



CABINET REPORT

Date Written	30 th April 2021
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Service Area	Corporate Services
Committee Division	Strategic
Exempt/Non Exempt	Non Exempt
Committee Date	19 th May 2021

To: Chair, Ladies and Gentlemen

Annual Risk Management Progress Report and Updated Corporate Risk Register for 2020-21

1.0 SUMMARY OF THE REPORT

- 1.1 The report provides information regarding the Council's Annual Risk Management Progress and the proposed updated Corporate Risk Register for 2020-21. This was presented to the Audit Committee on the 19th April 2021. The Audit Committee noted and debated the report recommending it to Cabinet for approval.
- 1.2 As expected all 9 of the Corporate Risks in the Corporate Risk Register for 2019-20 have remained as Corporate Risks for 2020-21. However, an additional Corporate Risk relating to the Coronavirus Pandemic has been added and approved at Cabinet September 2020.
- 1.3 The report demonstrates how the Council has continued to embed the Risk Management requirements of the Well-being of Future Generations (Wales) Act 2015 in its Corporate Risk Management Framework.
- 1.4 To support the Council in taking well managed risks, the Council has adopted the 4 T's best practice process as part of its Corporate Risk Management Framework. The 4 T's are:
- Tolerate the risk;
 - Treat/Manage the risk;
 - Transfer the risk; and
 - Terminate the risk.

1.5 The Council's Corporate Risk Management arrangements described within the Annual Progress Report have continued to mature and strengthen the Council's Risk Governance arrangements by:

- Supporting the delivery of the Council's Well-being Objectives and wider Council Priorities through the identification, assessment and management of the Council's Corporate Risks.
- Ensuring that Risk Management remains strategically focused at the Council.
- Illustrating a clear high-level commitment to Risk Management from Corporate Management Team and Councillors.
- Adopting the 4 T's best practice process as part of the Council's Corporate Risk Management Framework.
- Embedding Risk Management across the Council.
- Clear accountability and ownership.
- Transparency in the review of risks.
- Continuing to consider the Risk Management requirements of the Well-being of Future Generations (Wales) Act 2015.

1.6 The report is supplemented by: Appendix 1 - Council's Annual Risk Management Progress Report and the Council's proposed Updated Corporate Risk Register for 2020-21.

2.0 RECOMMENDATIONS that

2.1 Progress made in developing Risk Management be noted and the Corporate Risk Register for 2020-21, be approved.

2.2 The continued progress made in considering the Risk Management requirements of the Well-being of Future Generations (Wales) Act 2015 and the Council adopting the 4 T's of Risk Management, be noted.

2.3 The continuation of the Audit Committee to invite Lead Officers and Members to attend the Committee on a rolling programme to report on progress in managing the Council's Corporate Risks, be noted.

2.4 The continuation of highlight reporting on the Corporate Risk Register to Cabinet, be noted.

3.0 INTRODUCTION AND BACKGROUND

3.1 It was agreed at the Council meeting of 7th March 2007 that Elected Members should receive Risk Management Progress Reports via Cabinet and Audit Committee. This process was followed again this year.

3.2 The report provides information regarding the Council's Annual Risk Management Progress and the proposed updated Corporate Risk Register for 2020-21. This was presented to the Audit Committee on the 19th April 2021.

The Audit Committee noted and debated the report and recommended it to Cabinet for approval.

Audit Committee:

- Has agreed to continue to invite Lead Officers and Members to attend the Committee on a rolling programme basis to report on progress in managing Corporate Risks.
- Noted the proposals to continue to present highlight reports on the Corporate Risk Register to Cabinet.

3.3 Ultimate responsibility for Risk Management within the Council rests with all Elected Members of the Council, whilst Cabinet is allocated responsibility for overseeing Risk Management.

3.4 In summary, Elected Members role are to:

- Oversee the effective management of risk by Officers and Cabinet Members of the Council.
- To gain an understanding of Risk Management and its benefits.
- Consider the risks associated with proposals put forward in committee reports when making decisions recommended within the reports.
- Require Officers and Cabinet Members to develop and implement an all-encompassing approach to Risk Management.
- Be responsible for effective governance in the delivery of services to the local community.
- Take a full part in the Corporate Risk Management Process as members of the service management meetings, Scrutiny, Audit Committee, Cabinet meetings and Full Council meetings.

