

Appendix 2 – Update on Corporate Red Risks

Balancing The Medium-Term Financial Plan

What is the risk to The Council – There are increasing pressures on the costs of delivering council services, particularly statutory duties like adults and children’s social care, driven by increased demand and high inflation. With funding levels not keeping pace, significant savings are required to ensure the councils finances are strong and sustainable over the medium term. The main driver of the financial pressures is increased placements costs for children needing to come into care due to increased demand and complexity of need and market insufficiency.

Brief update on progress since last meeting in mitigating the risk – The 2023/24 Quarter 3 financial position was reported to Cabinet in March 2024. The projected overspend is £4.9 million which is a small increase on the Quarter 2 position which was £4.7 million., This is a significant improvement on the Quarter 1 projected overspend of £7.7 million reported in September 2023 due to a number of mitigation measures which were put in place.

At the start of the financial year, the Council held £36.3 million in usable reserves. However, the Council’s reserves are forecast to drop to around £24 million by the end of this financial year as a result of the need to use reserves to balance the 2023/24 budget and the expected significant overspend pressures of around £4.9 million, and some reserves may be required to balance next year’s budget. The use of reserves is entirely unsustainable, as they can be only used once.

As part of the medium-term financial strategy the Council has identified savings of £8.7 million, over the next five financial years (the majority of which - £7.6 million – will have to be delivered during 2024/25). However additional emerging cuts over and above this of around £3.0 million will also have to be made as a result of the financial settlement which was announced by the Government in February 2024. Although additional grant funding of £1.5 million was identified after the draft finance settlement there has been no confirmation that this will be on-going. There is also the prospect of additional costs coming through for payroll and social care costs as a result of a significant increase in the national living wage of 9.8%. The financial position has been driven by significant inflationary cost pressures and an unprecedented increase in demand for children’s social care services, with particular pressures caused by children requiring residential care where we are unable to place these children with foster carers. The Council is also having to deal with very challenging demand and price increases for adult social care and potentially further large increases in payroll costs.

The Council has consistently lobbied the government for a fairer share of funding from Central Government. The region does not get its fair share of funding from Local Government, and the Council struggles to generate as much income from its own tax base as councils in other parts of the country. The funding formulae used to allocate funding to councils is 12 years out of date and is in urgent need of reform. However, we cannot anticipate these funding reforms will take place until after the next general election, and perhaps not until 2026/27 at the earliest.

Update on the controls/actions – The Council has sought as far as possible to minimise the impact on frontline services, but after successive years of financial challenges, this has become very challenging. A number of savings relate to items which should not affect frontline services including the holding of vacancies and how Council services are structured; how much we set aside to repay debt each year; rationalising council accommodation and increasing how much we charge for services – including asking our businesses and residents to pay more for some services (such as garden waste collections). The Council are however also looking at changing the way services are delivered in areas such as Youth Services,

Libraries, community services and transport.

Impact/evidence to support/mitigate risk – The projected overspend has improved from Q1, through to Q3 and further measures have been put in place, by using reserves and making savings. A further update will be given at the end of the financial year, in hope that the overspend will be reduced further.

IT disruption due to attack

What is the risk to The Council – Failure to protect the Council's network from external and internal attacks which could lead to a loss of service for a period to our citizens potentially resulting in harm to individuals, damage to reputation and financial consequences.

Brief update on progress since last meeting in mitigating the risk – We are implementing a trial security system from Microsoft (Sentinel) that will give further insight into the Council's systems. This provides attack detection, threat visibility, proactive hunting, and threat response to help the Council stop threats before they cause harm. We have also commissioned cyber security specialists to review privileged access for key IT systems.

Update on the controls/actions – All the existing controls remain in place. Training for key IT staff members has been completed. Ongoing training for all staff around cyber security continues. A cyber security apprentice has been recruited as an additional resource to help secure the Council's cyber security. External cyber response expertise resource will be secured. Agreements will be put in place that in the event of a cyber incident third party assistance to investigate and remediate it is already in place reducing the time to respond appropriately to any incident.

Impact/evidence to support/mitigate risk – These controls help reduce the risk of initial attacks. The Council have recently had their IT access controls for staff audited, this has been completed with substantial assurance (the highest level) being given for the Council's controls. Even though there are a number of controls in place, we are aware of regular attempts of attacks, to other organisations each week, and therefore this remains as a corporate red risk as the risk of a cyber attack remains a real threat.

