

THE VALE OF GLAMORGAN COUNCIL

CABINET: 8<sup>TH</sup> FEBRUARY, 2021

REFERENCE FROM AUDIT COMMITTEE: 14<sup>TH</sup> DECEMBER, 2020

“281 CORPORATE RISK REGISTER QUARTER 2 UPDATE (MD) –

The Head of Policy and Business Transformation presented the report which provided an update on the Quarter 2 position of Corporate Risks for April to September 2020 as contained within the Corporate Risk Register.

There were 16 corporate risks on the Register. The report provided an update on the corporate risks during the quarter 2 period, but it was noted that some risks on the Register were in a constant state of flux. For example, the fast-moving nature of both the COVID-19 and Brexit risks meant that the position regarding these two were constantly evolving. Audit Committee were requested to consider the quarter 2 position of the Risk Register, whilst noting the following developments.

COVID-19 - Since the end of the quarter 2 period (September), a series of new restrictions had been implemented to control the rising rates of coronavirus infections. During October, a two week 'Firebreak' was put in place, that saw a return of lockdown scenarios (similar to that experienced in March) across the whole of Wales. This required all non-essential retail and hospitality to close between Friday 23<sup>rd</sup> October and Monday 9<sup>th</sup> November. The period covered the half term holiday for children in Wales, and although primary schools saw the return of children after the first week, secondary schools were only open for years 7 and 8. A return of pupils across all year groups resumed on the 9<sup>th</sup> November.

During this period, the Council was required to once again adapt to managing the response to the pandemic and associated restrictions. Throughout the two-week Firebreak, the Council continued to ensure a high degree of business continuity in relation to its services, as many services had already adapted in response to the initial lockdown restrictions in March and in the subsequent months with changing regulations. During this Firebreak period, the main disruption in addition to secondary education was in relation to our libraries and civic amenity sites that closed during this period.

To support businesses that had closed during this time, the Welsh Government announced that it would make available almost £300m in financial support to further complement the UK Government's furlough scheme<sup>1</sup>. In relation to Vale of Glamorgan, the Council processed 1,395 non-domestic grant applications and had issued over £4.2million in grant payments to local businesses. The Council had also supported the administration of discretionary payments to those businesses that were not liable for business rates. As at the 20<sup>th</sup> November, a total of £88K of discretionary grants had been processed. Payment of this grant was ongoing with a third round of grants launched on the 23<sup>rd</sup> November. In addition to this, the Council

had also supported the administration of 18 self-isolation grants to the value of £500 to support individuals who were employed/self-employed who were on a low income and accessed specific 'in work' benefits.

The Head of Policy and Business Transformation stated that for the COVID situation, as it currently stood, the number of cases had risen to 344 per 100,000 of the population. Across Wales further restrictions were now in place and there was the potential for a move to Level 4.

For Brexit, over the last 9 months, much of the Council's focus had been on co-ordinating the emergency response to the pandemic to ensure continuity of services whilst safeguarding staff, citizens and communities. Consequently, preparatory work on Brexit had not progressed as planned. However, as the end of the transition period approached, it was felt opportune to take stock of the current Brexit position and the need to review preparatory work.

It was noted that the end of the transition period would bring significant changes to future trading relationships with both European counterparts and the rest of the World and would impact on EU citizen's rights to move to the UK and would see new restrictions on travel. Trade negotiations between the UK and EU had stalled due to a lack of agreement over key issues such as governance and fisheries.

An update on Brexit developments and implications was outlined in a report to Cabinet on the 30<sup>th</sup> November. The report set out the current position on Brexit as at 16<sup>th</sup> November and outlined the potential implications associated with the next phase of the UK's departure from the European Union. The report also considered different trade outcome scenarios, flagged new/emerging risk areas associated with Brexit and proposed preparatory actions (contained in an Action Plan) to address these identified risk areas. Whilst not within the scope of quarter two, this report was referenced for Audit Committee to illustrate the most recent information available.

