

## **Appendix 2 – Update on Corporate Red and Amber Risks**

### **Red Risk – 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 latest forecast for what we expect to spend in this financial year, up to the end of March 2025, predicts that, without any cost-saving measures, we would overspend by more than £12 million. The cost-saving measures we recently introduced will save millions of pounds and, along with using money from the sale of land and buildings, we expect the overspend to come down to around £6.4 million. Without any further savings, we will need to cover the £6.4 million through our reserves. However, this will use up the reserves we have available for this purpose, which means we won’t be able to use them next year. Additional savings are, therefore, still being sought to mitigate that position.

In addition, we must now prepare to spend only what we have in 2025/2026. We estimate that, before further savings solutions, we will overspend by £9 million in 2025/2026 – due to an ongoing huge demand for our services – and we must take action to save that £9 million. We will need to ensure that we are able to establish a balanced budget to avoid any adverse impacts on our ability to deliver our services. Therefore, it is vital we continue with the current spending controls and avoid all unnecessary spend to try to protect the jobs of our current staff and services and minimise the potential need for service reviews and further staffing reductions.

The main cause of the shortfall is the cost of children in our care who need specialist care in a residential home, but there are other pressures on our budget. Reaching the £9 million target is a significant challenge and senior staff across the organisation are working on an action plan to do this, along with our Cabinet. Our strategy for the next 10 years is based on phases of survive, strive and thrive. For the next two to three years (‘survive’), we must ensure we balance the budget and only spend what we have. This will mean making some difficult choices about how we provide services. Throughout this, we will consider the need to provide our services and, where possible, avoid compulsory redundancies. During this time, we hope to see companies come to Teesworks to increase the amount we receive in Business Rates, in line with current forecasts/projections.

In years three to five (‘strive’), it is anticipated that more companies will come to Teesworks and, if this happens, we could potentially receive millions of pounds each year in Business Rates. This position is not certain, and we cannot reliably base our budget on this until we get sufficient confirmation, however, if other large companies start production on Teesworks, the extra Business Rates should mean we will be in a position to replace our reserves and invest in our services.

Between years five and 10 (‘thrive’), it is anticipated that Teesworks will continue to develop. As mentioned previously, nothing is certain, but a small number of very large companies starting work on Teesworks would mean we would receive many millions of pounds in Business Rates, and we can begin to invest this additional income into services and our staff.

**Update on the controls/actions** – Over the next six months, the Council’s senior team will look at all aspects of our operation to put our budget on a more sustainable footing. This will include reviewing our services and assets, addressing the demand for our services and maximising income and funding opportunities. The current spending restrictions, which will remain in place for the remainder of this financial year, will support the current overspending budget position in 2024/25,

and alleviate these pressures rolling through to future financial years. The measures include restrictions on recruitment, which will also continue.

**Impact/evidence to support/mitigate risk** – The controls that senior management have put in place have helped to reduce the initial projected overspend from Quarter 1 to 2, however, there are still significant overspends, and senior management will continue to keep the spending controls and robust management of spend in place to continue to reduce areas of overspend for 2024/25, and will review all opportunities to develop solutions and proposals to set a balance budget for 2025/26.

### **Red Risk - 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** – As part of the Government's cyber strategy, the Council are participating in the Ministry of Housing, Communities and Local Government, Cyber Assessment Framework (CAF) project. This project evaluates key systems within the Council's network and assesses cyber risks. Central government has already adopted CAF internally and it is likely that a local government CAF will be recommended or mandated soon. The CAF helps ensure that the Council is following nationally recognised security standards.

Redcar was an early adopter of the revised national cyber security centre (NCSC) early warning system. This system monitors the various Council systems, network, and websites for vulnerabilities and issues. The system operates 24/7 and immediately sends details of any issues to appropriate staff so they can check and resolve them if required.

We have recently appointed a new provider for our IT health checks under a three-year agreement, with an optional additional year. The Council must conduct these tests annually to maintain connectivity with health and central government departments. The health check, performed by an NCSC approved supplier, reviews the internal and external security of the Council's IT infrastructure. This year's testing will occur in late October and identified risks will be addressed.

