



**Northumberland**  
County Council

# **Corporate Risk Management Update**

**November 2023**

## 1 Introduction

- 1.1 Corporate risks are agreed against the 'exceptionality test', i.e., risks which could have a major impact on the Corporate Plan objectives and priorities and significant to have an effect on the whole organisation. These risks are 'owned' and managed by a nominated officer from Executive Management Team and the designated Cabinet Member with relevant portfolio responsibility, who are responsible for ensuring that the risk is being managed effectively. Corporate risks are presented to Executive Management Team twice yearly for discussion, challenge, and agreement, and agreed with Cabinet portfolio holders.
- 1.2 The corporate risk register was most recently agreed with members in July 2022, and at that time, 16 risks were agreed to be managed at corporate level.
- 1.3 Corporate risks were reviewed and updated during November 2022 and February 2023. Following the senior management restructure, the opportunity has been taken by Executive Management Team to fundamentally review those risks being managed as corporate risks. There are now 12 risks which have been agreed by Executive Management Team and designated Cabinet Members to be managed at a corporate level and are presented to Cabinet for agreement. These are summarised at Section 7 of this report, which includes the risk title and description, risk owners, and current and target risk scores. Section 8 of the report details the Risk Matrix and Scorecard which provides guidance on scoring the likelihood and impact of risks.

## 2. New Corporate Risks Identified

- 2.1 Consultation with Executive Directors has identified four new risks for inclusion in the corporate risk register. These risks are:
- **Adult Services Domiciliary Care National Shortage:** There is a risk that there is increasing difficulty in providing sufficient domiciliary care services to those people assessed as needing it, and the sustainability of domiciliary care providers countywide due to workforce shortages, which is being experienced nationwide.
  - **BEST:** There is a risk that BEST does not deliver on its objectives of embedding new ways of working, to make the Council more modern, efficient and fit for purpose, to deliver best outcomes for residents and support the ongoing financial sustainability of the Council.
  - **Strategic Community Safety:** There is a risk that the Council may fail to comply with its statutory duties and responsibilities managed and undertaken within Strategic Community Safety and the Safer Northumberland Partnership (SNP) in relation to The Crime and Disorder Act (1998), Domestic Violence, Crime and Victims Act (2004), Anti-social Behaviour, Crime and Policing Act (2014), The Counter Terrorism and Security Act (2015) and the soon to be enacted Martyn's Law, Terrorism (Protection of premises) draft bill.
  - **Social Housing (Regulations) Act 2023:** This risk is being developed with the relevant Executive Directors and management.

## 3. Changes to Corporate Risk Score

- 3.1 Following review, there are three risks where a change in score has been agreed, a summary of these and the rationale for the changes is provided below:

- **Financial Sustainability** (formerly Financial Assumptions): There is a risk to the medium-term financial sustainability of the Council due to a lack of funding, which threatens the ability of the Council to provide a full range of services, including statutory requirements and Corporate Plan priorities.

There is uncertainty regarding future funding streams, in addition to uncertainty due to the economic climate and the likelihood of further changes during the delivery of the Medium Term Financial Plan (MTFP) to 2027. Due to this level of uncertainty, ongoing budget constraints and overall funding reductions combined with rising demand for services and increased costs, the Council may not be able to continue delivering the full range of services in the way it has traditionally delivered them.

However, the Council is not in imminent danger of financial failure and strategies are in place for the duration of the MTFP to ensure the Council is capable of balancing its budget. In addition, BEST is looking at how we deliver best value across a range of themes and has already achieved £1.63m in savings. For these reasons, the risk has reduced from B2(Red) to D2(Amber).

- **Corporate Compliance:** There is a risk that the County Council could fail to comply with statutory and regulatory requirements, and other matters of good governance such as the need for additional transparency, accountability and links between outcomes and the corporate plan, leading to damage, prosecution, impact on the safety of residents and staff and resulting loss of reputation.

