

Report



Cabinet

Part 1

Date: 16 December 2020

Subject Quarter 2 2020/21 Corporate Risk Register Update

Purpose To present the Council's Corporate Risk Register for the end of quarter 2 (30th September 2020).

Author Head of People and Business Change

Ward All

Summary The Council's Corporate Risk Register monitors those risks that may prevent the Council from achieving its Corporate Plan or delivering services to its communities and service users in Newport.

At the end of quarter 2, there were 19 risks recorded in the Corporate Risk Register that are considered to have a significant impact on the achievement of the Council's objectives and legal obligations. At the end of quarter two, there were no new or escalated risks from service area risk registers; and no risks were closed / de-escalated. Overall, there are 11 Severe risks (risk scores 15 to 25); 6 Major risks (risk scores 7 to 14) and 2 Moderate risks (risk scores 4 to 6) that are outlined in the report.

Proposal Cabinet is asked to consider the contents of the quarter one update of the Corporate Risk Register.

Action by Corporate Management Team and Heads of Service

Timetable Immediate

This report was prepared after consultation with:

- Corporate Management Team

Signed

Background

The Well-being of Future Generations (Wales) Act 2015, requires Newport City Council to set Well-being Objectives in its Corporate Plan 2017-22. In the delivery of the Corporate Plan and Council services there will be risks that may prevent, disrupt or impact on the Council's objectives. The Council's Risk Management Policy and Corporate Risk Register enables the Council to identify, manage and monitor those risks to ensure effective mitigation action is taken to minimise or prevent the risk from impacting on services, communities and citizens. The new Risk Management Policy was approved in July 2020.

Following the Covid-19 outbreak, service areas were asked to review their service plans and consider any new and/or emerging risks that could impact on the delivery of their services. Additionally as part of the Council's quarterly monitoring process, service areas have reviewed their risks considering the impact of Covid-19.

In accordance with the Council's Risk Management Policy, any new, escalated / de-escalated and closed risks in the Corporate Risk Register are presented to the Council's Chief Executive and Corporate Management Team for decision.

Summary of risks in this report

At the end of quarter two, across the Council's eight service areas there were 56 risks recorded in their risk registers. The Council's Corporate Risk Register includes 19 of the 56 risks that are considered to pose the most risk to the delivery of Council services and achievement of its Corporate Objectives. The 19 Corporate Risks consisted of:

- 11 Severe risks (15 to 25);
- 6 Major Risks (7 to 14); and
- 2 Moderate Risks (4 to 6).

In comparison to the quarter one (2020/21) risk register (presented to Cabinet in October 2020), there were no new risks or risks escalated risks from service area risk registers. There were also no risks closed or de-escalated back into service area registers for monitoring. At the end of quarter 2, there was one risk that had increased, four had decreased, and fourteen risks that had remained the same as quarter one.

Change in direction of risk score (Quarter Two)

- **Brexit (Increase from 12 to 16)** – Risk score has increased to 16 in quarter 2 as the rhetoric from UKG and EU is that there are gaps in the trade negotiations and there is an increased probability of the UK leaving without a deal in place. Further examination of this risk will need to be undertaken pending the outcomes of the final negotiations. For the Council, it is increasingly difficult to effectively prepare until the final outcomes are known and the Council's Brexit Task and Finish group is monitoring this process closely with monthly reports to the Council's Cabinet.
- **Pressure on Housing Service (Reduction from 16 to 12)** - Since Quarter 1 this risk has reduced from a 16 to 12. This reflects that while pressures remain with the demand for housing and homelessness, additional support has been received through the Welsh Government funding and continuous strengthening of our partnership working with Registered Social Landlords, Council teams and third sector to provide accommodation and support to the most vulnerable.
- **Educational Out of County Placements (Reduction from 16 to 12)** – Due to the increase of demand for additional specialist placements the LA has developed a ten place specialist ASD Learning Resource Base in a mainstream primary school and is piloting an ASD Outreach service from Ysgol Bryn Derw. There has also been a need to commission additional placements with Newport Live and Catch 22 to reduce the need for out of county placements.
- **Demand for ALN and SEN support (Reduction from 16 to 12)** – During the lock down there has been an increase of requests for Formal Assessment for pupils who may require specialist placements or additional support. The budget for 2020/21 include the new Additional Learning Needs funding formula agreed with head teachers which reduces the immediate risk.