**Update on the controls/actions** – All the existing controls remain in place. Phishing testing of all staff and Councillors is ongoing. Staff who interact with test emails unsafely are requested to undergo further cyber security training. The training highlights the risks from phishing and helps users identify common phishing email traits, so they are better prepared to recognise and report phishing attempts. External cyber response expertise resource has been secured. Agreements have been put in place that, in the event of a cyber incident, third party assistance to investigate and remediate it is already in place thereby reducing the time to respond appropriately to any incident.

**Impact/evidence to support/mitigate risk** – The phishing testing helps train staff to recognise phishing emails which are the most likely initial route of attack. This reduces the risk of these attacks being successful. By working with the CAF, the Council follows NCSC's best practices for IT protection. Using NCSC's early warning systems provides extra monitoring and alerts for suspicious activity on our systems and websites. Even though there are several controls in place, we are aware of regular successful attacks on other similar organisations and, therefore, this remains as a corporate red risk as the risk of a cyber-attack remains a real threat.

### **Red Risk - 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 on inclusion and young people's outcomes include poverty, contextualised safeguarding (Inside and outside of their home), 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 potential 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 continuing to raise awareness and organise sessions and briefings for governing bodies and working directly with schools to get to the root cause of exclusions and lack of inclusivity and develop solutions to address this. CEO's of all schools have now been invited to the strategic education board and attended the first one in September. Statistics were shared with the CEO's on exclusion numbers and reasons for this. Assistant directors from Northeast Councils have been working on an inclusion statement which will be shared with all schools. The DfE are supporting this statement and will discuss it in their termly meetings with trusts, with a focus on understanding those with SEND and suspensions/permanent exclusions relating to needs not being met. Safe and Shift teams are now operational to support those involved in serious crime and contextualised safeguarding issues. These teams will support with re-engagement in schools. All exclusions are recorded by the Council and patterns analysed. This data will now include rates of exclusion, so we are using this measure to compare to statistical neighbours and national averages.

An attendance project called 'Making attendance everyone's business' Theory of Change has been completed. All schools now complete the daily DfE attendance return so we can have weekly data on attendance and analyse this on a weekly basis to understand reasons for absence and support conversations with schools. There has been a successful bid for an Alternate Provision (AP) free 50 place school and the River Tees Multi Academy Trust will lead on this. We are part of a project with the DfE to improve outcomes for SEND young people and have been awarded one million pounds to undertake some transformational work, year one of which is now complete. Secondary schools have completed a specific SEND audit and special educational needs co-ordinators (SENCOs) are working with an organisation called whole education SEND to establish self-improving systems for SEND. Primary SENCOs will start the programme this year.

**Update on the controls/actions** – Working with the early help team to support schools to open and oversee early help assessments, a pilot has been set up at Laurence Jackson School for family plans and this is to launch to others at an attendance conference in December. Twenty primary schools involved in working to provide early intervention for children who are neurodiverse alongside the Parent Carer Forum. Each school has been audited and will implement changes by the start of April '25. They will also have an established parent/carer group within each school. RISE Northeast project has been put in place to look at SEND, suspensions and permanent exclusions. Engagement will take place with schools, parents and young people between now and December. Developing SEND bases within mainstream is a key focus to support those with SEND to be able to stay in mainstream. There is one SEND base currently, another school has agreed to have a base, but the aim is to open 3-5 in the next 18 months.

Woodsmith Foundation funded project set up to work across all 10 secondary schools, working with two schools intensively (St Peter's and Outwood Redcar- ACHIEVE programme) around disadvantaged children, coaching and mentoring and opportunities for engagement with activities beyond the classroom. In addition, the Education Endowment Fund will work with three of the schools on a Learning Behaviours Project; Nunthorpe, St Peter's and Outwood Redcar. The other seven secondary schools will join the project next year. This is an ongoing three-year project. Early years collaborative working to connect family hubs, nursery provision and schools to support better school readiness has been completed.