3.5 The role of the Audit Committee in relation to Risk Management is to:

- Provide a high-level focus on assurance and the Council's arrangements for governance, managing risk and maintaining an effective control environment.
- Consider the effectiveness of the Council's Risk Management arrangements.
- Seek assurances that actions are being taken on risk.

4.0 COUNCIL'S ANNUAL RISK MANAGEMENT PROGRESS REPORT

4.1 The Council's Annual Progress Report on implementing Risk Management is attached as Appendix 1. Some of the key points to note include:

- Risk Management is an integral part of the Corporate Services Strategy on a Page. This is particularly true against the following objectives: A supportive and collaborative culture with reduced resistance to change, where calculated risks can be taken to deliver sustainable change and achieve better outcomes; The Council is compliant with all statutory and legislative requirements.
- The Council has a Risk Category Checklist as part of its risk identification process. This aims to ensure that risk identification is undertaken in a structured way to help ensure that all potential categories of risk are considered rather than just the initial risks that come to mind. The Checklist is based on the widely used PESTLE Model (Political, Economic, Social, Technological, Legal and Environmental).
- The Council has continued to embed the Risk Management requirements of the Well-being of Future Generations (Wales) Act 2015 in its Corporate Risk Management Framework through its:
 - PESTLE Model.
 - (5 x 5) Risk Matrix.
 - Risk Registers.
 - Project Management Framework.

This is discussed in more detail in the Annual Report in Appendix 1.

- To support the Council in taking well managed risks the Council has adopted the 4 T's best practice process as part of its Corporate Risk Management Framework, which are:
 - Tolerate the risk;
 - Treat/Manage the risk;
 - Transfer the risk; and
 - Terminate the risk.

This helps the Council to focus its resources on those risks that need to be managed.

- Progress on the management of the Council's Corporate Risks was presented to Audit Committee on 19th December 2019 (and on the 19th April 2021).
- A Highlight Report for the Corporate Risk Register for 2019-20 was considered and approved by Cabinet on 16th September 2020.

- Each Service or Section has a Risk Register associated with their areas of responsibility. These Risk Registers have been reviewed and updated for 2019-20, in line with the Risk Management requirements of the Well-being of Future Generations (Wales) Act 2015.
- As part of the review of the Council's Corporate Risk Register, a Risk identification workshop was held for Cabinet and Corporate Management Team on 1st April 2021. Feedback from the workshop has informed this report.
- Staff and Councillors have undertaken refresher Risk Management training through the Council's e-Learning Module that has been developed in partnership with Bob's Business. Along with Risk Management the Council uses Bob's Business to provide eLearning training to staff and Councillors on information/cyber security and Data Protection. The training is run over the course of a financial year.
- The Risk Management e-Learning Module addresses the importance of Risk Management and illustrates how it supports an organisation in achieving its objectives.
- In line with the requirements of the Well-being of Future Generations (Wales) Act 2015 the Council has developed an Integrated Impact Assessment. The Integrated Impact Assessment aims to support the Council in demonstrating how it is planning, delivering and monitoring services in line with the sustainable development principles and how it is seeking to improve the economic, social, environmental and cultural well-being of Merthyr Tydfil, now and for future generations. This has now been updated to include the requirements of the Socio-economic Duty on the Council. The Integrated Impact Assessment has been rolled out for Council and Cabinet Reports. Implementation of the IIA will ensure that the risk is taken into account appropriately by enabling the identification of opportunities (positive impacts) and/or threats (negative impacts). This includes identifying actions that have been/will be taken to better contribute to positive impacts and/or mitigate any negative impacts.
- The Council has risk logs in place as part of its RTI Plan. Risks and issues are reviewed and monitored regularly as part of the risk governance arrangements of the RTI Plan.
- The Council has a Procurement Toolkit to help service departments and staff when procuring goods and services. Risk Management is an integral part of this Toolkit and will better position Procurement to manage stakeholder expectations and facilitate outcomes that are within the risk tolerance of the Council. There are many benefits to ensuring that Risk Management is embedded into the Procurement process, for example:
 - Smarter procurement decisions – achieving both financial and non-financial benefits.

