

Audit Committee

23 July 2020



Title	COVID-19 Risk Considerations		
Purpose of the report	To note		
Report Author	Punita Talwar, Internal Audit Manager		
Cabinet Member	Councillor Sati Buttar	Confidential	No
Corporate Priority	Financial Sustainability		
Recommendations	The Audit Committee notes the COVID-19 Risk Management report and Risk Assessment for COVID-19 at Appendix 1.		
Reason for Recommendation	Not applicable.		

1. Key issues

- 1.1 COVID-19 is an example of an emerging risk that was difficult to foresee and its ultimate impact hard to judge. The challenges it presents globally, nationally and across local communities are unprecedented.
- 1.2 Spelthorne's positive response efforts in recognising and pursuing issues that need to be addressed through various forms of collaboration is acknowledged, as detailed in the Extraordinary Council Meeting report of 21 May 2020. Recovery and resumption planning continue, as well as scenario planning should we encounter a second outbreak of COVID-19.
- 1.3 The Internal Audit Manager prepared a discussion paper for the Corporate Management Team in April setting out observations, risk considerations and wider/long term implications. Further input has been received from Managers highlighting risks and mitigation measures. The Corporate Management Team recognise the importance of articulating the Council's risks and opportunities relating to COVID-19 in the form of a documented risk assessment, bringing together many of the areas already identified and discussed. This ensures the most significant risks arising (which may also relate directly to the achievement of the Council's corporate priorities and objectives) can be identified, managed, monitored and reported at key phases of the pandemic crises, supporting organisational resilience. Risks will continue to emerge and evolve into the longer term and positive opportunities sought. This approach also supports the Council's Draft Risk Management Policy (revised March 2020) and Best Practice.
- 1.4 The Extraordinary Council Meeting report of 21 May 2020 outlines some broad categories of the main risks to the Council associated with COVID-19 and the risk assessment at Appendix 1 further develops these categories,

also setting out mitigation measures in place to manage those risks, as well as any further actions underway or for perusal. It includes a RAG (Red/Yellow/Green) risk rating/ranking for each category based on an assessment of likelihood (probability) and impact (severity), to ensure risks are prioritised for action and given due focus in accordance with significance and opportunities highlighted. Risks identified for Spelthorne are largely consistent with themes across the sector and beyond in the pandemic environment. The risk assessment prepared by the Surrey Local Resilience Forum has also been considered.

- 1.5 Consideration should also be given to how extended disruption arising from the pandemic might affect the corporate plan and achievement of corporate priorities, some of which are referred to at paragraph 1.7.
- 1.6 The most significant risks and opportunities relating to COVID-19 for Spelthorne are set out at 1.7 (a) to 1.7 (e) below.
- 1.7 **(a) Financial Sustainability and Resilience (Risk Category C - Corporate Priority)** - Delta returns submitted to the government set out income losses and significant additional costs (direct and indirect) incurred during Covid-19. Whilst the second tranche of government funding has been much more favourable for Spelthorne, as for districts and boroughs generally compared to the first tranche, it does not go far enough to meet the funding gap. A third tranche of government funding has been announced in July providing additional financial support. In particular this will provide reimbursement of 71.25 % of loss on fees and charges income, which was a major impact for Spelthorne. Continued modelling and scenario planning of the effects of Covid-19 on the Council's finances continues. The Extraordinary Council Meeting report of 21 May sets out mitigating options to address the 2020-21 Budget gap including use of reserves. Surrey Treasurers are monitoring the tax base and collection fund deficits which present cash flow challenges for all authorities.
- (b) Economy (Risk Category M - Corporate Priority)** – As part of the COVID-19 emergency response, financial support for businesses has been made available through government schemes and Spelthorne continue to process grants on behalf of central government. The severe economic slowdown and impact for the borough's businesses and residents is being assessed and reviewed, giving regard to different employment sectors and proximity to Heathrow. Recovery actions will be monitored as the environment evolves. The Council's support will need to be targeted where it is most needed and where the impact will be greatest, especially as nationally there is an expectation that redundancies may well increase as the furlough scheme comes to an end. The economic situation is also already accelerating demands on a range of Council Services, which is likely to continue.
- (c) Insufficient Capacity/Health and Wellbeing (Risk Category E & B)** - Corporate capacity remains severely stretched especially as the authority still faces Government requests for extra work and some aspects of COVID-19 work will continue for considerable time. Where staff have been redeployed to deliver essential services or are required to reprioritise work tasks to focus on essential activities in supporting the COVID-19 response this has resulted in a backlog of routine work and could lead to post-epidemic delays in service

provision. Service Managers are highlighting and quantifying backlog work areas to assist the recovery phase.

