

<b>SUBJECT:</b>	<b>Effectiveness of Strategic Risk Management Framework</b>
<b>MEETING:</b>	<b>Governance and Audit Committee</b>
<b>DATE:</b>	<b>30<sup>th</sup> March 2023</b>
<b>DIVISIONS/WARDS AFFECTED:</b>	<b>All</b>

**1. PURPOSE:**

- 1.1 To provide Governance and Audit Committee with an assessment of the adequacy of the council's risk management framework which is an integral part of the authority's corporate governance arrangements.
- 1.2 To provide members with an overview of the current strategic risks facing the authority.

**2. RECOMMENDATIONS:**

- 2.1 That members use the assessment to seek assurance about the effectiveness of the authority's risk management arrangements.
- 2.2 That the Monmouthshire Programme Board, which sits under the Gwent Public Services Board, is tasked with examining the benefits of, and developing, a community risk register that looks beyond the strategic risks affecting the local authority.

**3. KEY ISSUES:**

- 3.1 Governance and Audit Committee has a specific role in providing independent assurance of the adequacy of the council's risk management framework. The committee also has a role in assessing the authority's corporate governance arrangements, of which risk management is an important part. An integral part of the risk management arrangements is the Whole Authority Strategic Risk Register. The strategic risk assessment ensures that:
  - Strategic risks are identified and monitored by the authority
  - Risk controls are appropriate and proportionate
  - Senior managers and elected members systematically review the strategic risks facing the authority.
- 3.2 The assessment helps ensure strategic risks are identified and assessed robustly, risk controls are put in place that are appropriate and proportionate, and risks are supported by effective activity to ensure, as far as possible, risk reduction/risk management. The report is made up of three parts:
  - Part 1 provides a self-assessment of the effectiveness of the operation of strategic risk management arrangements in line with the council's strategic risk management policy. This also forms part of the assessment of the effectiveness of the 'enabling functions' which includes performance and risk management under the Local Government and Elections (Wales) Act 2022.
  - Part 2 provides an overview of the strategic risk register and key amendments, including the strategic risks, the risk levels pre and post mitigation, the risk owner and any key changes, such as adjustments to risk levels or mitigating action updates.
  - The appendix provides a summary of the council's strategic risk management policy. The full policy and guidance can be viewed on the council's intranet site, also known as The Hub.

- 3.3 This report does not include the full risk register or an update of progress against mitigating actions. Scrutiny of that aspect of the work rests with Performance and Overview Scrutiny Committee. Members of Governance and Audit Committee have access to the papers of other committees should they wish to familiarise themselves with the wider work. All councillors can also access a live version of the risk register on the authority's intranet site.
- 3.4 The council's Strategic Leadership Team have discussed the potential benefit of developing a community risk register. The purpose of this would be to identify events or conditions which are not within the control of the organisation but, if they were to occur, would have a significant negative impact Monmouthshire's economy, population or natural resources. It would draw on research such as the Global Risks Report published by the World Economic Forum to highlight issues which are beyond the control of the organisation and would not normally feature on the strategic risk register.
- 3.5 The Civil Contingencies Act 2004 places a duty on the Gwent Local Resilience Forum to produce a community risk register for the police force area. It is based on the UK Government's national risk register and identifies and plans for a series of malicious and non-malicious events such as transport accidents, terrorism and extreme weather. The register enables partners including the local authority, police and ambulance services to identify ways of reducing the risks where possible and identifying potential responses if these were to occur.
- 3.6 The additional work would look to dovetail with, rather than replicate the work of the Local Resilience Forum and could potentially benefit the strategic planning and resource prioritisation of the organisation. To give an example of how this could add value, The World Economic Forum highlights issues based on a two and ten year time horizon and includes things such as a failure of climate change adaptation; large scale involuntary migration and the erosion of social cohesion. These are issues which would have huge significance for public service partners but would not be covered by the strategic risk register or Local Resilience Forum work.

