

NRW B B Performance Report (Period) Annex 2

Introduction

NRW has now agreed to hold one Corporate Risk Register (CRR) to manage the risks and opportunities related to achieving organisational objectives (ARAC July 2015). This document outlines such risks and opportunities.

This document will be reviewed at each Executive Team Business meetings from September 2015 and will continue to be considered as a standing item at ARAC meetings. It will also be appended to NRW Board performance papers.

Background

A CRR is an important mechanism by which an organisation can manage the significant risks it faces and in turn supports good governance within the organisation. Use of a CRR by the Executive Team (ET) and the Audit and Risk Assurance Committee (ARAC) on behalf of the Board are key requirements.

The risks in this document were proposed by ET and agreed by ARAC in September 2014. ET members were identified as 'risk owners' and will take responsibility on behalf of ET for further development and monitoring of 'their' risks. Additional risks and opportunities will be identified or escalated from directorate risk registers and added as the business requires.

This risk register links identified risks to the 'We Will' statements or relevant section in our Corporate Plan 2014-17.

Further actions

Identified Executive Team members will continue to develop the mitigating actions for 'their' risks, update this document and oversee the management actions that are ongoing or proposed.

The Chief Executive will select a risk from this document to be scrutinised in further detail at future ARAC meetings. The 'risk owner' will attend ARAC meeting to contribute to the discussion.

Corporate Risk Register

Link to Corporate Plan	Risk Description	Inherent Risk			Risk control measures in place and active	Current Residual Risk			Further risk control measures proposed and timescales	Owner
		I	L	O		I	L	O		
O3 (Pg 36)	Corporate Risk (CR) 1 Leadership If we fail to provide clear and strong leadership within the business, then we risk not engaging staff sufficiently to ensure the development of a high-performing and fully integrated organisation.	4	4	16	Regular senior management and leadership team meetings. Email and face to face cascade occurs regularly. Directorate skype sessions sharing key messages. Collecting and acting on feedback from staff. High levels of 'visibility' from senior staff listening and engaging with staff and communicating the aspirations of the organisation. Embed the approach of the Corporate Plan's 'Good for Boards' to support our strategic planning. NRW Roadmap and Transformation Portfolio People Survey completed in February 2015 and ET detailed action plan published	4	3	12	Extend the induction programme developed for the management tier to other managers and mainstream Leadership & Management Development Complete a 'scarce skills' audit and subsequent action plan. Develop Directorate Workforce Plans for the next five years tailored to affordability and skills needed for the organisation. Develop clear strategic planning processes linked to 'SMART' objectives/outcomes, accountability and affordability.	Executive Team

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K1 (Pg 17)	CR2 – Transformational Change (Natural Resource Management) (NRM) If we fail to develop an integrated approach and respond with 'one voice', then we risk not delivering integrated natural resources management through an ecosystems approach.	4	4	16	Knowledge, Strategy and Planning, and Operations Directorates new structures include teams required to coordinate delivery of the work. Steer and oversight of NRM programme through Good Knowledge Board. NRM trials deliver and inform how we deliver NRM in a practical way. Ecosystem Approach and Natural Resources Management Board set up to focus on delivering the NRM approach with cross directorate representation. KSP NRM Team responsible for regular liaison with WG to assist in developing the duties NRW will gain under the Environment Bill, influencing Ministerial priorities for NRM in Wales and identifying the resources needed to deliver the NRM approach. Interim NRM position statement and easy read guide agreed by the Board in July and available on the intranet. An NRM comms plan has been designed and agreed by the NRM Programme Board to deliver the NRM approach. This is aligned to WG Environment Bill Communications. We are continuing to work with WG. We have developed a vision for SoNaRR to support scrutiny of the Environment Bill. Three trial area approaches underway.	4	3	12	Environment bill has been laid and we are preparing our position for scrutiny. We are pro-actively working with stakeholders to develop a collaborative approach to implantation SoNaRR and Area Statements. NRW staff presented at the May WG NRM reference group. Build the requirements of the Wellbeing of Future Generations Bill into the NRM & E programme approach. (04/15) LSB transition to PSB project charter and group being developed Programme in place to review and realign all our processes, policies and guidance to make it NRM compliant to embed NRM across the organisation. (ongoing) NRM Programme establishing task and finish groups that break this exercise into targeted areas – work to be taken forward throughout 15-16 and 16-17) Develop and publicise good quality case studies to explain what NRM looks like in practice. (04/15 + ongoing) Embedding NRM programme working well, with clear objectives, workstreams and tracking happening	Executive Director of Knowledge Strategy and Planning (KSP)

