

# Report



## Cabinet

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### Part 1

Date: 6 March 2024

### Subject **Quarter 3 2023/24 Corporate Risk Register Update**

**Purpose** To present the Council's Corporate Risk Register for the end of Quarter 3 (1<sup>st</sup> October 2023 to 31<sup>st</sup> December 2023).

**Author** Head of People, Policy and Transformation

**Ward** All

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

At the end of Quarter 3, there were 15 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.

Overall, there are 8 Severe risks (risk scores 15 to 25); 7 Major risks (risk scores 7 to 14); that are outlined in the report. In comparison to the Quarter 2 corporate risk register, one risk score decreased (Failure to achieve completion of the Internal Audit Plan). All remaining risks did not change score.

As set out in the Council's Risk Management Policy, Cabinet reviews the Corporate Risk Register on a quarterly basis ensuring procedures are in place to monitor the management of significant risks.

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

**Action by** Executive Board and Heads of Service

**Timetable** Immediate

This report was prepared after consultation with:

- Executive Board
- 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. As a public body, the Council is also responsible for delivering services (statutory and non-statutory) to residents, businesses, and visitors across Newport. We will inherently encounter opportunities and risks that may prevent, disrupt, impact or enhance the delivery of the Council services and achieve the objectives in the Corporate Plan. How the Council responds and manages these opportunities and risks is important to ensure resources are being used efficiently and effectively to maximise value for money and to minimise and/or prevent the risk impacting services, communities, and citizens in Newport.

Newport City Council will be implementing its new Risk Management Policy following Cabinet's approval in March 2024. The Council's Risk Management Policy provides an overview of the Council's approach and its appetite for managing opportunities and risk. To provide assurance on the Council's Risk Management approach, the Corporate Risk Register provides assurance on the most significant risks that the Council was managing in the last quarter.

Officers across the Council regularly manage risk in the course of their duties whether this is health and safety risks, civil contingencies, safeguarding risks to children, young people, adults and carers or risks to assets, buildings, and Council employees. The relevant service area(s) and professional disciplines will be assessing and managing these risks as required and reporting these through their own reporting mechanisms.

### Newport City Council – Quarter 3 Service Area Risk Summary

Appendix 2 of the report provides an overview of the Council's overall risks reported at the end of Quarter 2. This includes corporate and service area risks across the Council's service areas. In summary, the Council had 43 risks of which:

Total Risks at Q2	Risk Scores Increased since Q2	Risk Scores Decreased since Q2	No Change since Q2	New Risks Since Q2	Closed Risks Since Q2	Escalated Risks <sup>-1</sup>	De-escalated Risks <sup>-2</sup>
43	2	2	39	0	0	0	0

### Newport City Council Quarter 3 Corporate Risk Register Summary

At the end of Quarter 3, the Council's Corporate Risk Register included 15 of the 43 risks that are considered to pose the most risk to the delivery of Council services and achievement of its strategic priorities. The 15 Corporate Risks consisted of:

- 8 Severe risks (15 to 25)
- 7 Major Risks (7 to 14)

In comparison to the Quarter 2 corporate risk register, one risk (Failure to achieve completion of the Internal Audit plan) decreased from 16 to 9. All other risk scores remained the same as quarter 2. Summary of the risk is provided below.

Risk	Risk Summary	Q1 Risk Score	Q2 Risk Score	Summary
<p><b>Failure to achieve completion of the annual Internal Audit Plan</b></p> <p><i>Leader of Newport City Council</i></p> <p><i>Transformation &amp; Corporate / Finance</i></p>	<p>The Internal Audit (IA) Plan comprises of opinion and non-opinion related audit jobs and is based on a number of audit days available to undertake the work. If not enough opinion related jobs are completed to draft report stage by the end of the financial year this could impact on the Chief</p>	<b>16</b>	<b>9</b>	<p>At the of quarter 3, there has been good progress made by the Internal Audit team in the delivery of the Audit Plan for 23/24. Since the previous quarter, the Council has recruited 2 auditors and have agreed for South West Audit Partnership (SWAP) to undertake further work.</p>

Risk	Risk Summary	Q1 Risk Score	Q2 Risk Score	Summary
	Internal Auditor's ability to provide an overall opinion on the adequacy of the internal control environment, governance arrangements and risk management processes operated within the Council.			