#### **4. REASONS:**

- 4.1 To provide timely, relevant information on strategic risks as part of the performance management framework for ensuring the authority is well run and able to contribute to achieving the Council's purpose.

#### **5. AUTHORS:**

Richard Jones, Performance Manager  
Hannah Carter, Graduate Performance Analyst

#### **6. CONTACT DETAILS:**

E-mail: [richardjones@monmouthshire.gov.uk](mailto:richardjones@monmouthshire.gov.uk)  
Telephone: 01633 740733

E-mail: [hannahcarter@monmouthshire.gov.uk](mailto:hannahcarter@monmouthshire.gov.uk)

**Part 1- Self-assessment of the effectiveness of the risk management framework**

<b>Strategic Risk Management</b>		
<b>Purpose:</b>	<p>The strategic risk register captures the high and medium level strategic risks that face the council in line with the council’s risk management policy. This ensures that:</p> <ul style="list-style-type: none"> <li>• Strategic risks are identified and monitored by the authority</li> <li>• Risk controls are appropriate and proportionate</li> <li>• Senior managers and elected members systematically review the strategic risks facing the authority</li> </ul> <p>The strategic risk register will summarise:</p> <ul style="list-style-type: none"> <li>• The nature of the risk, the consequences and impact with appropriate evidence</li> <li>• The overall risk levels (high &amp; medium only) for the current year</li> <li>• Estimated risk levels for the following two years</li> <li>• Planned/existing actions in place to mitigate the risks</li> <li>• Relevant timescales for actions and the officers responsible (the risk owner)</li> <li>• Update information – direction of travel in controlling the risk and evidence</li> </ul>	
<b>How well are we doing?</b>	Policy	<p>The Council has a strategic risk management policy and guidance that is available on The Hub for members and officers to view. This defines the risk appetite of the council, and also provides guidance on rating and recording risks. This policy and guidance is used to inform the content and structure of the strategic risk register, which records all strategic risks facing the council, and should also be used by service managers when completing service business plans.</p> <p>The strategic risk register is a live document, available to all members and officers and is updated as necessary. It is located on the council’s Hub, which ensures it is available at any point and can be used by committees at any point in the year to prioritise their work plan, as appropriate. The strategic risk register is informed by a wide range of evidence. The starting point for identifying risks are often service business plans, where heads of service and service managers identify the risks their service faces or will face over the next three years, as per the risk management policy. The strategic risk register is also informed by other evidence including performance data, regulatory reports, scrutiny findings and recent risk information.</p> <p>The register is updated regularly by assessing a wide range of evidence, including service business plans. Proposed updates are collated, and a report is presented to the Strategic Leadership Team (SLT) for discussion and agreement. During these updates, new risks may be added, mitigating actions may be changed or updated, risk levels may change, or risks may be removed. Reviewing and updating the register regularly ensures that the risks listed are the most relevant and that the mitigating actions in place are both appropriate and proportionate.</p>
	Implementation	<p>The risk register ensures high and medium level strategic risks are identified, assessed and mitigation action identified to reduce or mitigate the risks, where possible. Regular updates ensure it remains focussed on the most significant strategic risks facing the council and ensures risks are escalated and deescalated accordingly. The risk register was presented to SLT for discussion</p>