**Impact/evidence to support/mitigate risk** – There are many projects, initiatives and schemes ongoing at present. We are still in the early stages of these being implemented and being able to see the effects of this. It is going to take time. Hopefully throughout this year we will start to have a positive impact, and this will be reflected in future updates.

### **Red Risk – Adapting and responding to the impact of extreme weather events as a result of climate change**

**What is the risk to The Council** – The Council faces a challenge in relation to an increase in extreme weather events, including increased flooding and storm risks, drought, heatwaves and unseasonal weather linked to climate change. The impact locally includes the increased likelihood of flooding, rising sea levels and high winds, impacting on properties, people and damage to infrastructure. Extreme weather (heat and cold) impacts on our vulnerable residents and the wider public health, resulting in a detrimental impact on the local environment, economy, health, and our communities. There is a financial impact with this risk, with limited council resources to recover from extreme events, as well as the impact on our day-to-day ability to deliver our critical and statutory services.

**Brief update on progress since last meeting in mitigating the risk** – A decision has been made to create a new corporate red risk, looking to tackle the impact of extreme weather events, as a result of climate change, which will supersede both the flooding and coastal erosion risk. We are looking at schemes and initiatives that can be put in place, to reduce the impact, of ever-increasing likelihood of extreme weather events. The aim is not to tackle climate change as such but adapt and respond to the implications it has. As both the flood and coastal erosion risks are more about stopping the incidents occurring, with climate change we know that these instances are becoming more likely and we now need to make sure that we are adapting to the ever-changing landscape and able to mitigate against the potential devastating impact an incident could have on the borough.

**Update on the controls/actions** – We need to understand the present and future risks for climate change and the feasibility around potential measures, etc. before we get to scoping and funding any projects to deliver those measures. The work ongoing to develop the Local Nature Recovery Council Strategy is producing some mapping to show opportunities for nature recovery measures, which will inform some of the future work. We have started to look at some nature-based solutions, to reduce and remove emissions, for example, in the Skinningrove area, and recently worked with Highways and Environment Agency to bid for funding. Gully condition asset capture work has started, that will give us the intelligence to target areas more susceptible to silt build up. A task and finish working group has been set up within the climate change and environment scrutiny committee. There is an audit planned this year on flooding. The coastal strategy will set out the future priorities for the ongoing management of the coastline.

**Impact/evidence to support/mitigate risk** – There have been twelve categorised storms in the last 12 months and record temperatures, so the risk is increasing all the time and, therefore, this remains as a red risk, to tackle the increasing likelihood of incidents.

### **Red Risk - 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** – A transformation plan is in place which focuses on a reduction of children in care. It needs to be noted this area can be volatile as there may be some children that either move into area with specialist needs, or circumstances change in a family which mean that children unknown to the department need urgent support. The following actions have been put in place to support a reduction in the number of children in our care. These actions, in isolation, cannot reduce these numbers significantly, however, when undertaken together, they should start to have impact. This is currently being monitored. We have a number of activities in place to support a reduction in spend, covering a number of themes as follows, Preventing children coming into care, once children come into care costs are kept as low as possible, looking at areas of work that impact on other elements of the council, as well as staffing, and general housekeeping.

The safeguarding adolescents from exploitation (SAFE team) formally launched in April 2024. Early indications show that the team is having a positive impact for the children and young people, however, it is too early to set out specific savings for this group of children. It also needs noting that the children and young people supported by this team are high risk and, therefore, it will take longer to make sustainable change. In addition to supporting individual children, the team have worked with schools to raise awareness of exploitation. This is an important part of SAFE's work, to try and prevent children and young people being exploited and for education staff to raise concerns as early as possible.

The SHiFT Team (SHiFT is a national charity we are working in conjunction with) will provide intensive support to two cohorts of 27 children over a three-year period. The children and young people the team are involved with at risk of child criminal exploitation (CCE) or crime and were identified through a multi-agency nominations process. Young people with these characteristics account for many of our highest cost residential placements. The SHiFT cohort is a mixture of young people in care (some in high-cost placements already) and those who are at risk of coming into care. The SHiFT launch took place on 25<sup>th</sup> September. It is too early to know what impact this programme will have on this cohort of children; however, early indications show that the team have started to build positive relationships with the children and young people which will hopefully result in improvements going forward.

