

# Report

## Cabinet

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### Part 1

Date: 6 March 2024

### Subject **Newport City Council Risk Management Policy**

**Purpose** To approve Newport City Council's Risk Management Policy and supporting risk appetite statement which will support the delivery of the Council's Corporate Plan and Council services.

**Author** Chief Executive  
Director of Transformation & Corporate  
Head of People, Policy & Transformation

**Ward** All

**Summary** Newport City Council is responsible for delivering a multitude of different services and activities through its statutory and non-statutory duties. The Council faces many complex, wide ranging opportunities, challenges and risks that could prevent it from delivering these services effectively. The Council's Corporate Plan 2022-27 has set 4 Well-being Objectives and to deliver these the Council and its services will need to take well-managed opportunities and risks when making decisions.

This Risk Management Policy provides an overview of the Council's risk management arrangements and also its risk appetite statement on how the Council will manage the opportunities and risks throughout the delivery of this Corporate Plan. The Risk Management Policy has been developed in consultation with Cabinet, Governance & Audit Committee, the senior officer group and other risk related services such as Health and Safety, Insurance and Civil Contingencies.

To support the implementation and embedding of the policy, the Council will have a Risk Management procedure document with ongoing support and training provided to Elected Members and officers.

**Proposal** Cabinet is asked to approve the Council's Risk Management Policy and risk appetite statement.

**Action by** Corporate Management Team

**Timetable** Immediate

This report was prepared after consultation with:

- Cabinet
- Governance and Audit Committee
- Executive Board
- Corporate Management Team

**Signed**

## Background

Newport City Council is responsible for delivering a multitude of different services both statutory and non-statutory to residents, businesses and other service users. The Council faces many complex, wide ranging opportunities, challenges and threats that could prevent services from being delivered effectively. The Council's [Corporate Plan 2022-27](#) has set four Well-being Objectives that support the Council's mission to deliver an *Ambitious, Fairer and Greener Newport for everyone*. To deliver these objectives and its services, the Council will need to take well managed opportunities and risks in the decisions that are made at all levels of the organisation. The purpose of this Risk Management Policy is to:

- i) Outline the Council's commitment to risk management, providing a framework for continuing to embed risk management across the organisation.
- ii) Set the Council's appetite for managing risk(s), and the risk culture of the organisation to deliver the Council's Corporate Plan, strategic objectives and statutory duties.
- iii) Implement a separate Risk Management Procedure and supporting documents to embed the Council's Risk Management Policy and risk appetite statement.