		<p>in March, where risk levels and risks themselves were discussed and adjusted accordingly.</p> <p>In the most recent audit of service business plans, our quality assurance reports identified that the completion of service-based risk registers was often not robust enough or fully completed. This impacts the effectiveness of service risk identification and management, which also subsequently informs the strategic risk register. Feedback and further support are being provided to service business plan managers to strengthen the application of the risk management process. This will ensure that risks that should be captured in the strategic risk register can be easily identified within service plans, along with current mitigating actions, and will strengthen the process of risk escalation.</p> <p>We are a member of the recently formed WLGA Risk Management Network. We are using the network to share knowledge of emerging risks for local authorities in Wales and practice for risk management. This will be used to inform the development of our risk register and risk management process.</p>
	Reporting	<p>The strategic risk register is reported regularly to Governance and Audit Committee enabling the committee to consider the effectiveness of the authority's risk management arrangements, and to scrutinise whether risk is being appropriately managed.</p> <p>The risk register was presented to Governance and Audit Committee in September 2022, where committee challenged risk identification and provided feedback on information required in future reports to enable the committee to fulfil their role effectively. As a result, there was a specific change to the risk register to identify the risk of climate shocks, with the climate change risk, risk 11, being split into two parts, with the second part being the risk of climate shocks. Also, the structure of the report has been amended in consideration of this feedback and a full presentation on the process of risk identification, management, and the role of committees in assessing the risk framework has been developed to be presented to the committee. This is important in ensuring that members are fully aware of their roles and what exactly is expected of them.</p> <p>The risk register is also presented to Performance and Overview Scrutiny Committee, enabling the committee to scrutinise the risks and risk owners to ensure that the correct risks have been identified and that they are being mitigated appropriately. A full presentation on the process of risk identification, management, and the role of committees in assessing the risk framework was provided to the committee to inform their role in the risk management process. The committee challenged risk identification and the impact of risk mitigation, particularly given some post mitigation risk levels were not assessed to change. The report also facilitated members to select particular risks to undergo further scrutiny if they felt necessary.</p>
How do we know this?		<ul style="list-style-type: none"> <li>• Strategic risk register</li> <li>• Service business plans and service business plans quality assurance</li> <li>• Feedback from members at Governance and Audit Committee</li> <li>• Feedback from members at Performance and Overview Scrutiny Committee</li> <li>• Discussions with colleagues at WLGA risk management network</li> </ul>

**Key actions  
moving  
forward**

- Continue to update the risk register regularly to ensure that the appropriate risks are captured and are being proportionately managed
- Work with heads of service and service managers to improve the completion and quality of risk identification and management within service plans
- Update the risk management policy and guidance

