

# Report

## Audit Committee

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### Part 1

Date: 29 January 2020

Item No: 6b

**Subject** Risk Management Policy

**Purpose** To present the Council's Draft Risk Management Policy for comment by the Council's Audit Committee.

**Author** Head of People and Business Change

**Ward** All

**Summary** The Council has drafted a new Risk Management Policy that will replace the current Risk Management Strategy. The Risk Management Policy forms one part of the Council's Integrated Planning, Performance and Risk Management Framework that enables the Council to deliver its Corporate Plan 2017-22 and future corporate plans. The Policy aligns itself to the Future Generations of Wellbeing Act 2015 and will help support the delivery of the One Newport Wellbeing Plan. The new Policy sets the Risk Appetite statement for the Council that will be adopted for the Council and considered as part of the Council's decision making processes.

To support and embed the new Policy the Council has also drafted Risk Management Procedure as well as undertake continuous training, guidance and support to Councillors and officers. A short presentation will be made to Members of the Audit Committee providing an overview of Risk Management in Newport City Council.

**Proposal** Audit Committee is asked to provide feedback on the new Risk Management Policy and for comments to be considered by Cabinet in the final version of the Risk Management Policy.

**Action by** Heads of Service and Senior Leadership Team

**Timetable** Immediate

This report was prepared after consultation with:

- Cabinet
- Corporate Management Team

**Signed**

## **Background**

Newport City Council (NCC) is responsible for delivering over 800 services both statutory and non-statutory to residents, businesses and other service users. The Council faces many complex, wide ranging challenges and threats that could prevent the delivery of those services. NCC has also set a Corporate Plan 2017-22 with 4 Wellbeing Objectives and 4 Corporate Themes that will enable the Council to deliver its mission of 'Improving People's Lives'. To deliver the Council's Plan and services, the Council will need to take well managed opportunities and risks in its decisions at all levels if the Council.

The Wellbeing of Future Generations Act 2015 also requires public service bodies to consider the long term impacts of decisions made. This requires the Council to deliver sustainable development to improve the social, economic, environmental and cultural wellbeing of Wales and Newport. This also includes the embedding of the 5 ways of working principles (Long-Term, Integration, Involvement, Collaboration, Prevention) into the decisions that are made by the Council.

### **Integrated Planning, Performance and Risk Management Framework (Appendix 1)**

For the Council to achieve its objectives, it is necessary for the Council to have a culture that is able to effectively plan and demonstrate clear outcomes which benefits those which use the Council's services. The Integrated Planning, Performance and Risk Management Framework (Appendix 1) recognises that for the Council to deliver its objectives it must be able to effectively monitor and report its performance, identify the opportunities for the Council to achieve and the threats which could prevent the delivery of its objectives.

To support the Framework the Council has drafted two policies: Planning and Performance Management Policy and Risk Management Policy. The Planning and Performance Management Policy will be presented to the Overview and Scrutiny Management Committee for comments.

### **Risk Management Policy (Appendix 2)**

A short presentation will be delivered to Members in relation to Risk Management and the new Risk Management Policy. Copy of the Risk Management slides will be provided Councillors at the meeting.

The Risk Management Policy outlines how Risk Management will be managed in Newport City Council. The Policy also defines what risk management is and sets the Risk Appetite Statement across 7 areas in the Council following collaboration with the Council's Cabinet, and Corporate Management Team. The Risk Appetite Statement recognises the different tolerances towards the 7 areas and how the Council will manage these as part of the decisions made. The Policy has also set out the governance / roles and responsibilities across the Council in relation to Risk Management. The Risk Management Policy including Risk Appetite will be reviewed annually to ensure it continues to support the Council's strategic plans and performance. To support the Policy, the Council has also drafted the Risk Management Procedure that will enable officers to effectively identify, manage their risks.

### **Next Steps**

The comments and feedback from the Audit Committee will be considered and where necessary incorporated into the final version of the Risk Management Policy. The Risk Management Policy will be presented to Cabinet in March 2020 for endorsement and will be communicated to staff on the Council's Intranet and be made available to the public on the Council's website in both Welsh and English.