Overstretched capacity is also likely to have a negative impact on staff health and wellbeing (physical and mental) with the potential for fatigue and burnout. This may be further exacerbated by the pandemic experience and economic situation, for example if family members of staff encounter job losses this may enhance stress levels and requires ongoing monitoring by the Corporate Management Team. Staff and local communities continue to be regularly informed about support mechanisms in place at this difficult time.

(d) Lessons Learnt and Seeking Opportunities (Risk and Opportunity Categories Aii & D) –

A “Lessons Learnt” exercise from review of the emergency response, actions and decisions taken first time around will put the authority in good stead should we encounter a second outbreak of the virus (national or local outbreak).

Positive lessons from extended remote working are being assessed and examined in moving to a “new normal” and future changes to methods of working/delivering services post COVID-19.

Extended remote working has also had a positive impact on the environment with reduced air pollution levels arising from less travel and traffic (road/air/rail). In particular, the restricted flight activity at Heathrow has had a positive environmental impact. This could be regarded as an opportunity to help accelerate the Council’s work in addressing government targets for reducing carbon emissions, striving for a greener more sustainable environment.

A “Lessons Learnt” and seeking opportunities exercise will be undertaken in due course and feed into recovery.

(e) Security (Risk Category G) - Cyber and security threats are inevitably heightened in the current environment as cyber criminals and professional fraudsters take advantage of opportunities, increasing risks of Council systems being compromised and data loss. Management have assured that protocols and practices are operating to defend against various forms of social engineering such as phishing and regular system updates provide resilience to cyber-attacks. Monthly video training is mandatory for all staff on cyber threats/attacks and the ICT team have recently carried out a phishing campaign across the organisation to identify vulnerabilities.

2. Options analysis and proposal

- 2.1 To note and accept the contents of the COVID-19 Risk Assessment including any risk mitigating actions underway or for perusal. The Risk Assessment at Appendix 1 is considered to be an accurate reflection of the relevant risk categories affecting the Authority during these unprecedented times and beyond, as well as mitigation measures, based on our assessment of risk and controls in operation. (Preferred option)

Or:

- 2.2 To recommend amendments to the COVID-19 Risk Assessment for consideration by the Corporate Risk Management Group.
- 3. Financial implications**
- 3.1 Resources required (staff time) to implement actions proposed in the COVID-19 Risk Assessment should be contained within existing budgets as far as possible. There may however be areas where additional resource /time/management support is required in order to implement risk mitigating actions. This will need to be highlighted by the assigned accountable or lead officer in liaison with Accountancy when considering the impact of COVID-19 on Service budgets/Corporate spend.
- 4. Other considerations**
- 4.1 The attached COVID-19 Risk Assessment covers key corporate risks and opportunities (a total of fourteen broad risk categories), some of these relating directly to achievement of corporate priorities and objectives. The most significant risk categories to highlight as part of this review include Financial Sustainability and Resilience, Economic impact and recovery, Insufficient Capacity, Health and Wellbeing and Cyber/ Security Threats. The Lessons Learnt and seeking opportunities exercise will highlight any positive experiences or practices that may be beneficial in the immediate, medium and longer term.
- 4.2 The Risk Assessment gives due consideration to Equality and Diversity implications and any actions arising will continue to be monitored through the risk management process and other action plans.
- 4.3 As the COVID-19 Risk Assessment continues to be developed and refined, it may include accountable and lead officers responsible for progressing actions, together with target timescales for implementation and an indication of whether the action is open or closed. Ongoing responsibility for coordination and monitoring of this risk assessment going forward can be established.
- 5. Sustainability/Climate Change Implications**
- 5.1 The Risk Assessment gives due consideration to Sustainability and Climate Change implications and any actions arising will continue to be monitored through the risk management process and other action plans.
- 6. Timetable for implementation**
- 6.1 The Risk Assessment will continue to be reviewed and updated periodically, to align with key phases of the virus pandemic and beyond.

Background papers: There are none

Appendices: COVID-19 Risk Assessment (Appendix 1)