There is a regime of performance monitoring across all services. Key Performance Indicators are managed centrally by the Performance Team and discussed by Service Directors, Executive Directors and Members on a quarterly basis. Enhancements have been identified that align with existing recommendations for improvements, and these have now been implemented and the overall risk has been reduced. The Data & Business Intelligence Strategy is yet to be implemented, but a refresh of the Corporate Plan has been concluded, and service plans have been completed. The risk score has therefore reduced from C2(Red) to D2(Amber).

- **Response to Climate Change:** There is a risk that the Authority may not be successful in achieving its targets in responding to climate change and particularly in respect of reducing the carbon footprint of the County Council to carbon neutral by 2030, its pledge of working with national government to achieve carbon neutrality for the county of Northumberland by 2030 and to achieving net-zero (all greenhouse gases) for the county of Northumberland by 2040.

A change to the methodology by which the Department for Energy Security and Net Zero calculates Local Authority level emissions means that the County's emissions are higher than previously thought making the task of reaching carbon neutrality and net zero more difficult. In addition, recent central government policy announcements shifting the deadline for key decarbonisation policies (e.g. ban of sale of internal combustion engine cars, ban on new oil boilers) beyond the original 2030 target date increases the likelihood of the risk occurring. The risk score has therefore increased from D2(Amber) to C2(Red).

#### 4. **Corporate Risk Scores Unchanged**

4.1 There were no changes to the risk score of five risks. These are summarised below, along with any notable changes:

- **Civil Contingency & Business Continuity:** There is a risk that a civil emergency, major incident or business interruption could lead to failure to support the community in an emergency and/or loss of critical functions, buildings, ICT and staff.

Additional controls have been identified in relation to Multi-agency Gold Incident Command (MAGIC) training for all strategic rota personnel and Tactical Emergency Command training for all tactical rota personnel.

- **Wholly-owned Companies** (formerly Advance Northumberland): There is a risk that the operations of the Council's wholly-owned companies do not properly align with the Council's priorities, and that governance and financial issues impact on the effective running of the companies.

This risk was formerly the Advance Northumberland corporate risk but has been amended to be more generic to cover the risk to the Council associated with wholly-owned subsidiaries. Whilst this currently only relates to the Advance Northumberland group of companies the risk will incorporate any further wholly-owned companies that may be established by the Council in future.

- **Cyber Security:** There is a risk that a Cyber Attack against the Council's information systems and data may have an adverse impact on service delivery.

Funding has been secured to procure a number of systems and support packages to increase the Council's resilience and response to cyber-attacks.

- **High-Profile Capital Projects** (formerly Multiple and Concurrent High-profile Large-scale Capital Projects): There is a risk that the Council does not maximise the external funding secured through Government and regional agencies to deliver large-scale capital regeneration and infrastructure projects, i.e. NEP3, Northumberland Line and Energising Blyth.

This risk has been amended to incorporate the Council's key regeneration and infrastructure projects as detailed above.

- **OD / Workforce:** There is a risk that the Council may not attract, recruit, train and retain an appropriate workforce and equip the workforce with the right skills to deliver required outcomes effectively.

There are no significant changes to this risk.

#### 5. **Corporate Risks De-escalated for Management at Service Strategic Level**

5.1 Four risks have been de-escalated to be managed at a service strategic level. These risks are detailed below.

- **Engagement of Communities:** There is a risk that, following implementation of new policies and approaches aimed at involving communities, people perceive they are not listened to and become disengaged from the Council.

Given the publication of the Council's Corporate Plan 2023-26 and engagement activities currently being implemented, it is considered that this risk is no longer a corporate risk but, instead, should continue to be monitored at Service Strategic level.

- **Information Governance:** There is a risk that confidential and sensitive data may be lost or disclosed.

It is acknowledged that this is a corporate responsibility. However, it is considered that this risk is no longer a corporate risk but, instead, should continue to be monitored and managed at a Service Strategic level across all services of the Council.