Councillor M.R. Wilson referred to sustainability and keeping schools open and he stated that he believed lateral flow tests would be rolled out for use in schools and colleges. Councillor Wilson asked for an update and queried whether there would be a programme of testing for Council staff. In response, the Head of Policy and Business Transformation advised that in terms of using lateral flow tests in schools, the Council was still waiting on guidance of how they should be used. Welsh Government correspondence so far had indicated that tests would be part of a mix of measures, but the Council was supportive of safely keeping as many children in school as possible. Regarding the use of lateral flow tests more widely across the Council particularly in Care Homes and other settings, the discussions held as an Incident Management Team (including Public Health Wales, the Local Health Board, Welsh Government, Vale of Glamorgan Council and the City of Cardiff Council) had been that testing was not a passport to normality. So just because a person tested negative that did not make it unnecessary to continue to follow all safety measures such as wearing face coverings and maintaining social distancing. It was agreed that further information on staff testing would be provided.

With regard to some of the other key risks, the Head of Policy and Business Transformation highlighted the following:

- Risk scores for Information Security, Waste Management, Integrated Social Care and Health had reduced.
- Risk scores for Environmental Sustainability, Welfare reform, Reshaping services and the 21<sup>st</sup> Century Schools programme had increased.

Having considered the report, it was

RESOLVED –

(1) T H A T the Quarter 1 position of Corporate Risks for the period April to September 2020 be noted.

(2) T H A T the report be referred to Cabinet for its consideration and endorsement.

Reasons for decisions

(1) To identify the Quarter 2 position of Corporate Risks across the Council and to highlight any emerging issues and actions to be taken as outlined in Annex A.

(2) To ensure Cabinet receive the Quarter 2 position on the Corporate Risk Register and endorses the recommendations contained within the report.”

Attached as Appendix – Report to Audit Committee: 14<sup>th</sup> December, 2020

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| Meeting of:   | <b>Audit Committee</b>  |
| Date of Meeting:  | <b>Monday, 14 December 2020</b>   |
| Relevant Scrutiny Committee:  | Corporate Performance and Resources   |
| Report Title:   | Corporate Risk Register Quarter 2 Update  |
| Purpose of Report:  | To update Audit Committee on the quarter 2 position of Corporate Risks for April 2020 - September 2020 contained within the Corporate Risk Register as outlined in the Corporate Risk Summary Report. |
| Report Owner:   | Rob Thomas, Managing Director   |
| Responsible Officer:  | Tom Bowring, Head of Policy & Business Transformation   |
| Elected Member and Officer Consultation:  | Consultation has been undertaken with designated Corporate Risk Owners and the Strategic Leadership Team.   |
| Policy Framework:   | The proposals are within the Council's Policy Framework.  |
| <p><b>Executive Summary:</b></p> <ul style="list-style-type: none"> <li>• This report provides members with an overview of the Corporate Risk Register for Quarter 2 (April 2020-September 2020). A risk analysis is incorporated within the Corporate Risk Summary Report (Annex A). This enables officers and Members to identify and assess trends and the cross-cutting nature of risk with the ability to drill down to the detail of risks as and when required.</li> </ul> <p>The report recommends that Audit Committee:</p> <ul style="list-style-type: none"> <li>• Note the quarter 2 position of corporate risks for the period April 2020- September 2020 and the emerging issues contained within the report.</li> <li>• Refer any other comments to Cabinet for their consideration and endorsement at the meeting when Cabinet will consider a report on the Corporate Risk Register for Q2.</li> </ul> |   |

## Recommendations

1. Note the Quarter 2 position of corporate risks for the period April 2020-September 2020 as outlined in Annex A.
2. Refer any other comments to Cabinet for their consideration and endorsement at the meeting when Cabinet will consider a report on the Corporate Risk Register for Q2.

## Reasons for Recommendations

1. To identify the quarter 2 position of corporate risks across the Council and highlight any emerging issues and actions to be taken as outlined in Annex A.
2. To ensure Cabinet receives the comments of the Audit Committee when considering the quarter 2 position.