**Part 1 - Monmouthshire County Council Whole Authority Strategic Risk Assessment Overview – March 2023**

Ref	Potential Risk	Risk Level – Pre mitigation	Risk Level – Post mitigation	Key changes	Risk owner
<b>Risks to resources</b>					
1	The authority does not have clearly articulated organisational priorities informing a sustainable delivery model	2023/24 – High 2024/25 – Medium 2025/26 – Medium	2023/24 – Medium 2024/25 – Low 2025/26 – Low	<p>A first iteration of the new Community and Corporate Plan was presented to Cabinet and Council in October. The direction of the plan was agreed however the plan in its then format was not agreed by Council. Following feedback and through work with Council members, a new, more detailed plan was taken to Council in January, having been previously agreed by Cabinet. Again, the plan in its current format was not agreed. The plan will be developed using feedback from members and presented to Council again in April.</p> <p>The risk levels for this risk have decreased from high to medium for 24/25 and 25/26 pre-mitigation, and from medium to low for 24/25 and 25/26 post-mitigation.</p>	Paul Matthews
2	Some services may become financially unsustainable in the short to medium term due to increasing demand and continuing financial pressures	2023/24 – High 2024/25 – High 2025/26 – High	2023/24 – High 2024/25 – High 2025/26 – High	<p>The size of the budget challenge for Monmouthshire for 2023/24, prior to any intervention, was over £26m with the cost of delivering existing services increasing by 14%. The Council looked to accommodate these cost pressures primarily through increases in Welsh Government funding and council tax income of £14.3m and savings proposals of £11.4m. This still left a budget shortfall of £230k to be found at that time.</p> <p>Budget proposals were issued for a four-week public consultation and scrutiny period in January before being taken to Council in March. The budget was first not passed by Council, but following feedback and slight adjustment, it was passed on the 9<sup>th</sup> March. Though the budget for 23/24 has been approved, the Council still faces further financial risks that will need to be addressed throughout the year, including the use of reserve and capital receipts.</p> <p>The MTFP has recently been revised and updated in line with the 23/24 budget. It has also been revised to ensure it reflects the current pressure facing local authorities, and to incorporate changes in the Welsh Government funding settlement where Monmouthshire was provided with a funding increase of 9.3%, higher than expected and previously modelled.</p>	Peter Davies
3	The authority is unable to maintain key infrastructure and meet other identified pressures due to insufficient capital funding availability	2023/24 – High 2024/25 – High 2025/26 – High	2023/24 – High 2024/25 – High 2025/26 – High	<p>The total planned use of earmarked reserves in support of the 2023/24 revenue and capital budget is £3.61m. This adds to the currently forecast use of earmarked reserves for 2022/23 of £6.15m, nearly £10m over a two-year period. This means that by the end of 2022/23 the balance of earmarked reserves is likely to be £9.96m. The further call in 2023/24 means that the earmarked reserves will then fall to £6.35m, with the useable balance down to £4.99m. The low level of revenue reserves now requires the reserves policy to adapt such that revenue reserves are very much protected to provide cover for foreseen or unforeseen risks that might result. Improved budget management and discipline going forward will need to ensure that in-year over spends are quickly identified and to the extent they cannot be mitigated for in-year savings to be found.</p>	Peter Davies
4	Increases in the number of people exiting the labour market, a UK skills shortage and wage inflation will impact recruitment, retainment and workforce planning and affect the delivery of Council services	2023/24 – High 2024/25 – High 2025/26 – High	2023/24 – Medium 2024/25 – Medium 2025/26 – Medium	<p>An e-recruitment system has been procured and is being implemented to support the development of recruitment as a genuine talent acquisition process. This will benefit recruiting managers who want speed, simplicity and agility.</p> <p>A report was presented to Cabinet in September 2022 requesting the release of £219,824 from reserves in order to mitigate the workforce impact of the cost-of-living crisis. Proposed actions included increasing mileage paid to workers using their personal vehicles for work-related travel from 45p per mile to 50p; updating the pay system and upskill colleagues to ensure a swifter expense payment; and to increase payments for commissioned care by £1 per hour for a 6-month period. The proposal was approved and implemented at the end of October and will run until the end of March.</p>	Matt Phillips

