

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE
Tuesday, 7th February 2023

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Portfolio Holder for Cabinet Member for Finance and Corporate Transformation

REPORT TITLE: Strategic Risk Register Report Quarter 2 2022/2023

REPORT FOR: Decision

1. Purpose

- 1.1 The purpose of this report is to set out the Council's latest position on managing its key risks, contained in the Strategic Risk Register (SRR).

2. Background

- 2.1 Our Strategic Risk Register is key to safeguarding the organisation and building resilience into our services. At a time when the Council has faced and is still facing unprecedented challenges, the effective management of risk is needed more than ever. A risk-managed approach to decision making will help us to achieve the well-being objectives in Stronger, Fairer, Greener: Our Corporate plan, deliver services more efficiently and using innovative and cost-effective means.

3. Advice

- 3.1 To ensure a risk managed approach to decision making and good governance of the Council, it is proposed that Cabinet.
- Review progress to mitigate strategic risks
 - Review new risks add to SRR

Senior Leadership Team review of Strategic Risk Register

- 3.2 Further to the risk session held with Senior Leadership Team (SLT) on the SRR in July 2022, a dedicated SLT session on health & safety and recruitment & retention including demography was held.

Following this workshop, it was decided not to have an overall health and safety risk on the SRR, as it is currently well managed at a service level and does not warrant strategic oversight. However, as per our Risk Management Framework, any service specific H&S risk that's residual score is 15 or above will be flagged up for consideration to be escalated by SLT.

- 3.3 H&S risks in relation to buildings and assets was also discussed and features later in this report, see section 3.10 and 3.11.
- 3.4 The existing strategic recruitment & retention risk was discussed in detail and strategic mitigation reviewed.
- 3.5 The following climate risk has been created and approved for escalation by the Executive Management Team (EMT) with a dedicated SLT session scheduled to take place in December.

EDR0011 Impact of Climate on our ability to deliver services. Residual score 16.

With potential consequences as follows:

- Exceeding acceptable CO2 emissions
- Increasing demand on flood alleviation and response (including increase demand on resources)
- Increased emissions due to depletion of natural carbon stores and sequestration
- Unable to meet demand for housing linked to land suitability
- Unable to meet future public building needs
- Councils' reputation is hurt if by lack of prevention/resilience planning and being perceived to be a contributor
- Deteriorating river and water way quality
- Increased phosphates due to extreme weather events i.e. flooding
- Investing in adapting service delivery
- Risk to Biodiversity - see Nature Emergency risk
- Negative effect on supply of food, goods and vital services due to climate related collapse of supply chains and distribution networks
- Risks to the people and the economy climate related failure of the power system
- increased risks to human health, wellbeing and productivity from increased exposure to heat, in homes and other buildings
- possible multiple risks to the county from climate change impact from overseas.
- Inadequate planning for unforeseen events

Current mitigation:

- Implement Powys' Climate Strategy
- EMT/SLT dedicated session to take place in December to focus on risk and plan strategic mitigation
- Carbon accounts reporting
- Workstream Action Plans developed
- Engagement with stakeholders and experts

- 3.6 The following nature emergency risk has been created and approved for escalation by EMT with a dedicated SLT session scheduled to take place in December.

HTR0018 Impact of nature emergency on our ability to deliver services.
Residual score 16.

With potential consequences as follows:

- Reduced productivity of agriculture, forestry and fisheries impacting the livelihoods of residents and economic stability
- Reduced food availability through declines in pollination, soil health and soil fertility. These will lead to decreased yields, a decrease in food and fodder production, and a decreased availability of wild foods
- Ecosystems are more susceptible to invasion by pests and diseases. This will reduce the resilience of the natural environment and require investment in pest and disease prevention/control/eradication
- Reduced capacity for land to sequester carbon and thus our ability to tackle the climate emergency – see climate risks (interlinked)
- Reduced capacity for land to perform other basic ecological functions such as water storage, water purification, nutrient cycling and air filtration.
- Deteriorating river and water quality
- Reduced health and wellbeing of residents through increase of diseases, reduced protection against pollution, health effects associated with increased malnutrition and increased exposure to agricultural chemicals, a loss of cultural values, reduced access to traditional medicines, reduced options for future drug development, and poorer mental health
- A decline in tourism due to loss of nature and poor condition of the natural environment
- Unable to meet demand for housing linked to land suitability
- Unable to meet future public building need
- Council's reputation is hurt by lack of prevention/resilience planning and being perceived to be a contributor
- Investing in adapting service delivery

Current mitigation:

- Delivering on our Section 6 duties
- Implementing the Nature Recovery Action Plan with partners

Review of progress to mitigate Strategic Risks

- 3.7 As at the end of quarter 2 2022-2023, there are 13 risks on the strategic risk register and all strategic risk owners have provided a short summary of progress since last quarter, to give assurance that mitigating actions are being actioned and monitored.

- 3.8 Please see appendix A for full details of the 13 strategic risks including the mitigating actions identified to control them and progress reviews.
- 3.9 Please see appendix B to view a heat map which presents the results of the quarter 2 risk assessment process visually. It highlights (for the residual risks) the following:

Six out of the thirteen risks have a probability of 'likely' and an impact of 'major'.

