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Bridgend County Borough Council



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Gwasanaethau Gweithredol a Phartneriaethol / Operational and Partnership Services

Deialu uniongyrchol / Direct line /: (01656) 643148
Gofynnwch am / Ask for: Julie Ellams

Ein cyf / Our ref:
Eich cyf / Your ref:

Dyddiad/Date: Friday, 20 January 2017

Dear Councillor,

AUDIT COMMITTEE

A meeting of the Audit Committee will be held in the Committee Rooms 2/3, Civic Offices Angel Street Bridgend CF31 4WB on **Thursday, 26 January 2017 at 10.00 am.**

AGENDA

1. Apologies for Absence
To receive apologies for absence from Members.
2. Declarations of Interest
To receive declarations of personal and prejudicial interest (if any) from Members/Officers in accordance with the provisions of the Members' Code of Conduct adopted by Council from 1 September 2014
3. Approval of Minutes 3 - 8
To receive for approval the minutes of the Audit Committee of 24 November 2016.
4. The Corporate Risk Assessment 2017-18 9 - 86
5. Treasury Management Strategy 2017-18 87 - 112
6. Information and Action Requests by Committee 113 - 116
7. Completed Audits 117 - 122
8. Outturn Report - April to December 2016 123 - 146
9. Audits not Undertaken 2016-17 147 - 150
10. Update on Staff Vacancies within the Internal Audit Shared Service 151 - 154
11. Updated Forward Work Programme 2016-17 155 - 158
12. Urgent Items
To consider any other items(s) of business in respect of which notice has been given in

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accordance with Rule 4 of the Council Procedure Rules and which the person presiding at the meeting is of the opinion should by reason of special circumstances be transacted at the meeting as a matter of urgency.

13. Exclusion of the Public

The report relating to the following item is not for publication as it contains exempt information as defined in Paragraphs 14 and 18 of Part 4 and Paragraph 21 of Part 5, Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007.

If following the application of the public interest test the Committee resolves pursuant to the Act to consider this item in private, the public will be excluded from the meeting during such consideration.

14. Risk Based Verification Report

159 - 168

Yours faithfully

P A Jolley

Corporate Director Operational and Partnership Services

Councillors:

JR McCarthy

JE Lewis

C Westwood

D Sage

Councillors

CL Jones

DK Edwards

G Davies

CA Green

Councillors

E Dodd

M Gregory

RE Young

R Williams

Lay Member

J Williams

AUDIT COMMITTEE - THURSDAY, 24 NOVEMBER 2016

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD IN COMMITTEE ROOMS 2/3, CIVIC OFFICES ANGEL STREET BRIDGEND CF31 4WB ON THURSDAY, 24 NOVEMBER 2016 AT 10.00 AM

Present

Councillor E Dodd – Chairperson

JR McCarthy
M Gregory

JE Lewis

C Westwood

G Davies

Apologies for Absence

GW Davies MBE, D Sage, CL Jones, DK Edwards and RE Young and Mrs J Williams.

Officers:

Randal Hemingway	Head of Finance & Section 151 Officer
Helen Smith	Chief Internal Auditor
Janet McNicholas	Wales Audit Office
Andrew Rees	Senior Democratic Services Officer - Committees

277. DECLARATIONS OF INTEREST

None.

278. APPROVAL OF MINUTES

RESOLVED: That the minutes of the meeting of the Audit Committee of 29 September 2016 be approved as a true and accurate record.

279. HALF YEAR TREASURY MANAGEMENT REPORT 2016-17

The Section 151 Officer reported on the mid-year review and half year outturn position for Treasury Management activities, Treasury Management and Prudential Indicators for 2016-17 and highlighted the compliance with Council policies and practices which had been reported to Cabinet and Council.

He reported that the Council has complied with its legislative and regulatory requirements during the first half of 2016-17 and that no long term borrowing or debt rescheduling undertaken as there were no significant savings to be made. However for cash flow purposes some short term borrowing was taken. He informed the Committee that favourable cash flows had provided surplus funds for investment with the balance on investments at 30 September 2016 being £47.10M with an average interest rate of 0.51%.

The Section 151 Officer reported that as a result of the Brexit vote, markets have been volatile and following the reduction in the bank rate from 0.50% to 0.25% in August 2016, interest rates have dropped which will result in a reduction in interest earned in 2016-17. Other possible investment options will be considered with the Council's Treasury Management advisers, Arlingclose.

He also reported that progress is being made on the Cardiff Capital Region City Deal initiative which will have significant expenditure and treasury management implications, with £120m of local authority investment required, with this authority's investment being £12m. He stated that careful consideration would need to be given to the affordability of

additional borrowing and any amounts required will represent new commitments over and above the existing capital programme as grant monies from the UK Government were likely to be phased requiring the front loading of the investment. He informed the Committee that £50m was being held by the Shadow Board which the Welsh Government had received from the UK Government.

The Committee referred to the Council possibly having to make investments in any public or private sector organisations which meet the minimum criteria in the Investment Strategy 2016-17 and questioned how this would impact on the budget. The Section 151 Officer informed the Committee that the Council could expect the yield on investments to reduce and that following the advice of Arlingclose, the Council's traditional investments may not be as safe as they used to be. He stated that local authority deposits would be eroded if a bank has a crisis and the Council is in the process of setting up a nominee account in line with the same investment rules but was more secure. He also informed the Committee that offices and its advisers were looking at whether it could reduce the liquidity of investments without exposing the Council to risk.

RESOLVED: That the Committee noted the Annual Treasury Management Activities for 2016-17 for the period 1 April 2016 to 30 September 2016, the minor amendment to the Investment Strategy in the Treasury Management Strategy 2016-17 and the projected Treasury Management and Prudential Indicators for 2016-17 which were all reported to Council for approval on 2 November 2016.

280. **INFORMATION AND ACTION REQUESTS BY COMMITTEE**

The Chief Internal Auditor presented a report which summarised actions and information requests made by the Audit Committee at its last meeting on 29 September 2016.

RESOLVED: That the report be noted.

281. **COMPLETED AUDITS**

The Chief Internal Auditor presented a report which summarised the findings of the audits recently completed by the Internal Audit Shared Service.

The Committee expressed its concern that the number of days lost to sickness per Full Time Equivalent had increased from 9.8 to 10.85 days and also noted its disappointment at the number of managers attending absence management training courses.

RESOLVED: That the Committee considered the summary of completed audits so as to ensure that all aspects of their core functions are being adequately reported and the Chief Internal Auditor express the concern of the Committee to the Head of Human Resources and Organisational Development at the number of employees that had attended absence management training courses.

282. **INTERNAL AUDIT - OUTTURN REPORT - APRIL TO OCTOBER 2016**

The Chief Internal Auditor reported on the actual Internal Audit performance against the seven months of the audit plan year covering April and October 2016. She informed the Committee that 647 actual days had been achieved, which was 33 days more than the expected target of 614 days. At the end of the period, 17 reviews / jobs had been completed and closed, 15 of which had provided management with an overall substantial / reasonable audit opinion on the internal control environment for the

systems examined. Of the remaining 2 reviews, 1 identified significant weaknesses that only limited assurance could be placed on the overall control environment and one, was closed with no opinion being provided due to the nature of the work undertaken.

The Chief Internal Auditor also reported on the overall structure of the Section which is based on 18 Full Time Equivalent (FTE) employees. She stated that the Section was carrying 4 FTE vacant posts, which has now increased to 6 FTE vacant posts, but arrangements are in place to recruit to address some of the shortfall in staff resources. The service had already been streamlined and it continued to apply lean auditing risk based methodologies to its plan of work. She informed the Committee that the service was not able to recruit to one post due to the significant amount of mentoring required had the candidate been appointed. The Chief Internal Auditor stated that a re-structure may be required but as productivity was likely to slip a review of the annual plan will be undertaken this would not prevent her from giving an annual opinion. She informed the Committee that contact had been made with the Wales Audit Service to ascertain whether they had a resource the Internal Audit Service could use. She stated that a report would be brought to the next meeting of the Committee with an update on the staffing of the service.

In response to a question from the Committee, the Chief Internal Auditor stated that the service did not at present employ trainees as it would impact on the productivity of the section in the time it would take staff to train. She stated that the previous trainee had since qualified. The Chief Internal Auditor informed the Committee that the difficulties in recruiting staff could be attributed in part to the significant amount of change and uncertainty in local government. She stated that performance had slipped, but the service remained in the top quartile.

The Committee commented on the need for absence management training to be mandatory for managers as part of performance management. The Section 151 Officer commented that as a result of staff in his service attending absence management training, absenteeism had reduced, despite two significant re-structures having taken place in the last year. He stated that the number of absence management courses would need to be checked and informed the Committee that participants attending courses are encouraged to talk through examples of sickness.

The Chief Internal Auditor also reported that quotations for the independent external assessment had been evaluated and an award of contract had been made to CIPFA. The external assessment will commence in January, with a view to the outcome of the review being reported to this Committee no later than April.

RESOLVED: That the Committee considered the Internal Audit Outturn Report covering the period April to October 2016 to ensure that all aspects of their core functions are being adequately reported.

283. SCHOOLS SUMMARY REPORT 2015/16

The Chief Internal Auditor reported on a summary of the work undertaken by Internal Audit in relation to the school based audits conducted in the 2015/16 audit year.

She informed the Committee that in order to ensure that audit days available are used in the most effective way, changes were made to the 2015/16 school audit programme which allowed for more in depth coverage of high risk areas rather than undertaking cyclical school visits. In order to achieve this, all schools were issued with a Control Risk Self-Assessment questionnaire (CRSA) which enabled the schools to self-evaluate the controls they have in place to mitigate risk. In addition an Assurance Statement,

which provides assurance that the Head Teacher and Chair of Governors are ensuring that the school has sufficient internal controls in place was requested from all schools.

The Chief Internal Auditor reported that 60 CRSA's were issued to schools including the Pupil Referral Unit, of which 59 were returned. The completed CRSAs were evaluated by Internal Audit and any issues addressed with the individual school. She stated that there were no common trends or significant issues identified and the overall control environment was evaluated as good.

The Chief Internal Auditor also reported that Assurance Statements were issued, for Head teachers and Chairs of Governors to acknowledge their responsibility in maintaining and operating the school in accordance with the Council's procedures and practices that uphold the internal control and assurance framework, and the Fair Funding Scheme for Schools. She stated that only 30 Head teachers and 18 Chairs of Governors completed the Assurance Statement and it was found that some did not understand the form or its significance. In order to improve the response rate for 2016/17, this information and its declaration together with an explanatory forward has been included on the CRSA questionnaire which should make the process more efficient.