5	Loss or corruption of data due to cyber-attack or data mismanagement, which will compromise the delivery of essential council services	2023/24 – High 2024/25 – High 2025/26 – High	2023/24 – Medium 2024/25 – Medium 2025/26 – Medium		Sian Hayward
<b>Risks to service delivery</b>					
6	Significant harm to a child or adult may occur due to a specific failure of safeguarding arrangements	2023/24 – Medium 2024/25 – Medium 2025/26 – Medium	2023/24 – Medium 2024/25 – Medium 2025/26 – Medium	The Annual Safeguarding Evaluation Report was presented to Council in October 2022. The report evaluates the progress of Monmouthshire County Council's key safeguarding priorities during 2021/2022, highlighting progress, identifying risks and setting out actions and priorities for 2022 - 2023. This evaluation report forms an integral part of the improvement of safeguarding practice across the Council and drives the work of the Whole Authority Safeguarding Group.	Will Mclean & Jane Rodgers
7	Risk of harm if we are unable to meet the care and support needs of some vulnerable children due to an increase in demand, complexity of cases and insufficiency of registered placements	2023/24 – High 2024/25 – High 2025/25 – High	2023/24 – High 2024/25 – High 2025/25 – High	The Month 9 forecast identified £4.4m of pressures from Children's social care. Children's services is a volatile area with risks associated with insufficiency of children's placements, demand levels, the complexity of demand, inflationary pressures, and staff shortages. There are increasing numbers of high-cost placements, including emergency arrangements for children where there is no regulated placement available.	Jane Rodgers
8	Risk of harm if we are unable to meet the care and support needs of some vulnerable adults due to an increase in demand and complexity of cases	2023/24 – High 2024/25 – High 2025/25 – High	2023/24 – High 2024/25 – High 2025/25 – High	The Month 9 forecast identified £1.49m of pressures in adult social care that recognises the challenges of an ageing population, combined with delayed presentations to health and social care during the pandemic resulting in increased numbers of individuals who have higher dependency needs. The pressure to avoid delayed discharge from hospital is also driving increased demand.	Jane Rodgers
9	Failure to implement the new national curriculum and other reforms alongside strong delivery of teaching and examinations following disruptions during the pandemic meaning that some children, including vulnerable learners, are unable able to achieve their full potential.	2023/24 – Medium 2024/25 – Medium 2025/26 – Medium	2023/24 – Medium 2024/25 – Medium 2025/26 – Medium	The Council and EAS continue to work with schools in ensuring that they are successfully implementing the new curriculum and meeting the needs of students. The authority has commissions from the EAS a county wide review of teaching of learning in all schools. Around 50% has been completed but progress has slowed due to industrial action. EAS and MCC continue to monitor the progress schools are making towards the implementation of the curriculum and identify those who may need additional support.  Two Monmouthshire schools are currently in a statutory category, one requiring Special Measures, and the other Significant Improvement. These schools will now be subject to an extensive monitoring process to ensure that its recovery is robust and sustainable.	Will Mclean
<b>Risks to policy priorities</b>					
10	a) Delays to the adoption of a Replacement Local Development Plan (RLDP) inhibits our ability to take forward key policy objectives such as job creation and affordable housing development b) High phosphate levels in the rivers Usk and Wye limit development opportunities within a significant proportion of the county	2023/24 – High 2024/25 – High 2025/26 – High	2023/24 – High 2024/25 – High 2025/26 – High	Following the endorsement of the progression of the RLDP by Council in September, an amended Preferred Strategy was taken to Council in December. The amended Preferred Strategy provides the strategic direction for the development and use of land in Monmouthshire (excluding the area within the Brecon Beacons National Park) over the Plan period 2018 to 2033 and identifies how much sustainable growth is needed and where this growth will broadly be located. This Strategy was approved by Council and will now be issued for statutory consultation/engagement and stakeholder involvement.  This risk has been divided into parts a and b to ensure the risk of high phosphate levels to development is clearly represented.	Mark Hand
11	a) The council is unable to deliver its commitment to decarbonise its operations in sufficient time to achieve net zero by 2030 due to the scale and complexity of the challenge b) The Council is unable to deliver services as a result of the increasing frequency of climate-related emergencies such as floods or extreme heatwaves that increase the	2023/24 – High 2024/25 – High 2025/26 – High	2023/24 – High 2024/25 – High 2025/26 – High	Following feedback from Governance and Audit Committee, this risk was divided into two parts to ensure that the risk of climate shocks have been fully incorporated and are represented clearly in the register.	Strategic Leadership Team

