

Audit Committee

25 November 2021



Title	Covid-19 pandemic recovery - Risk Considerations (UPDATE)
Purpose of the report	To note
Report Author	Punita Talwar, Internal Audit Manager
Ward(s) Affected	All Wards
Exempt	No
Exemption Reason	Not Applicable
Corporate Priority	Recovery from Covid
	The Audit Committee is asked to note the COVID-19 pandemic recovery risk report and Risk Assessment at Appendix 1.
Reason for Recommendation	The Covid-19 Risk Register focusses on pandemic recovery to ensure the Council's risks are identified, prioritised, managed, monitored, and reported.

1. Key issues

- 1.1 Covid cases for England remain high with a recent rise in new cases, highlighting the evolving nature of the global pandemic. The vaccination programme continues with a focus on boosters and extended eligibility to the 12–17-year-old cohort for added protection across communities. Seasonal flu viruses will further impact the situation along with several other winter pressures. 'Recovery from COVID-19' represents a corporate priority for Spelthorne and an internal and broader recovery plan continues to support residents, businesses, and local communities. Progress with the Council's recovery plan is regularly reviewed. Dependant on whether the government may implement 'Plan B' measures at some future stage, the Council's approach may require a combination of response mode and ongoing recovery.
- 1.2 The number of risk categories previously included in the Covid-19 risk register have been reduced (from fourteen to five), focussing now on high level risks for Spelthorne where the impact of the pandemic has been most prevalent. These risk categories include the Economy, Financial sustainability and resilience, Health, Safety and Wellbeing, Seizing Opportunities (failing to seize positive opportunities arising from the pandemic experience represents a risk in itself) and Housing (specifically Homelessness prevention as some of the temporary protection measures are lifted by the government). This

approach also takes on board comments from Members at the July Audit Committee, ensuring the most significant risks arising impacting effective recovery from the pandemic (which may also relate directly to the achievement of the Council's corporate priorities and objectives) continue to be identified, managed, monitored, and reported. The risk categories also align with the Council's wider borough recovery plan and corporate recovery objectives, for example Economic development and Financial sustainability both form a key part of the recovery plan.

- 1.3 The updated risk assessment is at Appendix 1 which sets out mitigation measures in place to manage identified risks, as well as any further actions underway or for perusal, including some new actions. Completed and ongoing actions are indicated. 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. In response to the Audit Committee, those risks that are likely to be influenced significantly by externalities therefore representing areas where the Council has little or no direct control are highlighted in blue on the risk assessment at Appendix 1. In contrast those risks that can perhaps be more effectively mitigated and controlled through council actions to influence positive outcomes are not highlighted. At this stage these are proposals only and we therefore welcome an opportunity for further discussion.
- 1.4 The Council's Covid pandemic recovery 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 are highlighted, as well as any residual risks to be acknowledged.

(a) Economy – red risk category A.

The Chancellor's budget of 27 October 2021 advised that national economic growth over the last six months (as lockdown restrictions were eased and lifted) has exceeded original forecasts and future growth is expected to continue. Whilst this is positive, timeframes for return to a stable economy are uncertain, hence economic recovery remains somewhat challenging. The longer-term impact of the pandemic on local economic recovery continues to prevail, presenting service pressures. The Economic Development recovery plan forms part of the Council's broader recovery plan for the pandemic and includes key actions, tasks and desired outcomes across five main elements consisting of minimising unemployment, developing skills and getting people back into work, assisting future business growth and adaptation, placemaking, regeneration and developing infrastructure, and attracting visitors back into the borough.

There are several initiatives underway to support the revival of the local economy and help people get back into employment, such as a small business incubator to provide specialist support for new businesses (fully operational), working with Enterprise M3 to promote job opportunities, commissioning a survey to major businesses to ascertain further insight on the impact of the pandemic, successful funding approval for a youth hub and development of town centre action plans for Shepperton, Ashford and Sunbury.