The Chief Internal Auditor reported that in 2015/16 over £91 million was delegated to the Council's Secondary, Primary and Special Schools and of the 59 schools operating at year end, 7 schools, 4 primary and 3 secondary, were in deficit with a value of £621,969. She stated that all of these schools have been asked to produce a budget recovery plan. Of the 52 schools in surplus, 14 had surpluses that, under School Funding (Wales) Regulations 2010, are regarded as excessive and the Council may direct a governing body on how balances in excess of these limits may be spent or they can be clawed back.

The Chief Internal Auditor also reported that during the year some specific risk based audits were undertaken and of the 9 pieces of work, one was a grant claim so no audit opinion was applicable. Of the remaining 8 audits, five were given an audit opinion of reasonable and two were given limited assurance. No assurance could be given on the internal controls of one school initially, however a subsequent visit found that improvements had been made and reasonable assurance was subsequently given. The two limited assurance reports would be revisited again during the last quarter of 2016/17 to ensure that improvements to controls have been made.

The Chief Internal Auditor reported that during 2015/16 it was found that the move away from cyclical school audit visits had proved a success in ensuring that the Internal Audit resource is targeted effectively to those areas where they are most needed, in that a total of 104 days of the 112 days allocated were utilised. She informed the Committee that certain control weaknesses were identified during the year and appropriate recommendations made and accepted, overall it was concluded that the control environment within schools was good.

RESOLVED: That the Committee considered the content of the report to ensure that all aspects of their core functions were being adequately reported.

284. UPDATE ON NATIONAL FRAUD INITIATIVE

The Chief Internal Auditor reported on the progress made to date on the National Fraud Initiative, which is a data matching exercise which helps in the detection and prevention of fraud and overpayments across the UK. She stated that the NFI data matching

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exercise is an ongoing one, and the data represents the status as at a specific point in time.

The Chief Internal Auditor highlighted the work being undertaken in relation to Creditor Matches; Payroll to Creditor Matches; Housing Benefit Matches; Concessionary Travel Passes and Council Tax Matches.

The Section 151 Officer informed the Committee that as of 1 November 2015, the Fraud Team moved to the DWP as part of the Single Fraud Investigation Service and that one Fraud Investigator had been retained on a temporary basis by the Council. He stated as a result of the work undertaken by this officer in reviewing Housing Benefit matches and other fraud work, the post had now been made permanent.

RESOLVED: That the Committee considered the NFI update report.

285. UPDATED FORWARD WORK PROGRAMME 2016-17

The Chief Internal Auditor presented an update on the 2015/16 Forward Work Programme for the Committee's information. She stated that in order to assist the Committee in ensuring that due consideration has been given by the Committee to all aspects of their core functions an updated Forward Work Programme was submitted.

RESOLVED: That the Committee noted the updated Forward Work Programme to ensure that all aspects of their core functions are being adequately reported.

286. URGENT ITEMS

There were no urgent items.

The meeting closed at 10.56 am

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

26 JANUARY 2017

REPORT OF THE HEAD OF FINANCE

THE CORPORATE RISK ASSESSMENT 2017-18

1. Purpose of Report.

- 1.1 The purpose of the report is to explain the outcome of the annual Corporate Risk Assessment and inform the Committee of the proposed risk management timeline contained in Appendix 2 of the Risk Management Policy.

2. Connection to Corporate Plan / Other Corporate Priority.

- 2.1 Effective risk management is an essential part of the framework for ensuring good corporate governance and supports delivery of the Council's Corporate Improvement Priorities.

3. Background.

- 3.1 Good governance requires the council to develop effective risk management processes, including an assessment of corporate risks.
- 3.2 The Audit Committee's Terms of Reference require the Committee to review, scrutinise and issue reports and recommendations on the appropriateness of the Council's risk management, internal control and corporate governance arrangements.
- 3.3 The Corporate Risk Assessment is considered and reviewed by Senior Management Team, Audit Committee, as part of the Council's quarterly Corporate Performance Assessment framework, and is used to inform the Overview and Scrutiny Committees forward work programme and the budget process.
- 3.4 The 2017-18 Corporate Risk Assessment is aligned with the Council's Medium Term Financial Strategy and Corporate Plan.

4. Current situation / proposal.

- 4.1 The risk assessment has been reviewed in consultation with Corporate Directors, Business Managers and Heads of Service and was considered by the Senior Management Team on 9 January 2017. It is attached as **Appendix 1**. It identifies the main risks facing the Council, their links to the Council's priorities and the likely impact on services and the wider County Borough, what is being done to manage the risks and which individual is responsible for the Council's response.
- 4.2 **Appendix 2** is a version of the Corporate Risk Assessment which demonstrates, via footnotes, the links between the Draft Corporate Plan (Reviewed for 2017-18).

- 4.3 A scoring matrix, contained in the Risk Management Policy shown at **Appendix 4**, is used which takes into account both the likelihood of the risk taking place and the impact if it did. The inherent risk is measured and then the residual risk; after the risk mitigation measures have been applied. The scoring matrix is within the Risk Management Policy. For information, **Appendix 3** contains a summary of how the residual risk scores have changed over the last three years. **Appendix 2** also shows the 2016-17 risk score in brackets below those for 2017-18.
- 4.4 The risk assessment will be subject to review on a quarterly basis by Senior Management Team, as part of the Corporate Performance Assessment and twice yearly by the Audit Committee.
- 4.5 The main changes are:

- **Making the cultural change necessary to deliver the Medium Term Financial Strategy**

The risk description has been changed to reflect the 2017-18 Local Government revenue settlement. Whilst the overall headline increase of 0.1% in Aggregate External Finance is a better settlement than was anticipated, funding on a like for like basis is a reduction of - 0.3%. This compares favorably with the -3.2% “most likely” assumption that is in the Council’s Medium Term Financial Strategy 2017-18, but it still provides significant challenges. The risk description also notes that there is no indication of allocations for future years. However, in the UK Government Autumn statement, a forecast was made that UK Government finances will be worse off by £122bn in the period to March 2021 than was predicted in March 2016.

The risk description confirms that the increase in the Council Tax rate of 2.9% is less than was originally planned.

The risk impact notes that the Council’s budget for 2017-18 to 2020-21 forecasts a £33.610 million budget reduction requirement.

The risk mitigation measures show that budget reduction proposals of £6.187 million have been identified from service and corporate budgets to achieve a balanced budget in 2017-18. The settlement from WG did not include funding to protect school budgets. School funding accounts for nearly a third of net revenue expenditure and protection inevitably leads to increased pressure on other budgets. In 2017-18 the Council will be asking all schools to make an efficiency saving of 1%. This will mean that school budgets are treated on an equivalent basis to other areas of the Council and as a consequence there will be nearly £1million to support other services that children and young people, and the community benefit from.

A significant change that the Council will be embarking on in 2017-18 is rolling out the use of digital approaches to how it engages with customers and provides some services. In 2017-18 the Council will be prioritizing the Council Tax and Benefits services, making it easier for residents to request services and manage their accounts on line.

The risk mitigation measures note that the delivery of the MTFs will be supported by the disposal of assets. An estimated £21 million could be generated by the enhanced disposals programme with £13 million of this figure being already delivered. It is anticipated that this will increase to £14.3 million by the end of 2016-17 with a further £6.6 million over the next three years. Finally, a budget narrative has been added to the MTFs. This seeks to make the MTFs more accessible and informative, improving understanding of the Council's financial strategy, and its links to corporate priorities, and explain the goal of delivering sustainable services in line with the overarching ambition of the Wellbeing of Future Generations (Wales) Act 2015. The MTFs emphasises the significant financial investment in public services in the County Borough.

The risk score remains unchanged.

- **Supporting adults at risk**

The risk description has changed to note that there is a plan in place to manage the significant number of cases that are coming through because of the Deprivation of Liberty legislation.

The risk mitigation measures have been changed to show that the Social Care Workforce Development Programme is providing an extensive programme of training including the Continuing Professional Education and Learning of Social Workers in the 1st and 2nd year of professional practice workforce development. This includes the establishment of a team to work with persons in the secure estate and this is supported by a WG grant.

The risk mitigation measures also show that the Population Assessment will be completed by 31 March 2017 and it will support the commissioning plan. Also the timescale for the completion of the two new Extracare homes has slipped. If there is further delay then there will be a risk to both the development plans and the MTFs. The programme is being closely monitored and managed.

The risk impact and risk score remains unchanged.

- **Supporting vulnerable children, young people and their families**

The risk mitigation measures show that a multi-agency safeguarding hub (MASH) is being developed to improve outcomes for children, young people and their families, by making sure that systems and processes enable needs to be identified as early as possible and responded to proportionately and by the right person/service. Work is progressing well and the majority of agencies within scope for the MASH have already co-located to within the Assessment Team. An options appraisal for future accommodation has been scoped, and a final decision is awaited. All other preparatory work is underway.

The Council is ensuring that robust mechanisms are in place to identify and provide appropriate services to children at risk from child sexual exploitation (CSE). This includes the early identification of CSE as practitioners have either received CSE training or are part of an ongoing programme to enhance their knowledge and the completion of Care and Support Assessments and Section

47 investigations. All Social Workers are familiar with the Sexual Exploitation Risk Assessment Framework.

The risk description, impact and score remain unchanged.

- **The economic climate and austerity**

The risk description has been changed to include the drainage and flood risk mitigation requirements of Natural Resources Wales which have become more onerous for capital schemes. This can cause delay and extra cost and in some cases schemes may become unviable and not be developed. This could have a severe impact on the corporate priority to regenerate town centres.

The risk mitigation measures note that the Council is contributing to the development of the business plan for the Cardiff Capital Region City Deal, with the aim of bringing increased investment and economic control into the local area. A joint project is being developed to establish a network of enterprise hubs across the City Region, building on the Sony model in Bridgend. An options appraisal has been completed in draft to consider the future land use planning framework for South East Wales.

The risk impact and risk score remains unchanged.

- **Disposing of waste**

The risk mitigation measures have been updated to reflect the further consultation on dispensations that will be allowed. The result of the consultation is that one further bag will be allowed for properties with 6 or 7 residents and two if there are 8 or more residents. Also one extra bag will be allowed for properties where the main source of heat is coal.

The risk mitigation measures acknowledge that the introduction of the Council's new waste collection policy will only be successful if the changes, and the reasons for them, are conveyed to the public in advance of the commencement of the scheme and during contract mobilisation. Consequently, the Council will appoint an education and engagement partner and additional call centre staff. The new contract will improve the Council's environmental performance, protecting future generations. It will assist the Council in meeting the WG waste targets and avoid the imposition of fines.

The risk description, impact and score remain unchanged.

- **Equal Pay**

There have been no changes to this risk.

- **Healthy lifestyles**

The risk mitigation measures have been brought up to date and now include the Getting Bridgend Moving and OlympAge Games programmes.