We have robust review processes in place for our children places in high-cost placements: There is an ongoing review weekly of placements by a high-cost placement panel to review all cases. This is led by our Finance Team, attended by relevant service managers and our Children's Commissioning

Manager. Social work team managers attend to talk through any changes and consider any alternative commissioning options. Performance panel works proactively to oversee and progress the longer-term plan for children in care, including return homes, adoption and special guardianship orders. All high-cost placements require approval by the Executive Director for Children and Families.

**Update on controls/actions** – The Ofsted inspection (ILACS) and peer review indicated that decision-making to bring Children into Care was appropriate. However, in order to continually review our processes, we have worked with DfE and Sector led Improvement Partner (Hartlepool). A plan for 40-50 days support is being developed with Hartlepool for DfE to approve, which needs to be completed by end of March 2025. Our practice framework (launched earlier in the year) sets out the need for workers to develop family networks to support families to identify their own solutions to care for their children. An audit undertaken for our high-cost placement indicated that this is not happening consistently. We are, therefore, recruiting a family network lead to support workers to identify members of the family network and work with them to develop family plans. A foster care recruitment campaign has been taking place over the last few weeks. Currently there is interest from 14 prospective foster carers to potentially take through the assessment process.

**Impact/evidence to support/mitigate risk** – The numbers of children in our care significantly increased from Dec 2023 to June 2024. However, numbers more recently have been relatively steady, which is being reviewed weekly. The transformation plan is reviewed weekly to track progress on the actions implemented.

**Amber Risk - Non-compliance with the requirements of data protection legislation including the Data Protection Act 2018 and the UK GDPR because of records management practices across all council directorates**

**What is the risk to The Council** – Outdated policies, inadequate disposal of documents and poor handling practices could lead to claims by data subjects, Information Commissioner's intervention, penalties and/or reputational damage for the Council.

**Brief update on progress since last meeting in mitigating the risk** – The Records Management Officer and Information Governance and Data Protection Manager, both new in post in 2023, have been working together to better co-ordinate records management across the Council. The increased capacity within the Information Governance (IG) team ensures there is now a more pro-active approach towards records management, closer management of the Restore contract, a better overview of progress, and, ultimately, more records being reviewed and destroyed in line with retention guidelines.

Further progress has been made in reviewing the Council's existing Information Asset Register/Records of Process Activity to improve them where needed, including completion of around 50% of these reviews. Training has been provided to some service areas which do not currently hold an Asset Register and updated guidance has been implemented to support the creation of new registers where they are required. This work assists in capturing the records held by each service area, to implement a new retention schedule which is reflective of the records held by the Council and to give service areas a clearer understanding about managing and destroying the information they hold in line with legislation and business need.

Internal audit has initiated an audit of IG, and this will include a review of progress made and will potentially lead to further recommendations to ensure further progress, although the IG Team

remains small in size and this is also reliant upon the input of hard-pressed service areas who have limited resource for this task.

**Update on the controls/actions** - In terms of the Restore contract, the following measures have improved the overall picture: We have reduced the number of records held, by reviewing and destroying 2,513 boxes of documents from September 2023 to the end of August 2024 which had reached their destruction date. We have also introduced tighter controls in relation to who can access the Restore system so that there is greater gatekeeping of the costs incurred in requesting files, movement of boxes etc. Quarterly "spot checks" of Restore are undertaken to inspect storage conditions and review specified boxes due for destruction. Additionally, we have reduced the costs of transporting documents by better co-ordinating vans between Restore and the Council premises and arranging driver training for the RMO and Business Support Assistant so that Council vehicles can be used to transport documents rather than using Restore for this. Records figures are reported to the IG Group bi-monthly, giving greater visibility to the SIRO/senior management.

The mandatory data protection E-Learning module 'Data Awareness' has been updated to include two slides on records management, so that all staff will receive some basic records management training. A more in-depth optional E-Learning module on Records Management has been implemented, which staff are encouraged to complete.