- **Contract Management:** There is a risk that unless designated contract managers engage with the robust systems and procedures in place, there is a possibility that contractors fail to deliver value for money or meet the needs of service users.

Through the BEST in Class Commissioning Workstream, including the introduction of a new Commissioning and Contract Management Framework, it is considered that this is no longer a corporate risk but this should continue to be monitored and managed at Service Strategic level.

- **Ukraine Crisis:** There is a risk that the Russia / Ukraine conflict may have a significant impact on a number of Council services e.g. Housing including Asylum Seeker & Refugee Service and statutory Homelessness Service, Education and Social Care places and Capital Programme (timber & steel supply chain).

There is now a better understanding of the costs and impact to the authority and those impacts are now being dealt with as 'business-as-usual' by the relevant services. It is considered that this risk is no longer a corporate risk but, instead, should continue to be monitored and managed at a Service Strategic level.

## 6. **Corporate Risks to be Closed**

6.1 As a result of the review, four risks have been closed. These risks are detailed below:

- **Northumberland Enterprise Holdings Limited:** There is a risk that, if robust corporate governance is not in place, Northumberland Enterprise Holdings Ltd (NEHL) could fail to perform in the best interests of Northumberland.

This company is now registered as a dormant company on Companies House and is no longer considered a corporate risk and can be closed. New risks will be developed at Service Strategic level to continue to monitor NEHL from a Companies House and HMRC compliance perspective.

- **Regeneration:** There is a risk that Northumberland County Council may not secure sufficient opportunities to recover from COVID-19 and develop the economy, in particular those presented through the North of Tyne Combined Authority, Borderlands, the Local Enterprise Partnership and other national funding streams including the Comprehensive Spending Review 2020 and the national levelling up fund.

It was initially considered that post COVID-19 there may have been limited opportunities to develop the economy. However, we are currently unlocking and attracting large amounts of external funding to deliver our agenda and the new Devolution Deal, therefore it is considered that this is no longer a risk and can be closed. However, regeneration risks are continually assessed and managed at service strategic level and risk registers exist for individual projects.

- **Exceptional Governance Matters:** There is a risk that, if the recommendations of the Caller Review are not progressed in a thorough and timely manner then the Council will not be able to demonstrate meeting its responsibilities in relation to best value duty and there will be a significant loss to the Council's reputation.

The Council has been implementing the recommendations through its improvement plan, including the new Constitution and Corporate Plan. These documents are a source of assurance in relation to the Corporate Compliance corporate risk which covers matters of good governance such as transparency, accountability and links between outcomes and the corporate plan. It is therefore considered that Exceptional Governance Matters is no longer a corporate risk and can be closed.

- **Inequalities:** There is a risk that, as we recover from the Covid pandemic, inequalities will continue to widen within and between some communities / community groups due to e.g. loss of work, reduced wages and loss of education. This has been further exacerbated by the cost-of-living pressures.

Tackling inequalities is an issue that the Council has now identified as a corporate priority in the Corporate Plan. With the measures identified in the Corporate Plan and the fact that tackling inequalities is considered within the other corporate risks, it is considered that this is not a risk in its own right and should therefore be closed.