The risk description, impact and score remain unchanged.

- **Maintaining infrastructure**

The risk mitigation measures note that in 2017-18 there will be budget reductions in the areas of winter maintenance, weed spraying, technical surveys and road marking.

The risk description, impact and score remain unchanged.

- **Educational provision**

The risk description notes that the 2017-18 budget includes a proposed 1% annual schools efficiency target.

The risk mitigation measures note that Band B of the school modernisation programme, if agreed, will provide the mechanism to deliver the developed strategy. Whilst not giving a firm commitment, there has been an indication from WG of a significant match element to funding. There has been no commitment as yet to funding by the Council.

The risk mitigation measures also note that the Council publishes its Welsh Education Strategic Plan (WESP) each year and is currently consulting on its new draft WESP with statutory consultees. The public consultation on the demand for Welsh medium education within Bridgend is currently ongoing and will report in the new year. This will support the delivery of the WESP.

The risk impact and score remain unchanged.

- **The impact of homelessness**

No changes have been made to this risk.

- **Ineffective collaboration with partners**

The risk mitigation measures note that the Public Service Board is holding thematic workshops in order to: trial the concept of using a targeted theme; to gain increased knowledge of the different organisations; and lastly identify clear outcomes for collaborative working and for the local well-being plan. Also a Public Service Board Well-being Planning Working Group has been established to support the Public Service Board in developing the local well-being plan.

The risk description, impact and score remain unchanged.

- **Educational attainment**

The risk mitigation measures note that the Central South Consortium has recently undergone an Estyn inspection, the outcome of which has recognised the rapid improvement across the five authorities in the region, the fastest improvement nationally and that the Consortium is now at or above the national average in all indicators.

The risk description, impact and score remain unchanged.

- **Health and safety**

The risk description has been changed to reflect that as further budget reductions are required; there is a risk that there will be a decrease in investment in assets and infrastructure. This has been reflected in the risk impact which says that there will be deterioration in the condition of the Council's assets and infrastructure.

The risk mitigation measures have been updated stating that this risk will be managed by undertaking health and safety audits and condition surveys which will enable the Council to prioritise works and respond to emerging issues. In addition, reference to completed capital projects has been taken out.

The risk score remains unchanged.

- **School modernisation**

The risk mitigation measures have been changed to note that Band B of the school modernisation programme, if agreed, will provide the mechanism to deliver the developed strategy. Whilst not giving a firm commitment, there has been an indication from WG of a significant match element to funding. There has been no commitment as yet to funding by the Council.

The risk description, impact and score remain unchanged.

- **Welsh Language Standards**

The risk description has been changed to note that the council appealed eight of the September 2016 standards and is awaiting the outcome of these appeals as well as those made in March 2016.

The risk mitigation measures, impact and score remain unchanged.

- **Local Government Reorganisation**

The risk description has been changed to reflect the Local Government Secretary's statement that new proposals based upon an enhanced level of systematic and regional working will be set out and consulted upon prior to Local Government elections in May 2017. It emphasizes that there is uncertainty about the outcome of this consultation.

The risk impact, mitigation measures and score remain unchanged.

4.6 The current Risk Management Policy and risk assessment monitoring arrangements have been reviewed and the risk management timeline at **Appendix 2** of the policy has been updated.

5. Effect upon Policy Framework & Procedure Rules.

5.1 None as a direct consequence of this report.

6. Equality Impact Assessment.

6.1 Equality issues permeate many of the risks identified and where appropriate equality impact assessments are undertaken within the process of approving the mitigating actions.

7. Financial Implications.

7.1 There are no financial implications directly associated with the risk assessment. Actions planned to mitigate each risk are required to be progressed within approved budgets.

8. Recommendation.

8.1 It is recommended that Members consider the annual risk assessment and updated risk management timeline contained within Appendix 2 of the Risk Management policy.

Randal Hemingway
Head of Finance
10 January 2017

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Risk Management & Insurance Officer

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Background documents

None

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Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
Links to all priority themes	<p>Making the cultural change necessary to deliver the Medium Term Financial Strategy:</p> <p>Whilst the overall headline increase of 0.1% in AEF is a better settlement for 2017-18 from Welsh Government (WG) than was anticipated, funding on a like for like basis is a reduction of -0.3%. This compares favourably to the -3.2% “most likely” assumption that is in the Council’s Medium Term Financial Strategy 2017-18, however, it still provides significant challenges particularly in view of unavoidable pressures on the budget such as the national agreements on pay, including the Living Wage, the apprenticeships levy, price inflation, legislation such as the Welsh Language Standards and demographic pressures within Social Services.</p> <p>The WG Minister has given no indication of allocations for 2017-18 onwards and the future is difficult to predict. The UK Chancellor has announced that the target of being in budget surplus by 2020 is unrealistic in the current economic context. Following the EU Referendum there is great uncertainty about how these factors will impact WG funding but the Autumn Statement forecast that UK Government finances will be worse off by £122bn in the period to March 2021 than was predicted in March 2016 was not encouraging.</p> <p>The updated MTFS and draft budget report to Cabinet is based on an assumption that AEF will most likely reduce by 3.2% per annum to 2020-21 plus an increase in Council Tax. The</p>	<p>The Council’s budget for 2017-18 to 2020-21 forecasts a £33.610m budget reduction requirement.</p> <p>More obvious budget reductions have already been made and increasingly difficult spending decisions will have to be taken including those which have awkward political implications that may have previously been rejected.</p> <p>In the future the Council will look very different as it becomes a different sort of Local Authority that will do less but be better. The cost of redundancy payments will be a significant item given that around two thirds of net expenditure is staff, as will funding a pension deficit that will increase as fewer people contribute, outgoings increase and there is increased uncertainty around investments, particularly following the result of the EU Referendum.</p> <p>If there is a shortfall in savings the Council might fail to deliver the MTFS. This could necessitate the unplanned use of reserves to bridge the funding gap or unplanned cuts to services which could put vulnerable people at risk.</p> <p>Citizens may become increasingly dissatisfied with the Council as expectations around service delivery have not reduced in line with budgets. The Council’s reputation is being damaged as Council Tax bills increase year</p>	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>There will be an ever increasing focus on the main aims of the Council. The corporate plan with its revised corporate objectives will direct the allocation of resources in the MTFS period 2017-21.</p> <p>All areas of the Council will be set a 1% annual efficiency target, with further reductions over and above this targeted more heavily towards budget areas which contribute less towards the Council’s objectives. This approach aligns the MTFS directly with the corporate plan and supports the Council in the delivery of its goals. Budget reduction proposals of £6.187m have been identified from service and corporate budgets to achieve a balanced budget.</p> <p>The settlement from WG did not include funding from Local Authorities to protect school budgets. School funding accounts for nearly a third of net revenue expenditure and protection inevitably leads to increased pressure on other budgets. In 2017-18 the council will be asking all schools to make an efficiency saving of 1%. This will mean that school budgets are treated on an equivalent basis to other areas of the council and as a consequence there will be nearly £1m to support other services that children and young people, and the community benefit from.</p> <p>The Council will continue to manage its resources very carefully, in accordance with MTFS principles, and make difficult spending decisions. This will have to carry on for some years as the outlook for the public finances continues to look difficult.</p> <p>To improve its Financial Strategy development, the Council has expanded the budget development process to more proactively consider how the Council might respond to different settlement scenarios. Also a budget narrative has been added to the MTFS. This seeks to make the MTFS more accessible and informative, improve understanding of the council’s financial strategy, its links to corporate priorities, and explain the goal of delivering sustainable services in line with the overarching ambition of the Wellbeing of Future Generations Act. The MTFS emphasises the significant financial investment in public services in the County Borough.</p> <p>An MTFS budget reduction contingency reserve has been created to enable the Council to manage delays or unforeseen obstacles to the delivery of significant budget reduction proposals. There have been allocations during 2016-17.</p> <p>The financial resilience of the Council will be improved as it seeks to increase the Council Fund reserve to the Welsh average of 2.7% by the end of the MTFS period. During 2017-18 the Council will maintain its general fund at no less than £7m</p> <p>The workforce will reduce over the life of the MTFS. This will be</p>	Head of Finance	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>better than anticipated settlement has allowed the council to reduce the increase in Council Tax to 2.9%.</p> <p>The revised savings targets are:</p> <p>2017-18: £6.187m 2018-19: £9.474m 2019-20: £9.141m 2020-21: £8.808m</p> <p>Budget reduction proposals over the term of the MTFS have been formulated but currently £18.870m have not yet been developed or given consideration.</p> <p>The successful delivery of the MTFS is increasingly at risk as it becomes ever harder to make savings from more efficient services and substantial savings are relying on single projects that may not deliver. Over the last four years the Council has reduced budgets by £34m. The reductions of the next four years will mean that total reductions will amount to about a quarter of the net budget.</p> <p>The budget reductions required will mean that deep transformational change is needed impacting the culture of the entire Council. There is a risk that the Council will not achieve the degree of change required due to increasingly difficult choices having to be made, the length of time it takes to make change or because the Council does not have the necessary skills and experience needed.</p>	on year whilst discretionary and preventative services are cut and statutory services come under increasing pressure.		<p>managed through a year on year reduction in the headcount through redeployment, early retirements, voluntary redundancies and some compulsory redundancies.</p> <p>The way that staff work will change. Raven's Court will be leased out and staff transferred to Civic Offices and Sunnyside House. The ICT strategy prioritises the delivery of agility with more staff working remotely.</p> <p>The ICT strategy also prioritises a transformational shift towards digital access to services and the digitisation of most common internal processes. However, to realise savings the Council must stop delivering services through the traditional route as well and this may be resisted. The public may become frustrated as they can deal with the Council digitally in some areas, but not in others or if the back office process cannot keep pace with a digital public face to the service. In 2017-18 digital transformation within the Council Tax and Benefits Service will be prioritised.</p> <p>Delivery of the MTFS will be supported as the Council finds the best management arrangements for property assets including Community Asset Transfer. Priority 1 proposals include public toilets, parks pavilions, bus shelters and Community Centres. Playgrounds, playing fields and bowling greens may follow. Up to £200,000 will be set aside in the Change Management ear marked reserve to fund a fixed term dedicated Community Asset Transfer post and to meet additional legal and property requirements.</p> <p>In addition to different management arrangements, delivery of the MTFS will be supported by the disposal of assets. An estimated £21m could be generated by the enhanced disposals programme with £13m already delivered. It is anticipated that this will increase to £14.3m by the end of 2016-17 with a further £6.6m over the next three years.</p> <p>As a minimum, fees and charges will be increased by at least CPI plus 1%. A corporate income generation policy has been agreed. A principal is that the council will seek to recover the full cost of the service other than if there is a conscious decision which is consistent with Council priorities.</p>		
Helping people to be more self-reliant	<p>Supporting adults at risk:</p> <p>If the Council in partnership with Western Bay and other partners</p>	The population is aging. Between 2014 and 2020, the number of people aged 65 and over is estimated to increase	Likelihood - 6 Impact - 4	The Council will reduce demand by investing in targeted early help and intervention programmes which will lead to people becoming more independent through reablement, recovery and progression.	Corporate Director Social Services &	Likelihood - 5 Impact - 4