**Impact/evidence to support/mitigate risk** - The number of boxes held in Restore continues to reduce. We are currently seeing costs remaining steady due to the costs associated with removal and disposal of boxes, however, this will begin to reduce as fewer boxes are being stored. We have introduced tighter gatekeeping of boxes being added to Restore and boxes cannot be added without approval from the IG team. Service areas are asked to consider digital methods of storing information, and any boxes removed from Restore are either digitalised or destroyed in line with retention schedules.

**Amber Risk - Workforce capacity and loss of critical skills through an inability to recruit new employees and retain current employees in some areas.**

**What is the risk to The Council** - The Council has been facing difficulties in recruiting to key and critical posts due to national and local issues with workforce shortages. The risk is that we are not able to fill key roles and offer the services to residents and communities and/or meeting the objectives and priorities in the Corporate Plan. Social work capacity may result in poorer outcomes for children and young people resulting from a lower quality safeguarding services which in turn is the result of difficulties in attracting/retaining high quality, experienced children's social work staff. This risk will cover the corporate wide issues facing teams who are recruiting but will have specific reference to Social Work teams.

**Brief update on progress since last meeting in mitigating the risk** - This is the first update for the amber risk; the updates are provided on current controls and actions we have been working on over last few months.

**Update on the controls/actions** - We are actively implementing actions in our Workforce Strategy, with an annual plan of workforce initiatives and schemes which include management/leadership development programmes for new managers and team leaders, a corporate training programme for all employees to access, role specific training with face-to-face training, on-line 'Teams' training and e-learning modules.

All directorates have workforce planning and succession planning on their risk register as appropriate, which is reviewed on a regular basis by management teams to make sure that future

workforce planning is discussed and monitored.

We have a wide range of employee-friendly policies such as Flexible Working Policy and New Ways of Working Policy. We have updated our job adverts to reflect this where appropriate and revised our induction programme to welcome new starters to the Council. We hold careers events in schools and colleges to help promote the Council as a place to work, with great careers and opportunities, including hard to recruit roles such as social work or apprenticeships.

We have an apprentice pay model in place to help attract higher level apprentices (covering higher qualifications, such as degrees) to help fill key roles and grow new talent, in teams such as Legal, Finance and Environmental Health.

To make sure we are bringing in new talent, we use social media and other techniques and consider ideas from the Recruitment and Retention Working Group to help look at ways to attract people. This has included the introduction of a new jobs microsite for potential candidates and a new recruitment platform is in place for job applications with a view to the process being simpler.

Social Care has been a specific area that has found it hard to fill key roles, such as Social Workers. The service has schemes to support this, such as ongoing recruitment adverts, professional registration fees payments, dedicated support programme for training new social work students, and we are part of regional agreement on agency rates. We have internal Practice Educators who provide support to student Social Workers through their qualification and helps to retain them into permanent employment with us. We also offer Step Up to Social Work placements, Social Work Apprentices and our Social Work Academy to continue to fill our future social work roles.

**Impact/evidence to support/mitigate risk** - Having these control measures in place allows us to take a proactive approach in future recruitment and the retention of our existing employees, to ensure our staff feel valued and aim to be an employer of choice. We continue to grow our own talent - offering learning and development opportunities and upskilling employees with higher level apprenticeships (24 current staff in 2023/24, and 16 to date in 2024/25 – undertaking Level 3 to Level 7 qualifications), offer a range of staff benefits and discounts, reward and recognition schemes, up to date policies and procedures or by the internal support we offer through our management teams. Retention figures for employees have remained steady, with a slight reduction in staff turnover for 2024 at 9.8% compared to 11% in previous year.

During the financial year 2023/24, 1197 courses or training sessions were attended by staff (e-learning, on-line and in person training). From 1<sup>st</sup> April 2024 to date, 840 courses have been held. Alongside these courses 73 managers/team leaders attended the Management Development Programme in 2023/24, and a further 50 managers have booked on since from 1<sup>st</sup> April 2024.