

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE
Tuesday, 27th July 2021

REPORT AUTHOR: **County Councillor Aled Davies**
Portfolio Holder for Finance

REPORT TITLE: **Strategic Risk Register Report Quarter 1 2021/2022**

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). It also outlines the arrangements put in place by the Council for managing the key risks relating to the COVID-19 pandemic.

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 Vision 2025, deliver services more efficiently and using innovative and cost-effective means, and help the Council manage its COVID-19 response and recovery.

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 progress to mitigate COVID-19 risks

Review of progress to mitigate Strategic Risks

- 3.2 As at the end of quarter 1 2021-2022, 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.
- 3.3 Please see appendix A for full details of the 13 strategic risks including the mitigating actions identified to control them and progress reviews.

- 3.4 Please see appendix B to view a heat map which presents the results of the quarter 1 risk assessment process visually. It highlights (for the residual risks) that two out of the thirteen risks have a probability of 'almost certain' with one placed within the 'moderate' impact category and other in 'major'.

Also, that two risks have a probability of 'likely' with one placed within the 'major' impact category and other in 'catastrophic'.

Escalation of risks and amendments to the Strategic Risk Register

- 3.5 Housing and Community Services would like to place the following risk on the Strategic Risk Register with an inherent and residual probability of 'likely' and impact of 'major':

HO0031: Increasing costs of building materials to new housing developments.

The potential consequences are as follows:

- Financial unviability of schemes may mean that scheme starts have to be delayed to allow scope for material costs to reduce. If material costs do not reduce, then schemes may have to be rescoped to allow for reduced use of the highest cost/highest demand materials, while still being able to comply with Welsh Government requirements for the award of Social Housing Grant.
- The number of contractors able to tender for development schemes may become limited, depending on contractor confidence in its ability to access supplies at the right time and at competitive prices.
- Increasing tender prices may impact adversely on the financial viability of schemes which if it is not, for whatever reasons possible, to delay schemes that have started may require reallocation of Housing Revenue Account (HRA) resources from other capital investment projects or from the HRA reserve.
- Material shortages may cause delays with schemes once on-site.

Housing Services is reviewing design requirements to consider where there may be scope to reduce the need of high cost/high demand materials and contract arrangements to explore the extent to which contractual terms can mitigate risks to the Council. Regular engagement with contractors allows Housing Services to keep abreast of market imperatives. The market for materials and labour is under constant review to inform any changes that may be necessary to the timing of the development programme.

Housing development is a major part of delivering 'Vision 2025: Our Corporate Improvement Plan'. The risks attached to material supplies are sufficiently challenging to warrant Cabinet having sight of the on-going situation and the measures being taken to manage what is an industry-wide risk.

COVID-19 risk register

- 3.6 In order to effectively identify and manage risks relating specifically to the COVID-19 pandemic, a separate risk register was created to provide clarity and oversight for Gold and Silver Command. These risks are reviewed and monitored regularly and have been separated into response and recovery risks, using a matrix developed specifically for assessing COVID-19 related risks.
- 3.7 The Council has been transitioning from business critical activity to 'business as usual' and the 'new normal'. As a result, services are incorporating ongoing risks into their own service registers and the numbers of risks on COVID-19 risk register have reduced. The Council will continue to monitor the situation carefully and respond accordingly.
- 3.8 Currently there are 22 risks recorded on the COVID-19 risk register, a drop of 4 since last quarter. 1 of the 22 risks is placed within the 'major' impact category with a probability of 'likely' and 1 placed within the 'catastrophic' impact category with a probability of 'possible'. The register is still monitored by Gold and Silver Command on a weekly basis. Please see appendix C for full details of the 22 risks, and progress against the mitigating actions identified to control them.

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.

5. Legal implications

- 5.1 Legal: Been requested
- 5.2 The Head of Legal and Democratic Services (Monitoring Officer) comment 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 and COVID-19 Risk Registers and is satisfied with progress against mitigating actions for quarter 1 and approves the escalation of HO0031 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**
- **The risk related to Powys residents, services and Council staff as a result of a COVID-19 (Coronavirus) epidemic is monitored and reviewed regularly.**

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