People and Business Change will provide ongoing training, support and guidance to staff on the implementation of the Policy and procedure. Quarterly reports will continue to be provided to the Council's Cabinet and Audit Committee.

List of attached documents:

1. Integrated Planning, Performance and Risk Management Framework
2. Risk Management Policy

### **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 adopt the Risk Management Policy to enable effective risk management at all levels of the Council.	M	L	Audit Committee feedback and assessment of Risk Management will be provided to Cabinet every quarter.  Risk Management Policy will be endorsed by the Council's Cabinet and embedded into Council's decision making processes.	Cabinet, Directors, Heads of Service and Performance Team

\* Taking account of proposed mitigation measures

### Links to Council Policies and Priorities

The Risk Management Policy supports the delivery of the Council's Corporate Plan and service plans. The Policy is also supports other key policies such as the Information Risk Management Policy, Corporate Emergency Management Plan, Business Continuity Management Policy and the Corporate Health, Safety and Wellbeing Policy.

### Options Available and considered

1. To review and feedback the contents of the draft Risk Management Policy prior to being endorsed for adoption by Cabinet.
2. To reject the report and request further information and updates to the Risk Management Policy.

### Preferred Option and Why

1. Option 1 is the preferred option with comments / feedback raised by the Audit Committee to be considered and reported to Cabinet and Officers in accordance with the Council's Constitution.

### Comments of Chief Financial Officer

The Risk Management Policy sets out the Council's attitude to risk, governance arrangements and tools for the management of identified risks. This report seeks feedback on the policy and as such will have no budgetary impact.

The Council's arrangement for managing opportunities and risks are key issues affecting financial management and ultimately, financial sustainability. Robust management and governance around this area is required in order for the Council to both meet its priorities whilst managing any financial issues that might come from decisions.

### Comments of Monitoring Officer

There are no specific legal issues arising from the report. The draft Risk Management Policy will form part of the Council's Integrated Planning, Performance and Risk Management Framework, which underpins the delivery of services and the Corporate and Well-Being plan objectives. As part of their statutory role and terms of reference, Audit Committee are responsible for reviewing and monitoring the effectiveness of the Council's risk management, internal control and corporate governance arrangements. Therefore Committee are asked to consider the draft Policy and the Framework documents and provide and comments to Cabinet. The adoption of the final policy and framework and the procedure for management of risk, are executive decisions for the Cabinet.

### Comments of Head of People and Business Change

Risk Management in the Council is a key area to implementing Wellbeing of Future Generations Act (Wales) 2015 and also provides assurance over our governance processes in the Council. As this report

highlights, the draft Risk Management Policy and supporting documents demonstrate the importance of managing opportunities and risks effectively and prevent these risks from occurring in the delivery of the Council's services. The Framework and policies support a cultural step change in the way that the Council delivers its strategic objectives, monitoring of performance and risk management.

### **Comments of Cabinet Member**

The Chair of Cabinet has been consulted and has agreed that this report goes forward to Audit Committee for consideration with Audit Committee comments and recommendations reported back to Cabinet in the next quarters update.

### **Local issues**

None.

### **Scrutiny Committees**

Not Applicable. Audit Committee have a role in reviewing and assessing the risk management arrangements of the Authority.

### **Equalities Impact Assessment**

Not applicable.

### **Children and Families (Wales) Measure**

Not applicable.

### **Wellbeing of Future Generations (Wales) Act 2015**

Risk management is a key area to implementing the Wellbeing of Future Generations Act (Wales) 2015. The council must ensure that it considers risks in the short, medium and longer term and that it manages risks in a manner that protects current service delivery and communities as well as considering the longer term impact. It supports the delivery of the wellbeing objectives that are identified in the council's Corporate Plan by considering the risks to delivering these objectives and by defining and monitoring actions to mitigate those risks.

The Risk Management Policy and its supporting documents ensures that the needs of the present are met without compromising the ability of future generations to meet their own needs by considering the sustainable development principle set out in the Wellbeing of Future Generations (Wales) Act 2015.

### **Crime and Disorder Act 1998**

Not applicable.

### **Consultation**

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

### **Background Papers**

Appendix 1 - Integrated Planning, Performance and Risk Management Framework

Appendix 2 - Risk Management Policy

Dated: January 2020