## 1. Background

- 1.1 Corporate Risk is managed via the Corporate Risk Register. To supplement this, a risk analysis in the form of a Corporate Risk Summary Report (Annex A) provides a concise way of identifying the headline issues and risk considerations. In presenting the information in this way, it enables officers and Members to be able to have a good overview of the status of risks across the Register as well as the emerging issues whilst giving them the ability to drill down to the detail if required.

## 2. Key Issues for Consideration

- 2.1 The Corporate Risk Summary Report (Annex A) is split into the following sections:
- 2.2 **Corporate Risk Executive Summary:** This provides an overview of the whole risk report that highlights the key issues to note in relation to the status of risks, direction of travel, forecast direction of travel and progress against the Risk Management Plans.
- 2.3 **Section 1 Risk Descriptions:** This section details each risk listed on the Register along with a brief description of the risk in terms of its scope. More detailed descriptions of the multiple facets of each risk relative to each of the risk categories (of Political & Legislative, Resources, Service Delivery & Well-being and Reputation) are provided in the Register itself. Within Section 1 of the report officers and members can drill down to the detail of individual risks in the Register quickly and easily by using the document link to the relevant Appendices in the report.
- 2.4 **Section 2 Corporate Risk Register Summary:** provides an overview of all the corporate risks in the Register in terms of their inherent score, effectiveness of control score and residual score and provides an outline of the direction of travel for both current and forecast.

- 2.5 Section 3 Overall Risk Heat Map:** uses a risk matrix quadrant to plot the residual risk scores in terms of likelihood and impact for each corporate risk in order to illustrate the distribution of corporate risks on the heat map. This section flags any key trends or issues in relation to the distribution of risk on the matrix.
- 2.6 Section 4 Thematic Heat Map:** uses a similar risk matrix quadrant to plot the residual risk scores for each corporate risk by risk category. This provides a more holistic illustration of the distribution of risk by the different risk categories enabling a better understanding of the inter-relationship between risk themes. This also enables officers and members to view risk in a more cross-cutting/strategic light to identify if there is any need to address facets of risk through council-wide mitigating activity.
- 2.7 Section 5 Risk Management Plan:** Provides an overview of the progress made against the Risk Management Plans for each Corporate Risk. There is a Risk Management Plan aligned to each Corporate Risk that contain a series of actions to help mitigate the risk. By monitoring the status of these Risk Management Plans and in particular the RAG status of the mitigating actions we are able to identify areas where progress against actions are having a positive effect on the risk or in some cases is having little effect. Equally the Risk Management Plan enables officers and members to flag risks where progress against actions has been slow/which may warrant further investigation.
- 2.8 Section 6 Risk Action Exceptions:** This section provides reporting by exception (i.e. mitigating actions aligned to each corporate risk that have been assigned a red status for their progress). This enables officers and members to quickly identify and interrogate actions reporting a red status in relation to each risk. It lists each corporate risk and any corresponding actions that have a red RAG status and provides the corresponding commentary relating to that quarter.
- 2.9 Section 7 Risk Scoring Definitions:** This section explains the risk scoring definitions in terms of what is meant by an inherent, residual and effectiveness of control risk score. It also outlines the risk scoring matrix that is used to score residual risk and a risk scoring mechanism for scoring the effectiveness of our controls.
- 2.10** There are 16 corporate risks on the Register. Whilst this report provides an update on the corporate risks during the quarter 2 period, it is important to note that some risks on the Register are in a constant state of flux. For example, the fast-moving nature of both the COVID-19 and Brexit risks means that the position regarding these two are constantly evolving. Audit Committee are requested to consider the quarter 2 position of the Risk Register, whilst noting the following developments.
- 2.11 COVID-19-** Since the end of the quarter 2 period (September), a series of new restrictions have been implemented to control the rising rates of coronavirus infections. During October, a two week 'Firebreak' was put in place, that saw a return of lockdown scenarios (similar to that experienced in March) across the whole of Wales. This required all non-essential retail and hospitality to close between Friday 23rd October and Monday 9th November. The period covered the half term holiday for children in Wales, and although primary schools saw the

return of children after the first week, secondary schools were only open for years 7 and 8. A return of pupils across all year groups resumed on the 9th November.

