

# Report

## Cabinet

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### Part 1

Date: 9 March 2022

**Subject** **Quarter 3 2021/22 Corporate Risk Register Update**

**Purpose** To present the Council's Corporate Risk Register for the end of quarter 3 (1<sup>st</sup> October to 31<sup>st</sup> December 2021).

**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 Corporate Plan or delivering services to its communities and service users in Newport.

At the end of quarter three, there were 18 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 the quarter there were no corporate risks closed or risks escalated to the Corporate Risk Register.

Overall, there are 10 Severe risks (risk scores 15 to 25); 5 Major risks (risk scores 7 to 14); 2 Moderate risks (risk scores 4 to 6); and one low risk (1-3) 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 two 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 3 2021/22

At the end of quarter three, across the Council's eight service areas there were 44 risks recorded in their risk registers. The table below provides a summary of all risks and changes to risk scores between quarter 4 2020/21 and quarter 3 2021/22.

Service Area	Q3 Risks	Risk Scores Increased since Q2	Risk Scores Decreased since Q2	No Change since Q2	New Risks (Since Q2)	Closed Risks (Since Q2)
Adult & Community Service	3	0	0	3	0	0
Children & Young People Service	3	0	0	3	0	0
City Services	6	0	1	5	0	0
Education	7	0	1	6	0	0
Finance	5	0	2	3	0	0
Law & Regulation	2	0	0	2	0	1
People & Business Change	12	0	1	11	0	0
Regeneration, Investment & Housing	6	0	1	5	0	1
<b>Total</b>	<b>44</b>	<b>0</b>	<b>6</b>	<b>38</b>	<b>0</b>	<b>2</b>

At the end of quarter three, the Council's Corporate Risk Register included 18 of the 45 risks that are considered to pose the most risk to the delivery of Council services and achievement of its Corporate Objectives. The 18 Corporate Risks consisted of:

- 10 Severe risks (15 to 25)
- 5 Major Risks (7 to 14)
- 2 Moderate Risk (4 to 6)
- 1 Low Risk (1 to 3).

In comparison to the quarter two Corporate risk register, there were no new and/or escalated risks, and no risks were closed. No risks de-escalated back into service area registers for monitoring. At the end of quarter three, two risks had decreased, and 16 risks had remained the same as quarter two. The table below highlights those risks where there has been a change in direction between quarter three and two.

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

Risk	Service Area Cabinet Member	Q2 Risk Score	Q3 Risk Score	Commentary
<b>Ash Die Back Disease</b>	Deputy Leader & Cabinet Member for City Services & Member Development	20	16	Still an issue with potentially major impacts, however management programme of survey and removal is in place, so risk is reducing each month. Works will continue throughout 2022 and risk re-assessed each quarter.
<b>Balancing the Council's medium term budget</b>	Leader of the Council / Cabinet	16	9	Between Q2 and Q3, the Council has received its provisional 2022/23 funding settlement figure from Welsh Government. In addition, indicative funding allocations for the following two financial years were also received. The 2022/23 settlement figure was more positive than anticipated, meaning that the Council does not have a funding gap to address in 2022/23. As well as this, the indicative figures for 2023/24 and 2024/25, when inserted into the Medium-Term Financial Plan, result in an overall medium term budget position that is broadly balanced. Whilst there is a risk that additional pressures will emerge, which could result in a budget gap, the challenge of balancing the medium-term budget is seemingly more achievable than previously assumed.

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

**Appendix 2** – Newport Council's Corporate Risk Register for Quarter 3.

### 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 2017-22

Service Plans 2021/22

### 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.

It is noted that overall, the corporate risk register remains largely unchanged since the second quarter with no new or escalated risks and none closed or de-escalated back to the service areas, but three have decreased and 15 remained the same. The register will continue to be monitored closely and any increasing risk scores that may lead to financial pressures without mitigation will be reflected in established ongoing revenue and capital monitoring and MTFP arrangements.

It should be noted that the risk score in relation to balancing the Council's medium term budget has been reduced between quarters two and three. The reasons for this are explained in the body of the report, however it should be noted that this is a rolling risk and, therefore, whilst the current medium term outlook is more positive than previously modelled, there remains scope for the position to deteriorate, particularly if unforeseen financial pressures emerge.

## **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. The report confirms that there have been no significant changes in the risk profile during the third quarter of this year, with no additional risks being added to the corporate risk register and no risks being de-escalated back to the service areas. For the most part, the individual risk scores have also remained the same, with only 3 of the 18 risk scores being decreased.

## **Comments of Head of People and Business Change**

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 Council's risk management is a key area in the implementation of the Well-being of Future Generations Act (Wales) 2015.

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 (Governance and Audit Committee)**

The Council's Governance and Audit Committee will receive an update on the Council's Quarter 3 Corporate Risk Register on 31<sup>st</sup> March 2022. Feedback on the report will be provided to the Cabinet in the Quarter 3 update.

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

For this report, a full Fairness and Equality Impact Assessment is not required for this report. 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 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.