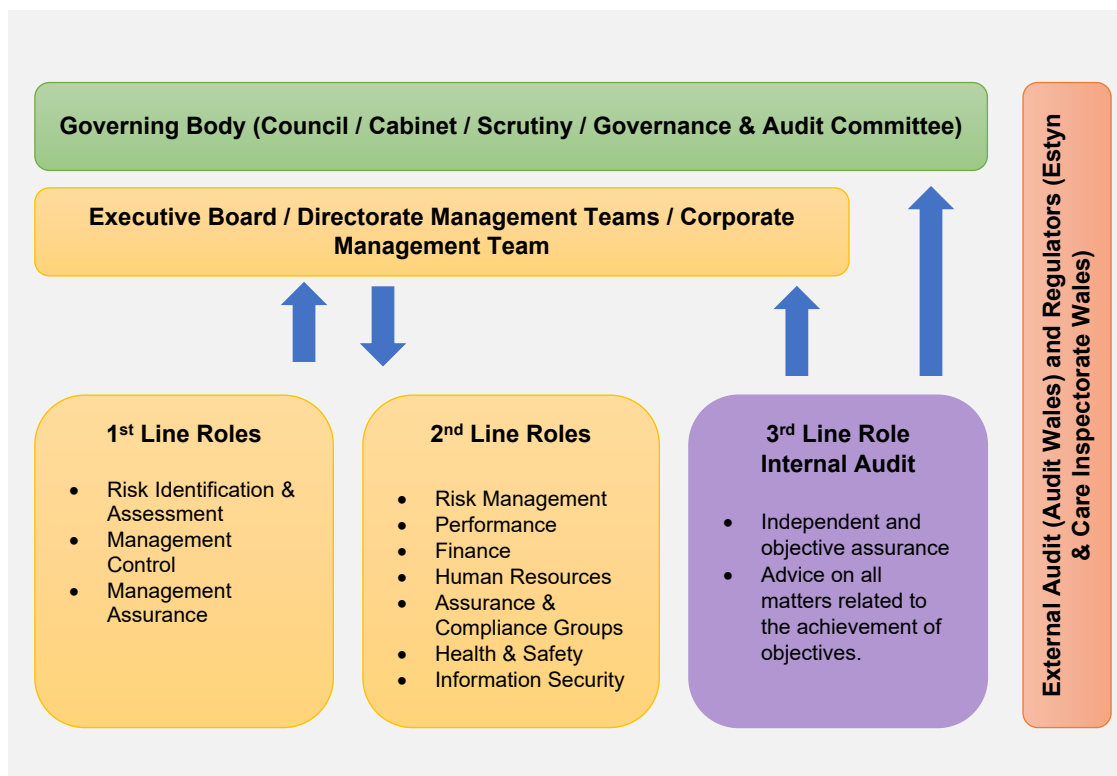
## Risk Management Policy Development

The development of this Risk Management Policy and risk appetite statement has been completed in collaboration with the Council's Cabinet through a joint Cabinet / Corporate Management Team workshop; the Council's senior management team and Council teams involved in operational and strategic risk management activity such as Finance, Health and Safety, Civil Contingencies, Internal Audit, Insurance and project management. The final Risk Management Policy has been updated following internal and Governance and Audit Committee review, incorporating learning lessons from the Council's previous Risk Management Policy and considering best practice. This Policy and risk appetite statement is aligned with best practice from the UK Government 'Orange Book' and the Committee of Sponsoring Organisations of Treadway Commission (COSO) risk management framework.

It is recognised that risk and the Council's risk appetite statement is not a single or fixed concept and that there is a range of appetites for different risks over time. To support this position, the Council has adopted to take '*Well-managed*' opportunities and risks based on informed, evidence-based decisions to ensure long-term sustainability of services, social value and to deliver best value. Ten risk areas have been proposed to support the range of activities the Council undertakes supported by a risk appetite level of **Averse, Minimalist, Cautious, Open and Eager**. Full descriptions of their meaning can be found in the Risk Management Policy. Summary of the risk areas is below:

1. Strategy and Policy risks – Open
2. Governance, Legal and Regulatory risks – Minimalist
3. Business Continuity and Operational risks – Minimalist
4. Reputational risks – Cautious
5. Financial including Commercial and Asset risks – Minimalist (financial controls) and Cautious
6. Technology and Information Security risks – Minimalist (Information Security) and Open (Technology)
7. People and Health & Safety risks – Minimalist
8. Safeguarding risks – Cautious
9. Climate Change and Environmental Protection risks – Cautious
10. Programme / Project delivery risks - Open

The Policy also outlines the governance arrangements and its three lines model to support and embed the Council's Risk Management policy into its operational and strategic activities. The purpose of the three lines model is to support accountability and ownership of risk within Newport City Council. It also outlines the supporting role which corporate activities such as performance and risk, Finance, Health & Safety, information security etc have to make sure risks are managed effectively and efficiently. Finally the role of Internal Audit and External regulators is important to provide assurance to stakeholders on the effectiveness and efficiency of the Council's governance, risk management and internal control arrangements.



## Risk Management Policy and Risk Appetite Monitoring

The Council’s Risk Management Policy and appetite statement will be subject to regular review to ensure that it reflects the Council’s risk position and to reflect any emerging opportunities and risks. The risk management procedure will also be subject to review and updated to reflect any changes to process, governance and/or any internal and external review. The Council’s Annual Governance Statement and Internal Audit team will also undertake regular reviews of the Council’s risk management arrangements to ensure it maintains best practice.

### Next Steps

Following its approval the Policy, the Council’s risk management procedure and supporting documents will be communicated to the Council’s staff and training provided to support officers in embedding the Policy. The new Risk Management Policy will be published on the Council’s website and be available in Welsh and English.

**Appendix 1** – Risk Management Policy (inc risk appetite statement)

**Appendix 2** – [Fairness and Equality Impact 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 have an effective Risk Management Policy to support the delivery of its strategic objectives and statutory duties.	M	L	Draft Risk Management Policy will be approved by the Council’s Cabinet and shared with all key stakeholders. Ongoing training and support will be provided by the Council’s Transformation & Intelligence	Directors, Heads of Service, Service Managers  Transformation & Intelligence team (People, Policy & Transformation).

			team to embed the policy and procedures. Regular monitoring and reporting on the effectiveness of the policy and arrangements through Annual Governance Statement, Internal and External Audit reviews.	
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\* Taking account of proposed mitigation measures

## Links to Council Policies and Priorities

Corporate Plan 2022-27

### Options Available and considered.

1. To approve the Council's Risk Management Policy and risk appetite statement for Newport City Council to adopt and implement.
2. To reject the Council's Risk Management Policy and request further review prior to being presented back to Cabinet for approval.

### Preferred Option and Why

Option 1, for the Council's Cabinet to approve the Risk Management Policy and risk appetite statement and for it to be adopted and implemented by the Council.

### Comments of Chief Financial Officer

As outlined in the report, there are no direct financial implications arising from the implementation of the Risk Management Policy.

However, there are clear links between this policy and the Council's financial planning and management activities, and it is important that there is alignment between the two. For example, the risk appetite towards certain activities needs to take account of the financial context that the Council is working within. In broad terms, this is reflected in the fact that the majority of risk appetites are identified as cautious or minimalist. However, it is important that each risk, including the financial aspects, are individually assessed and that any implications are either mitigated or escalated, as appropriate. Therefore, when services are setting plans and assessing risk as part of that process, the financial aspects need to be considered in parallel.