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O3 (Pg 36)	CR3 – Transformational Change (culture & values) If we fail to foster and align a common set of values and customer focused culture, then there is a risk that we will fail to realise and deliver the required benefits from the creation of NRW – which will in turn lead to weak brand and reputational damage.	4	4	16	Corporate Plan 2014/17 and Business Plan 2015/16 in place. Restructuring of organisation completed to team leader level in operational directorates. Further people policies completed or under development. Code of Conduct launched June 2015 and being integrated into new appointments induction process. Regular communications in place. People Survey - Directorates explored the findings to get a deeper understanding of the root issues and identify changes that will improve ways of working. ET Action Plan in response to staff survey developed and being implemented. Consideration by the Remuneration Committee in June and the Board in July 2015. Revised Job Evaluation approach agreed; project board established,	4	3	12	People Survey – ET and Directorate action plans being implemented. Job evaluation - project team established, specialist suppliers procured and project plan to be finalised early September 2015. Aim is to complete job evaluation through the shorter, revised approach by Feb 2016 (excluding appeals). Other Reward related policies – work being scoped to streamline policies. The Transformation Group ‘Developing Teams and People’ has met twice and will be meeting monthly during the remainder of 2015. M Havard is on the group as the Board champion. Consideration being given on how we take forward the key drivers of transformation, particularly leadership, strategy/mission, and culture. ET has initiated a review to develop a set of principles to support the best positioning of NRW along the ‘Control v Empowerment’ continuum	Executive Director of Organisational Development and People Management (ODPM)

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O1 (Pg 36)	CR4 – Transformational Change (technical) If we fail to transform our business processes and workforce structure, then we risk failing to achieve “three into one” efficiencies and being unable to deliver our corporate objectives within our available resources.	4	4	16	Restructuring plans underway. Strategic Workforce Plan in place across NRW. Underpinned by Directorate Workforce Plans that control resources and identifies skills gaps. Out of grade working regularised. Programme Boards are in place to oversee change projects. Some technical skills have been retained by staff transferring to NRW from all legacy bodies and some achieved by recruitment e.g. air quality modelling.	4	3	12	We fully understand our cost/resource base and what is funding respective activities. Implementation of My NRW. Audit of key processes to ensure they are fit for purpose. Programme of service reviews. Develop a programme to deliver customer care Develop a programme to increase the benefits from our enterprise activities Executive team to provide position on how to realise the benefits from the efficiency review programmes in terms of impact on staff and non-staff ICT transformation resource bid made to WG for invest to save.	Transformation Portfolio Director