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Smarter use of resources	<p>do not transform how services are delivered, they will not be able to meet the challenges brought about by high public expectations, a significantly worsening budget and a population that is both older and has more complex physical and mental health needs.</p> <p>Transformation is very significant and includes:</p> <ul style="list-style-type: none"> • Embedding the provisions of the Social Services and Wellbeing Act (Wales) 2014 including duties to prisoners in the secure estate • Continuing use of the Welsh Community Care Information System (WCCIS) and the potential challenges as the system is rolled out to other authorities • Caring for increased numbers of persons with Dementia • Encouraging greater use of direct payments • Managing risks associated with the use of independent providers • The transfer of more homecare to the independent sector • An increase in safeguarding activity including the Deprivation of Liberty Standards. There is a plan in place to manage the significant number of cases that are coming through under the Deprivation of Liberty legislation. • The risk of significant increases in the cost of 	<p>by 12.1% whilst the number of people over 85 is projected to increase by 24.4%. This changing demographic means that there will be more people with Dementia, It is estimated that need will double between 2001 and 2030.</p> <p>At the same time there are more young people with complex health needs living into adulthood. Whilst this is good, it means that more citizens are living with long term health problems that lead to an increasing need for support. This increasing demand will place additional cost pressure on the service.</p> <p>Failure to remodel services will:</p> <ul style="list-style-type: none"> • Restrict the Council's ability to respond to assessed needs as set out in the Social Services and Wellbeing Act (Wales) 2014 • Mean that the Council will be unable to meet its essential obligations and deliver the MTFs • Result in longer lengths of stay in acute hospital services • Result in a greater need for expensive hospital treatment • Mean that vulnerable people lead less fulfilled lives 	Total - 24	<p>Transformation is being driven forward as the Council works with a range of partners to deliver a broad range of support and services, across adult social care. The Remodelling Adult Social Care (RASC) Board continues to be the foundation of the transformation journey as the Council changes the emphasis from a model of "caring" to a more preventative approach of working with partners such as the NHS and third sector organisations to assist and support adults as they live independently in their own communities.</p> <p>The Council is exploring ways to include service users and communities within aspects of commissioning especially in the development of new service models for the future. There is an earmarked reserve that has been created to support the remodelling of adult social care that the service can draw on as appropriate.</p> <p>The RASC is aligned to corporate priorities and most of the projects under the Board have progressed to implementation stage and require specific focus and monitoring. The Social Services and Wellbeing (Wales) Act 2014 has been implemented from April 2016. This is overseen by a project group and has required significant work with managers and practitioners to map out the new requirements and integrate them into practice tools and the new Welsh Community Care Information System which is being implemented at the same time. Implementation of the Act is supported by WG Delivering Transformation Grant and its preventative approach is also promoted through support for the Dewis Cymru, all Wales information and advice website.</p> <p>A competent and skilled workforce is required in order to deliver this significant change agenda. The Social Care Workforce Development Programme is providing an extensive programme of training including the Continuing Professional Education and Learning of Social Workers in the 1st and 2nd year of professional practice workforce development. This includes the establishment of a team to work with persons in the secure estate and this is supported by a WG grant.</p> <p>The Council has been planning, in partnership with other agencies, how it will meet its obligations for the secure estate population. There is a well-established, care and support for adults implementation group, with all affected stakeholders represented. In addition a separate working group has been established to lead and agree processes and responsibilities to ensure that the Council meets all its obligations to children. This is a new responsibility for the council and its response continues to evolve.</p> <p>The Valuing Carers Compact is providing a framework for collaborative working and is a practical response to the requirement to support carers in the Social Services and Wellbeing (Wales) Act 2014.</p>	Wellbeing	Total - 20

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	<p>external contracts as a result of the implementation of the living wage from April 2016</p> <p>Demand for services is increasing and at the same time resources are decreasing. This makes the MTFS challenging. There is currently a shortfall in the savings identified. It is imperative that the Council continues to identify further savings to meet the MTFS.</p>	<ul style="list-style-type: none"> Mean that the Council does not meet the public's expectations and consequently the reputation of the organisation will suffer 		<p>The evidence base in relation to future care and support needs and the needs of carers will be enhanced by the Population Assessment. This will be completed by 31 March 2017 and it will support the commissioning plan.</p> <p>The Council has worked with ABMU to develop a joint Dementia Strategy 2015-18 which provides an overarching context in respect of the current service provision, gaps in services, the challenges ahead and priorities. Beneath this is a Dementia Delivery Plan showing how the strategy will be delivered during the next three years including milestones, target dates and responsible officers. This links to the local implementation of the Ageing Well in Wales Plan which aims to make Bridgend a County of Age Friendly Communities.</p> <p>In appropriate cases the Council is seeking to increase the number of service users receiving direct payments. In the future these may be used to purchase services from the Council as well as external providers.</p> <p>The remodelling homecare implementation plan is ongoing. At this stage, fewer hours have been transferred to the independent sector than was anticipated. The implementation plan has been reviewed and corrective actions are being progressed. In addition to this a formal contingency plan is being drawn up with planned actions to take if an external provider goes into administration.</p> <p>The project to change the residential care model will be subject to market conditions. Buildings are old and not future proof. It will become increasingly difficult to keep them at an acceptable standard. The Council is planning to develop two Extracare homes to replace three care homes. The timescale for the completion of the two new Extracare homes has slipped. If there is further delay then there will be a risk to both the development plans and the MTFS. The programme is being closely monitored and managed.</p> <p>There are monitoring and safeguarding procedures in place to ensure that the services that are commissioned meet quality of care requirements. Independent residential care providers have been helped by the production of a Regional Quality Framework which provides a clear vision for quality in order to improve the lives of people and promote positive outcomes.</p> <p>The recruitment and training of existing staff to be Best Interest Assessors.</p> <p>The living wage is a foreseen pressure. The exact amount to fund it is not known so an assumption has been made for the MTFS.</p>		

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				Robust monitoring of absence levels continues including scrutiny on a case by case basis.		
<p>Helping people to be more self-reliant</p> <p>Smarter use of resources</p>	<p>Supporting vulnerable children, young people and their families:</p> <p>A significant proportion of funding for work with vulnerable children, young people and their families is via grants provision. These may come under threat at a time when budgets are already stretched.</p> <p>If the Council in conjunction with partner organisations does not transform services it will not be able to meet the challenges of:</p> <ul style="list-style-type: none"> providing high quality care to vulnerable children and their families including the increased demands for safeguarding activity, for example, CSE, missing children, LAC and children and young people who are subject to care and support plans Embedding the provisions of the Social Services and Wellbeing (Wales) Act Continued implementation of Welsh Community Care Information System 	<p>If services are not transformed the wellbeing and safety of children might be compromised. They may be unable to:</p> <ul style="list-style-type: none"> Thrive and make the best use of their talents Live healthy and safe lives Be confident and caring throughout their lives Know and receive their rights <p>Patterns of behaviour, such as poor parenting will be repeated in subsequent generations.</p> <p>A potential increase in the proportion of young people identified as not in education, employment or training (NEET).</p> <p>A less skilled and flexible workforce.</p> <p>Increased social and economic costs.</p> <p>A loss of reputation to the Council.</p> <p>An increase in the need to commission expensive placements with independent fostering and adoption providers.</p> <p>Increased demands on social work teams, reviewing officers and support teams.</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>The Council is committed to safeguarding the children and young people within the community.</p> <p>The council will reduce demand by investing in early help and intervention programmes. A Remodelling Board has been established which will oversee the planning of new models of service delivery.</p> <p>The Social Services and Wellbeing (Wales) Act 2014 has been implemented from April 2016. This is overseen by a project group and has required significant work with managers and practitioners to map out the new requirements and integrate them into practice tools and the new Welsh Community Care Information System which is being implemented at the same time. Implementation of the Act is supported by a WG Delivering Transformation Grant.</p> <p>Part 6 of the Social Services and Wellbeing (Wales) Act 2014 concerns children who are looked after by the Council. The Act was implemented on 6 April 2016 and stipulates that:</p> <ul style="list-style-type: none"> The child should have a care and support plan The Council should make it easy for the child to stay in touch with parents, family and friends where it is safe to do so Each child should have an independent reviewing officer The Council should provide support and advice for young people coming out of care <p>Significant training has been carried out to ensure that the Council meets its duties under the Act.</p> <p>The Council is taking a lead role in the development of a national approach to statutory advocacy for Looked After Children and Children and young people who are subject to care and support plans.</p> <p>There is an earmarked reserve for Looked After Children that will support the service area and help cushion any sudden increases in Looked After Children numbers.</p> <p>Childrens Safeguarding and Early Help and Prevention teams will work closely together to deliver both the Early Help and Intervention Strategy and the Placement and Permanency Strategy to vulnerable groups. The re-structure of Family Intervention Services which was completed in March 2015 is working well. Three Early Help locality hubs (North, East and West) have been created to work with</p>	<p>Corporate Director</p> <p>Social Services and Wellbeing</p> <p>Corporate Director</p> <p>Education and Family Support</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>

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				<p>families in a more joined-up way. Family Support Workers, Education Welfare Officers, Family Engagement Officers, Counsellors and Youth Workers have been co-located in each of the hubs as well as Safeguarding Social Work Teams to support a whole system approach to ensuring that the needs of all our children and young people will be met at the earliest opportunity. In addition, the Council has created a central hub of specialist Family Support Services (e.g. Connecting Families) who provide a range of services across the whole County Borough.</p> <p>The activity regarding increases and decreases on both the Child Protection Register and Looked After Children fluctuates weekly and is subject to robust monitoring by the Children’s Services senior management team.</p> <p>The Council will strive for stability and permanence for Looked After Children. This will include using increased numbers of adoptions, special guardianship orders, residence orders and other long term arrangements with Foster Carers or extended family. The Western Bay Regional Adoption Service has been established and will help make the best use of resources so that improvements can be made to ensure that children requiring adoptive placements are speedily and appropriately matched with adopters who can meet their needs for their entire childhood. The development of a new local parent and child fostering service will also improve use of resources.</p> <p>A multi-agency safeguarding hub is being developed to improve outcomes for children, young people and their families, by making sure that systems and processes enable needs to be identified as early as possible and responded to proportionately and by the right person/service. Work is progressing well and the majority of agencies within scope for the MASH have already co-located to within the Assessment Team. An options appraisal for future accommodation has been scoped, and a final decision is awaited. All other preparatory work is underway.</p> <p>The Council is ensuring that robust mechanisms are in place to identify and provide appropriate services to children at risk from child sexual exploitation (CSE). This includes the early identification of CSE as practitioners have either received CSE training or are part of an ongoing programme to enhance their knowledge and the completion of Care and Support Assessments and Section 47 investigations. All Social Workers are familiar with the Sexual Exploitation Risk Assessment framework.</p> <p>CSE meetings are held in Bridgend on a weekly basis which allows for continuous evaluation of the level of risk. The Council is also part of a focused multi-agency “CSE Task Force” including Police, ABMU Health, BCBC Education Department, Barnardo’s, the Youth Service and Early Help Services which assists good communication.</p>		