	demand for emergency responses and can cause damage to infrastructure and the closure of facilities				
12	The rising cost of living could tip some families into crisis requiring public service interventions which diverts resources from other policy priorities	2023/24 – High 2024/25 – High 2025/26 - Medium	2023/24 – High 2024/25 – Medium 2025/26 – Low	<p>The Council is delivering a range of activities to support residents including the Money Matters campaign which signposts to sources of support and further delivery of the campaign to staff in schools and other projects related to the costs of the school day. The Council have recently teamed up with Mind Monmouthshire and Citizens Advice Monmouthshire to set up cost of living support drop-in sessions at schools and leisure centres across the county. These sessions are available to all, including residents and colleagues, and will offer advice on ensuring people are getting all the money and benefits they are entitled to, making money go further and guidance on managing energy bills. There will also be help and advice on getting back into work or more secure employment as well as emotional and wellbeing support.</p> <p>Given that the rate of inflation in the UK has started to fall and is expected to significantly decrease by the end of 2023, the risk levels for this risk have changed from high to medium for 25/26 pre-mitigation, high to medium for 24/25 post-mitigation, and medium to low for 25/26 post-mitigation.</p>	Frances O'Brien
13	Residents are unable to secure or retain suitable accommodation, leading to rising homelessness and outward migration as a result of failures in the housing market	2023/24 – High 2024/25 – High 2025/26 – High	2023/24 – High 2024/25 – High 2025/26 – High	In November 2022, Cabinet agreed a proposal for Monmouthshire to become a County of Sanctuary for those fleeing persecution. We have also welcomed a significant number of Ukrainian's fleeing the war in Eastern Europe. Coupled with a continued shortage of affordable private leased accommodation and growing waiting lists for social housing, the pressures on the housing market remain significant.	Frances O'Brien & Matthew Gatehouse
14	Limited funding for public transport and more stringent tests for new roadbuilding make it harder for people to travel around the county	2023/24 – Medium 2024/25 – Medium 2025/26 – Medium	2023/24 – Medium 2024/25 – Medium 2025/26 – Medium	<p>Monmouthshire is a rural county where isolation can be exacerbated when people have limited access to affordable transport. The county suffers from infrequent bus services. The Bus Emergency Scheme (BES) has kept vital bus services running throughout the pandemic. However, this is due to come to an end which may affect the viability of some services.</p> <p>An effective is also key to reducing the county's carbon emissions, which are relatively high per person, and becoming a greener place to live. This was also at the heart of the Welsh Governments Road review. This looks to deliver long term benefits but also presents some short-term challenges as construction of new roads will need to satisfy more rigorous criteria before getting the go-ahead.</p>	Frances O'Brien, Mark Hand, Deb Hill-Howells



## Appendix: Strategic Risk Management Policy – Summary

This sets out the Council’s policy and approach to strategic risk management. A copy of the full policy and guidance is available to staff and members on the council’s intranet the Hub (Finance & Performance Management section – risk assessment)

Risk Management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of controlling them or responding to them. Strategic risks are those which affect the council as a whole. Typically, these will be key risks which could significantly jeopardise the council’s ability to achieve its objectives, statutory plans and/or provide operational services as planned.

The council is committed to the effective management of risk. As a large public sector organisation, it is exposed to a wide range of risks and threats in delivering key services to communities. Within the council the purpose of risk management is to:

- preserve and protect the council’s assets, reputation and staff
- promote corporate governance and aid good management in controlling and managing risks
- support successful delivery of strategic aims, objectives and outcomes
- improve business performance and better anticipate calculated risks where these are likely in delivering improvements
- avoid unnecessary liabilities, costs and failures

The council seeks to ensure that risk management is effective from strategic to individual services and employees. Therefore, all employees and councillors are responsible for ensuring there are good levels of internal control and risk management throughout the organisation in order that the council’s specified outcomes are achieved.

The council uses a ‘traffic light’ system of Red/Amber/Green associated with High/Medium/Low to categorise risk levels. This is determined using the risk matrix below

		Unlikely	possible	Likely	Almost certain
Impact/Severity	major	Low	Medium	High	High
	substantial	Low	Medium	Medium	High
	moderate	Low	Low	Medium	Medium
	minor	Low	Low	Low	Low
		Likelihood			

<b>High risk</b>	The risk is <b>highly likely</b> to occur and the impact will be major. Management action/control evaluation and improvement is required coupled with continued pro-active monitoring
<b>Medium risk</b>	The risk is <b>unlikely</b> to result in a major issue, however, if it did the impact would be <b>significant or serious</b> . This risk is relatively less significant than a high risk however it needs to be closely monitored within timely management action/controls to ensure it does not escalate.
<b>Low risk</b>	The risk is <b>very unlikely</b> to occur and the impact will be <b>minor or moderate</b> at worst. Risk will be managed by seeking control improvements where practical and / or monitoring and reviewing at regular intervals