**Appendix 1** - Quarter 3 Corporate Risk Heat Map and Risk Profile

**Appendix 2** – Quarter 3 Newport City Council's Service Area Risk Summary.

**Appendix 3** – Newport City Council's Quarter 3 Corporate Risk Register (Attached separately).

**Glossary** – Risk Management terminology and Risk Score Assessment

## Risks

Risk Title / Description	Risk Impact score of Risk if it occurs* (H/M/L)	Risk Probability of risk occurring (H/M/L)	Risk Mitigation Action(s) What is the Council doing or what has it done to avoid the risk or reduce its effect?	Risk Owner Officer(s) 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 2022-27

Service Plans 2022-24

## 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 itself. 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.

There are a number of risks with either a direct or indirect financial impact. For example, the risk around balancing the medium-term financial position is currently rated as severe, due to the high inflationary environment and increasing demand for services. Whilst balanced budgets for 2023/24 and 2024/25 were achieved, the challenge of achieving that over the medium term remains, with further difficult decisions being required to do that. It is noted that the risk surrounding the Internal Audit service has

been downgraded. Whilst it is clearly positive that good progress has been made in the delivery of the audit plan, close monitoring will be required to ensure that this position is maintained.

As well as risks specific to the Finance service, the report highlights high levels of risk in a number of areas, such as Children's Services, homelessness, the property estate and the highways network. These areas all result in financial pressures, either due to increasing demand for services or the challenges in maintaining assets to an appropriate level. As a result of their high significance, these particular pressures are specifically referenced within the Council's budget for 2024/25, with investment being made in all of these areas in response to those pressures.

### **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. Governance and Audit Committee are responsible for reviewing and assessing the Council's risk management, internal control and corporate governance arrangements. However, the identification of corporate risks within the risk register and monitoring the effectiveness of the mitigation measures are matters for Cabinet. As the report notes above, the majority of the risk scores remained the same in quarter 3, with only one change to the risk score relating to achievement of the internal audit plan, for which the score decreased.

### **Comments of Head of People, Policy and Transformation**

Effective monitoring and reporting of the Council's Corporate Risk Register is essential in minimising and preventing the likelihood and impact of risks against our objectives. The Council's risk management is a key area in the implementation of the Well-being of Future Generations Act (Wales) 2015.

The recent Internal Audit review of the Council's risk management arrangements confirmed that the Council has 'Substantial' (highest assurance rating) and effective processes in place to manage, identify and monitor its risks. The new Risk Management Policy (presented to Cabinet in March 2024) will set the necessary appetite and arrangements to deliver the Council's strategic priorities.

### **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.

### **Governance and Audit Committee (GAC)**

No recommendations or comments were made for the Council's Cabinet to consider following the quarter 2 update in November 2023. The Council's Governance and Audit Committee will receive the quarter 3 update in March 2024.

### **Fairness and Equality Impact Assessment:**

For this report, a full Fairness and Equality Impact Assessment has not been undertaken. This is because this report is not seeking any strategic decisions or policy changes, with its purpose being to update Cabinet on the current risk register.

### **Wellbeing of Future Generation (Wales) Act**

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 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.