In addition to service specific risks, the Risk Management Policy also outlines the Council's approach to managing financial risk in overall terms. Following a recent review, a minimalist approach to risk management in a financial context will be taken, as stated in the policy. However, ultimately it will still be necessary for each activity to be individually assessed and the appropriate approach to risk selected, with the overriding aim for any decisions around investment, for example, to be backed by robust evidence, with the appropriate mitigations in place.

### Comments of Monitoring Officer

There are no legal implications arising directly from this report. The Risk Management Policy once adopted will set out guidelines for members and officers to consider when deciding whether to pursue a given course of action. As such, the risks and benefits of a particular course of action would need to be assessed prior to applying the Policy and the adoption of this Policy is not a substitute for such assessment. Whilst there are likely benefits to the Council taking a less risk-averse approach in certain circumstances, it is nonetheless important that potential risks are understood, acknowledged and accepted prior to proceeding.

The Head of Law and Standards will be advised in more detail on the potential legal risks and consequences of specific proposals and should be consulted at an early stage where a higher-risk course of action is being contemplated.

## Comments of Head of People, Policy and Transformation

It has been important throughout the development of the Risk Management policy to consult and seek the views of the Council's Cabinet, senior leadership team and risk experts in the organisation to ensure that the Policy reflects the Council's appetite managing risk and taking opportunities to improve the delivery of services. The implementation of the updated Risk Management policy will support officers and the Council's Cabinet to make effective evidence based decisions. This will also help the Council to deliver on its strategic aims and priorities outlined in the Council's Corporate Plan, other strategic documents and statutory duties. The service area will champion and support service areas to embed the principles of this Policy through its ongoing risk management activity.

## Local issues

None.

## Governance and Audit Committee (GAC)

The Governance and Audit Committee was presented the Risk Management Policy and supporting risk appetite statement at their meeting on 25<sup>th</sup> January 2024. Overall the Committee accepted the new Policy and risk appetite statement and provided constructive feedback on some of the wording included in the Policy. The Governance and Audit Committee also welcomed the inclusion of the Fairness and Equality Impact Assessment to support its development and impact on Council services.

Subject to consideration of the Governance and Audit Committee's feedback, the Governance and Audit Committee accepted the recommendation of the report.

## Fairness and Equality Impact Assessment:

A FEIA has been completed in the development of the Policy (link [here](#)). As it is an internal Policy document it will not have a direct impact on the external stakeholders. Therefore no external consultation was required. The aim of the Policy is to support effective and evidence-based decisions considering the opportunities and risks which could impact on the delivery of services, strategic decision making and compliance with its statutory duties.

A copy of the approved Risk Management Policy will be published on the Council's website in Welsh and English.

## 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** – The implementation of the Policy will support the Council in making effective and evidence-based decisions on the short, medium, and long-term objectives of the Council. The Policy supports the delivery of the Council's medium to long term strategies such as the Corporate Plan 2022-27, Climate Change Plan, Digital Strategy, Finance policies, and other key strategic decisions. The Policy will also support the Council to effectively identify and manage new and emerging opportunities and risks which could impact on the delivery of its statutory services.

**Preventative** – The Risk Management Policy will enable the Council to effectively identify, assess and ensure robust arrangements are in place to mitigate and prevent new, emerging and existing opportunities and risks. The Policy and risk appetite statement will ensure decisions are based upon the best available data and evidence to ensure necessary actions are taken to reduce and prevent incidents. Service areas will continuously monitor and report on the management of risk through its existing governance arrangements.

**Collaborative** – The development of the risk management policy has been developed in collaboration with Cabinet, senior leadership team and risk management experts within the Council. The Council has also considered risk management best practice from the UK Government, Institute of Risk Management, Institute of Internal Auditors and the COSO Treadway Commission.

**Involvement** – As above in the Collaboration section the Council has involved key stakeholders from across Newport City Council to inform and support the development of the Policy. The Council will also involve the Governance and Audit Committee in reviewing and providing feedback on the proposed Policy. The views of the committee, officers and Cabinet will support the development and implementation of the Policy.

**Integration** – The development of the Policy has incorporated the Well-being of Future Generations Act, Local Government and Elections Act as well as risk management best practice. The Policy and supporting appetite statement have been developed in line with the Council's Corporate Plan, strategic priorities, and statutory duties. The Policy and supporting processes are embedded into the Council's performance and risk management arrangements which are subject to regular monitoring and reporting through its governance processes.

### **Consultation**

As this is an internal Policy document, no external consultation is required. The Council's Risk Management Policy has been consulted with the Council's Cabinet, senior leadership team (Directors and Heads of Service), Governance and Audit Committee and other Council services managing risk.

### **Background Papers**

Risk Management Policy 2020-22

Governance and Audit Committee January papers

Dated: 22<sup>nd</sup> February 2024