- **In Year Financial Management (Reduction from 9 to 6)** - The latest monitoring report taken to Cabinet showed a small in-year overspend. While this would not be a significant issue for the Council to deal with due to reserves it has set aside. There is still a risk that the position could worsen over the rest of the period depending on the impact of a second wave of the pandemic and the actions that are required to be put in place. To date this has been funded by Welsh Government, but there could be a finite amount of money on which to call upon which may ultimately impact on the Council's budget.

Appendix 1 - Quarter 2 Corporate Risk Heat Map and Risk Profile

Appendix 2 – Newport Council's Corporate Risk Register for Quarter 2.

Financial Summary

There are no direct costs associated with this report.

Risks

| Risk | Impact of Risk if it occurs* (H/M/L) | Probability of risk occurring (H/M/L) | What is the Council doing or what has it done to avoid the risk or reduce its effect | Who is responsible for dealing with the risk? |
|--|--------------------------------------|---------------------------------------|---|--|
| The Council does not achieve its objectives as corporate level risks are not adequately managed and monitored. | M | L | Risk Management Strategy has been adopted and mechanisms are in place to identify, manage and escalate emerging and new risks / mitigation strategies. Audit Committee oversight of risk management process. | Directors, Heads of Service and Performance Team |

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

Corporate Plan 2017-22

Service Plans 2020/21

Options Available and considered

1. To consider the contents of the Corporate Risk Register and to continue monitoring progress of actions taken to address the risks identified in the report.
2. To request further information or reject the contents of the risk register

Preferred Option and Why

To consider the contents of the Corporate Risk Register and monitor the progress of actions taken to address the risks identified in the report. This will give the Cabinet sufficient assurance and oversight of the main overarching risks that the council faces in delivering the objectives of the Corporate Plan.

Comments of Chief Financial Officer

There are no direct financial implications arising from this report. The corporate risk register forms an important part of the governance and budget setting arrangements for the council and the risk register is used to guide the internal audit plan. Risks that result in financial pressures will be reflected in established ongoing monitoring arrangements.

Comments of Monitoring Officer

There are no specific legal issues arising from the report. As part of the Council's risk management strategy, the corporate risk register identifies those high-level risks that could impact upon the Council's ability to deliver its corporate plan objectives and essential public services. Although Audit Committee are responsible for reviewing and assessing the Council's risk management, internal control and corporate governance arrangements, the identification of corporate risks within the risk register and monitoring the effectiveness of the mitigation measures are matters for Cabinet.

No new corporate risks have been included for the second quarter and no additional corporate risks have been escalated from service area risk registers. No corporate risks have been closed or de-escalated back into service areas or monitoring. Therefore, there are no changes to the corporate risks, although some of the individual risk scores have changed since the last quarter.

Comments of Head of People and Business Change

Risk Management in the Council is a key area to implementing Well-being of Future Generations Act (Wales) 2015. Effective monitoring and reporting against the Council's Corporate Risk Register is essential in minimising and preventing the likelihood and impact of risks against our objectives. The recent changes made to our risk management processes and system will ensure officers at all levels of the organisation have greater control and oversight of their risks taking the necessary action to mitigate their impact and escalate where necessary to senior management.

Comments of Cabinet Member

The Chair of Cabinet is consulted on the corporate risk register and has agreed that this report goes forward to Cabinet for consideration.

Local issues

None.

Scrutiny Committees – Audit Committee

The Council's Audit Committee received an update on the Council's Quarter 1 Corporate Risk Register in October 2020. The Audit Committee welcomed the report and acknowledged the impact that the pandemic has had on the delivery of Council services and has been reflected in the report. The Committee have asked for future reports to include the mitigating actions which have been incorporated into this report.