## **Consultation**

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

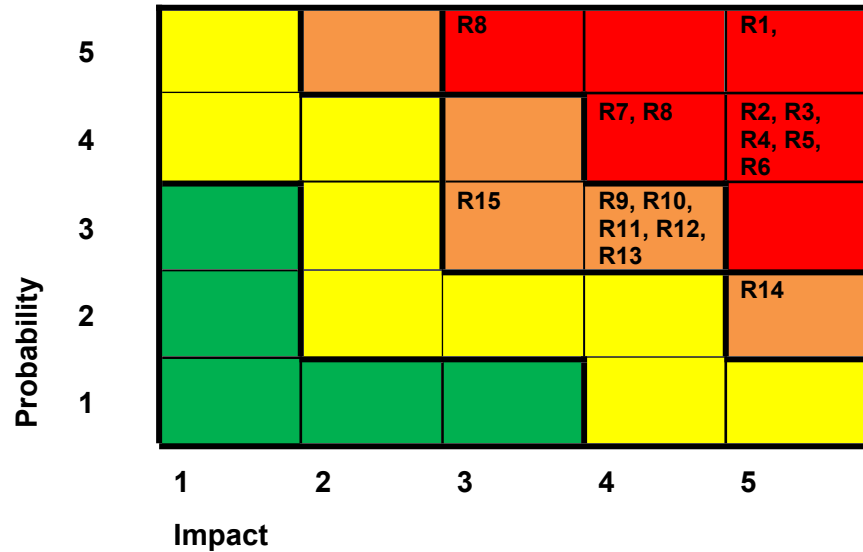
## **Background Papers**

[Quarter 2 Corporate Risk Report \(December 2023\)](#)

Risk Management Policy 2020-22

Dated: 2<sup>nd</sup> February 2024

**Appendix 1 – Quarter 3 2023/24 Risk Heat Map**



<b>Corporate Risk Heat Map Key (Quarter 3 2023/24)</b>	
<b>R1</b> - Pressure on the delivery of Children Services	<b>R9</b> - Cyber Security
<b>R2</b> - Pressure on Adult & Community Services	<b>R10</b> - Schools Finance / Cost Pressures
<b>R3</b> - Balancing the Council's Medium-Term budget	<b>R11</b> - Demand for ALN and SEN support
<b>R4</b> - Highways Network	<b>R12</b> - Educational Out of County Placements
<b>R5</b> - Pressure on Housing and Homelessness Service	<b>R13</b> - Welsh Government's Net Carbon Zero Target by 2030
<b>R6</b> - Newport Council's Property Estate	<b>R14</b> - City Centre Security and Safety
<b>R7</b> - Stability of Social Services Providers	<b>R15</b> - Failure to achieve completion of the annual Internal Audit Plan
<b>R8</b> - Eliminate Profit from Social Care	

**Risk Score Profile between Quarter 4 2022/23 and Quarter 3 2023/24**

Risk Reference	Risk	Lead Cabinet Member(s)	Lead Directorate / Service Area	Risk Score Q4 2022/23	Risk Score Q1 2023/24	Risk Score Q2 2023/24	(Current) Risk Score Q3 2023/24	Target Risk Score
R1	Pressure on the delivery of Children Services	Cabinet Members for Social Services	Social Services / Children Services	25	25	25	25	12
R2	Pressure on Adult & Community Services	Cabinet Members for Social Services	Social Services / Adult Services	20	20	20	20	12
R3	Balancing the Council's Medium-Term budget	Leader of the Council / Cabinet	Transformation & Corporate / Finance	20	20	20	20	10
R4	Highways Network / Infrastructure	Cabinet Member for Infrastructure & Assets	Environment & Sustainability / Infrastructure	20	20	20	20	15
R5	Pressure on Housing and Homelessness Service	Cabinet Member for Strategic Planning, Regulation & Housing	Environment & Sustainability / Housing & Communities	20	20	20	20	12
R6	Newport Council's Property Estate	Cabinet Member for Infrastructure & Assets	Transformation & Corporate / People, Policy & Transformation	16	16	20	20	12
R7	Stability of Social Services Providers	Cabinet Members for Social Services	Social Services / Adult Services	20	20	16	16	12
R8	Eliminate Profit from Social Care	Cabinet Members for Social Services	Social Services / Children Services	15	15	15	15	4
R9	Information and Cyber Security	Cabinet Member for Organisational Transformation	Transformation & Corporate / People, Policy & Transformation	12	12	12	12	8
R10	Schools Finance / Cost Pressures	Deputy Leader & Cabinet Member for Education & Early Years	Chief Executive / Education Services	12	12	12	12	12