## **Consultation**

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

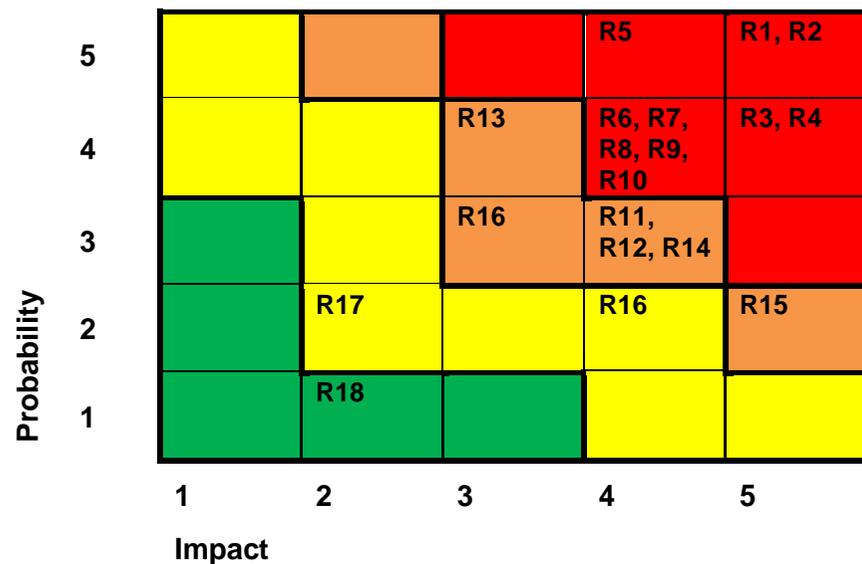
## **Background Papers**

[Q2 Corporate Risk Register, 8<sup>th</sup> September 2021](#)

[Risk Management Policy 2020-22](#)

Dated: 28<sup>th</sup> February 2022

## Appendix 1 – Quarter 3 2021/22 Risk Heat Map



Corporate Risk Heat Map Key (Quarter 3 2021/22)	
R1 - Stability of Social Services Providers	R10 - Newport Council's Property Estate
R2 - Pressure on Adult & Community Services	R11 - Schools Finance / Cost Pressures
R3 - Highways Network	R12 - Educational Out of County Placements
R4 - COVID-19 Pandemic Outbreak	R13 - Climate Change
R5 - Pressure on the delivery of Children Services	R14 - Post EU Transition
R6 - Ash Die Back Disease	R15 - City Centre Security and Safety
R7 - Demand for ALN and SEN support	R16 - Balancing the Council's Medium-Term budget
R8 - Cyber Security	R17 - Safeguarding
R9 - Pressure on Housing and Homelessness Service	R18 - In year financial management

### Risk Score Profile between Quarter 4 2020/21 and Quarter 3 2021/22

\* 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 4 2020/21	Risk Score Quarter 1 2020/21	Risk Score Quarter 2 2020/21	(Current) Quarter 3 2021/22	Target Risk Score
R1	<b>Stability of Social Services Providers</b>	Cabinet Member for Social Services	25	25	25	25	6
R2	<b>Pressure on Adult &amp; Community Services</b>	Cabinet Member for Social Services	20	20	25	25	10
R3	<b>Highways Network</b>	Deputy Leader and Cabinet Member for City Services & Member Development	20	20	20	20	15
R4	<b>COVID-19 Pandemic Outbreak</b>	Leader of the Council /Cabinet	20	15	20	20	6
R5	<b>Pressure on the delivery of Children Services</b>	Cabinet Member for Social Services	20	20	20	20	6
R6	<b>Ash Die Back Disease</b>	Deputy Leader & Cabinet Member for City Services & Member Development	20	20	20	16	6
R7	<b>Demand for ALN and SEN support</b>	Cabinet Member for Education and Skills	12	16	16	16	6
R8	<b>Cyber Security</b>	Cabinet Member for Assets and Community	16	16	16	16	10
R9	<b>Pressure on Housing and Homelessness Service</b>	Leader of the Council	16	16	16	16	6
R10	<b>Newport Council's Property Estate</b>	Cabinet Member for Assets and Community	16	16	16	16	9
R11	<b>Schools Finance / Cost Pressures</b>	Leader of the Council /Cabinet Member for Education and Skills	12	12	12	12	6

Risk Reference	Risk	Lead Cabinet Member(s) *	Risk Score Quarter 4 2020/21	Risk Score Quarter 1 2020/21	Risk Score Quarter 2 2020/21	(Current) Quarter 3 2021/22	Target Risk Score
R12	<b>Educational Out of County Placements</b>	Cabinet Member for Education and Skills	12	12	12	12	5
R13	<b>Climate Change</b>	Cabinet Member for Sustainable Development	9	9	12	12	10
R14	<b>Post EU Transition</b>	Leader of the Council / Cabinet	8	8	12	12	10
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>Balancing the Council's Medium-Term budget</b>	Leader of the Council / Cabinet	16	16	16	9	10
R17	<b>Safeguarding</b>	Cabinet Member for Social Services	6	6	4	4	4
R18	<b>In year financial management</b>	Leader of the Council / Cabinet	3	3	3	2	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

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	Very likely 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	Likely 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	Possible 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	Unlikely 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	Very Unlikely	<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.