There is regular reporting to the Economic Development Committee who monitor activity and actions completed, including the economic elements of the recovery plan and grant expenditure. The Council's discretionary Additional Restrictions Grant (ARG) scheme runs to March 2022 and a task group has been set up to specifically consider how to best spend the remaining monies of £1.9m (as at end October 2021), to ensure businesses benefit the most in terms of recovery and future growth. Members have agreed the ARG funding should be focused on equipment, support and Training. A policy to apply the remaining fund will be put in place shortly. This ARG scheme will support, facilitate, and influence business activity contributing to the recovery of the local economy. A residual risk remains given that the speed and extent of local economic recovery will also be determined by the macroeconomic environment, national policy decisions, post-Brexit implications and other external factors. Therefore, to some degree this risk relating to recovery of the local economy post pandemic remains outside the Council's control. The Economic Development team will be advising in due course on more specific economic related risks that may fall directly under the Council's control, differentiating from those that are significantly impacted by externalities and that the Council may have no control or influence over. This will address the matter raised by the Audit Committee and help to understand where the Council can effectively manage risks in delivering objectives and anticipated outcomes.

The Economic Development team will be updating the Economic Development Strategy and action plan over the coming months to cover 2022 to 2027. As part of this review there will be an opportunity to refresh the performance data categories including Key Performance Indicator's (KPI'S) to assist measurement of progress in achieving goals, objectives and desired outcomes relating to economic recovery and growth.

(b) Financial sustainability and resilience – red and amber risk category B.

There are significant financial cost implications on the Council associated with recovery from the financial and economic impacts of COVID-19 including longer term reductions in some income streams such as car parking and retail rental, revenue impacts arising as a result of the Moratorium on high rise developments in Staines-upon-Thames, uncertainty over the Council's tax base income levels, and financial support to the Leisure Centres. In addition, the impact of inflationary pressures and price rises and the threat of interest rate rises present further challenges. This risk has been assigned a red RAG rating, whilst the two other risks in this financial sustainability and resilience category have been assigned an amber rating (please refer to Appendix 1, category B and the risk scoring model).

An outline budget for 2022-23 will be reported to Corporate Policy Resources Committee Budget Briefing in early November. Outline Budget scenarios for the period 2022-23 to 2025-26 are being modelled to identify the potential range of budget gaps. Officers are preparing strategy options, including savings for Corporate Policy Resources Committee to consider.

Fortnightly Asset Portfolio Working meetings are taking place to monitor income with the investment portfolio performing extremely well - so far as at end of October 2021, 99.3% of rental invoiced for 2020-21 has been collected, and 99.1% of rent for the last four quarters collected including the most recent quarter day. Detailed business plans are under development for each investment asset. The Development Sub Committee of Corporate Policy and Resources receive regular monitoring reports for scrutiny on the performance of the Investment portfolio.

(c) Health and wellbeing/safety –amber risk category C.

Continued vaccine and booster take up along with other safety measures will remain pivotal in minimising the level of transmission and severity of infections. Given that natural immunity of the population is expected to be lower than before due to extended lockdowns, this presents greater health risks as we enter winter flu season. The Council continue to promote a precautionary approach in safeguarding its employees and Members. As part of resumption planning, an office capacity assessment and review of ventilation arrangements is currently underway. This will determine maximum numbers that the Council can safely accommodate and assist next steps.

(d) Seizing Positive Opportunities – amber risk category D

Failing to seize positive opportunities arising from the pandemic experience and reverting to old approaches may present new risks. The Council's pandemic recovery plan gives due consideration to how opportunities can be taken forward. Positive lessons from extended remote working have been assessed and examined in moving to a 'new normal' and hybrid model. Human Resources are developing a refreshed training programme for when staff return to the office.

(e) Housing – amber risk category E

The impact of ending the tenant eviction bans as well as temporary uplift in Universal Credit payments represents a risk in terms of managing increased demand on homelessness and housing service provision. There has been further financial support from the government in the form of a Homelessness prevention grant for 2021/22 to assist vulnerable families that are in rent arrears and to minimize and prevent evictions and homelessness.

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 and an end to temporary benefit uplift measures 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 significant risk

categories affecting the Authority as part of pandemic recovery, 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 recovery measures on Service budgets/Corporate spend.

4. Other considerations

4.1 The attached COVID-19 Risk Assessment covers risks and opportunities (a total of five broad risk categories), some of these relating directly to achievement of corporate priorities and objectives. The most significant (red) risk categories to highlight as part of this review include Economic impact and recovery and the Council's Financial Sustainability.

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 Pandemic Recovery Risk Assessment including risk scoring model