- Fewer surprises; better identification and achievement of stakeholder expectations through acknowledgement of risks.
- Better procurement outcomes for buyers and suppliers, satisfying the commercial and relationship needs of both parties.
- The Council's Corporate Risk Management arrangements described within the Annual Progress Report have continued to mature and strengthen the Council's Risk Governance arrangements by:
 - Supporting the delivery of the Council's Well-being Objectives and wider Council Priorities through the identification, assessment and management of the Council's Corporate Risks.
 - Ensuring that Risk Management remains strategically focused at the Council.
 - Illustrating a clear high-level commitment to Risk Management from Corporate Management Team and Councillors.
 - Adopting the 4 T's best practice process as part of the Council's Corporate Risk Management Framework.
 - Embedding Risk Management across the Council.
 - Clear accountability and ownership.
 - Transparency in the review of risks.
 - Continuing to consider the Risk Management requirements of the Well-being of Future Generations (Wales) Act 2015, Socio-economic Duty and the Local Government and Elections (Wales) Act 2021
 - Being visible and used by Corporate Management Team to update the Risk position for the Council, for example outcomes from exam results. Corporate Risk and Service Risk will form part of the Corporate Dashboard that is being developed.
 - Using the Corporate Risk Register and process to assess impacts of the Coronavirus Pandemic.

5.0 CORPORATE RISK REGISTER FOR 2020-21

Corporate Management Team and Cabinet Risk Identification Workshops

- 5.1 As part of the Council's Corporate Risk Management Framework Risk Identification Workshops are held for Corporate Management Team and Cabinet to identify the most significant Corporate Risks that could impact on the Council and/or community. It should be noted that the Council's Recovery, Transformation and Improvement Plan acts to mitigate our Corporate Risks.
- 5.2 The objectives of the Corporate Management Team Risk Identification Workshop were as follows:
- To identify and risk score the most significant Corporate Risks that could impact on the Council and/or Community.
 - To agree risk responses for each Corporate Risk using the 4 T's best practice process, which are:
 - Tolerate the risk;

- Treat/Manage the risk;
- Transfer the risk; and
- Terminate the risk.
- To agree the Lead Corporate Management Team Officer and Lead Councillor / Cabinet Member for each Corporate Risk.

5.3 Risk identification workshops were held for Corporate Management Team on 26th October 2020 and Cabinet on 27th October 2020. This was followed up with discussions between CMT and Cabinet. At this time the Council was not clear of when and what type of budget settlement it would receive. As such it was difficult to assess the financial corporate risk. Due to available capacity (following supporting the Councils response to responding to Coronavirus Pandemic) this was picked up in March 2021 with a joint CMT and Cabinet workshop taking place on 1st April 2021.

5.4 The Corporate Risk Register was reviewed in the Risk Workshops by:

- Re-appraising the Corporate Risks in the Council's Corporate Risk Register for 2020-21 to determine if they were still Corporate Risks for 2021-22.
- Agreeing risk responses for each Corporate Risk (4T's).
- Agreeing the Lead Corporate Management Team Officer & Lead Councillor / Cabinet Member for each Corporate Risk.
- Considering if there were any new Corporate Risks facing the Council and/or community. This included the new risk (risk number 10) relating to the Councils response to the Coronavirus Pandemic.

Analysis of Corporate Risk Register for 2020-21

5.5 As expected all ten of the Corporate Risks in the Corporate Risk Register for 2019-20 have remained as Corporate Risks for 2020-21. These are common long term cross cutting risks that will face this and other Councils going forward. It was established that this is also likely to be the case for the most recently added Corporate Risk regarding Coronavirus Pandemic.

5.6 The following new Corporate Risk have been added to the Corporate Risk Register for 2020-21:

Description of Risk	Risk Cause
<p><u>Coronavirus (Covid-19)</u> The risk that the Coronavirus Pandemic will have an adverse effect on health and economic on Merthyr Tydfil. In turn affecting all functions of the Council and the ability to provide public services across the County Borough.</p>	<p>1. Pandemic Virus – Worldwide impact</p>

- 5.7 The risks that were reviewed and identified at the Cabinet risk workshop will continue to be managed and monitored as part of Corporate Risk Register or Operational Risk Registers that are in place across the Council. Any new risks that were identified by Councillors that are not currently recorded will be added to the relevant risk register.
- 5.8 Each Corporate Risk in the Corporate Risk Register has been allocated a Risk Type, Lead Officer and Lead Cabinet Member. The table below provides a summary of the Corporate Risk Register for the 10 Corporate Risks, in terms of risk number, type and description. The Corporate Risk Register for 2020-21 is available in Appendix 1.

