

Monthly Corporate Risk Register Report – 28th March 2019

Risk Id	Risk Title	Category	Responsible Officer	Date Last Updated	Updated By	Overall RAG
CR 80	Financial Control and Sustainable Swansea	Corporate Finance	ben smith	13/02/2019	BEN.SMITH	R
CR 81	City Centre	Corporate Plan Priorities	martin nicholls	26/03/2019	MARTIN.NICHOLLS	A
CR 90 / 102	Decision to leave the European Union (BREXIT)	Corporate Finance	adam hill	28/03/2019	RICHARD.ROWLANDS	R

CR 80: Financial Control and Sustainable Swansea

Risk Description:

If we fail to deliver Sustainable Swansea and maintain sufficient financial control, then we will not be able to respond appropriately to continuing austerity, demographic pressures, increasing demand and changing public expectations.

Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risks CR46 and CR47.

Category:

Corporate Finance

Controls in Place:

- An agreed plan and a process for corporate level monitoring in place.
- An agreed budget.
- Clear governance and reporting in place.
- Prevention Strategy.
- Regular monthly monitoring at P&FMs.
- Reporting, monitoring and review at FSTG.
- Audit Committee providing challenge, oversight and assurance.
- Collaborative officer and Member budget setting process in place.
- MTFP.
- Dedicated Scrutiny Service Improvement and Finance Performance Panel consider and scrutinise the budget on a quarterly basis

All the above refreshed for 2019-20 budget round including launch of Zero Based Budget as next phase of Sustainable Swansea

Actions to be taken:

- The budget position is tracked and reported to CMT, P&FMs and FSTG on a monthly basis to monitor progress and highlight risks to meeting savings early.
- Fewer generic savings.
- Cross-cutting Commissioning Reviews.
- Continue to embed the Sustainable Development Principle into the budget setting process forming part of Budget Week in September 2018.
- Involve the public in co-producing and setting the budget.
- Aspire to collaborate more with other local authorities
- Join-up information so outcomes and delivery are clear to the public
- Review of schools SLAs in response to underlying shortfall on delegated schools budget

BGS Update 26/6 - budget position is being tracked to try and early capture and warn on all delivery risks not just financials - financial pressures remain severe given draw from reserves 17-18 outturn, emerging pressures for 18-19

BGS 24/9 - position remains stable compared to first quarter for 19/20 but has not materially improved. Risks for the future have increased especially around ending of public sector pay cap, partial funding only of teacher pay award, pending substantial increases to teacher employer costs, ongoing social care pressures. LG settlement 9 October - and extent to which there will be recognition and funding - will be key

BGS 14/11 - provisional settlement like for like cash £18k - allocation not adequate to address pressures. Develop ongoing budget proposals in light of this provisional settlement. Await further announcements and final settlement around 20th December.

BGS 13/2/19 - final settlement £1.5m better than provisional - this had been fully factored into Dec Cabinet budget report. Capital settlement for next 3 years £20m better than provisional, saving £1.5m in borrowing costs per annum longer term. Again fully factored into December Cabinet report.

Feb 19 - 3rd quarter budget monitoring indicates no material improvement - S151 action to ensure budget technically balances for 18/19 - downside is increases risks faced in 2019/20 budget round.

Feb 19 - current budget and mtfp reports going through Scrutiny and Cabinet and Council process. Publication for Special Cabinet missed publication deadline for February Audit Committee. Will follow to next Audit Committee (April).

Responsible Officer: ben smith

Current Likelihood: Very High

Current Impact: Very High
Overall RAG Status: Red
Report Date: 28/03/2019 12:33:18

CR 81: City Centre

Risk Description:

If we are unable to attract sufficient external investment and financial support and do not regenerate the city centre, then there will be a detrimental impact on the Swansea economy and reputational damage for the Council.

Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risk CR58.

Category:

Corporate Plan Priorities

Controls in Place:

- City Deal agreement in place
- City Centre Strategic Framework and resources to deliver it.
- Political mandate, leadership and support.
- Development advisory group in place
- Positive coms attracting inward investment opportunities
- Corporate priority.
- Developer confidence reflected in their actions taking forward schemes. The BID and buy-in from city centre businesses.
- Financial control of the revenue budget providing financial headroom for capital schemes
- Financial commitment through the councils capital and revenue programme and EU/WG funding streams

Updated 26th March 2019 MPN

Actions to be taken:

- Cabinet approved funding via FPR 7 for next stage of projects on the 21st June 2018.
- Cabinet approved City Deal joint committee report on the 21st June 2018 with Council on the 26th July. Joint committee and ESB now constituted.
- Full planning permission obtained for phase 1 October 2018.
- Cabinet approved the FPR7 report on the 29th November to continue with detailed design and delegate decision on enabling works to section 151 officer.
- Contract award report for PCSA contractor appointment (stage 1) completed January 2019.

