

# Audit Committee

29 July 2021



<b>Title</b>	<b>Covid-19 Risk Considerations (UPDATE)</b>
<b>Purpose of the report</b>	To note
<b>Report Author</b>	Punita Talwar, Internal Audit Manager
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Exemption Reason</b>	Not Applicable
<b>Corporate Priority</b>	Financial Sustainability
<b>Recommendations</b>	The Audit Committee is asked to note the updated COVID-19 Risk report and Risk Assessment at Appendix 1.
<b>Reason for Recommendation</b>	<b>The Covid-19 Risk Register continues to ensure the Council's risks in relation to the pandemic are identified, prioritised, managed, monitored, and reported.</b>

## 1. Key issues

- 1.1 As Covid cases reach the highest levels since late January, this highlights the ongoing uncertainty of the global pandemic. Recovery continues with development of an internal and broader recovery plan for the Council in serving its residents, businesses, and local communities, particularly as we approach the final stage of the government's road map in lifting all restrictions. Revised corporate priorities are being taken forward for the Council with 'Recovery from COVID-19' representing a key focus area for Spelthorne.
- 1.2 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 has been updated for the fourth time since the start of the pandemic, ensuring the most significant risks arising (which may also relate directly to the achievement of the Council's corporate priorities and objectives) continue to be identified, managed, monitored, and reported at key phases of the pandemic crises, supporting organisational resilience. It is acknowledged that risks will continue to emerge and evolve into the longer term and positive opportunities sought.
- 1.3 The updated risk assessment is at Appendix 1 which sets out detailed mitigation measures in place to manage identified risks, as well as any further actions underway or for perusal, including several new actions. It includes a RAG (Red/Amber /Green) risk rating 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.

- 1.4 It is recognised that the risk assessment is comprehensive in capturing information, providing a reference point for officers as well as supporting periodical reporting to MAT and the Audit Committee on the management of Covid-related risks. The risk considerations also align with the Council's wider borough recovery plan. The Council's most significant risks to highlight as part of this review are set out below at 1.4 (a) to 1.4 (e). An outline of corresponding risk management measures being pursued is highlighted, as well as any residual risks to be acknowledged.

(a) Economy – red risk category A.

It is widely accepted that return to pre-pandemic levels of the world economy could be very long, uneven and uncertain, hence economic recovery remains challenging. The Economic Development recovery plan forms part of the Council's broader recovery plan for the pandemic. There are several initiatives underway to support the revival of the local economy and help people get back into employment, such as the opening of a small business incubator to provide specialist support for new businesses (fully operational by the end of July), commissioning a survey to major businesses by mid-July to ascertain further insight on the impact of the pandemic, and the Council's successful funding approval for a youth hub. Financial support for businesses has been made available through several Government grant schemes, including the Council's discretionary Additional Restrictions grant scheme, of which £1.6m is currently available to spend by March 2022. A policy will be drawn up by September to direct application of this fund. This scheme will support, facilitate and influence business activity, contributing to the recovery of the local economy, whilst recognising that the extent of economic recovery will obviously be determined by wider factors out of the Council's control. A dedicated Economic Development committee has been set up to consider and monitor economic development matters, including the recovery plan and expenditure.

(b) Financial sustainability – red risk category C.

The medium- term financial strategy reported to Cabinet in January 2021 is being refreshed, setting out ongoing challenges for the authority, in particular the significant reduction of income, tax base and collection fund impacts, and increased expenditure arising from Covid-19. Whilst some losses have been offset by central government funding, Services are still required to monitor the ongoing impact of the pandemic on their budgets due to lockdown three and the delay by the government in easing all restrictions. The 2021/22 budget includes a £1m COVID-19 provision and the budget process is planned to be undertaken earlier than in previous years ensuring closer integration with other corporate processes.

The Covid related financial support provided to the Leisure Centre operator to assist recovery is significant and this area continues to be monitored. An open book approach has been agreed with the operator to ensure full transparency around costs and income. Recent returns suggest that income levels are rising due to greater usage of the centres with the lifting of some restrictions from April.

Financial modelling includes a possible range of budget scenarios over the coming financial years, with worst cases Covid-19 scenarios modelled over 10 years. Expected case scenarios are also highlighted.