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				<p>There are also close links with A&E within ABMU and schools and colleges</p> <p>The current respite arrangements for disabled children will be reviewed and new models of service delivery will be considered that will provide flexible support for people when they need it. The revised programme also includes a scheme to rationalise assets at Heronsbridge School to enable residential provision for children with disabilities on a 52 week a year basis, to enable children to stay within Bridgend rather than being placed in establishments far from the family home.</p> <p>The Council will develop appropriate mechanisms to provide good information, advice and assistance. This includes Dewis Cymru, the all Wales information and advice website and services in support of Carers.</p> <p>The development of services which will help children transition into adulthood including children with disabilities and those leaving care.</p>		
Links to all key priority themes	<p>Welfare reform:</p> <p>The UK Government has introduced a number of significant welfare reforms over the last three years and Universal Credit (UC) was implemented in the County Borough in June 2015. Further reforms were introduced in the July 2015 Budget which will mean that more citizens in the County Borough will be impacted.</p>	<p>Changes being made by the UK Government to benefit entitlements mean that some citizens will be in greater poverty including increased child poverty. Demands on services for vulnerable people are likely to increase at the same time as the Council's resource base reduces. This will be exacerbated by the further changes introduced in the July 2015 UK Government budget. These include a freeze on most benefits for 4 years, a further reduction in the benefit cap, no automatic entitlement to Housing Benefit for 18 to 21 year olds and Tax Credits and UC being restricted to a maximum of two children.</p> <p>Since 15 July 2013 there has been a limit on the total benefit a working age person can receive. This affected 82 households in Bridgend but the number will increase to about 200 as the benefit cap reduced from £23,000 to £20,000. This</p>	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>The Council will monitor the impact of welfare reforms on citizens in terms of their needs across the range of Council services including housing and is developing proposals for dealing with changes in demand.</p> <p>The Benefits Service works closely with Housing Associations to support the people affected by the caps by identifying those that are exempt from it, providing debt and money management advice and in qualifying cases awarding Discretionary Housing Benefit payments. The grant for payments in 2016-17 was £306,262.</p> <p>The Council's Housing Section has agreed a protocol with Registered Social Landlords for dealing with existing tenants who fall in arrears specifically due to the application of the bedroom cap. Bridgend Housing Partnership meets quarterly and discusses the impact as an agenda item.</p> <p>When advised by the DWP of a new benefit cap case, the Benefits Service contacts the affected claimants to discuss their options. The Benefits Service works closely with these families to ensure that they are adequately equipped to deal with the reduction in their income, or, in conjunction with DWP, assist the family where possible with the transition into employment.</p> <p>Officers are fully apprised of UK Government and WG plans to ensure that the Council understands and can deal with the staff implications of moving from Housing Benefit (etc) to UC.</p> <p>During the rollout of UC the Council is required to provide support services to claimants and DWP UC staff as follows:</p>	Head of Finance	<p>Likelihood - 6</p> <p>Impact - 3</p> <p>Total – 18</p>

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		<p>was implemented in Bridgend County Borough during November 2016.</p> <p>From April 2013, maximum rent has been reduced in the social rented sector depending on the number of bedrooms required. 1,241 households are affected which represents 29% of the total working age Housing Association benefit claimants. The total number of households in Bridgend is about 59,000.</p> <p>The Council will need to manage the Council Tax Reduction (CTR) scheme within its budget. WG has provided funding for 2016-17 of £12.7m and provision has been made in the Council's annual revenue budget for 2016-17 for an additional £1.6m to fund the projected total budget requirement of £14.6m.</p> <p>The potential number of persons who may claim UC is estimated at 180 per month, with around 40 of these receiving support with housing costs. Positively, the UC taper rate is to be cut from 65% to 63% from April 2017. This means that benefits will be withdrawn at a rate of 63p for every £ of net earnings.</p> <p>The UC caseload is building from 2016 onwards until the benefit is established for all claimants by the end of 2022.</p> <p>Disability Living Allowance is being replaced by Personal Independence Payments. This will impact a significant number of residents as amounts paid</p>		<ul style="list-style-type: none"> • Helping to prepare landlords for the change • Supporting claimants with online administration • Supporting claimants with complex needs and those that require personal budgeting • Provide expertise to UC service centre staff on housing issues • Process CTR for UC claimants <p>The Benefits Service has been discussing UC changes with landlords since its announcement.</p> <p>As part of the MTFs, the Council has an earmarked reserve specifically for welfare reform.</p> <p>The living wage will increase to £7.50 and to £9.00 by 2020.</p> <p>The Head of Finance has initiated and chairs a welfare reform cross functional working group to proactively identify and implement measures which will mitigate the impact on citizens.</p> <p>Registered Social Landlords and Councils are seeking to influence the way that any changes to Housing Benefit for supported accommodation are implemented.</p>		

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		<p>might be different and there is the possibility of delays, particularly through the appeals process.</p> <p>The UK Government had intended to bring Housing Benefit for social housing tenants in line with private sector local housing allowance rates from 1 April 2017. This could impact on all supported accommodation and some Registered Social Landlord's elsewhere cancelled or postponed Extra Care housing schemes. Following pressure from Registered Social Landlords Ministers have offered full exemption to supported housing until a long term solution is devised,</p> <p>It is too early to say what the impact will be on the number of households affected by the latest welfare reform proposals.</p>				
Supporting a successful economy	<p>The economic climate and austerity:</p> <p>If the economy continues to perform badly the quality of life for residents will suffer. There will be no positive long lasting economic, environmental and social change as our towns, local businesses and deprived areas suffer decline.</p> <p>Individuals, particularly young people, may be unable to secure employment because they lack the basic skills and confidence necessary and suitable jobs are not available in the economy.</p> <p>There will be cuts in Welsh Local Government spending over the MTFS period 2017-18 to 2020-21. These cuts will impact on the local</p>	<p>There will be cuts in the public sector and these will disproportionately affect regeneration activities as spending on other services are protected.</p> <p>Reductions in regeneration funding have a disproportionate affect because each £1 of Council funding leverages between £8 and £13 from other sources.</p> <p>There could be further job losses and business failures in the local economy if the UK and European economies don't get stronger. The quality of life within the County Borough may decline.</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>The Council supports the business community via the Business Forum, Bridgend Tourism Association, the Destination Management Partnership, Coastal Partnership, and town centres, through the Town Centre Manager, BID Partnership (Bridgend) and THI Programmes. Targeted investments have been made and successes achieved in key sectors such as tourism and the encouragement of micro business centres. The Council is working with Bridgend Business Forum to review business support in the context of the Cardiff Capital Region City Deal and establish a development strategy;</p> <p>The Council has an apprenticeship programme in operation.</p> <p>The Smart System and Heat project puts Bridgend at the forefront of emerging technology but key decisions must be made about project delivery.</p> <p>Increasing footfall via a greater number of residents living in town centres and by running high quality events.</p>	<p>Corporate Director Communities</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>

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	<p>economy disproportionately because the Council is one of the key local employers.</p> <p>Following the EU Referendum there is great uncertainty about the impact on resources. Bridgend County Borough receives significant levels of EU funding. Current programmes run to the 2020-21 financial year and there is approved funding of £4.926m. In addition there are also further grant applications of up to £18m at various stages of development. There is uncertainty about what will happen to ongoing projects when Article 50 is triggered. Once the UK is outside of the EU there is even less certainty about funding because monies may be redirected away from regeneration to other government priorities.</p> <p>In addition there is a greater risk of general economic downturn following the vote to leave the EU. This is highly likely to impact on local economic viability and jobs.</p> <p>If the economy is less buoyant the Local Development Plan (LDP) will come under increasing pressure because sites available under the LDP become less attractive to housing developers.</p> <p>The drainage and flood risk mitigation requirements from NRW have become much more onerous on capital schemes</p>	<p>Pressure will be placed on diminishing Council services which support local businesses and employment.</p> <p>Town centres continue to suffer, predominantly the retail sector. Without regeneration they will not be attractive places to visit or able to compete with retail developments in neighbouring centres such as Talbot Green and Neath. Even with regeneration, competition and resilience will be difficult, as the nature of town centres is changing.</p> <p>The proposed regeneration programme assumes £2.6m of capital receipts. This includes an anticipated receipt from Porthcawl Regeneration Phase 1.</p> <p>Existing capital schemes will be affected if there are cost over-runs on regeneration projects. There is no provision to fund unforeseen works.</p> <p>As a result of cuts in the service, the Council is unable to provide a coherent economic development response to the impact of Brexit, and fails to meet the needs of businesses and citizens, resulting in reputational damage and an increase in complaints.</p> <p>Delivery of housing was on track in 2015 but will slip behind target in 2016. If the LDP fails Housing developers may come forward with alternative projects on sensitive sites which may escalate to appeals.</p>		<p>The Bridgend local development strategy under the Rural Development Plan for Wales has been approved with a funding allocation of £1.886m.</p> <p>Implement the Youth Engagement And Progression Framework.</p> <p>Strategic Regeneration Fund (SRF) allocations are committed to projects up to 2016-17. However, following the announcement of the WG's Structural Funding Programme 2014-20, and the additional funding that can be secured using the SRF as matched funding, it has been agreed that the period of matched funding in the capital programme up to and including the 2020-21 financial year has been extended.</p> <p>A cross directorate working group will continue to co-ordinate the development and delivery of European funded projects. A package of employment support projects are being taken forward for European Social Fund grant aid.</p> <p>Bridgend</p> <p>The Rhiw Car park redevelopment, aimed at bringing footfall and vitality to the town centre, is now complete, but work is still underway on the residential development. The project, funded by WG via a Vibrant and Viable Places grant, is on track.</p> <p>Parts of the Parc Afon Ewenni development scheme will become available for housing development.</p> <p>Maesteg/Llynfi Valley</p> <p>The first stage of desktop feasibility work on the Llynfi Valley sites has been completed. The town centre action plan is being implemented and is funding a range of activities in partnership with local stakeholders. The final evaluation of Maesteg THI has been issued, and confirms the success of the scheme in bringing historic buildings back into economic use in the town. A project submission has been made for Maesteg Town Hall under WG's Building for the Future programme.</p> <p>Porthcawl</p> <p>A new masterplan is being produced in support of phase 1 of the Seven Bays Project.</p> <p>Considerable progress has been made on regeneration in Porthcawl, including the completion of refurbishment of key buildings</p>		

