction of an Auditor's Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline for the issue of the Auditor's Annual Report is now no more than three months after the date of the opinion on the financial statements. We anticipate issuing our Auditor's Annual Report in November/December 2022.



# Progress at Ju 2022 (cont.)

## Other areas

### Certification of claims and returns

We certify the Authority's annual Teachers' Pensions return in accordance with procedures agreed with Teachers' Pensions. The certification work for the 2021/22 return is scheduled to be completed by the deadline of 30 November.

### Meetings

We have had regular meetings with Finance Officers in and continue to be in discussions with finance staff regarding emerging developments such as infrastructure assets, and to ensure the audit process is smooth and effective. We also met with your Chief Executive in April to discuss the Authority's strategic priorities and plans.

### Events

We provide a range of workshops, along with network events for members and publications to support the Authority. Your officers attended our Accounts Workshop in January and February 2022, where we highlighted financial reporting requirements for local authority accounts and gave insight into elements of the audit approach.

Further details of the publications that may be of interest to the Authority are set out in our Sector Update section of this report.

## Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2021/22 is the fourth year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in the period 2018/19 to 2021/22 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the "few improvements needed" (2A) rating means that additional audit work is required.

We are finalising the impact of these changes on both the cost and timing of audits. We are in discussions on this with your s151 Officer including any proposed variations to the Scale Fee set by PSAA Limited, and will communicate fully with the Audit Committee at a future meeting.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting.

# Audit Deliverables

## 2021/22 Deliverables – County and Pension fund audits

	Planned Date	Status
<p><b>Audit Plan</b></p> <p>We are required to issue a detailed audit plan to the Audit and Assurance Committee setting out our proposed approach in order to give an opinion on the Authority's 2021/22 financial statements and the Auditor's Annual Report on the Authority's Value for Money arrangements.</p>	March 2022	March 2022
<p><b>Audit Findings Report</b></p> <p>The Audit Findings Report will be reported to the Audit and Assurance Committee.</p>	TBC	TBC
<p><b>Auditors Report</b></p> <p>This includes the opinion on your financial statements.</p>	TBC	TBC
<p><b>Auditor's Annual Report</b></p> <p>This Report communicates the key issues arising from our Value for Money work (County only).</p>	November/ December 2022	Not yet due

2022

# Results of Interim Audit Work

The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	<b>Work performed</b>	<b>Conclusions and recommendations</b>
<b>Internal audit</b>	We have reviewed internal audit's work on the Authority's key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities.	Our review of internal audit work has not identified any weaknesses which impact on our audit approach.
<b>Entity level controls</b>	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> <li>• Communication and enforcement of integrity and ethical values</li> <li>• Commitment to competence</li> <li>• Participation by those charged with governance</li> <li>• Management's philosophy and operating style</li> <li>• Organisational structure</li> <li>• Assignment of authority and responsibility</li> <li>• Human resource policies and practices.</li> </ul>	Our work has identified no material weaknesses which are likely to adversely impact on the Authority's financial statements.
<b>Review of information technology controls</b>	<p>We performed a high level review of the general IT control environment, as part of the overall review of the internal controls system.</p> <p>IT (information technology) controls were observed to have been implemented in accordance with our documented understanding.</p>	Our work has identified no material weaknesses which are likely to adversely impact on the Authority's financial statements.

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	<b>Work performed</b>	<b>Conclusions and recommendations</b>
<b>Walkthrough testing</b>	<p>We have completed walkthrough tests on a number of the Authority's controls operating in areas where we consider that there is a significant risk of material misstatement to the financial statements.</p> <p>Our work to date has not identified any issues which we wish to bring to your attention. Internal controls have been implemented by the Authority in accordance with our documented understanding. Other walkthrough testing heavily reliant on year end processes, such as Property plant and equipment will be completed as part of our final accounts audit.</p>	Our work completed to date has not identified any weaknesses which impact on our audit approach.
<b>Journal entry controls</b>	We have reviewed the Authority's journal entry policies and procedures as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on the Authority's control environment or financial statements.	Our work completed to date has not identified any weaknesses which impact on our audit approach.