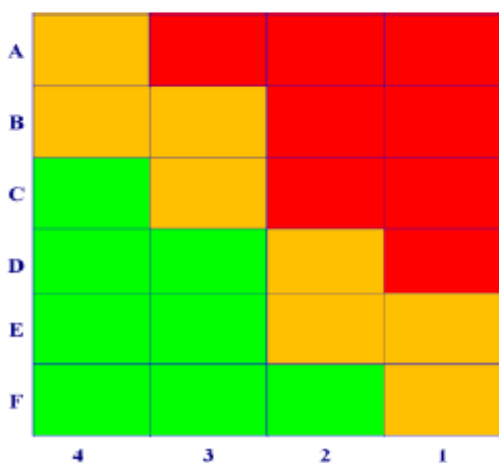
| Risk Title                                | Risk Owner                                       | Member Owner    | Risk Description  | Current Risk Score | Target Risk Score |
|---|--|-----------------|---|--------------------|-------------------|
| 1 Financial Sustainability                | Executive Director of Transformation & Resources | Cllr. Wearmouth | There is a risk to the medium-term financial sustainability of the Council due to a lack of funding, which threatens the ability of the Council to provide a full range of services, including statutory requirements and Corporate Plan priorities.  | D2                 | D3                |
| 2 OD/Workforce                            | Director of Workforce & OD                       | Cllr. Wearmouth | There is a risk that the Council may not attract, recruit, train and retain an appropriate workforce and equip the workforce with the right skills to deliver required outcomes effectively.  | C3                 | D3                |
| 3 Civil Contingency & Business Continuity | Chief Fire Officer                               | Cllr. Stewart   | There is a risk that a civil emergency, major incident or business interruption could lead to failure to support the community in an emergency and/or loss of critical functions, buildings, ICT and staff.   | C3                 | D3                |
| 4 Corporate Compliance                    | Director of Law & Corporate Governance           | Cllr. Sanderson | There is a risk that the County Council could fail to comply with statutory and regulatory requirements, and other matters of good governance such as the need for additional transparency, accountability and links between outcomes and the corporate plan, leading to damage, prosecution, impact on the safety of residents and staff and resulting loss of reputation.   | D2                 | E3                |
| 5 High-profile Capital Projects           | Executive Director of Place & Regeneration       | Cllr. Ploszaj   | There is a risk that the Council does not maximise the external funding secured through Government and regional agencies to deliver large-scale capital regeneration and infrastructure projects, i.e. NEP3, Northumberland Line and Energising Blyth.  | D2                 | D2                |
| 6 Response to Climate Change              | Executive Director of Place & Regeneration       | Cllr. Sanderson | There is a risk that the Authority may not be successful in achieving its targets in responding to climate change and particularly in respect of reducing the carbon footprint of the County Council to carbon neutral by 2030, its pledge of working with national government to achieve carbon neutrality for the county of Northumberland by 2030 and to achieving net-zero (all greenhouse gases) for the county of Northumberland by 2040. | C2                 | C3                |

| Risk Title   | Risk Owner  | Member Owner     | Risk Description  | Current Risk Score | Target Risk Score |
|--|---|------------------|---|--------------------|-------------------|
| 7 Wholly-owned Companies                           | Executive Director of Transformation & Resources                | Cllr Sanderson   | There is a risk that the operations of the Council's wholly-owned companies do not properly align with the Council's priorities, and that governance and financial issues impact on the effective running of the companies.   | D2                 | D3                |
| 8 Cyber Security                                   | Executive Director of Transformation & Resources                | Cllr. Wearmouth  | There is a risk that a cyber-attack against the Council's information systems and data may have an adverse impact on service delivery.  | B2                 | C3                |
| 9 Adult Service Domiciliary Care National Shortage | Executive Director of Adults, Ageing & Wellbeing                | Cllr. Pattison   | There is a risk that there is increasing difficulty in providing sufficient domiciliary care services to those people assessed as needing it, and the sustainability of domiciliary care providers countywide due to workforce shortages, which is being experienced nationwide.  | A2                 | B3                |
| 10 BEST  | Executive Director of Transformation & Resources                | Cllr. Wearmouth  | There is a risk that BEST does not deliver on its objectives of embedding new ways of working to make the Council more modern, efficient and fit for purpose, and to support the ongoing financial sustainability of the Council.   | C3                 | D3                |
| 11 Strategic Community Safety                      | Executive Director of Public Health, Communities & Inequalities | Cllr. Stewart    | There is a risk that the Council may fail to comply with its statutory duties and responsibilities managed and undertaken within Strategic Community Safety and the Safer Northumberland Partnership (SNP) in relation to The Crime and Disorder Act (1998), Domestic Violence, Crime and Victims Act (2004), Anti-social Behaviour, Crime and Policing Act (2014), The Counter Terrorism and Security Act (2015) and the soon to be enacted Martyn's Law, Terrorism (Protection of premises) draft bill. | A2                 | E3                |
| 12 Social Housing (Regulations) Act 2023           | Executive Director of Place & Regeneration                      | Cllr. Horncastle | There is a risk that the Council may fail to comply with its statutory duties and responsibilities under the Social Housing (Regulations) Act 2023, including in relation to proactively monitoring and complying with enhanced consumer standards and the delivery of Awaab's Law.   | B2                 | D3                |