The Corporate Risk Register for quarter two will be presented to the Council's Audit Committee for information and comment in January 2021.

Equalities Impact Assessment

Not applicable.

Children and Families (Wales) Measure

Not applicable.

Well-being of Future Generations (Wales) Act 2015

Under the Well-being of Future Generations Act (Wales) 2015 and its 5 ways of working principles this report supports:

Long Term – Having effective risk management arrangements will ensure that the opportunities and risks that will emerge consider the long term impact on service users and communities.

Preventative – Identifying opportunities and risks will ensure the Council is able to implement necessary mitigations to prevent or minimise their impact on Council services and service users.

Collaborative – The management of risk is undertaken throughout the Council and officers collaborate together within service areas, Corporate Management Team and the Council's Cabinet to ensure decisions are made in a timely manner and are evidence based.

Involvement – The Council's Risk Management process involves officers across the Council's service areas and Cabinet Members.

Integration – Risk Management is being integrated throughout the Council and supports the integrated Planning, Performance and Risk Management Framework. The Framework ensures that planning activities consider the opportunities and risks to their implementation and overall supports the delivery of the Council's Corporate Plan and legislative duties.

Crime and Disorder Act 1998

Not applicable.

Consultation

As above, the Risk Register is also considered by Audit Committee.

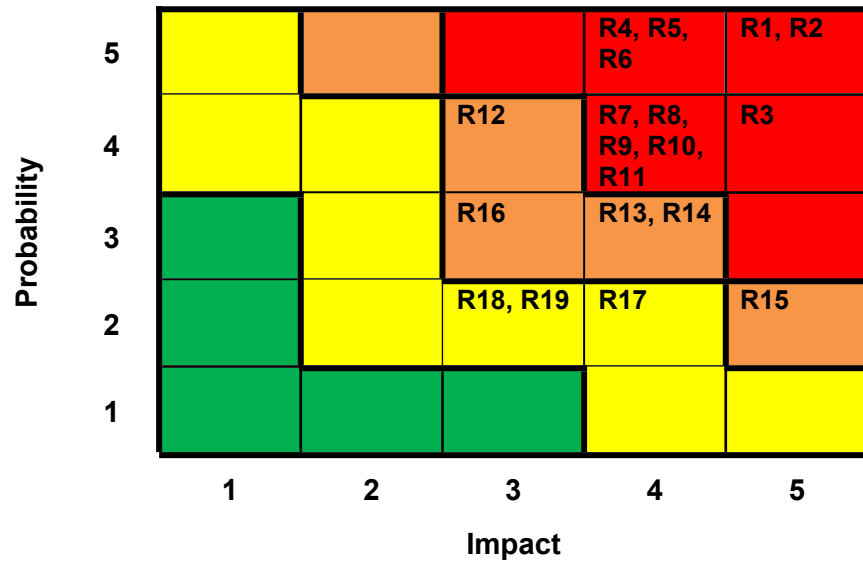
Background Papers

Corporate Risk Register, Cabinet 14th Oct 2020

Risk Management Policy 2020-22

Dated: 26th November 2020

Appendix 1 - Quarter 2 Corporate Risk Heat Map



| Corporate Risk Heat Map Key (Quarter 1 2020/21) | |
|---|---|
| R1 – Covid-19 Outbreak | R11 – Brexit – Trade Agreement |
| R2 – Stability of Social Services Providers | R12 – Pressure on Housing Service |
| R3 – Highways Network | R13 – Educational Out of County Placements |
| R4 – Pressure on Adult & Community Services | R14 – Demand for ALN and SEN support |
| R5 – Ash Die Back Disease | R15 – City Centre Security and Safety |
| R6 – Pressure on the delivery of Children Services | R16 – Climate Change |
| R7 – Balancing the Council’s Medium Term Budget | R17 – Newport Council’s Property Estate |
| R8 – Schools Finance / Cost Pressures | R18 –In year financial management |
| R9 – Cyber Security | R19 - Safeguarding |
| R10 – Pressure on Homelessness Service | |