# Financial Reporting Council annual report

On 29 October, the Financial Reporting Council (FRC) published its annual report setting out the findings of its review of the work of local auditors. The report summarises the results of the FRC's inspections of twenty audit files for the last financial year. A link to the report is here:

[FRC AQR Major Local Audits October 2021](#)

Grant Thornton are one of seven firms which currently delivers local audit work. Of our 330 local government and NHS audits, 87 are currently defined as 'major audits' which fall within the scope of the AQR. This year, the FRC looked at nine of our audits.

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## Our file review results

The FRC reviewed nine of our audits this year. It graded six opinion files (67%) as 'Good' and requiring no more than limited improvements. No files were graded as requiring significant improvement, representing an impressive year-on-year improvement. The FRC described the improvement in our audit quality as an 'encouraging response by the firm to the quality findings reported in the prior year.' Our Value for Money work continues to be delivered to a high standard, with all of the files reviewed requiring no more than limited improvement. We welcome the FRC findings and conclusions which demonstrate the impressive improvement we have made in audit quality over the past year.

The FRC also identified a number of good practices including effective challenge of management's valuer, use of an auditor's expert to assist with the audit of a highly specialised property valuation, and the extent and timing of involvement by the audit partner on the VFM conclusion.

Our "Opinion" results over the past three years are shown in the table below:

Grade	Number 2020/21	Number 2019/20	Number 2018/19
Good with limited improvements (Grade 1 or 2)	6	1	1
Improvements required (Grade 3)	3	5	2
Significant improvements required (Grade 4)	0	0	1
Total	9	6	4

Our "VFM" results over the past two years are shown in the table below. The FRC did not review VFM in 2018/19:

Grade	Number 2020/21	Number 2019/20
Good with limited improvements (Grade 1 or 2)	6	6
Improvements required (Grade 3)	0	0
Significant improvements required (Grade 4)	0	0
Total	6	6

# Financial Reporting Council annual report (cont.)

## Quality Assurance Department (QAD) Reviews

In addition to the reviews undertaken by the FRC on major local audits, the QAD team from the ICAEW undertake annual reviews of non-major local audits as well as reviews of Foundation Trusts on behalf of NHSE&I.

The QAD reviewed five of our audits this year and graded all of them (100%) as 'Satisfactory / generally acceptable' for both the financial statements and VFM elements of the audit, which is the highest grading.

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Grade	Number 2020/21	Number 2020/19	Number 2019/18
Satisfactory / generally acceptable	5	6	2
Improvement required	0	1	0
Significant improvement required	0	0	0
Total	5	7	2

## Our continued commitment to Audit quality and continuous improvement

Our work over the past year has been undertaken during the backdrop of COVID-19, when the public sector has faced the huge challenge of providing essential services and helping safeguard the public during the pandemic. Our NHS bodies in particular have been at the forefront of the public health crisis.

As auditors we have shown compassion to NHS staff deeply affected by the crisis, whilst staying focused on the principles of good governance and financial management, things which are more important than ever. We are very proud of the way we have worked effectively with audited bodies, demonstrating empathy in our work whilst still upholding the highest audit quality.

Over the coming year we will make further investments in audit quality including strengthening our quality and technical support functions, and increasing the level of training, support and guidance for our audit teams. We will address the specific improvement recommendations raised by the FRC, including:

- Enhanced training for local auditors on key assumptions within property valuations, and how to demonstrate an increased level of challenge
- Having formal internal consultations when considering complex technical issues.

As part of our enhanced Value for Money programme, we will focus on identifying the scope for better use of public money, as well as highlighting weaknesses in governance or financial stewardship where we see them.

## Conclusion

Local audit plays a critical role in the way public sector audits and society interact, and it depends on the trust and confidence of all those who rely on it. As a firm we're proud to be doing our part to promote good governance, effective stewardship and appropriate use of public funds.

# Sector Update

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local  
government

# Levelling up White Paper – Department for Levelling Up, Housing and Communities (“DLUHC”)

On 2 February the Department for Levelling Up, Housing and Communities (“DLUHC”) published its Levelling Up White Paper.