Young people facing exclusion from school, lack of inclusivity of young people in education, impacting on the best outcomes and educational attainment levels

What is the risk to The Council – There are a high number of young people being excluded both for short periods (suspension) and permanently. This high level of exclusion places extra pressure upon other schools and upon the Pupil Referral Unit. Factors impacting inclusion and young people's outcomes include poverty, contextualised safeguarding, SEND, mental health and emotional wellbeing. The outcome if not addressed will be poor attendance, social isolation, higher numbers of electively home educated young people, children not in full time education as there are not suitable placements, not being ready for school in the early years, and more young people not remaining in education or employment beyond 16. The impact of

this will be poor attainment levels of young people impacting on being able to achieve their best outcomes leaving school.

Brief update on progress since last meeting in mitigating the risk – We are working with all schools on four key priority areas of contextualised safeguarding, special educational needs and disabilities (SEND), poverty and mental health and emotional wellbeing. Executive leaders from the schools met at a Strategic Education Board in October 2023 to agree these priority areas. We will further develop these areas so that there is agreement of what the schools can consider doing under each priority area. We expect to see an improvement in attendance and a reduction in suspension and permanent exclusions by trying to better understand the barriers to learning and engagement under these four areas, by the end of the current school year.

We hosted a Tees Valley contextualised safeguarding conference in November 2023 and had 60% of our schools represented. There were national speakers with lived experience explaining what could have helped them earlier as well as local agencies offering support into the schools. The schools are actively looking for alternatives to permanent exclusions and are using managed placements to other schools as an alternative.

The schools have been supported by external agencies, both primary and secondary, around these areas. Additional training for staff on contextualised safeguarding and a pupil inclusion panel has been put in place, all to be introduced to mitigate this risk. We have completed the first part of an attendance project, making attendance everyone's business, and have secured external funding for a further two years to develop a clear understanding of reasons for absence. We are working alongside the health determinants research collaboration to see if we can conduct a piece of research around health absence. In addition, the first meeting has taken place to develop a School Readiness Strategy alongside colleagues from the family hubs, nurseries, schools, community providers and education staff.

Executive leaders from all schools attended workshop sessions to understand the wider issues across the borough impacting schools, attended by all local authority education leads, social care and early help representatives and priorities agreed to tackle the issue. There will be closer working with teams across social care and external partners such as the Schools Alliance for Excellence team to ensure schools have more support in dealing with contextualised safeguarding issues. A theory of change process has been completed and will help schools and others understand the lived experience of young people and support better attendance.

Update on the controls/actions – A Transition Visioning event in March 2024 that was attended by over 80 people, including schools, governors, headstart, parent carer forum and our internal staff. This will help to shape what transition should be at all stages from cradle to career. Information sharing is key but the children and young people need to be known and feel like they belong.

We have arranged primary head teacher meetings which will have attendance from multiagency partners, so we have a collaborative approach to early identification and appropriate support.

We have been successful with two bids. The first one is to lead with health on the Partnerships for Inclusion of Neurodiversity in Schools (PINS) project. This will bring health and education specialists and expert parent carers into mainstream primary settings to, help shape whole school SEND provision, provide early interventions at a school level, upskill school staff and support strengthening of partnerships between schools and parent carers. 20 primary schools will work on this project.

The second successful bid was for a 50-place alternative provision free school. Only 20 local authorities have been successful with their bid. This provision will be run by River Tees Multi Academy Trust and schools will be able to use the places to support young people who find it difficult in mainstream school to access part time or full time and then reintegrate back into mainstream.

Impact/evidence to support/mitigate risk – On a positive note, the suspensions and permanent exclusions associated to drug and alcohol issues have decreased, total suspensions to date are 12, this time last year the figure was 19. Many of the projects and programmes are in the early stages and further impact and evidence will be seen as they progress over the coming months.

Flooding

What is the risk to The Council – The impact of flooding to our residents' properties, Council services and access around the borough and financial risk to mitigate the impact. There has been an increase in the concerns relating to flooding of the highway for which the council has responsibility, and flooding of council land and residential properties resulting from water runoff from private land as well as becks and rivers.