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Report (Pg 37)	CR6 Strategic Planning & Performance If we fail to plan strategically and perform effectively and efficiently within our available staff resources skills and capabilities, then there is a risk that we will not deliver on our roles and responsibilities, achieve our corporate objectives or deliver on the business case.	5	4	20	Develop a financial model which will allow high level modelling of future business activity to measure affordability. Develop an Efficiency Programme to deliver savings to support business activity. Progressing short-term options, such as accommodation tactical moves. External charge income is monitored against targets. Charge rates are being consulted on for 2016-17 (flat cash). Modelling is ongoing to ensure full cost recovery. Regular liaison with WG to understand funding and explain pressures. Board ET review Corporate and Benefits scorecards are review Good For Boards established to challenge and scrutinise Corporate Plan delivery. Workforce plan and regular skills audits track progress in realigning current skills and appropriate roles.	5	3	15	Ensure the Transformation Programme reconfigures the business to ensure that we have the right skills in the right place. Finalise the activity model to fully understand the cost and resource base of activities to support decision making including strategic planning. Agree the governance arrangements and process for developing the Business Plan 2016/17 and the preparatory steps for the Corporate Plan 2017-22. Executive Team to work with the Board, including incoming Chair & Members, to quickly agree priorities against which NRW can generate most value in the context of the WFG Act and the Environment Bill. Prioritisation exercises within directorates needed to inform exercise across NRW. Need to avoid differing service levels across Wales and the pursuing of different priorities across Directorates. Need to be clear how Directorate reviews and Service Reviews interact. [GOS]	Director of Governance

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O1 (Pg 36)	CR7 – Expectation management and stakeholder relationships If we fail to manage stakeholder expectations clearly outline our role and priorities and build a strong brand/reputation; there is a risk of a lack of confidence in our ability to deliver on our roles and responsibilities.	4	3	12	Communications Strategy 2014-17. Regular and topic specific meetings with Ministers, Committees, Assembly Members, Members of Parliament and stakeholders. Excellent level of service in response to correspondence, questions etc. Internal weekly senior management 'hot issues' discussion. Communications tools: Internal: Monthly Managers' Guide, and Intranet. External: Cyfoeth, website, traditional/social media and content development. Director of External Relations and Communication recruited.	4	2	8	Develop our approach to strategic stakeholder management empowering the Directorates to take an intelligence led approach to their stakeholder management as well as developing our understanding of who our stakeholders are (primarily the external ones) and how we will work with them – dialogue, shared priorities, projects etc. Develop a customer focused approach that informs every aspect of the organisation Develop stakeholder feedback/survey mechanism and share findings. Launch Cyfoeth, which will help to engage a wide range of stakeholders	Director of External Relations and Communications

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O3 (Pg 36) 8	CR8 – Health, Safety and Wellbeing If we fail to protect the health, safety and wellbeing (HSW) of staff, contractors or customers, then there is a risk of fatalities, personal tragedy, injury or illness – leading to investigation, potential prosecution and reputational damage	5	3	15	Accountability for HSW clearly set out in contribution statements and NFSoD. Corporate governance arrangements in place through National Wellbeing, Health & Safety Committee with routine reporting to ET, RemComTrans & NRW Board. Performance measures embedded in dashboard. Leadership Group have attended appropriate IOSH (Institution of Occupational Safety and Health) training courses. They understand their role and are visible in leading a positive WHS culture. Near miss reporting increases and lessons learned from investigations embedded. Managers are proactive in engaging with teams and learning is fed back to improve ways of working. Wellbeing initiatives identified and implemented.	5	2	10	Communicate WHS messages, celebrate success and achievements, with more visible leadership in WHS including NRW wide reporting of statistics. The NRW Wellbeing, Health & Safety (WHS) programme comprising of a Strategy with supporting improvement plan, Governance framework and revised Policy approved by Board and launched in April 2015. Wellbeing Health & Safety Development Day for Executive Team, Leadership team and Management team on the 21st April. Delivery of 3 year improvement plan to include training, competencies, technical guidance development, policy/procedure/risk assessment alignment and development, system development and wellbeing initiatives. Delivery of new interim NRW systems to improve management of health and safety risks - AssessNET, StaffCall and the Hostile Sites Database. Collaborative relationships with FC, EA and Natural England.	Executive Director of Organisational Development and People Management (ODPM)