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		<p>The drainage and flood mitigation requirements from NRW impact all capital projects causing delay and often extra cost. In some cases schemes become unviable and cannot be developed.</p> <p>Many towns are built on rivers, and this could have a severe impact on the corporate priority to regenerate town centres.</p>		<p>in the harbour quarter through £890,000 of THI funding and further development of the Maritime Centre project. The Partnership Action Plan for the town centre is being implemented.</p> <p>The Council has been successful in its bid for £4.5m of Attractor Wales money. This will fund a maritime and water sports centre and an extension of the coastal pathway. A bid is also being made to the Coastal Community fund.</p> <p>WG funding for a new town centre partnership is now delivering projects.</p> <p>Cardiff Capital Region has secured a City Deal worth £1.28bn. This will allow Councils and partners to unlock significant growth across the Cardiff Capital Region. The City Deal will provide an opportunity to continue tackling the area's barriers to economic growth by: improving transport connectivity; increasing skills levels still further; supporting people into work; and giving businesses the support they need to innovate and grow. The Council is contributing to the development of the business plan for the Cardiff Capital Region City Deal, with the aim of bringing increased investment and economic control into the local area. A joint project is being developed to establish a network of enterprise hubs across the City Region, building on the Sony model in Bridgend. An options appraisal has been completed in draft to consider the future land use planning framework for South East Wales.</p> <p>The council is placing evidence in front of the Inspector in support of the LDP.</p> <p>Updated flood risk assessments can be prepared for sensitive areas such as town centres. There may be a need to explore a mixed approach to risk management, by developing updated flood evacuation plans, rather than have schemes fail to progress as a result of the prohibitive cost of mitigation measures.</p>		
<p>Supporting a successful economy</p> <p>Smarter use of resources</p>	<p>Disposing of waste:</p> <p>The EU Waste Framework Directive promotes waste prevention and increased recycling.</p> <p>WG's waste strategy 'Towards Zero Waste' sets challenging targets. Since 2012-13 there has been an obligation to recycle / compost 52% of waste and this will rise to 64% by 2019-20 and 70% by 2025. A new service is</p>	<p>Failure to achieve recycling/composting targets could result in:</p> <ul style="list-style-type: none"> Inefficient use of resources as waste goes to landfill sites Penalties of £200 per tonne if we fail to achieve landfill allowance targets <p>Increased recycling has a knock on effect to the contract</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>The Kier contract has delivered a stable recycling performance and this will continue until the end of the current contract term in March 2017.</p> <p>From April 2017 the Council will continue to collect waste on a fortnightly basis however homes will be limited to a two bag collection policy. In the original consultation, residents proposed making additional allowances in certain circumstances. This has now been consulted on and dispensations will be allowed of one further bag for properties with 6 or 7 residents and two if there are 8 or more residents. Also one extra bag will be allowed for properties where the main source of heat is coal. Also waste going to Household Recycling Centres will need to be pre-sorted and an absorbent hygienic products collection will be introduced.</p>	<p>Corporate Director</p> <p>Communities</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>

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	expected to commence in April 2017. Timescales are tight but this will deliver improved performance. In the meantime maintaining momentum behind the existing scheme and hitting the target is a challenge.	requirements of MREC.		<p>The introduction of the Council's new waste collection policy will only be successful if the changes, and the reasons for them, are conveyed to the public in advance of the commencement of the scheme and during contract mobilisation. Consequently, the Council will appoint an education and engagement partner and additional call centre staff. The new contract will improve the Council's environmental performance protecting future generations. It will assist the Council in meeting the WG waste targets and avoid the imposition of fines.</p> <p>BCBC and Swansea CBC, under the South West Wales hub have procured an Anaerobic Digestion facility provided by Biogen. An interim contract of two years has been let commencing on 1 August 2015. The procurement of a more permanent contract has commenced and the process is in the final evaluation period.</p> <p>A tender was let to allow an operator to provide residual waste handling facilities at MREC. The results and their implications are being considered.</p>		
Corporate Governance	<p>Equal Pay Claims:</p> <p>The result of the Abdulla Group case involving former employees of Birmingham City Council means that there is a risk of further equal pay claims against the Council.</p> <p>The courts are reviewing rulings on male dominated claims which have been listed. To date the Council has refused to settle these as they are outside the scope of the Memorandum of Understanding. The court decision remains outstanding.</p>	<p>The ruling has created the possibility that employees who left the Council up to six years ago might claim under equal pay legislation. Previously, to make a claim, the person had to be either employed by the Council or have left its employment within the last six months.</p> <p>Claims for compensation can now be made through the Civil Courts rather than via an Employment Tribunal. This will increase Legal Costs.</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>The Council is aware of the issues and is monitoring developments.</p> <p>Following the equal pay exercise, the Council is in a good position to be able to respond to any further claims in an appropriate manner.</p>	Head of Finance	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>
Helping people to be more self-reliant	<p>Healthy Life Styles:</p> <p>There are significant health inequalities within the County Borough and national statistics show that some parts are amongst the least healthy in Wales. Many people in the County Borough live unhealthy lifestyles and this might deteriorate as welfare reform</p>	<p>Unhealthy lifestyles have many affects. These include:</p> <ul style="list-style-type: none"> Shortened life expectancy. Life expectancy in the County Borough is below the Welsh average Shortened healthy life expectancy. Some areas of 	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>The Council aims to support a wide range of people, at all stages of life, to achieve health gains by encouraging them to be more active, more often.</p> <p>The Welsh NHS confederation identifies that the all-cause mortality risk is reduced by 30% amongst those who are physically active and that physically active people will spend on average 38% fewer days in hospital. The Sport, Play and Active Wellbeing service targets collaborative working to increase physical activity rates. In addition the service has responded to the challenge of the Social Services</p>	<p>Corporate Director</p> <p>Social Services & Wellbeing</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>

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	<p>continues and some people become poorer. The Welsh Health Survey highlights the need to increase adult physical activity rates with only 52% of adults deemed sufficiently active.</p> <p>The Council must continue to find innovative ways of working to maximise the impact of reduced resources. This includes Community Asset Transfer (CAT) of assets including parks pavilions, playgrounds and playing fields. The CAT programme is at risk of slowing down because of the need to recruit in this area. Nationally there is a skills shortage.</p> <p>If the Council does not find ways to promote healthy living the emotional and physical wellbeing of citizens will suffer.</p>	<p>the County Borough have a healthy life expectancy which is 20 years longer than others</p> <ul style="list-style-type: none"> • Higher rates of obesity. Over half the County Borough population is overweight or obese. This results in significant costs to the economy and health and social services • Worse emotional health • Less fulfilled lives as people lose their independence due to ill health <p>These result in greater demand for expensive medical and care services provided by ABMU and the Council.</p>		<p>and Wellbeing (Wales) Act 2014 by focussing on prevention and wellbeing based interventions that can reduce the need for higher cost provision or support in the future.</p> <p>The Council develops services and opportunities that encourage and promote life-long physical activity particularly amongst underrepresented groups by working in partnership with HALO Leisure and a range of community partners. This includes delivering the National Exercise Referral Programme to 1,186 people in partnership with HALO Leisure to help reduce obesity levels and encourage better weight management. The Welsh Health Survey shows that there have been reductions in the number of obese and overweight people in the County Borough against an increase nationally.</p> <p>The “Getting Bridgend Moving” programme which is part of the “Getting Wales Moving” initiative will bring further health benefits and the role of movement and gentle exercise in improving mental health for persons with Dementia has been recognised,</p> <p>The number of physical activity visits to Council operated leisure facilities have increased by 92,508 over a two year period. Visits to HALO facilities have also increased. The total for 2015-16 of 1,191,386 was 37,800 higher than in 2014-15.</p> <p>Children and young people are encouraged to be physically active. Participation within children’s sport is increasing and the School Sport Survey shows that the number of children participating in school based extracurricular sport or sport with a club on three or more times a week has increased from 40% to 47% between 2013 and 2015.</p> <p>The Sport, Play and Active Wellbeing Service have formal partnerships with many schools. In addition the National School Sport programme is being implemented as is the “Every Child a Swimmer” initiative. The school swimming programme has secured 100% participation in the intensive model. This has delivered a 5% increase in young people meeting curriculum standards.</p> <p>The Dame Kelly Holmes “Get on Track” programme has successfully supported people with learning and behavioural disabilities to engage in sports leadership programmes. The good practice in the County Borough has been recognised by Welsh Government.</p> <p>The secondary schools programme achieved 71,352 participants and supported 5,448 physical activity sessions.</p> <p>Other examples of how the community is being encouraged to exercise are:</p>		

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				<ul style="list-style-type: none"> • Developing community based sporting opportunities with Disability Sport Wales for children and adults with disabilities. There are 923 junior and 623 senior participants. • Increasing the activity levels of women and girls through initiatives such as “Us Girls”. • The “Move More Often” programme is being developed to support users of day care and residential services. • The Love to Walk programme. • The “over 60” free swimming initiative which achieves the highest participation rates in Wales. This also supports loneliness and isolation reduction targets of the Aging Well plan. • An Armed Forces and veterans free swimming scheme. • The OlympAge Games which forms part of a Wellbeing initiative has been rolled out in care settings to improve physical and mental wellbeing. <p>The Council is pursuing CAT with priority given to assets that are linked to proposals within the MTFS. Up to £200,000 had been set aside in the Change Management earmarked reserve to fund a fixed term dedicated CAT Officer post for 3 years and to meet additional legal and property requirements. Priority 1 CAT proposals include parks pavilions, community centres, public conveniences and bus shelters and priority 2 playgrounds and playing fields. The success of the proposals depends on the proactive participation of Town and Community Councils and community organisations, together with their ability to manage the asset. Different assets will generate different levels of interest. There is a £100,000 per annum over three years, ring fenced for capital investment for Town and Community Councils as well as potentially £1m prudential borrowing for sports pavilions to ensure that they are in a good condition, to encourage take up of assets.</p> <p>The Council works with partners to develop projects that tackle health issues such as weight management, harmful drinking and smoking. The Welsh Health Survey indicates a 4% reduction in smoking rates with Bridgend below the Welsh average.</p> <p>There are ongoing Licensing and partner meetings to review any emerging issues around the licence trade and the sale of alcohol.</p> <p>The multi-agency Tobacco Control Steering Group developed an action plan for partnership working across the County Borough.</p>	<p>Corporate Director Communities</p> <p>Corporate Director Operational and Partnership Services</p>	