Risk Score Profile between Quarter 3 2019/20 and Quarter 2 2020/21

* Information on Cabinet portfolios added to the report to improve alignment with portfolios.

| Risk Reference | Risk | Lead Cabinet Member(s) * | Risk Score Quarter 3 2019/20 | Risk Score Quarter 4 2019/20 | Risk Score Quarter 1 2020/21 | (Current) Risk Score Quarter 2 2020/21 | Target Risk Score |
|----------------|---|---|------------------------------|------------------------------|------------------------------|--|-------------------|
| R1 | COVID-19 Pandemic Outbreak | Leader of the Council /Cabinet | - | 20 | 25 | 25 | 6 |
| R2 | Stability of Social Services Providers | Cabinet Member for Social Services | 20 | 25 | 25 | 25 | 6 |
| R3 | Highways Network | Deputy Leader and Cabinet Member for City Services and Member Development | 20 | 20 | 20 | 20 | 9 |
| R4 | Pressure on Adult & Community Services | Cabinet Member for Social Services | 16 | 16 | 20 | 20 | 10 |
| R5 | Ash Die Back Disease | Deputy Leader & Cabinet Member for City Services & Member Development | - | - | 20 | 20 | 6 |
| R6 | Pressure on the delivery of Children Services | Cabinet Member for Social Services | 16 | 16 | 20 | 20 | 6 |
| R7 | Balancing the Council's Medium Term budget | Leader of the Council / Cabinet | 20 | 15 | 16 | 16 | 10 |
| R8 | Schools Finance / Cost Pressures | Leader of the Council /Cabinet Member for Education and Skills | 20 | 16 | 16 | 16 | 6 |
| R9 | Cyber Security | Cabinet Member for Community & Resources | 12 | 12 | 16 | 16 | 10 |
| R10 | Pressure on Homelessness Service | Leader of the Council | 12 | 12 | 16 | 16 | 6 |
| R11 | Brexit – Trade Agreement | Leader of the Council / Cabinet | 12 | 12 | 12 | 16 | 10 |
| R12 | Pressure on Housing Service | Leader of the Council | 12 | 12 | 16 | 12 | 5 |
| R13 | Educational Out of County Placements | Cabinet Member for Education and Skills | 16 | 16 | 16 | 12 | 5 |

| Risk Reference | Risk | Lead Cabinet Member(s) * | Risk Score Quarter 3 2019/20 | Risk Score Quarter 4 2019/20 | Risk Score Quarter 1 2020/21 | (Current) Risk Score Quarter 2 2020/21 | Target Risk Score |
|----------------|--|---|------------------------------|------------------------------|------------------------------|--|-------------------|
| R14 | Demand for ALN and SEN support | Cabinet Member for Education and Skills | 20 | 16 | 16 | 12 | 6 |
| R15 | City Centre Security and Safety | Deputy Leader and Cabinet Member for City Services and Member Development | 15 | 15 | 10 | 10 | 8 |
| R16 | Climate Change | Cabinet Member for Sustainable Development | 12 | 12 | 9 | 9 | 10 |
| R17 | Newport Council's Property Estate | Cabinet Member for Assets | 12 | 12 | 8 | 8 | 9 |
| R18 | In year financial management | Leader of the Council / Cabinet | 12 | 3 | 9 | 6 | 6 |
| R19 | Safeguarding | Cabinet Member for Social Services | 6 | 6 | 6 | 6 | 4 |

Glossary

This document provides an explanation of terminology used in this report and supporting documents.

Risk Appetite – the amount of risk that Newport City Council is willing to seek or accept in the pursuit of the Council's long term objectives.

Inherent Risk Score – The level of risk in the absence of any existing controls and management action taken to alter the risk's impact or probability of occurring.

Residual Risk Score – The level of risk where risk responses i.e. existing controls or risk mitigation actions have been taken to manage the risk's impact and probability.