### Risk Matrix and Scorecard

| LIKELIHOOD                |                                | PROBABILITY   | INDICATOR  |  |   |
|---------------------------|--------------------------------|---|--|--|---|
| A                         | Very High / Certain            | 85% to 100%   | Regular occurrence. Circumstances frequently encountered                                       |  |   |
| B                         | Highly Likely                  | 60% to 85%  | Highly likely to happen at some point in the next 1 – 3 years.                                 |  |   |
| C                         | Medium / Likely                | 30% to 60%  | Likely to happen at some point in the next 1 – 3 years. Circumstances occasionally encountered |  |   |
| D                         | Low / Possible                 | 15% to 30%  | Only likely to happen once every 3 or more years.  |  |   |
| E                         | Very Low / Rare                | 5% to 15%   | Has happened rarely  |  |   |
| F                         | Negligible / Almost Impossible | 0% to 5%  | Has never happened.  |  |   |
| IMPACTS                   |                                |   |  |  |   |
|                           |                                | 4   | 3  | 2  | 1   |
|                           |                                | Minor   | Moderate   | Significant  | Major   |
| Financial Impact          |                                | £100k - £500k<br>Budget exceeded by less than 10%                     | £500k - £1m<br>Budget exceeded by 10% - 50%  | £1m - £10m<br>Budget exceeded by 50% - 100%  | >£10m<br>Budget exceeded by over 100%                                 |
| Service Provision         |                                | Minor service delay; short term disruption to minor service           | Major element of service not provided for 1 day, minor element not provided for 1 week.        | Major element of service not provided for 1 week, longer term disruption to minor element. | Longer term disruption to major service element.                      |
| Project                   |                                | Minor delay - days  | A few milestones missed  | A major milestone missed   | Project does not achieve objectives and misses majority of milestones |
| Legislative / Contractual |                                | Failure to meet minor terms of contract                               | Breach of minor contract; failure to meet significant contract terms                           | Breach of significant contract; element of legislative requirement not achieved.           | Statutory requirement not achieved.                                   |
| Health & Safety           |                                | Sticking plaster / first aider; sickness < 3 days                     | Broken bones / illness; sickness > 3 days  | Extensive serious / permanent injury; sickness > 4 weeks                                   | Loss of life / large scale major illness                              |
| Governance                |                                | Some elements of governance framework ineffective                     | Some elements of governance framework criticised by external body                              | Criticism of all governance arrangements by external body                                  | Ineffective governance arrangements                                   |
| Morale                    |                                | Mild impact on morale   | Some hostile relationship and minor non-cooperation  | Industrial action  | Mass staff leaving / unable to attract staff                          |
| Reputation                |                                | Short term adverse public opinion; minor letters; no media attention. | Adverse local media  | Persistent adverse local media coverage; adverse national publicity                        | Remembered for years!   |
| Government relations      |                                | Minor local service issues  | Poor Assessment(s)   | Service taken over temporarily   | Service taken over permanently  |



**Corporate risks** considered high priority normally to be managed down in the medium term - reviewed every 6 months.

**Service risks:**  
**Red risks** are to be managed down as a matter of urgency – reviewed every 3 months.  
**Amber risks** are to be managed down in the medium term and monitored – reviewed every 6 months.  
**Green risks** considered low priority but are also monitored – reviewed every 12 months.

**Project risks** are to be managed down and reviewed in line with specific project timescales.