

# Report

## Cabinet

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### Part 1

Date: 16 June 2021

**Subject** **Quarter 4 2020/21 Corporate Risk Register Update**

**Purpose** To present the Council's Corporate Risk Register for the end of quarter 4 (1<sup>st</sup> January to 31<sup>st</sup> March 2021).

**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 four, 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 there was one escalated risk from service area risk registers and no risks were closed. Overall, there are 11 Severe risks (risk scores 15 to 25); 6 Major risks (risk scores 7 to 14); 1 Moderate risks (risk scores 4 to 6); and one low risk that are outlined in the report.

As set out in the Council's Risk Management Policy, Cabinet review 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** 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 current 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 NCC risks for Quarter 4 2020/21 (subject to Change)

At the end of quarter four, across the Council's eight service areas there were 46 risks recorded in their risk registers. The table below provides a summary of all risks and changes to risk scores between quarter 3 (Reported to Cabinet in March 2021) and quarter 4.

Service Area	Q4 Risks	Risk Scores Increased since Q3	Risk Scores Decreased since Q3	No Change since Q3	New Risks (Since Q3)	Closed Risks (Since Q3)
Adult & Community Service	3	0	1	2	0	0
Children & Young People Service	3	0	0	3	0	1
City Services	6	1	0	5	0	1
Education	6	4	1	1	0	2
Finance	6	0	2	4	0	1
Law & Regulation	3	0	0	3	0	0
People & Business Change	12	1	5	6	0	0
Regeneration, Investment & Housing	7	0	3	4	0	1
<b>Total</b>	<b>46</b>	<b>5</b>	<b>12</b>	<b>29</b>	<b>0</b>	<b>6</b>

At the end of quarter 4, the Council's Corporate Risk Register included 19 of the 46 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);
- 1 Moderate Risk (4 to 6); and
- 1 Low Risk (1 to 3).

In comparison to the quarter three (2020/21) risk register, there were no new risks identified and no risks were closed. There was one corporate risk closed and no risks de-escalated back into service area registers for monitoring. At the end of quarter 4, there were two risk scores had increased, three had decreased, and 14 risks had remained the same as quarter three.

**Escalated Risk – Implementation of the Additional Learning Needs Act (TBC by Corporate Management Team)**

### Change in direction of risk score (Quarter Four)

<b>Risk</b>	<b>Service Area Cabinet Member</b>	<b>Q3 Risk Score</b>	<b>Q4 Risk Score</b>	<b>Commentary</b>
Brexit	Corporate (People & Business Change lead) Leader of the Council	12	8	Brexit related issues and mitigating actions are reported monthly to Cabinet currently.
Covid 19 Pandemic Outbreak	Corporate (People & Business Change lead) Leader of the Council	25	20	The risk score has decreased to 20 at the end of quarter 4 due to the successful roll out of the vaccination programme and easing of lock down restrictions. Front line Council services continue to operate normally. However, there remains small clusters across the community, which are being managed through the Test Trace and Protect teams. The Council's Covid Recovery Group (Gold) continues to regularly meet and monitor the situation. Monthly Cabinet reports are continue to be presented providing an overview of the Council's Covid response.
Demand for ALN and SEN support	Education Cabinet Member for Education and Skills	16	20	Pupils have returned to School with varying ALN needs due to lack of experiential learning, social experiences and also pupils with complex ALN who were highlighted through the Statutory Assessment processes last year. There is a pressure on Schools to develop inclusive classrooms to support a range of ALN needs. Currently the Inclusion Enrichment Team does not have the capacity to offer preventative, capacity building support to Schools. The expectation of the ALN Code 2021 is that all Schools will provide Additional Learning provision for pupils from September 2021. There is a need to review the ALN funding formula for Schools to ensure they are adequately resourced to provide the ALN support expected and to develop a comprehensive LA preventative team to ensure Schools have specialist advice and support needed and also Schools provisions are effectively monitored.
Educational Out of County Placements	Education Cabinet Member for Education and Skills	9	12	Through the commissioning of local providers such as Newport Live, Catch 22 and Sporting Chance we have been able to access local specialist provisions which has reduced the need for specialist out of County provisions. However our special Schools Maes Ebbw and Ysgol Bryn Derw are full which increases the risk of OOC placements for complex needs pupils in the future. Extension options are being considered to ensure there are more spaces available for pupils with complex needs. Mastodon C has also been commissioned to create data projections for future specialist provision needs.
In Year Financial Management	Finance Services Leader of the Council	6	3	Anticipated outturn suggest significant surplus position at the end of the financial year.

## Appendix 1 - Quarter 4 Corporate Risk Heat Map and Risk Profile

## Appendix 2 – Newport Council’s Corporate Risk Register for Quarter 4.

### 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. 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.

There are no specific HR issues arising from the report.

### **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 2 Corporate Risk Register in January 2021. The Audit Committee welcomed the report and commented on the usefulness of the report and its supporting documents to provide an overview of the Council's risk management activity across the Council.

The Corporate Risk Register for quarter four will be presented to the Council's Audit Committee for information and comment at the next Committee meeting.