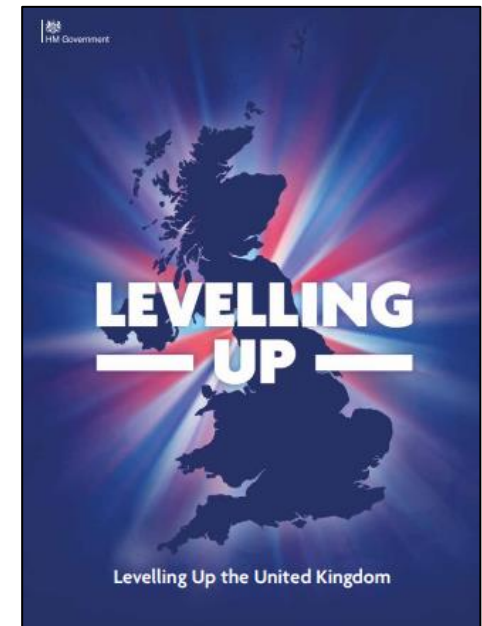
The paper states “Levelling up requires a focused, long-term plan of action and a clear framework to identify and act upon the drivers of spatial disparity. Evidence from a range of disciplines tells us these drivers can be encapsulated in six “capitals”:

- Physical capital – infrastructure, machines and housing.
- Human capital – the skills, health and experience of the workforce.
- Intangible capital – innovation, ideas and patents.
- Financial capital – resources supporting the financing of companies.
- Social capital – the strength of communities, relationships and trust.
- Institutional capital – local leadership, capacity and capability.”

The paper also states “This new policy regime is based on five mutually reinforcing pillars.” These are set out and explained as:

- 1) The UK Government is setting clear and ambitious medium-term missions to provide consistency and clarity over levelling up policy objectives.
- 2) Central government decision-making will be fundamentally reoriented to align policies with the levelling up agenda and hardwire spatial considerations across Whitehall.

- 3) The UK Government will empower decision-makers in local areas by providing leaders and businesses with the tools they need.
- 4) The UK Government will transform its approach to data and evaluation to improve local decision-making.
- 5) The UK Government will create a new regime to oversee its levelling up missions, establishing a statutory duty to publish an annual report analysing progress and a new external Levelling Up Advisory Council.



[Levelling Up the United Kingdom - GOV.UK](https://www.gov.uk/levelling-up)  
([www.gov.uk](https://www.gov.uk))



# Grant Thornton – reaction to Levelling up White Paper

On 2 February the Department for Levelling Up, Housing and Communities (“DLUHC”) published its Levelling Up White Paper.

Commenting on the release of the government’s Levelling up White Paper plans, Phil Woolley, Head of Public Sector Consulting, Grant Thornton UK LLP, said:

“The publication of today’s White Paper plans is a welcome first step and it is reassuring to see the government recognise the need for systemic changes in order to deliver its central aim of Levelling up. The ‘12 missions’ can be seen as an attempt to consolidate existing elements of government activity behind a singular banner and now provides a clearer picture of the levelling up opportunity.

“Following a decade of successful regional devolution and mayors, the White Paper marks the next stage of the country’s devolution journey. With government now offering a clear framework of devolved powers and accountability, local leaders will need to embrace the opportunity and collaborate across the public and private sector to ensure they negotiate and then deliver the best deal for their communities. Grant Thornton’s Levelling Up Index shows that the economies of the 10 worst performing local authorities in England are on average over five times smaller than their best performing counterparts - highlighting the scale of the challenge ahead.

“To level up, these areas would need to grow their economies by £12billion, increase employment rates by 6 percentage points, create 1,700 new businesses a year and increase average weekly pay by £200. It is too early to determine whether the measures announced today will be sufficient, but it is a start. Success will ultimately depend on the ability and willingness of local and national government to translate these new frameworks into meaningful change in people’s lives.

“The Spending Review offers the next opportunity for government to show its commitment by realigning departmental objectives behind these new goals.”

# Government response to MHCLG Select Committee report on Local Authority financial sustainability & the section 114 regime – MHCLG

Government has published a response to the Housing, Communities & Local Government (HCLG) Committee report on local authority financial sustainability and the section 114 regime, published in July.