- 2.12** During this period, the Council were required to once again adapt to managing the response to the pandemic and associated restrictions. Throughout the two-week Firebreak, the Council continued to ensure a high degree of business continuity in relation to its services, as many services had already adapted in response to the initial lockdown restrictions in March and in the subsequent months with changing regulations. During this Firebreak period, the main disruption in addition to secondary education was in relation to our libraries and civic amenity sites that closed during this period.
- 2.13** To support businesses that had to close during this time, the Welsh Government announced that it would make available almost £300m in financial support to further complement the UK Government's furlough scheme<sup>1</sup>. In relation to Vale of Glamorgan, the Council processed 1,395 non-domestic grant applications and have issued over £4.2million in grant payments to local businesses. The Council have also supported the administration of discretionary payments to those businesses that are not liable for business rates. As at the 20th November, a total of £88K of discretionary grants had been processed. Payment of this grant is ongoing with a third round of grants launched on the 23rd November. In addition to this, the Council have also supported the administration of 18 self-isolation grants to the value of £500 to support individuals who are employed/self-employed who are on a low income and access specific 'in work' benefits.
- 2.14** Initial evidence indicates that the 17 day firebreak period has been successful in reducing the number of coronavirus infections, showing a drop from 274.7 cases per 100,000 (in the week between 26th October to 1st November) to 169 cases per 100,000 people (in the week between November 9th-15th)<sup>2</sup>. Although this drop in infections has been welcome news, Welsh Government Ministers have continued to warn against complacency and in recent days the number of transmissions has once again begun to rise.
- 2.15** Following the end of the Firebreak the Welsh Government introduced a new set of national measures that have replaced the previous regionalised approach. Since then, all devolved nations and the UK Government have agreed a common approach to Christmas, that will see a partial relaxation of the measures to enable three households to come together over a 5-day period. The Welsh Government has also implemented tighter restrictions in the run up to Christmas in response to a recent rise in cases in the under-25s<sup>3</sup>, notably that will see all 'on sales' of alcohol prohibited and hospitality venues required to close at 6pm.
- 2.16** The announcement of three potential vaccines (Pfizer, Oxford and Moderna) subject to regulatory approval has been met positively, but both Ministers and the scientific community have warned a difficult winter still lies ahead. The UK Government are preparing to roll out vaccination of some of the most 'at risk' groups in December following the announcement on 2<sup>nd</sup> December that the

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<sup>1</sup> [Coronavirus fire-break](#), Welsh Government Written Statement Published 19th October 2020.

<sup>2</sup> [Public Health Wales Rapid COVID-19 surveillance Confirmed Case Data by Local Authority area](#), Accessed on 24th November 2020

<sup>3</sup> [Christmas Covid rules 'not an instruction to meet up'](#). BBC News article accessed on 25th November 2020

Pfizer-BioNtech vaccine has been approved by the UK regulator (MHRA)<sup>4</sup>. The mass immunisations of the over 50s and younger people with pre-existing health conditions is anticipated in 2021<sup>4</sup>.