Escalation of risks to the Strategic Risk Register

3.10 Education and PPPP services would like to escalate:

LEAINF0001 Insufficient level of revenue maintenance and major improvement capital funding is likely to result in unsafe and unfit assets within the school property. Residual score 16.

With potential consequences as follows:

- Withdrawal of use of the asset by the school leading to disruption to educational continuity with the partial or full closure of the school

Current mitigation:

- Regular review of the prioritisation and ranking of revenue work and capital improvements to maintain operational and safe schools within the available annual approved budgets
- Preparation of a medium term full 5-year business case for additional annual capital improvements and revenue maintenance funding including all the above issues delivered in parallel with the Transforming Education programme and backlog maintenance compliance budget
- Annual review of the business case for major Improvements and revenue maintenance funding

3.11 Education and PPPP services would like to escalate:

SEM0003 School building stock deteriorates due to the insufficient level of revenue and major improvement capital funding required to maintain them so that they are safe and fit for purpose. Residual score 16.

With potential consequences as follows:

- Disruption to the operational continuity of the building which may either result in the partial or full closure of the school building to ensure the health and safety of all occupants

Current mitigation:

- Implement the school's asset management plan within the budget available and escalate to the Transforming Education Programme

Development work

3.12 A paper was recently taken to SLT regarding a possible power outage and consideration is currently being given to create a power outage related risk (lead by Property, Planning and Public Protection), and what controls are needed to reduce the impact on delivering essential services in the event of it becoming reality.

3.13 Also currently under development is a risk regarding the Councils susceptibility to fraud, the consequences and controls needed.

Service risk scored 15 or above for consideration

3.14 As per our Risk Management Framework any risk that is scored 15 or above must be considered for escalation by SLT. The following risks fall into this category, but it is recommended they are not proposed for escalation as they are being successfully managed on a service risk register:

- PPPP0017 If planning income targets are not achieved there will be a more pressure on the budget and increased pressure on service provision.
- HO0030 Phosphate Restrictions - Rivers Wye and Usk Catchment areas affecting new Council Housing developments (*links with strategic risk: Impact of Climate on our ability to deliver services, however HO0030 is regarding the supply of new homes, the sustainability and the balance of the housing market*).
CS0089 If action is not taken, to improve the financial offer to existing permanent qualified social workers in line with the salaries and other payments being paid by surrounding LAs, supportive systems and a working culture of learning provided (to be able to build resilience), then qualified social workers will continue to leave the workforce. This will add pressures to the budget and have a negative impact on the quality and effectiveness of our interventions with children, young people and their families (*links with strategic risk: If there is insufficient capacity to respond to the longer-term demand in children's and adults' services in timely manner*).
- PPP0014 Phosphate / nutrient exceedances exceeding target level in Special Areas of Conservation for example Rivers Usk and Wye and their tributaries (*links with strategic risk: Impact of Climate on our ability to deliver services however*
- PPPP0015 Health and safety risks associated with the failure to complete statutory compliance work within appropriate time frames (*links with proposed risk for strategic risk register: School building stock deteriorates due to the insufficient level of revenue and major improvement capital funding required to maintain them so that they are safe and fit for purpose*)

Risk appetite

3.15 A draft risk appetite has been written and scheduled for Cabinet approval.

Issues

- 3.16 Following on from School Modernisation piloting the issues module on JCAD, SLT have agreed to start recording issues on JCAD. The actions to manage an issue are operational therefore this is only a formal process of recording issues for governance and is not intended to duplicate the current processes of managing an issue e.g. integrated business planning, business as usual, improvement processes.

4. Resource Implications

- 4.1 There are no direct resource implications in relation to this report however all risk owners need to consider the resource implications of managing the risk and decide if the best course of action is to tolerate or treat.
- 4.2 The Strategic Risk Register outlines the key risks to the Council's activities, as well as risk to delivery of objectives contained within the Corporate Improvement Plan. There are no direct financial implications from the report although these may arise as new risks are identified on an on-going basis.

The Head of Finance (Section 151 Officer) notes the comment above, financial implications are identified through the relevant service and are considered through the financial management processes in line with the authorities' financial regulations. All services are considering the financial impact of any risks that are expected to continue into 2023/24 and beyond in their Service Integrated Business Plans.

5. Legal implications

- 5.1 Legal: Being sought
- 5.2 The Head of Legal and Democratic Services (Monitoring Officer) has commented as follows: Being sought

6. Data Protection

- 6.1 N/A

7. Comment from local member(s)

- 7.1 N/A

8. Integrated Impact Assessment

- 8.1 N/A. The Service Risk Register is not setting out any changes or proposals to service delivery.

9. Recommendation

It is recommended that Cabinet notes the current Strategic Risk Register and is satisfied with progress against mitigating actions for quarter 2 and approves escalation of LEAINF0001 and SEM0003 (detailed under point 3.10 and 3.11 respectively) to the Strategic Risk Register.

The recommendation above will ensure:

- **Appropriate understanding and management of strategic risks which could prevent us from achieving our objectives**
- **A risk managed approach to decision making and good governance of the Council**

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