The HCLG report states “In recent years, the financial sustainability of local government has faced successive challenges, including increased demand for services, especially social care, changes to the level of funding equalisation between councils and, most recently, the COVID-19 pandemic. In some instances, councils have been in such acute financial trouble that they have approached the Ministry of Housing, Communities and Local Government for financial assistance; three of these—Northamptonshire in 2018, Croydon in late 2020 and Slough in July 2021—issued section 114 notices, essentially declaring they had run out of money. Our inquiry has sought to identify the most serious threats facing local councils’ finances. In light of the various factors we consider in the report, including the somewhat delayed Fairer Funding Review, renewed discussion about property taxes and the need to reform funding for social care, the time is right to consider a more radical review of local government finances—and our report makes various recommendations about how this should be done. We also consider what happened at Croydon—which prompted us to look at the section 114 regime—in the annex to our report.”

The report includes sections on:

- Social Care
- Funding
- COVID-19
- Local authority commercial investment
- Audit and control

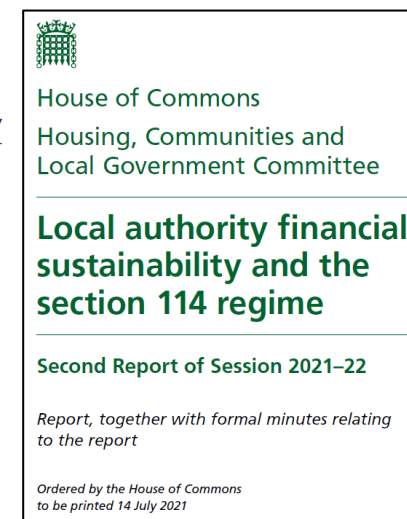
The report made 13 recommendations, and the Government response to these was published in October. The response notes “Moving forward, we will work to provide the sector with a sustainable financial footing, enabling it to deliver vital frontline service and support other government priorities. We will also take stock, including of the impact of the pandemic on local authority resources and service pressures, to determine any future reforms.”

The initial report can be found here:

<https://committees.parliament.uk/publications/6777/documents/72117/default/>

Government response can be found here:

<https://www.gov.uk/government/publications/local-authority-financial-sustainability-and-the-section-114-regime>



# Prudential Code and Treasury Management Code – CIPFA

On 20 December CIPFA published the new Prudential Code for Capital Finance in Local Authorities (Prudential Code) and Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (the Treasury Management Code).

CIPFA commented “These two statutory and professional codes are important regulatory elements of the capital finance framework in which local authorities operate. Local authorities are required by regulation to ‘have regard to’ their provisions. These two codes have been published a principles-based consultation from February to April, which was followed by a second consultation on the detailed changes to the code from September to mid-November.

The updated Prudential Code includes some substantive changes. Most notably, the provisions in Code which present the approach to borrowing in advance of need in order to profit from additional sums borrowed have been strengthened. Additionally, the relevant parts of Code have augmented to be clear that borrowing for debt-for-yield investment is not permissible under the Prudential Code. This recognises that commercial activity is part of regeneration but underlines that such transactions do not include debt-for-yield as the primary purpose of the investment or represent an unnecessary risk to public funds.”

The updated Prudential Code removes the "advance of need" terminology and emphasises the legislative basis for borrowing, namely that a local authority can borrow and invest for any legislative function and/or for the prudent management of their financial affairs.

The examples listed in the Code of legitimate prudential borrowing are:

- Financing capital expenditure primarily related to the delivery of a local authority’s functions;
- Temporary management of cash flow within the context of a balanced budget;
- Securing affordability by removing exposure to future interest rate rises; or
- Refinancing current borrowing, including replacing internal borrowing, to manage risk or reflect changing cash flow circumstances.