- 2.17 Brexit-** Over the last 9 months, much of the Council's focus has been on co-ordinating the emergency response to the pandemic to ensure continuity of services whilst safeguarding our staff, citizens and communities. Consequently, preparatory work on Brexit was not progressed as planned. However, as the end of the transition period approaches, it is the opportune time to take stock of the current Brexit position and the need to review our preparatory work.
- 2.18** The end of the transition period will bring significant changes to our future trading relationships with both our European counterparts and the rest of the World and will impact on EU citizen's rights to move to the UK and will see new restrictions on travel.
- 2.19** Until recently, trade negotiations between the UK and EU had stalled due to a lack of agreement over key issues such as governance, fisheries and 'level play field arrangements'<sup>5</sup>.
- 2.20** An update on Brexit developments and implications was outlined in a report to Cabinet on the 30th November. The [report](#) set out the current position on Brexit as at 16th November and outlined the potential implications associated with the next phase of the UK's departure from the European Union. The report also considers different trade outcome scenarios, flags new/emerging risk areas associated with Brexit and proposes preparatory actions (contained in an Action Plan) to address these identified risk areas. Whilst not within the scope of quarter two, this report is referenced for Audit Committee to illustrate the most recent information available.
- 2.21** The impact of the COVID and Brexit developments as highlighted above, will be taken into consideration when reviewing the Risk Register for quarter 3. New mitigations identified in the Brexit Impact Assessment Action Plan will be reflected in the Brexit Risk Management Plan for the quarter 3 period.
- 2.22** Attached at **Annex A** is the **Quarter 2 Risk Summary Report**. **Annex B** provides the complete **Corporate Risk Register**.

### **3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?**

- 3.1** Risk Management is an intrinsic part of corporate governance and integrated business planning which underpins the delivery of the Council's Corporate Plan and its Well-being Outcomes. Our Corporate Plan has been structured around

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<sup>4</sup> [COVID Pfizer vaccine judged safe to use in UK from next week in UK](#). BBC News article accessed on 2<sup>nd</sup> December 2020

<sup>5</sup> Refers to a set of common rules and standards by which countries can operate by to prevent businesses in one country undercutting their rivals in another country.

the Well-being of Future Generations (Wales) Act 2015, through the development of four Well-being Outcomes and eight Well-being Objectives. By aligning our Well-being Outcomes in the Corporate Plan with the Well-being Goals of the Act, this will enable us to better evidence our contribution to the Goals.

- 3.2** Corporate Risks are considered in the context of the Well-being of Future Generations in terms of their potential impact on our ability to deliver /meet the Well-being Goals. The multi-faceted nature of risk means they have the potential to impact on how we deliver our priorities within the Corporate Plan and ultimately impact on our ability to meet/deliver on the Well-being Goals. A failure to identify the different facets of risk and mitigating actions using the five ways of working puts us in a more vulnerable position in terms of our ability to manage the risks and could significantly impact on our ability to evidence our contribution to meeting the Well-being Goals into the longer term. For example, the Welfare Reform risk cuts across five of the seven Well-being Goals in relation to a Prosperous Wales, A Resilient Wales, A Healthier Wales, A More Equal Wales and a Wales of Cohesive Communities with multiple aspects of risk associated with Welfare Reform that have the potential to impact on our ability to contribute to these Goals. For instance, the social impact of welfare reform could impact on tenant's health and their ability to heat their homes, live in good quality housing and feed themselves which directly impacts on the Healthier Wales and Cohesive Communities Goals. Equally there is the risk that welfare reform could have a detrimental impact on citizen's finances and their ability to sustain tenancies, access employment opportunities and pay bills. Collectively these could have an impact on our ability contribute to developing a Resilient Wales, Prosperous Wales, a More Equal Wales and Cohesive Wales Goals.
- 3.3** The five ways of working are also a key consideration in relation to our corporate risks as a key part of managing the risk involves developing a Risk Management Plan that identifies the mitigating actions that have a focus on the long term, prevention, integration, collaboration and involvement.

## **4. Resources and Legal Considerations**

### **Financial**

- 4.1** Managing and reducing risks effectively helps to prevent unnecessary expenditure for the Council, reduces the potential for insurance claims and rising premiums.

### **Employment**

- 4.2** There are no direct workforce related implications associated with this report. However, there are risks contained within the Register that if not effectively managed has the potential to impact on our staff establishment. By managing these risks effectively, we are in a stronger position to offer better protection to our staff.

### **Legal (Including Equalities)**

- 4.3** Identifying, managing and reducing any risk effectively mitigates against potential legal challenge.

### **Background Papers**

Brexit- Current Position and Preparedness Update, Cabinet, 30th November 2020