Continued weekly monitoring of commercial asset income due and any anticipated shortfalls is undertaken. The Bluebox system is being used for raising, collecting, and monitoring single tenant rents in investment properties from June 2021. The Investment portfolio is doing well, significantly better than the commercial sector as a whole, and for 2020/21 the rental income collection rate was 98.17 % (as at 16.6.21). These positive outcomes are due to continued staffing efforts and robust approaches in monitoring and recovering income due. Following the new Committee system, the Development Sub Committee of Corporate Policy and Resources will receive regular monitoring reports for scrutiny on the performance of the Investment portfolio.

(c) Insufficient capacity –amber risk category D (previously red).

Additional resources have been approved in some services as part of the 2021/22 budget and recruitment is underway, to alleviate the corporate capacity issue previously reported. Therefore, the RAG rating for this category has moved from Red to Amber. Capacity levels will need to be monitored over time to ensure the additional mitigation measures help to ease service delivery pressures which have been exacerbated by the pandemic. Further workstreams are however continuing to emerge across Services and therefore ongoing review of this risk category (insufficient capacity levels) remains important.

(d) Health and wellbeing/safety – red risk category F.

The importance of protecting the most vulnerable members of the community remains pivotal at a time when virus transmission rates from the latest Delta variant continue to rise, and new variants continue to emerge. Adapting to 'living with the virus' in a global pandemic is an expectation for the foreseeable future and therefore health, safety and wellbeing measures continue to be regularly communicated. The Council continue to promote a precautionary approach in safeguarding its employees and Members, until such time has elapsed to make a meaningful assessment, following the lifting of government restrictions on 19 July. It is recognised that continued lockdowns can have an impact on mental health, and wellbeing webinars are accessible to all staff through 'Care First'. Staff sickness monitoring of covid infection numbers may need to incorporate the impact of 'long Covid' on the workforce. As accelerated rollout of the mass vaccination programme continues for all adults, uptake of vaccinations continues to be promoted across the borough through various communication channels. There remains however a residual risk around some individuals declining the vaccine or not attending appointments, leaving them unprotected and enhancing risks of continued virus transmission across local and wider communities. Until the under 18 cohort become eligible for vaccinations, the transmission risks will of course continue.

Planning for booster immunisations in the Autumn/Winter will form part of the broader recovery plan and consider the vulnerability of frontline staff delivering essential services. Contact track and trace programme continues, alongside other measures. Lateral flow testing for council staff and Members

accessing the workplace is a requirement and self-testing is also encouraged for Council residents. Should the need for surge testing in the borough become necessary, it will be necessary to review the levels of Personal Protective Equipment (PPE) in place to ensure they are adequate.

(e) Decision Making – Housing – amber risk category N (Emerging risk)

Eviction bans (residential) operating during the earlier phases of Covid came to an end from May 2021 following updated government guidance. It is estimated around 1million rented households in England. may be concerned about the threat of eviction and the Housing Service have encouraged tenants to get in touch to discuss options at the outset and minimize risks of landlord eviction. The impact of increased landlord evictions represents a new risk in terms of managing increased demand on homelessness and housing service provision.

It is also recognised there are several interdependent factors that impact wider service pressures relating to housing provision, for example increased level of rent arrears exacerbated by the pandemic effects an applicant's acceptance for permanent accommodation and requires Council negotiations with landlords to mitigate or delay risks of eviction.

## **2. Options analysis and proposal**

- 2.1 To note and accept the contents of the updated COVID-19 Risk Assessment including any risk mitigating actions underway or for perusal. The Risk Assessment at Appendix 1 is an accurate reflection of the relevant risk categories affecting the Authority during these unprecedented times and beyond, as well as mitigation measures. It includes the application of the corporate risk scoring model and RAG rating 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 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 risks and opportunities (a total of fourteen broad risk categories), some of these relating directly to achievement of developing corporate priorities and objectives. The most significant (red) risk categories to highlight as part of this review include Economic impact and recovery, Financial Sustainability, and Health, Safety and Wellbeing of staff and local communities.

- 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.

**5. Sustainability/Climate Change Implications**

- 5.1 The Risk Assessment gives due consideration to Sustainability and Climate Change risk implications and opportunities 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 as part of the Audit Committee work programme for 2021/22, to align with recovery phases of the pandemic and beyond.

**Background papers: There are none.**

**Appendices:**

**Appendix 1 - Covid-19 Risk Assessment including risk scoring model**