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				There are various awareness raising initiatives across the County Borough and Trading Standards, as part of the newly formed regulatory service, which inspects premises and enforces legislation concerning sales to those who are underage.		
Supporting a successful economy	<p>Maintaining infrastructure:</p> <p>If there is further harsh weather there may be an increase in the number of roads in poor condition, more repairs being required in the future and the Council might fail to meet its statutory obligations. The risk is exacerbated because the Local Government Borrowing Initiative (LGBI) has ended and reductions must be found in the Highways budget.</p>	<p>Failure to maintain infrastructure will result in the Council not meeting its statutory obligations and the % of roads that are in overall poor condition increasing.</p> <p>A poor quality highway network leads to increased third party liability claims, a loss of reputation, a possible adverse impact on economic activity and reduced quality of life for citizens.</p> <p>Further budgetary pressures could occur due to unpredictable weather patterns and the worsening condition of the infrastructure. This will lead to an increased requirement for emergency repairs.</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>The LGBI provided funding of around £6.8m over the period 2012-15 for highway infrastructure improvements. The principal adopted for the programme of works was to provide good quality resurfacing which will be sustainable in the long term rather than quick overlay which requires higher maintenance in future years. 2014-15 was the last year of the LGBI and there has now been a reduction in maintenance budgets.</p> <p>In 2017-18 there will be budget reductions in the areas of winter maintenance, weed spraying, technical surveys and road marking.</p> <p>The Highways and Transport capitalised annual allocation was maintained at £200,000.</p> <p>Unless there is further investment there will now inevitably be deterioration in the proportion of roads that are in a satisfactory condition and an increase in expensive reactionary maintenance.</p> <p>The Council's Highways Asset Management Plan provides information to assist the Council in considering the highway asset risk and apportion funding from the Council's budget strategy. The ability to digitally scan the highway helps in objective decision making but fewer scans will now be made.</p> <p>The risk around the condition of the highway will be managed by a proactive system of highway inspections and by responding positively to complaints.</p>	<p>Corporate Director</p> <p>Communities</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>
Links to all priority themes	<p>Educational provision</p> <p>If the Council does not adopt a strategic approach for sustainable educational provision in Bridgend, after the proposed 1% annual school efficiency target, then there is a risk that it may not be able to offer sufficient educational provision or of the right type in the right locations in the County Borough and with partners. Neither will the Council be providing 'fit for purpose schools' capable of delivering high quality educational experiences for all pupils.</p>	<p>An inability to offer a broad range of educational opportunities will ultimately result in poorer outcomes for children and young people.</p> <p>Outcomes for groups of vulnerable learners may not improve quickly enough or not at all.</p> <p>Continued falling school rolls and a large number of surplus places.</p> <p>Financial constraints leading to a growing number of</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>	<p>A strategic review into the development and rationalisation of the curriculum and estate provision of Primary, Secondary and Post 16 Education is being undertaken. The four work streams are:</p> <ul style="list-style-type: none"> School Modernisation Band B 2019-24. This focuses on the Band B including the provision of sufficient primary school places in Bridgend town and the delivery of Band B schools Post 16 Education, focusing on exploring options for the delivery of Post 16 education including options around a new post 16 centre School leadership and federations which will focus on reviewing guidance with WG and a strategic road map for deeper school partnerships in line with the Robert Hill review Curriculum and workforce focusing on the implementation of Donaldson and GCSE reform and workforce changes including Education Workforce Council and supply 	<p>Corporate Director</p> <p>Education & Family Support</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>

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		<p>schools in a deficit budget situation.</p> <p>School improvement schemes continue to be reactionary rather than strategic.</p> <p>Insufficient Welsh medium and faith based provision to meet demand.</p> <p>The strategic future of whole life learning across the County Borough will not be fully integrated into our strategy e.g., Bridgend College.</p> <p>The organisation of school places in Bridgend County Borough will not be supported by a clear strategy.</p>		<p>These work streams will provide an evidence based rationale for change and will help the council reach informed conclusions about the nature of future provision.</p> <p>An increase in the pace of school improvement.</p> <p>Succession planning and strong recruitment of Headteachers.</p> <p>Band B of the school modernisation programme, if agreed, will provide the mechanism to deliver the developed strategy. Whilst not giving a firm commitment, there has been an indication from WG of a significant match element to funding. There has been no commitment as yet to funding by the Council.</p> <p>The council publishes its Welsh Education Strategic Plan (WESP) each year and is currently consulting on its new draft WESP with statutory consultees. The public consultation on the demand for Welsh Medium Education within Bridgend is currently ongoing and will report in the new year and support the delivery of the WESP. Strong collaboration with communities and strategic partners, in particular Bridgend College.</p> <p>Monitoring the impact of the agreed changes to the Council's Learner Travel Policy from September 2016.</p> <p>Greater join up at both a strategic and operational level via the Safe Dry and Warm project.</p> <p>Close monitoring of surplus places and the development of opportunities to utilise surplus places with secondary schools in particular.</p> <p>Ongoing scrutiny and support around the management of school budgets.</p>		
Helping people to be more self-reliant	<p>The impact of homelessness:</p> <p>Homelessness may increase because of the current economic climate and ongoing austerity measures and welfare reform. This may result in a greater dependence on the Council to provide temporary accommodation for residents. This may happen at a time when the service itself is coming under increasing pressure because of its reliance on grant funding which is now subject to greater uncertainty.</p>	<p>Homelessness is often a culmination of several problems, such as debt, relationship difficulties, mental health issues and substance misuse. For many, homelessness leads to increased stress, depression, and isolation. It can lead to a need for other costly service interventions.</p> <p>The impact is greater on some groups e.g. 16/17 year olds and people with a chaotic</p>	<p>Likelihood - 5</p> <p>Impact - 3</p> <p>Total - 15</p>	<p>The Housing (Wales) Act gives the Council a strategic role in the functioning of the local housing market. The Council has developed a strategy for the period 2016-18. It contains five priorities. These are:</p> <ul style="list-style-type: none"> • Take reasonable steps to prevent homelessness • Make the best use of existing homes • Work with partners to deliver the right type of new housing • Help vulnerable people to stay independent, safe and secure in accommodation that best meets their needs • Create sustainable town centres through housing led regeneration <p>WG have made available transitional funding to support the implementation of the Housing (Wales) Act. However, the money is</p>	<p>Corporate Director</p> <p>Operational and Partnership Services</p>	<p>Likelihood - 5</p> <p>Impact - 3</p> <p>Total - 15</p>

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	<p>The Housing (Wales) Act 2014 has been enacted and places a duty on the Council to 'take all reasonable steps' for a period of 56 days to prevent homelessness. There is continuing uncertainty about what this means and WG have provided transitional funding to Local Authorities to implement the Act.</p> <p>The Act also removed the Priority Need status of former prisoners who are potentially homeless from Prison. The Council has been able to provide interim accommodation under WG transitional funding however this is not a long term solution so the impact on repeated presentation and street homelessness cannot be quantified at this point.</p>	<p>housing history.</p> <p>The use of temporary bed and breakfast accommodation results in high costs both in terms of finance for the Council and the wellbeing of individuals.</p> <p>The introduction of Universal Credit may increase rent arrears and evictions leading to an increase in the number of homelessness cases. This would impact on the welfare of citizens, the Council's Housing Solutions Team, the temporary accommodation budget and other welfare services.</p> <p>Any reduction in the WG grant for the Supporting People Programme might impact on services and the ability to sustain tenancies and increase homelessness.</p>		<p>only guaranteed for one year. This means that it is difficult to find staff of the correct calibre to manage the project because there is no security of employment.</p> <p>The Council continues to take a proactive prevention approach to address homelessness by helping citizens find solutions to their housing needs and getting to the root cause of why people become homeless.</p> <p>The Kerrigan Project commissioned through the Supporting People Programme aims to develop good practice in assisting those who are homeless or vulnerably housed and have co-occurring mental health and substance misuse issues.</p> <p>The Council, in conjunction with Registered Social Landlords, have implemented a Common Housing Register and Social Housing Allocations Policy. This is regularly reviewed and is helping ensure the best use of available social rented property.</p> <p>The Supporting People Team has a programme to re-commission the provision of structured, professional floating support to vulnerable groups which will help support tenancies and prevent homelessness and repeat homelessness.</p> <p>Following the national review of the Supporting People Programme, Regional Collaborative Committees have been established to support greater collaborative working.</p> <p>The impact of welfare reform has been reduced as far as possible. Communities First have commissioned a project to provide advice on financial inclusion across the three Communities First cluster areas.</p> <p>Working with partners to improve private sector housing conditions and bring empty homes back into use. This will be done via the Houses into Homes Scheme, Empty Homes Grants and Homes in Towns Grant.</p> <p>The removal of Priority Need Status for Prisoners means that there is an increased risk of street homeless with their associated social costs. The needs of this group are currently being met through the transitional funding made available by WG to implement the Housing Act.</p> <p>The Council will continue to apply the "intentionality test" to all groups of homeless households.</p> <p>A one stop shop for domestic abuse and violence has been set up in Civic Offices. The aim is to provide a holistic service to victims of domestic abuse and violence, by providing support, target</p>		