# Guide to support Value for Money (VfM) analysis for public managers – CIPFA

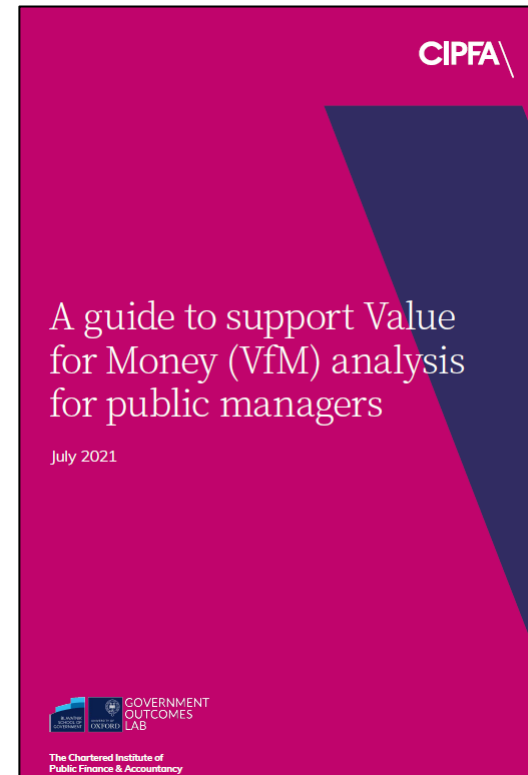
The Chartered Institute of Public Finance and Accountancy (CIPFA) has published this guide which complements a VfM toolkit which has been published separately. Both were developed under a collaborative project between Government Outcomes Lab (GO Lab) and CIPFA.

CIPFA state “The guide is aimed at public managers planning to assess Value for Money (VfM) of outcomes-based contract (OBC) programmes, or any other type of programme with an outcome-focus, using prospective information. This involves assessing economic validity of the programme with respect to ‘doing nothing’ as well as the closest comparator.”

CIPFA explain that the guide:

- Describes what VfM represents in public provision of social services with a special focus on outcome-based contracts (OBCs). In particular the guide emphasises the link between economy and effectiveness criteria.
- Promotes thinking about longer-term effects of interventions, such as outcomes and impact, at the design/ planning stage of programmes. This means that having a good appreciation for efficiency is helpful but not necessary, especially when outcomes are both identifiable and measurable.
- Explain how it could be used to appraise public programmes with respect to anticipated costs and value of them using prospective information.

The guide is available to CIPFA members through the website.



# Good practice in annual reporting – NAO

The National Audit Office (NAO) has published this guide which sets out good practice principles for annual reporting with examples from public sector organisations

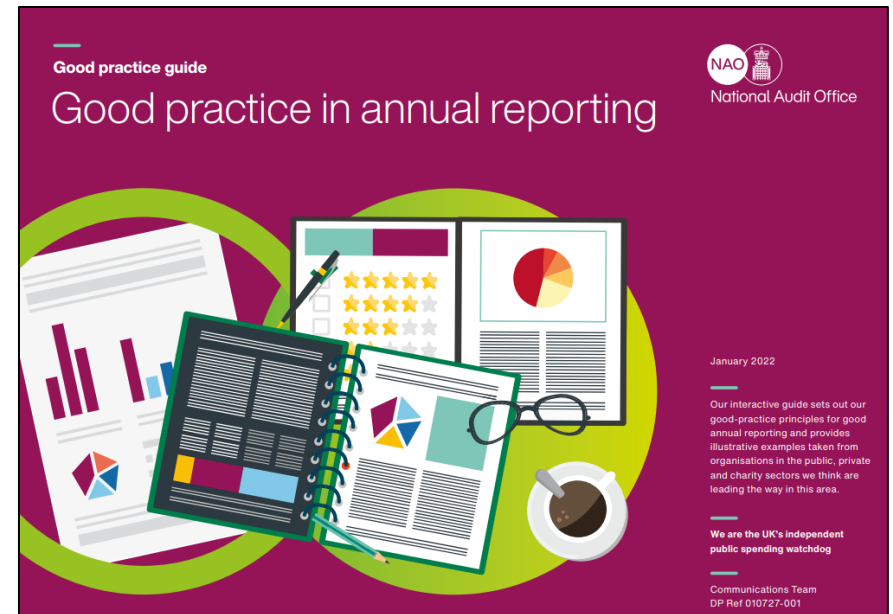
The NAO comment that the guide sets out “good-practice principles that we believe underpin good annual reporting. These principles are: Supporting Accountability; Transparency; Accessibility; and the need for the report to be Understandable.”

The NAO further comment “The best annual reports we have seen use these principles to tell the “story” of the organisation. It is important that stakeholders, including the public and Parliament, are able to hold an organisation to account. To do this effectively, stakeholders need to properly understand the organisation’s strategy, key risks that might get in the way of delivering this strategy and the effectiveness of their management, and the amount of taxpayers’ money that has been spent to deliver the outcomes the organisation seeks to achieve.”