- Regional scrutiny now constituted.
- Amendment made to City Deal business case following meeting with WG/UK government Nov 2018. Final approval of business case sought from Joint committee on the 28th March for formal sign off.
- Phase 2 scheme included in DiT Wales investment portfolio launched in MIPIM in March 2019.
- Approval to proceed to PIN notice to seek joint venture partners for strategic assets.

Next steps

- Formal approval of business case for phase 1 city deal including receipt of terms.
- Finalise cost certainty and seek FPR approval (June /July 2019)

Updated 26th March 2019 MPN (no change in ratings)

Responsible Officer: martin nicholls

Current Likelihood: High

Current Impact: Medium

Overall RAG Status: Amber

Report Date: 28/03/2019 12:33:18

CR 90 / 102: Decision to leave the European Union (BREXIT)

Risk Description:

New Description 23/01/19 (see below) - If there is continuing uncertainty from the decision to exit the European Union (BREXIT), then the Council will not be able to prepare as effectively as it would like to in order to ensure service continuity and to safeguard the financial / economic, social, environmental and cultural well-being of citizens and resident EU nationals.

Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risk CR64. (If there continuing uncertainty from the decision to exit the European Union (BREXIT), then there may be a risk to investment in the region due to the loss of grants and decisions affecting strategic inward investment)

Risk Description revised on 23/01/19 following approval by cross-departmental Brexit Steering Group on 21/01/19.

Category:

Corporate Finance

Controls in Place:

- A risk outside directly of Council control/influence.

- Maximise existing grant take ups/explore alternative sources of grant/investment
- Event horizon scanning of all media, parliamentary decisions, negotiations.
- Lobbying through WLGA, professional associations for UK/WG government grant/other decisions to attract inward investment via alternative means e.g. City Deal, Tidal Lagoon (despite UK government rejection of financial support re latter)

Arrangements we are putting place to manage them:

- Corporate - Work with the WLGA and welsh Government to ensure there is a collective and consistent approach across Welsh local government in responding to BREXIT; the Leader for the Council also leads for WLGA on Europe, which will be beneficial to the Council in identifying means to address risks. Lobby via WLGA, professional associations for locally retained business rates.
- Economic development and regeneration - Increase level of marketing and promotion of city centre projects and opportunities; increase awareness of Business support offer available to local companies and local supply chain opportunities; exploring alternative funding sources and methods of funding.
- Information management: We will follow ICO guidance with regard to Brexit.
- Records management: We will ensure any European project records are secured and up to date for the period stipulated by the EU regardless of Brexit but also expect there may be guidance from WEFO on this.
- ICT/Digital: We have been ensuring UK based data centres in our move to Cloud to mitigate any impact of Brexit as well as ensuring data security. Brexit may impact patching of software where we have large global suppliers such as Oracle. A fundamental global change to the system as a result of EU legislative changes may still need to be delivered by us (unless suppliers release a UK version which is yet unknown). We've seen ICT contract costs gradually rising over the past 18 months due to concern in the market on the impact of Brexit.
- We have been mitigating against contract inflation in the budget and MTFP wherever possible.
- Social care - Relevant staff are participating in briefings on the national schemes set up to mitigate that impact and communicating directly with local providers to better assess likely impact.
- HR - Joined the national teleconferences with the Home Office around EEA nationals and residency. Undertaken a risk assessment and identified potentially impacted employees and areas of work. Plans to communicate to managers information to help by providing useful and reassuring information to staff (FAQs, considering discussing in meetings i.e. one-to one's). Established a working group to prepare an action plan to ensure that we are able to manage a migrant workforce and making business decisions on how to potentially support employees to regularise their stay or apply to become British citizens. Attending Home Office seminars, in relation to plans to pilot their Settled Status Scheme systems with UK health and social care staff ahead of the systems becoming fully operational and open to all from 30 March 2019; this pilot will run from 29 November until 21 December this year Ensuring that we

remain updated in line with CIPD advice and legal guidance.
Internal steering group focused on preparedness across the organisation and linking through to external groups set up and meeting monthly with action log to ensure measures are put in place and tracked.

Updated 28/03/19 RR

- Ensured that organisations supplying Agency Workers to the Council are complying with Government advice, guidance and rules concerning the employment and status of resident EU nationals
- Draft communications plan and portal for Brexit related internal and external communication and information, including the dissemination of Welsh and UK Government advice developed.

Actions to be taken:

- Lobby via WLGA, professional associations for locally retained business rates.
- Work with the WLGA and Welsh Government to ensure there is a collective and consistent approach across Welsh local government in responding to BREXIT.
- Convene a group / committee tasked with mitigation of impacts in regards to BREXIT (COMPLETE).
- Undertake a BREXIT impact assessment (COMPLETE).

BGS Update 26/6/18 - Personally fed into Welsh Assembly Finance Committee budget roadshow on matter, WLGA and professional bodies continue lobbying, still await material detail and devolution consequentials - remains difficult to assess the overall risk - especially the impact score - remains unchanged for now but impact score may increase as time progresses and detail becomes clearer.