Risk No.	Risk Type	Description of Risk
1 (i)	<u>Finance</u>	The Council does not balance the budget in-year.
1 (ii)		The Council is not financially sustainable going forward.
2	<u>Reputation</u>	The risk that the Council fails to maintain and protect its reputation.
3	<u>Cyber Attack</u>	The risk that the Council is exposed to a cyber attack that could cause a catastrophic failure.
4	<u>School Attainment</u>	The risk that all learners do not perform at expected levels.
5	<u>Capacity</u>	The risk that the Council loses staff with the skills and capacity to deliver on key outcomes and targets.
6	<u>Governance</u>	The risk that the Council does not meet statutory requirements, laws and regulations.
7	<u>Brexit</u>	The risk that Brexit will have an adverse economic impact at the national and local level that will in turn have a negative financial, strategic and legislative impact on the Council, and subsequently the delivery of public services.
8	<u>Safeguarding</u>	The risk that the Council does not fulfil its statutory obligations and the Council's safeguarding arrangements fail to safeguard children, adults and Council staff.
9	<u>Performance</u>	The risk that the Council's statutory regulators issue a formal recommendation to the Council for improvement.
10	<u>Covid-19</u>	The coronavirus pandemic will have an adverse health and economic impact on Merthyr Tydfil, in turn affecting all functions of the Council and the ability to provide public services across the Country Borough.

6.0 NEXT STEPS

- 6.1 In order to provide Corporate Management Team, Council, Cabinet and Audit Committee with a level of assurance that the Council's Corporate Risks are being managed the following steps will be undertaken:

- As in previous years, Lead Officers and Cabinet Members will continue to be invited to Audit Committee on a rolling programme basis to report on progress in managing the Corporate Risks they are responsible for monitoring and managing.
- Highlight reports on the Corporate Risk Register will continue to be presented to Cabinet, as well as continuing the current arrangements with Audit Committee.

7.0 FINANCIAL IMPLICATION(S)

7.1 There are no specific financial implications identified in this report although good Risk Management supports sound financial management and helps maximise financial resources and minimise losses. Any financial implications arising from this process will be reported to Cabinet/Council as appropriate, including potential options for funding.

8.0 INTEGRATED IMPACT ASSESSMENT

	Positive Impacts	Negative Impacts	Neutral/Not Applicable	
1. Merthyr Tydfil Well-being Objectives	0 of 4	0 of 4	4 of 4	
2. Sustainable Development Principles - How have you considered the five ways of working? <ul style="list-style-type: none"> • Long term • Prevention • Integration • Collaboration • Involvement 	5 of 5	0 of 5	0 of 5	
3. Protected Characteristics (including Welsh Language)	0 of 10	0 of 10	10 of 10	
4. Socio-economic Disadvantage	0 of 6	0 of 6	6 of 6	
5. Consultation and Engagement	Undertaken	Due to be Undertaken	Not Required	
	1 of 1	0 of 1	0 of 1	
6. Data and Evidence to inform the proposal	Yes		No	
	1 of 1		0 of 1	
7. Biodiversity and the resilience of Ecosystems	Maintained	Enhanced	Reduced	Neutral/Not Applicable
	0 of 1	0 of 1	0 of 1	1 of 1

Summary	
The main positive impacts are:	These are focused around the 5 ways of working. Both the design of the Risk Management arrangements at MTCBC, and Risk Management being a key part of the Council's Corporate Governance, allows MTCBC to efficiently and effectively apply the 5 ways of working.
The main negative impacts are:	None.

**ELLIS COOPER
CHIEF EXECUTIVE**

**COUNCILLOR ANDREW BARRY
CABINET MEMBER FOR
GOVERNANCE & CORPORATE
SERVICES**

BACKGROUND PAPERS		
Title of Document(s)	Document(s) Date	Document Location
Does the report contain any issue that may impact the Council's Constitution?		No

Consultation has been undertaken with the Corporate Management Team in respect of each proposal(s) and recommendation(s) set out in this report.