

Report

Cabinet



Part 1

Date: 14th October 2020

Subject Quarter 1 2020/21 Corporate Risk Register Update

Purpose To present the Council's Corporate Risk Register for the end of quarter 1 (30th June 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.

In quarter 1 the Corporate Risk Register has 19 risks, which are considered to have a significant impact on the achievement of the Council's objectives and warrant monitoring by the Council's Senior Leadership Team and Corporate Management Team. At the end of quarter one, one new risk and 5 escalated risks from service area risk registers have been included on the Corporate Risk Register. Overall, there are 13 Severe risks (risk scores 15 to 25); 4 Major risks (risk scores 7 to 14) and 2 Moderate risks (risk scores 1 to 3) 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. In July 2020 the new Risk Management Policy for 2020-22 was approved by the Leader of the Council.

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 reviewed their risks considering the impact of Covid-19.

Summary of risks in this report

At the end of quarter one (1st April to 30th June 2020) there were 19 corporate risks which consisted of:

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

In comparison to the quarter four (2019/20) risk register (presented to Cabinet In September 2020), there was one new risk and five escalated risks from service area risk registers. Additionally, there were six existing corporate risks that had changed direction and seven risks that had remained the same as quarter four.

In accordance with the Council's Risk Management Policy, risks that are escalated from the Service Area are presented to the Council's Corporate Management Team and Chief Executive to decide whether the risks are included onto the Corporate Risk Register for monitoring or if they are kept within the service area's own risk register and monitored by the service area.

New / Escalated Risks

- **Pressure on Adult & Community Services (Escalated Risk, risk score increase from 16 to 20)** – This was due to the impact that Covid-19 had on the delivery of Adult Social Care services. There is pressure on the finances and long term sustainability of adult care and services having to redesign themselves to accommodate the Covid-19 guidelines. These impact on the perception and delivery of services. Adult services are working with providers to understand the impact of Covid-19 and new guidelines.
- **Ash Die Back Disease (New Risk Score 20)** – The Council's City Services had undertaken a review of Council owned trees to risk assess the number of Ash trees in the city that were at risk or had Ash Die Back. The results of the review identified approximately 8,600 Ash trees that belong to the Council. The risk score reflects the high financial costs and urgency to remove the trees before they fall and cause damage.
- **Pressure on the delivery of Children Services (Escalated Risk, risk score increase from 16 to 20)** – The pressure is derived from Covid-19 in terms of the quantum of work and nature of the work alongside the impact on staff with the societal changes. There is currently no real way to minimise this pressure and attempts to mitigate the risk are reliant on maintaining communication and minimising tasks which are likely to increase during the year.
- **Cyber Security (Escalated Risk, risk score increase from 12 to 16)** – In quarter one public sector bodies were notified of the increased threat level to the UK to gain access to data held by central and local government through hacking, ransomware and phishing attacks. Additionally, with the increased number of people working from home, this vulnerability has increased.

- **Pressure on Homelessness Service (Escalated Risk, risk score increase from 12 to 16)** – The Welsh Government implemented new statutory legislation to support the homeless and rough sleepers into accommodation and provide support. Welsh Government provided phase one funding to the Council and has recently received phase two funding to continue this support.
- **Pressure on Housing Service (Escalated Risk, risk score increase from 12 to 16)** – Due to the implementation of the statutory legislation for homeless, rough sleepers and the most vulnerable this has impacted on the delivery of the housing service. Furthermore, due to the vulnerable economic position and the furlough scheme ending in October, there could be more pressure to provide assistance for residents that may be at threat of redundancy and/or reduction in pay.

Change in direction of risk score (Quarter One)

- **COVID-19 Pandemic Outbreak (Increase from 20 to 25)** – The number of positive cases and deaths resulting from community spread was at its highest in quarter one. During this period the Council was focused on supporting the communities that were impacted by Government restrictions and then implementing the easing of restrictions.
- **Balancing the Council’s Medium Term budget (Increase from 15 to 16)** – In quarter one there remains a significant budget gap over the medium term financial plan with no medium term strategy / actions agreed at this point.
- **City Centre Security and Safety (Reduction from 15 to 10)** – Due to Covid-19 and the social distancing measures in place this has meant the probability score has decreased to two for this quarter.
- **In year financial management (Increase from 3 to 9)** – While the July monitoring position shows a relatively small overspend, this is following the full use of the contingency and with a number assumptions made on the recovery of expenditure and loss of income as a result of the Covid pandemic. Also there is a risk that if the pandemic sees a significant second wave, there may be an adverse effect on the monitoring position without funding from Welsh Government.
- **Climate Change (Reduction from 12 to 9)** – Due to Covid-19 lockdown measures, Council staff have been working remotely which has reduced the environmental impact due to a reduction in commuting, use of fleet vehicles and use of Council buildings.
- **Newport Council’s Property Estate (Reduction from 12 to 8)** – Due to the Council moving to remote working, the Council is now reviewing how it uses the Council buildings and facilities for the future.