BGS 24/9/18 - given lack of progress in the past 3 months pan UK - this has been increased to very high likelihood of uncertainty pervading and the risks and impact of the permutations of Brexit deals and no deals has also deteriorated

BGS 14/11 - Key implications risks and opportunities:

- Legal – no immediate specific issues as all EU laws segue into or are already UK law
- Contracted services – EU nationals employed by your contractors. Probably have higher numbers of non-EU non-UK nationals especially in care sector.
- Care sector - increased fragility of the domiciliary and residential care market due to workforce impacts.
- HR – own workforce we have around 100 EU nationals. There is a proposed settlement fee of £554 per worker. Expectation is we as employer would pay fees even if no legal obligation.

- Civil Contingency - civil unrest locally unlikely but everything is still contingency planned for locally, regionally and nationally; can be escalated as needs be.
- EU funds – after 2022/23 structural funds and programmes dry up. Loss of EU Structural Funds currently £30m of schemes in progress particularly supporting economic development, capital and skills initiatives. There is no indication of how this funding would be replaced and very limited alternative funding from Welsh Government and other sources. Shared Prosperity Fund as replacement vague as to implications – policy vacuum.
In economic development & poverty and prevention, we have around 45 of our staff funded by EU funds. Impact on wider work creation programmes. Wider Welsh issues are E.g. Welsh Development Bank part funded by ERDF.
- State Aid Regime – currently tied to EU rules – but in a “no deal” Brexit we would default to WTO rules, which are arguably even more onerous.
- Agency and workforce - need to actively engage with both for a post EU Brexit, no discrimination policy etc.
- Risks – are currently too finance focused and need to widen to procurement, staff, HR, civil contingency etc. and actions to mitigate (COMPLETE - Description revised 23/01/19).
- Money – zero grant losses from EU factored into MTFP post 2022-23. Unknown.
- Port Health Authority - becomes potentially hard border – implications for goods and food/waste transit etc. Swansea Airport – we are landowner not operator but still a port of entry – albeit small scale.
- Data – where will it be held - Microsoft e.g. only just opened British Data centres. What is the legal regime for services in cloud in future?
- Health, Environment – long-term risk re climate change, agriculture etc.
- Public Health – monitoring water, power - significant resource issues re certification of meat, food, livestock, vaccines etc. if EU certification schemes end.
- Local economy risks: Lower levels of inward investment due to the uncertainty of financial markets and changing regulations created by Brexit. Market uncertainty also affects ability to attract developers and investors to commit to city centre regeneration schemes. Potential effect on businesses ability to trade with EU companies impacting on employment levels.
- Procurement - cost inflation due to a no-deal. Current UK Gov position is to make a deal based on a ‘customs union’, so there may be some inflation on our contracts; but too early to tell as the detail is not yet apparent. If ‘no deal’

then likely higher inflation for a period as the supply base reacts to new tariffs etc. Loss of EU labour may cause cost increases too, but again given the settled status regime proposed by UK Gov, that may be a longer-term problem.

AH 14/12/18 - Welsh Audit Office call for Evidence was used to gather information on work undertaken to date to prepare and identify issues in relation Brexit. This information will be used to develop a more robust response through the Brexit Steering group.

RR 16/12/18 –

- Review of Civil Contingency Plans:
- Duty Rota's for Strategic and Tactical Officers

RR 28/01/18 - New controls added following Brexit Steering Group held on 21/01/19. Progress to be reviewed at the next meeting on 26/02/18.

- List all the groups that are meeting with internal and external partners to discuss and respond to Brexit.
- Develop a single communications plan and portal for Brexit related internal and external communication and information, including the dissemination of Welsh and UK Government advice (DRAFT COMPLETE 22/03/19).
- Direct communication with partners through the Local Resilience Forum.
- Revise and fully test Business Continuity Plans (as well as the Port Authority), including the robustness of supplier and partner arrangements.
- Ensure that organisations supplying Agency Workers to the Council are complying with Government advice, guidance and rules concerning the employment and status of resident EU nationals (COMPLETE 26/02/19).
- Establish a working group to prepare an action plan to manage and support the affected EU resident Council workforce and the implications for service delivery.
- Establish a gap analysis to identify all programmes and projects dependent upon EU funding & create a list of strategic options post 2020.
- Procurement - identify level of exposure amongst suppliers and alternative arrangements (especially in services to vulnerable people) should supply be disrupted.

AH 7/3/2019 - This is all covered through the Brexit Steering group with officers allocated responsibility for managing and acting on each point above and feeding back to the steering group.

RR 28/03/19 - controls and actions updated.

Responsible Officer: adam hill

Current Likelihood: Very High

Current Impact: Medium

Overall RAG Status: Red

Report Date: 28/03/2019 12:33:18