Target Risk Score – The level of risk (risk score) that Newport City Council is willing to accept / tolerate in managing the risk. This is set in line with the Council's overall risk appetite.

Risk Mitigation Action – Actions identified by the Risk Owner to respond to the risk and reduce the impact and probability of the risk of occurring.

Risk Mitigation Action (Red Progress Score) – Significant issue(s) have been identified with the action which could impact on the ability of the action meeting its completion date. Immediate action / response is required resolve its status.

Risk Mitigation Action (Amber Progress Score) – issue(s) have been identified that could have a negative impact on the action achieving its completion date. Appropriate line manager(s) should be informed and where necessary action taken.

Risk Mitigation Action (Green Progress Score) – The action is on course for delivering to the agreed completion date and within the agreed tolerances.

How the Council Assesses Risk

An assessment of the likelihood and impact of risk is important to measure, compare and monitor risks to ensure efficient use of resources and effective decision making. This assessment is carried out using the risk matrix as described below.

Risk Assessment Matrix

A Corporate Risk Register will contain the high level risks for the whole authority. In order to differentiate between these high level risks a 5x5 risk assessment matrix will be applied. The matrix is shown below and further detail is included in appendix 3.

Risks are scored using the scoring system for probability and impact and assigned a rating based on the tolerances set out in the matrix below

| Score | Description | Impact Measures | | | | | | |
|-------|-----------------|---|--|--|--|---|--|--|
| | | Strategic / Policy | Operational / Business Continuity | Financial | Governance / Legal / Regulatory | Health & Safety | Reputational | Project Delivery / Savings / Benefits |
| 5 | Severe | Failure of a key strategic objective | Serious organisational / service failure that has direct impact on stakeholders including vulnerable groups. Service disruption over 5+ days. | <u>Corporate Project</u> Unplanned and/or additional expenditure disturbance. Capital > £1M Revenue >£1M | Legislative / Regulatory breach resulting in multiple litigation / legal action taken on the Council (linked to Financial / Reputational Impacts). | Multiple major irreversible injuries or deaths of staff, students or members of public. (Linked to Financial / Reputational Impacts) | Severe and persistent National media coverage. Adverse central government response, involving (threat of) removal of delegated powers. Officer(s) and / or Members forced to Resign. | Project status is over 12 months from anticipated implementation date. Project(s) do not deliver the major benefits / savings identified in business case. This is linked to Financial / Strategic / Reputational Impacts |
| 4 | Major | Severe constraint on achievement of a key strategic objective | Loss of an important service(s) for a short period that could impact on stakeholders. Service disruption between 3-5 days. | <u>Corporate Project</u> Unplanned and/or additional expenditure disturbance. Capital > £0.5M - £1.0M Revenue >£0.5M-£1M | Serious legislative breach resulting in intervention, sanctions and legal action. (Linked to Financial / Reputational Impacts) | Major irreversible injury or death of staff, student or member of public. (Linked to Financial / Reputational Impacts) | Adverse publicity in professional / municipal press, affecting perception / standing in professional /local government community Adverse local and social media publicity of a significant and persistent nature. | Project status is 6 to 12 months over from anticipated implementation date. Project(s) do not deliver major benefits / savings identified in business case. This is linked to Financial / Strategic / Reputational Impacts |
| 3 | Moderate | Noticeable constraint on achievement of a key strategic objective / | Loss and/or intermittent disruption of a service between 2-3 days. | <u>Corporate Project</u> Unplanned and/or additional | Significant legislative breach resulting in investigation. (Linked to Financial / | Major reversible injury to staff, student or member of | Adverse local publicity / local public opinion including social media. | Project status is 1 to 6 months over from anticipated implementation date. |