### **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**

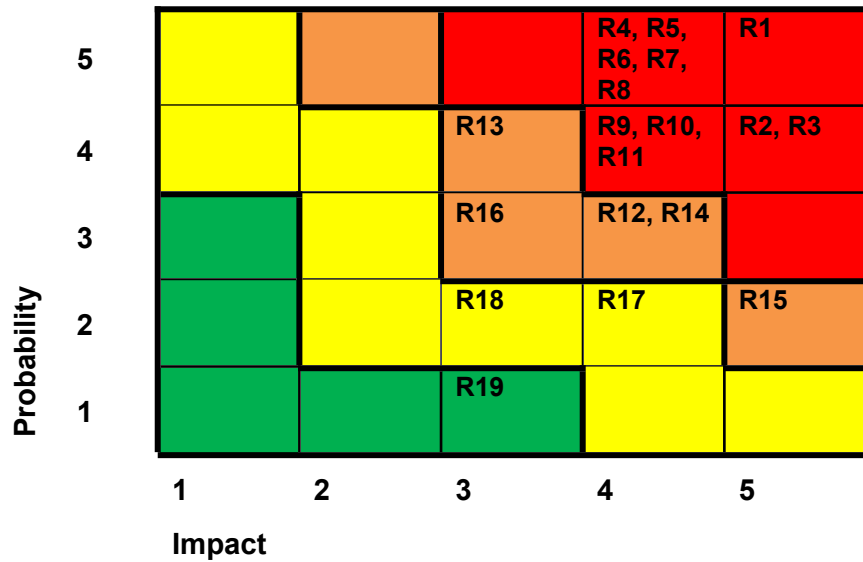
As above, the Risk Register is also considered by Audit Committee.

## **Background Papers**

[Q4 Corporate Risk Register, Cabinet 10th March 2021](#)  
[Risk Management Policy 2020-22](#)

**Dated: 10 June 2021**

**Appendix 1 - Quarter 4 Corporate Risk Heat Map**



<b>Corporate Risk Heat Map Key (Quarter 4 2020/21)</b>	
<b>R1</b> – Stability of Social Services Providers	<b>R11</b> – Pressure on Housing & Homelessness Service
<b>R2</b> – Covid-19 Outbreak	<b>R12</b> – Schools Finance / Cost Pressures
<b>R3</b> – Highways Network	<b>R13</b> – Educational Out of County Placements
<b>R4</b> – Pressure on Adult & Community Services	<b>R14</b> - Newport Council’s Property Estate
<b>R5</b> – Ash Die Back Disease	<b>R15</b> – City Centre Security and Safety
<b>R6</b> – Pressure on the delivery of Children Services	<b>R16</b> – Climate Change
<b>R7</b> – Demand for ALN and SEN support	<b>R17</b> – Brexit & Trade Agreement
<b>R8</b> – Implementation of the Additional Learning Needs Act	<b>R18</b> – Safeguarding
<b>R9</b> – Balancing the Council’s Medium Term Budget	<b>R19</b> - In year financial management
<b>R10</b> - Cyber Security	

### Risk Score Profile between Quarter 1 2020/21 and Quarter 4 2020/21

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

\*\* Subject to CMT Review

Risk Reference	Risk	Lead Cabinet Member(s) *	Risk Score Quarter 1 2019/20	Risk Score Quarter 2 2020/21	Risk Score Quarter 3 2020/21	(Current) Quarter 4 2020/21	Target Risk Score
R1	Stability of Social Services Providers	Cabinet Member for Social Services	25	25	25	25	6
R2	COVID-19 Pandemic Outbreak	Leader of the Council /Cabinet	25	25	25	20	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	20	20	20	20	10
R5	Ash Die Back Disease	Deputy Leader & Cabinet Member for City Services & Member Development	20	20	20	20	6
R6	Pressure on the delivery of Children Services	Cabinet Member for Social Services	20	20	20	20	6
R7	Demand for ALN and SEN support	Cabinet Member for Education and Skills	16	12	16	20	6
R8**	Implementation of the Additional Learning Needs Act	Cabinet Member for Education and Skills	9	9	12	20	8
R9	Balancing the Council's Medium Term budget	Leader of the Council / Cabinet	16	16	16	16	10
R10	Cyber Security	Cabinet Member for Community & Resources	16	16	16	16	10
R11	Pressure on Housing and Homelessness Service	Leader of the Council	16	16	16	16	6



Risk Reference	Risk	Lead Cabinet Member(s) *	Risk Score Quarter 1 2019/20	Risk Score Quarter 2 2020/21	Risk Score Quarter 3 2020/21	(Current) Quarter 4 2020/21	Target Risk Score
R12	<b>Schools Finance / Cost Pressures</b>	Leader of the Council /Cabinet Member for Education and Skills	16	16	12	12	6
R13	<b>Educational Out of County Placements</b>	Cabinet Member for Education and Skills	16	12	9	12	5
R14	<b>Newport Council's Property Estate</b>	Cabinet Member for Assets	8	8	12	12	9
R15	<b>City Centre Security and Safety</b>	Deputy Leader and Cabinet Member for City Services and Member Development	10	10	10	10	8
R16	<b>Climate Change</b>	Cabinet Member for Sustainable Development	9	9	9	9	10
R17	<b>Brexit &amp; Trade Agreement</b>	Leader of the Council / Cabinet	12	16	12	8	10
R18	<b>Safeguarding</b>	Cabinet Member for Social Services	6	6	6	6	4
R19	<b>In year financial management</b>	Leader of the Council / Cabinet	9	6	6	3	6

## 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
3	<b>Moderate</b>	Noticeable constraint on achievement of a key strategic objective /	Loss and/or intermittent disruption of a service between 2-3 days.	<b><u>Corporate / Project</u></b>  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	<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.