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B4 (Pg 32)	CR10 – Enterprise and new business development If we fail to generate additional net income from existing and new activities then there is a risk that we will reduce our investment in other priorities.	4	4	16	Enterprise Framework, with managed 'pipeline' in place and regular engagement with Board Enterprise and Economy Groups. Focus mainly restricted to teams in National Services Directorate Enterprise department, but now becoming broader through the work of the Developing Business and Enterprise Board. Timber Marketing Plan and Long Term timber contracts in place to mitigate risks from Larch tree disease. Suite of renewable energy projects prepared for Welsh Government Green Growth Fund. Strategic partnerships with Welsh Government, The Crown Estate, Natural England, Forestry Commission, MOD and key businesses/partners in place.	4	3	12	Extend our Enterprise capacity and capability across the organisation. Build on April 2015 Enterprise Yammer YamJam. Support the work of the Developing Business and Enterprise Board, including its involvement with NRM trials. Updated Timber Marketing Plan in place before 31 December 2015. Continue to develop existing and new strategic partnerships – ongoing. Explore use of experimental powers and 'testing' of vires limits in conjunction with Welsh Government to extend scope for new enterprise opportunities – ongoing. (Includes Carbon off-setting pilot at Llynfi)	Executive Director of National Services

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O1 (Pg 36)	NEW CR 11 – Induction of new Chair and Incoming Board members If we fail to effectively induct new non- executives who will be appointed to the NRW Board at a critical time for the organisations’ development then we risk failing to take some of the strategic steps proposed elsewhere in this risk register	5	4	20	Induction Plans prepared and the necessary planning steps are in progress	4	2	8	New Chairman to be encouraged to view their own induction and that of new Board members, as well as establishing good working relationships quickly with current Board members, Executive Team and Ministers/WG officials and other key stakeholders as a priority	Chief Executive & Director of Governance

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Good Organisation	NEW CR12 – Public Sector Funding challenge If we fail to react both tactically and strategically to the deepening public sector austerity challenge then we risk operational failures, demoralised staff, failure to deliver business case outcomes and a reduction in our reputation with stakeholders	5	5	25	Detailed financial planning completed including future scenarios. Regular meetings arranged with WG officials to ensure that we are close to developments, and WG are aware of NRW plans and impact. Programme of service reviews are underway with target efficiencies of 10% (within 1 year) and 25% (by 2020). Success with Less corporate efficiency programme delivering £3m of recurring savings. Development of additional/new income streams through the work of the Enterprise Group and Charging Review Group.	4	5	20	Board and Executive Team led strategic prioritisation and planning (linked with Risk OR6 Strategic Planning), and agreed tactical options. Strategy work needs to be developed in conjunction with Strategic Workforce Plan.	Executive Director Finance and Corporate Services

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K2 and K3 (Page 17)	NEW – CR13 – Use of Data and Evidence If we are unable to identify, develop and share the evidence needed to manage natural resources sustainably then our strategy and management decisions may not be aligned to our purpose									
K3 (Page 17)	NEW – CR14 – Environmental resilience If we do not assess long term trends and impacts on natural resources e.g. soil loss, climate change then our environment and ecosystems may not be resilient									

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Good for People	NEW – CR15 – Societal change If we do not understand the impact of demographic changes e.g. population age profile, economic inequality, migration patterns then we will not make informed decisions to provide safety measures and wellbeing opportunities for the people of Wales.									
Good for Businesses	NEW – CR15 – Green Growth If we do not understand the demand for natural resource use and the sustainable use of natural resources then we will fail to adequately support green growth and sustainable prosperity.									

Corporate Risk Register

Risk Ranking

1 - 6	Manageable Risks: Overall rating is 6 or less. Content to carry these risks. Keep an eye on them though.
7 - 14	Material Risks: Overall rating is 7-14. Concerned about these risks. Need to be managed by the cost centre in which they have been identified.
15 - 25	Significant Risks: Overall rating is 15 or above. Most concerned about these risks. These risks are significant and should be referred to NRW Board.

Risk Heat Map

Impact		Scores				
Critical	5	5	10	15	20	25
Major	4	4	8	12	16	20
Moderate	3	3	6	9	12	15
Minor	2	2	4	6	8	10
Low	1	1	2	3	4	5
Likelihood		1	2	3	4	5
		Remote	Unlikely	Possible	Probable	Highly probable