| Score | Description | Impact Measures | | | | | | |
|-------|-------------|--|--|--|---|---|---|---|
| | | Strategic / Policy | Operational / Business Continuity | Financial | Governance / Legal / Regulatory | Health & Safety | Reputational | Project Delivery / Savings / Benefits |
| | | Service Plan objective. | | expenditure disturbance. Capital = £0.25M - £0.5M Revenue = £0.25M to £0.5M Revenue = £0.25M to £0.5M | Reputational Impacts) | public. Not life threatening. (Linked to Financial / Reputational Impacts) | Statutory prosecution of a non-serious nature. | There is significant reduction on delivery of benefits / savings identified in business case. This is linked to Financial / Strategic / Reputational impacts. |
| 2 | Low | Constraint on achievement of Service Plan objective that does not impact on Corporate Strategy | Brief disruption of service that has a minor impact on the delivery of a service. Service disruption 1 day. | <u>Corporate / Project</u> Unplanned and/or additional expenditure disturbance. Capital = £0.1M - £0.25M Revenue = £0.1M – £0.25M | Moderate impact leading to warning and recommendations. | Some minor reversible injuries. (Linked to Financial / Reputational Impacts) | Contained within Directorate Complaint from individual / small group, of arguable merit | Project status is 1 to 4 weeks over from anticipated implementation date. There is minor reduction on delivery of benefits / savings identified in business case. This is linked to Financial / Strategic / Reputational impacts. |
| 1 | Very Low | Constraint on achievement of Service / Team Plan objective | Minor disruption of a non-critical service. | <u>Corporate / Project</u> Unplanned and/or additional expenditure disturbance. Capital < £100k Revenue <£100k | No reprimand, sanction or legal action. | Some superficial injuries. (Linked to Financial / Reputational Impacts) | Isolated complaint(s) that are managed through the corporate complaints process and service area. | Project status is 1 week over from anticipated implementation date. There is insignificant / no impact on delivery of benefits / savings identified in business case. |

| Score | Description | Impact Measures | | | | | | |
|-------|-------------|--------------------|-----------------------------------|-----------|---------------------------------|-----------------|--------------|---|
| | | Strategic / Policy | Operational / Business Continuity | Financial | Governance / Legal / Regulatory | Health & Safety | Reputational | Project Delivery / Savings / Benefits |
| | | | | | | | | This is linked to Financial / Strategic / Reputational impacts. |

| Score | Probability | Criteria |
|-------|-----------------------------|---|
| 5 | Very likely 75% + | <p>Systematic Risks – Local evidence indicating very high probability of occurrence if no action / controls are in place. Risk is highly likely to occur daily, weekly, monthly, quarterly.</p> <p>Emerging Risks – National and Global evidence indicating very high probability of occurrence on local communities if no action / controls are taken. Risks are highly likely to occur within the next 5 years.</p> |
| 4 | Likely 51-75% | <p>Systematic Risks – Local evidence indicating high probability occur in most circumstances with near misses regularly encountered e.g. once or twice a year.</p> <p>Emerging Risks – National and Global evidence indicating high probability of occurrence on local communities if no action / controls are taken. Risks are likely to occur within the next 5-10 years.</p> |
| 3 | Possible 26-50% | <p>Systematic Risks – Local evidence indicating distinct possibility with circumstances regularly encountered and near misses experienced every 1-3 years.</p> <p>Emerging Risks – National and Global evidence indicating distinct probability of occurrence on local communities if no action / controls are taken. Risks are likely to occur within the next 10-15 years.</p> |
| 2 | Unlikely 6-25% | <p>Systematic Risks – Local evidence indicating low to infrequent near misses experienced every 3 + years.</p> <p>Emerging Risks – National evidence indicating low probability of occurrence on local communities if no action / controls are taken. Risks are likely to occur within the next 16-25 years.</p> |
| 1 | Very Unlikely | <p>Systematic Risks – Local evidence indicating risk has rarely / never happened or in exceptional circumstances.</p> <p>Emerging Risks – National evidence indicating very low probability of occurrence on local communities if no action / controls are taken. Risks are likely to occur within the next 16-25 years.</p> |

Systematic Risks – Risks that are known or are becoming part of social, cultural, economic and environmental systems that govern our lives.

Emerging Risks – Risks that are further away, less defined and early stage of being known about.