Risk Reference	Risk	Lead Cabinet Member(s)	Lead Directorate / Service Area	Risk Score Q4 2022/23	Risk Score Q1 2023/24	Risk Score Q2 2023/24	(Current) Risk Score Q3 2023/24	Target Risk Score
R11	<b>Demand for ALN and SEN support</b>	Deputy Leader & Cabinet Member for Education & Early Years	Chief Executive / Education Services	12	12	12	12	6
R12	<b>Educational Out of County Placements</b>	Deputy Leader & Cabinet Member for Education & Early Years	Chief Executive / Education Services	12	12	12	12	4
R13	<b>Welsh Government's Net Carbon Zero Target by 2030</b>	Cabinet Member for Climate Change & Biodiversity	Environment & Sustainability / Environment & Public Protection	12	12	12	12	2
R14	<b>City Centre Security and Safety</b>	Cabinet Member for Infrastructure & Assets	Environment & Sustainability / Infrastructure	10	10	10	10	9
R15	<b>Failure to achieve completion of the annual Internal Audit Plan</b>	Leader of the Council	Transformation & Corporate / Finance	12	16	16	9	6



## Appendix 2 – Quarter 3 23/24 NCC Service Area Risk Summary

Directorate	Service Area	Total Q3 Risks	Risk Scores Increased since Q2	Risk Scores Decreased since Q2	No Change since Q2	New Risks Since Q2	Closed Risks Since Q2	Escalated Risks* <sub>1</sub>	De-escalated Risks* <sub>2</sub>
Chief Executive	Education	5	0	0	5	0	0	0	0
	Regeneration & Economic Development	4	1	0	3	0	0	0	0
Environment & Sustainability	Environment & Public Protection	4	0	0	4	0	0	0	0
	Housing & Communities	3	0	0	3	0	0	0	0
	Infrastructure	5	0	0	5	0	0	0	0
Social Services	Adult Services	4	0	0	4	0	0	0	0
	Children Services	3	0	0	3	0	0	0	0
	Prevention & Inclusion	1	1	0	0	0	0	0	0
Transformation & Corporate	Finance	6	0	1	0	0	0	0	0
	Law & Standards	2	0	0	2	0	0	0	0
	People, Policy & Transformation	6	0	1	5	0	0	0	0
<b>Total</b>		<b>43</b>	<b>2</b>	<b>2</b>	<b>39</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\*1 – Escalated Risks – Risks that have been escalated from Service area risk registers to Corporate Risk Register

\*2 – De-escalated Risks – Risks that have been de-escalated from Corporate Risk Register to service area risk register

## **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	<b>Severe</b>	Failure of a key strategic objective	Serious organisational / service failure that has direct impact on stakeholders including vulnerable groups.  Service disruption over 5+ days.	<b><u>Corporate / Project</u></b>  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	<b>Major</b>	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.	<b><u>Corporate / Project</u></b>  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

Score	Description	Impact Measures						
		Strategic / Policy	Operational / Business Continuity	Financial	Governance / Legal / Regulatory	Health & Safety	Reputational	Project Delivery / Savings / Benefits
3	<b>Moderate</b>	Noticeable constraint on achievement of a key strategic objective / Service Plan objective.	Loss and/or intermittent disruption of a service between 2-3 days.	<u><b>Corporate / Project</b></u>  Unplanned and/or additional expenditure disturbance.  Capital = £0.25M - £0.5M Revenue = £0.25M to £0.5M Revenue = £0.25M to £0.5M	Significant legislative breach resulting in investigation. (Linked to Financial / Reputational Impacts)	Major reversible injury to staff, student or member of public. Not life threatening.  (Linked to Financial / Reputational Impacts)	Adverse local publicity / local public opinion including social media. Statutory prosecution of a non-serious nature.	Project status is 1 to 6 months over from anticipated implementation date.  There is significant reduction on delivery of benefits / savings identified in business case.  This is linked to Financial / Strategic / Reputational impacts.
2	<b>Low</b>	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><b>Corporate / Project</b></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.

Score	Description	Impact Measures						
		Strategic / Policy	Operational / Business Continuity	Financial	Governance / Legal / Regulatory	Health & Safety	Reputational	Project Delivery / Savings / Benefits
1	Very Low	Constraint on achievement of Service / Team Plan objective	Minor disruption of a non-critical service.	<p><b><u>Corporate / Project</u></b></p> <p>Unplanned and/or additional expenditure disturbance.</p> <p>Capital &lt; £100k Revenue &lt;£100k</p>	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.	<p>Project status is 1 week over from anticipated implementation date.</p> <p>There is insignificant / no impact on delivery of benefits / savings identified in business case.</p> <p>This is linked to Financial / Strategic / Reputational impacts.</p>

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