The guide draws on examples of good practice from within each of the six sections of an Annual Report:

- Strategy
- Risk
- Operations
- Governance
- Measures of success
- Financial performance
- External factors

Although the guide does not include any local authority examples, those included, and the underlying principles, are equally relevant to all public facing organisations.



The guide can be found here:

[Good practice in annual reporting - National Audit Office \[NAO\] Report](#)

# Climate change risk: A good practice guide for Audit and Risk Assurance Committees – NAO

The National Audit Office (NAO) has published this guide to help Audit Committees recognise how climate change risks could manifest themselves and support them in challenging senior management on their approach to managing climate change risks.

The NAO comment “Audit and Risk Assurance Committees (ARACs) play a key role in supporting and advising the board and Accounting Officer in their responsibilities over risk management.

This guide will help ARACs recognise how climate change risks could manifest themselves and support them in challenging senior management on their approach to managing climate change risks. We have outlined specific reporting requirements that currently apply.

Our primary audience is ARAC chairs of bodies that we audit, but the principles of the guide will be relevant for bodies across the wider public sector. It promotes good practice and should not be viewed as mandatory guidance.

Climate change and the nature of its impacts on organisations globally is changing rapidly. This guide acknowledges the evolving nature of climate change and its associated risks and opportunities and will be refreshed in the future to reflect those changes.”

The guide includes sections on “How to support and challenge management”. This includes sections on governance and leadership; collaboration; risk identification and assessment; risk treatment, monitoring and reporting and continual improvement. There is also a “Complete list of questions that Audit and Risk Assurance Committees can ask” for each of these areas. The guide also includes “Key guidance and good practice materials” with links.



The report can be found here:

[Climate change risk: A good practice guide for Audit and Risk Assurance Committees - National Audit Office \(NAO\) Report](#)



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**AUDIT AND ASSURANCE COMMITTEE**  
**Forward Plan 2022/23**

8 September 2022	
Corporate Risk - Deep Dive	Risk Owner
Quarter 1 – Corporate Risk Report	Helen Kirk/Pam Duke
Internal Audit Progress Report to 31 July 2022	Richard McGahon
Senior Information Risk Owner (SIRO) and Information Governance Annual Report	Dawn Roberts
Local Government Social Care Ombudsman Annual Review Letter	Catherine Parkinson
External Audit Progress and Update Report 2022/23	Gareth Kelly

27 September 2022	
Accounts Overview 2021/22 a) Letter of representation – Cumbria County Council b) Letter of representation – Cumbria Local Govt. Pensions Scheme	Fiona Parker/Alison Clark/Pam Duke
Audited Statement of Accounts 2021/22	Pam Duke/Fiona Parker
Port of Workington Statement of Accounts 2021/22	Pam Duke/Fiona Parker
Annual Governance Statement 2021/22	Catherine Parkinson/Liz Morgan
External Audit Findings – Cumbria County Council 2021/22	Gareth Kelly
External Audit Findings – Cumbria Local Government Pensions Scheme 2020/21	Gareth Kelly

6 December 2022	
Corporate Risk - Deep Dive	Risk owner
Quarter 2 – Corporate Risk Report	Helen Kirk/Pam Duke
Internal Audit Progress Report 31 October 2022	Richard McGahon
Annual Audit Scope Letter 2022/23	Gareth Kelly
Auditors Annual Report	Gareth Kelly

9 March 2023	
Corporate Risk - Deep Dive	Risk owner
Quarter 3 – Corporate Risk Report	Helen Kirk
Accounts Preparation 2022/23	Fiona Parker
Draft Internal Audit Annual Report 2022/23	Richard McGahon
Annual Governance Statement 2022/23	Catherine Parkinson/Liz Morgan
Annual Review Audit and Assurance Committee Effectiveness 2022/23	Pam Duke
External Audit – Audit Plan Cumbria County Council	Gareth Kelly
External Audit – Audit Plan Cumbria Local Government Pension Scheme	Gareth Kelly
External Audit – progress and update report	Gareth Kelly
External Audit – Teacher’s Pension return: Confirmation Letter	Gareth Kelly