Brief update on progress since last meeting in mitigating the risk – In addition to the regular maintenance work that is undertaken on an ongoing basis, drainage improvements and maintenance projects are also completed each year. The team provides resilience in the areas of reactive maintenance and repairs, coastal and environment agency strategic programmes focusing on removing resident's properties from flood risk projects and coastal monitoring. We have secured further funding for improved measures from the environment agency for £375k for Loftus and further bids are in place for key strategic flood risk areas, including Guisborough, Yearby, Redcar, Marske and New Marske, Carlin How, Saltburn and Greater Eston area. This will include flood boards, fixed to doors and windows, airbrick covers and flood gates to doors and are ongoing with further studies in other areas of the borough in partnership with the environment agency and Northumbrian water. A Task and Finish Working Group has been set up for flooding.

Update on the controls/actions – Scheduled gully sucking programme on an 18-month borough wide cycle are in place. Arrangements are in place for additional gully sucking using external contractors as required following emergency events. Experienced engineers respond to flooding issues and offer advice and support. We have utilised external contractors this year to assist with flooding incidents and programmed works continue throughout the year. Out of hours service respond to flooding issues with a weekly rota that includes silver and gold command support if escalation is required. Reviews carried out of drainage schemes at current

problem areas ongoing programme throughout the year. The Environment Agency have a programme looking at borough wide flood risk affecting residents in conjunction with Northumbrian Water.. Ongoing medium-term plan and borough wide strategic study into flood alleviation projects across the Borough with external funding from the EA.

Impact/evidence to support/mitigate risk – Ongoing annual gully repair/improvement programme ongoing until the end of the financial year. This will enable us to gather information on the gullies that are more likely to fill with debris quickly and potentially cause flooding. We can then prioritise these locations for future planned maintenance. There have been nine categorised storms in 2024 to date, so the risk is increasing all of the time and therefore this remains as a red risk, to tackle the increasing likelihood of flooding.

Impact of increased numbers of children in our care

What is the risk to the Council – Potential risk to the council if the number of children requiring care due to complex safeguarding needs increases. There is a need to make sure that the measures in place remain robust in supporting children and young people to stay at home or within their family network when it is safe to do so. There is a risk that if the needs and demands cannot be fully met, it could lead to poor outcomes for our children and our ability to fulfil our statutory duties, which may result in significant safeguarding concerns which adversely impact our children. This could include a lack of adequate and suitable placements, locally or regionally to meet the needs of children who require care and the risk that demand cannot be met through regulated provision.

Brief update on progress since last meeting in mitigating the risk – Mitigations continue to include the use of statutory guidance and legislation alongside legal advice. The oversight and decision to bring a child in to our care remains with the Service Manager who alerts the Assistant Director. There is oversight and challenge provided by the Independent Reviewing Officer and we actively track and monitor children's plans to allow them to achieve timely permanence. We have recruited into the main roles for the exploitation team called SAFE (Safeguarding Adolescents from Exploitation), and they will formally launch in April 2024. The team includes someone with a teaching qualification covering social care and education and we have recruited into roles within the pre-birth team. Both teams should have a positive impact on our children's lives and will seek to support them to stay within their network when it is safe and appropriate to do so. We have recruited one worker for the rapid response process who can respond to worries around drugs and alcohol use as well as rapid access in to support when domestic abuse is evidenced, there are plans to appoint a further post to provide support.

In addition to the work to mitigate this risk within the service a cross council budget and transformation group has been established for Children and Families. The remit of this group is to support the Children and Families directorate in identifying innovative ways of reducing the costs for providing services without compromising the outcomes for children. Part of this work includes exploring and investing where appropriate with initiatives which provide the right support, at the right stage, in order to reduce the number of children requiring care. To date this has included investing in a SAFE Team and Pre-birth team as well as supporting a regional fostering campaign. These measures, as well as other potential investments will help to mitigate this risk.

Update on controls/actions – The Accommodation Sufficiency Strategy is currently being updated and funding through the levelling up grant is being utilised to develop a range of appropriate accommodations, which will allow our children to stay within Redcar and Cleveland, close to their family and network and avoid high-cost provision which is out of the Borough.

Impact/evidence to support/mitigate risk – The numbers of children who are in our care has continued to remain steady with no significant increase seen since April 2023. There are significant mitigations in place to manage this risk and to date they have been affective as the numbers of children in our care has remained fairly stable.