Appendix 2 – Quarter 1 of Newport Council’s Corporate Risk Register.

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.

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, including the Audit Committee comments.

Local issues

None.

Scrutiny Committees

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

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.

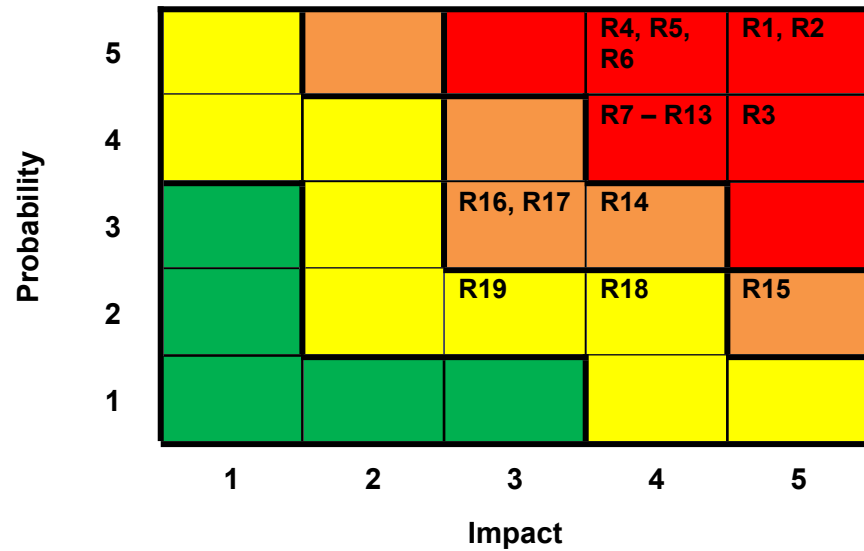
Background Papers

Corporate Risk Register, Cabinet 16th Sep 2020

Risk Management Policy 2020-22

Dated: October 2020

Appendix 1 - Quarter 4 Corporate Risk Heat Map



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

Risk Score Profile between Quarter 2 2019/20 and Quarter 1 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 2 2019/20	Risk Score Quarter 3 2019/20	(Current) Risk Score Quarter 4 2019/20	(Current) Risk Score Quarter 1 2020/21	Target Risk Score
R1	COVID-19 Pandemic Outbreak	Leader of the Council /Cabinet	-	-	20	25	6
R2	Stability of Social Services Providers	Cabinet Member for Social Services	20	20	25	25	6
R3	Highways Network	Deputy Leader and Cabinet Member for City Services and Member Development	20	20	20	20	9
R4	NEW (Escalated) - Pressure on Adult & Community Services	Cabinet Member for Social Services	16	16	16	20	10
R5	NEW – Ash Die Back Disease	Deputy Leader & Cabinet Member for City Services & Member Development	-	-	-	20	6
R6	NEW (Escalated) – Pressure on the delivery of Children Services	Cabinet Member for Social Services	16	16	16	20	6
R7	Educational Out of County Placements	Cabinet Member for Education and Skills	16	16	16	16	8
R8	Demand for ALN and SEN support	Cabinet Member for Education and Skills	20	20	16	16	12
R9	Balancing the Council’s Medium Term budget	Leader of the Council / Cabinet	20	20	15	16	10
R10	Schools Finance / Cost Pressures	Leader of the Council /Cabinet Member for Education and Skills	20	20	16	16	6
R11	NEW (Escalated) – Cyber Security	Cabinet Member for Community & Resources	12	12	12	16	10
R12	NEW (Escalated) – Pressure on Homelessness Service	Leader of the Council	12	12	12	16	6

Risk Reference	Risk	Lead Cabinet Member(s) *	Risk Score Quarter 2 2019/20	Risk Score Quarter 3 2019/20	(Current) Risk Score Quarter 4 2019/20	(Current) Risk Score Quarter 1 2020/21	Target Risk Score
R13	NEW (Escalated) – Pressure on Housing Service	Leader of the Council	12	12	12	16	4
R14	Brexit – Trade Agreement	Leader of the Council / Cabinet	16	12	12	12	10
R15	City Centre Security and Safety	Deputy Leader and Cabinet Member for City Services and Member Development	15	15	15	10	8
R16	In year financial management	Leader of the Council / Cabinet	12	12	3	9	6
R17	Climate Change	Cabinet Member for Sustainable Development	12	12	12	9	10
R18	Newport Council's Property Estate	Cabinet Member for Assets	12	12	12	8	9
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 / Service Plan objective.	Loss and/or intermittent disruption of a service between 2-3 days.	<u>Corporate / Project</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.

Score	Description	Impact Measures						
		Strategic / Policy	Operational / Business Continuity	Financial	Governance / Legal / Regulatory	Health & Safety	Reputational	Project Delivery / Savings / Benefits
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. 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.