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				hardening, early intervention and temporary refuge to assist families to remain in their own home and communities where it is safe to do so.		
Smarter use of resources	<p>Ineffective collaboration with partners:</p> <p>If the Council does not deliver effective collaboration projects where they offer enhanced service quality, increased resilience or significant cost savings, it will not maximise cost effective, tangible, improvements to services.</p> <p>Budget reductions have the potential to affect collaboration where they result in restrictions of spend to single-agency priorities.</p> <p>There are potential risks associated with collaborative projects such as the Regulatory Services initiative, the Western Bay Adoption Service, Youth Offending Service and other areas including the LV20 and Garw Valley projects.</p> <p>The Well-being of Future Generations (Wales) Act 2015 establishes a sustainable development principle which means that the Council must act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. The Council must think long term, act to prevent problems occurring or getting worse, consider how its objectives impact well-being goals, act collaboratively and involve a diversity of people.</p>	<p>In a period of reducing budgets, successful collaborative working is even more essential for the efficient and effective delivery of quality public services. If the Council fails to collaborate successfully some of the most vulnerable people in the community will not have their needs met. This would lead to a loss of reputation with the public and WG and the potential for a drop in performance as measured against established KPIs.</p> <p>As the Council moves towards multi-agency working, there is potential for service instability whilst transformation takes place.</p> <p>Reduction in other public sector partners' budgets may have an impact on their capacity for partnership working.</p> <p>Regulatory Services staff, ie Environmental Health, Trading Standards and Licensing, have now transferred to the Vale of Glamorgan as host employers for the newly formed Shared Service. As the service covers a larger area, line of sight must not be lost to local delivery.</p> <p>If the Council does not comply with The Well-being of Future Generations (Wales) Act 2015 it will suffer a loss of reputation and there will be long-term consequences in the County Borough.</p>	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>The Council works in partnership with other councils, public sector and third sector bodies based upon different geographical and service footprints. There is evidence that partnership working and good collaborative arrangements permeate all the main risk areas. Corporate Directors understand the challenges of collaborative working and the importance of recognising different organisational cultures and approaches (e.g. towards data sharing).</p> <p>The Bridgend Local Service Board (LSB) which was led by the Council had a strong and positive record of facilitating collaborative working.</p> <p>In April 2016 the LSB was replaced by the newly formed Public Services Board (PSB) under the Well-being of Future Generations (Wales) Act 2015. The Council is a statutory member of the PSB. The Act details the statutory requirement of specified public bodies (including the Council), to work to improve the well-being of Wales. The PSB has taken over responsibility for implementing the remaining actions in the Bridgend County Together plan while preparing an assessment of the state of economic, social, environmental and cultural well-being in Bridgend County Borough.</p> <p>The PSB held their first meeting in May 2016 and have agreed to meet bi-monthly until it has completed the Joint Wellbeing Assessment of Bridgend and agreed the future collaborative agenda. At that meeting the Bridgend PSB agreed that all members of the board (not just statutory organisations) are equal partners and a PSB Scrutiny panel has been established to oversee the work.</p> <p>The PSB is holding thematic workshops to:</p> <ul style="list-style-type: none"> • trial the concept of using a targeted theme to inform the development of the Public Services Board; • gain increased knowledge of each other as individuals and of each other's organisations; and • identify clear outcomes for collaborative working and for the local well-being plan <p>A PSB Well-being Planning Working Group has been established to support the PSB in developing the local well-being plan.</p> <p>BCBC partners with ABMU, Swansea and NPT Councils to deliver a model of integrated care across a range of services including care for older people, adults with disabilities and mental health provision.</p> <p>The Memorandum of Understanding with Vale of Glamorgan Council</p>	<p>Corporate Director</p> <p>Operational and Partnership Services</p>	<p>Likelihood - 3</p> <p>Impact - 4</p> <p>Total - 12</p>

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				<p>facilitates collaboration in many areas. There is also the joint working agreement with the Vale of Glamorgan and Cardiff in relation to Regulatory Services.</p> <p>The Central South Consortium will drive school improvement.</p> <p>The Data Centre collaboration project with RCT increases the resilience of service provision.</p> <p>Collaboration in the provision of Leisure Services reduces cost and has improved quality.</p> <p>The motor fleet maintenance depot, jointly run with South Wales Police, is increasing efficiency.</p> <p>Partnership agreements and effective scrutiny and monitoring will support the management of these collaborative projects.</p>		
<p>Supporting a successful economy</p> <p>Helping people to be more self-reliant</p>	<p>Educational attainment:</p> <p>If school standards and pupil attainment do not continue to improve, including a narrowing of the gap between vulnerable pupils and others, there are significant risks to the emotional wellbeing of young people and their future employment prospects, the local economy and a range of Council services as young people leave education ill-equipped for employment.</p>	<p>A possible increase in the number of young people not in education, employment and training (NEET).</p> <p>Greater deprivation as young people are unable to sustain a livelihood in the future.</p> <p>More young people with worse emotional health.</p> <p>More schools identified as requiring monitoring and intervention through inspection, with concern and eventual special status.</p> <p>Potential for a decline in Key Stage attainment results, PISA scores and other accreditation.</p> <p>Less capacity for provision for pupils with learning difficulties.</p> <p>Potential for parents to complain and/or take cases to SEN Tribunal.</p> <p>Possible intervention by WG.</p> <p>Continued Estyn monitoring in</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>	<p>GCSE and A Level results in the County Borough have been getting better. The provisional 2015/16 results showed an improvement from 82.8% to 86.7% of pupils who achieved five A* to C grades at GCSE and an improvement from 97.8% to 98.3% of pupils achieving A* to E grades at A Level. In addition there has been a significant narrowing of the attainment gap, between vulnerable groups and others with an improvement in the average points score for Looked After Children. Whilst results vary each year because of the different cohort of children, there is a positive trend and the gap in attainment is less in Bridgend than across Wales as a whole.</p> <p>Good support arrangements are in place for schools. The Central South Consortium (CSC) has recruited Consultant Governors to help governing bodies which are in need of support. The Council has strengthened its own support for schools by identifying an additional Group Manager with responsibility for school improvement. CSC has recently undergone an Estyn inspection (the first in Wales for a regional education consortium), the outcome of which has recognised the rapid improvement across the five authorities in the region, the fastest improvement nationally and that the Consortium is now at or above the national average in all indicators.</p> <p>Coleg Cymunedol Y Dderwen has achieved rapid improvements in results. Provisional figures show that 93% of pupils achieved five A* to C grades at GCSE, an increase year of year of 34%. The improvement follows the development of a strong senior management team and Governing body.</p> <p>The Council is working with CSC and other partners to ensure that governing bodies are effective in providing challenge to schools. This includes working with the Bridgend Governors Association</p>	<p>Corporate Director</p> <p>Education & Family Support</p>	<p>Likelihood - 3</p> <p>Impact - 4</p> <p>Total - 12</p>

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
		<p>schools.</p> <p>A gap in achievement between pupils from vulnerable groups such as Free School Meals, Looked After Children, Children In Need and Special Educational Needs and other pupils.</p>		<p>(BGA) which has been relaunched. The focus of the BGA will be to develop a strategy to roll out Governor Improvement Groups (GIGs) for the County Borough, the first of their kind in Wales. Also a skills audit of all Governors within the County Borough will support the training agenda.</p> <p>Poor attendance leads to a serious loss of learning which is likely to affect achievement and life chances. An attendance strategy is in place and fixed penalty notices are available for Headteachers to use as a sanction. This is supported by the CSC absence management toolkit, Callio.</p> <p>To raise standards, the Council continues to implement the concept of self-evaluation across all its services in particular within Education. A number of events have taken place during 2015 and 2016 with the Directorate’s extended senior management team to focus on improving outcome focused self-evaluation.</p> <p>Estyn monitoring visits have taken place and these have been positive.</p> <p>Implement an improvement plan with Band 4 Comprehensive Schools and the development of a ‘good to great’ programme as an integral part of the CSC School Improvement Strategy.</p> <p>There is a strong focus on raising standards of literacy and numeracy through structured and strategic programmes including:-</p> <ul style="list-style-type: none"> • Identifying underperforming English and Maths Departments and support action to improve • Provide training for staff • Develop a whole school approach to basic skills • CSC literacy and numeracy plans <p>All ALN support has been brought together on one site at Bryncethin Campus. This includes the Bridge Alternative Provision, Ysgol Bryn Castell (YBC) and ALN support e.g., Educational Psychology, Looked After Children etc. Equally the Council will implement the LEAD (more able and talented) project with partners to develop a programme to support young people with leadership potential.</p> <p>Following the work of the Task Group, the strategic review of education in Bridgend has commenced.</p> <p>Informal collaboration between schools is taking place and the collaboration and leadership work stream within the strategic review will deliver a proposal for appropriate models of more formal collaboration including federation.</p> <p>School Improvement Groups (SIGs) have been set up across the 5</p>		

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
				Local Authorities in the CSC so that schools can share best practice and learn from each other. National categorisation of schools helps to identify which schools require support.		
Corporate Governance	<p>Health and Safety</p> <p>The council has a duty to protect the health, safety and welfare of their employees and other people who might be affected by its activities. Staff restructures have resulted in a reduction in the number of experienced supervisory staff and this means that there is an increased risk that opportunities to improve health and safety practice may be missed. Areas for improvement in some health and safety arrangements have been identified.</p> <p>As further budget reductions are required, there is a risk that there will be a decrease in investment in assets and infrastructure.</p>	<p>Failure to manage health and safety could result in:</p> <ul style="list-style-type: none"> • Injury, ill-health or loss of life to employees or members of the public • Total or partial loss of services or buildings used to deliver services to vulnerable people • Criminal prosecution by enforcement bodies such as South Wales Police, the Health and Safety Executive or South Wales Fire and Rescue Service. Sanctions include higher fines under the new sentencing guidelines, imprisonment and disqualification from office • Employers and Public Liability Claims • Increased insurance premiums • Reputational damage • A deterioration in the condition of the council's assets and infrastructure 	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>Directorate Risk Registers will be used to methodically review the hazards on a priority basis to develop:</p> <ul style="list-style-type: none"> • Business plans and health and safety objectives • Risk assessment planned programmes • Health and safety competencies and training plans <p>The Directorate Risk Registers will be reviewed to ensure that they reflect the risk profiles of the new Directorate structure.</p> <p>Cascade health and safety objectives within staff appraisals.</p> <p>Monitor health and safety performance through Corporate Performance Assessment, Corporate Management Board and the Corporate Health and Safety Steering group which is Chaired by the Corporate Director - Education and Family Support.</p> <p>Continue to assess the health and safety impacts of the budget reductions required by the MTFS and relevant change programme projects.</p> <p>Establish an awareness raising campaign of regular communications to staff promoting a range of health and safety topics to develop a positive safety culture.</p> <p>Health and safety audits and condition surveys of assets and infrastructure will enable the Council to prioritise works and respond to emerging issues,</p>	Chief Executive	<p>Likelihood – 3</p> <p>Impact – 4</p> <p>Total - 12</p>
Links to all key priority themes	<p>School modernisation:</p> <p>Budget pressures may reduce or delay the 21st Century school programme.</p> <p>WG has committed to fund 50% (£22.474m) of the total costs for the Band A programme. To receive this funding the Council</p>	<ul style="list-style-type: none"> • Insufficient progress may have a negative impact on pupils' learning and wellbeing • There is a link between attendance, attainment and the school environment • It may affect the range of educational opportunity for 	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>The Council continues to implement a phased schools modernisation programme but within a revised timetable.</p> <p>WG has committed to fund 50% (£22.474m) of the total costs for the Band A programme through a combination of Capital Grant and LGBI. To receive this funding the Council needs to submit detailed business cases for each project including how its match funding will be provided.</p> <p>It is essential that the planned capital receipts already committed</p>	<p>Corporate Director</p> <p>Education & Family Support</p>	<p>Likelihood - 3</p> <p>Impact - 4</p> <p>Total - 12</p>

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>has to provide match funding of £22.474m. Whilst £5m is from core funding allocations the Council is also relying on raising £4m from S106 agreements and £13.475m from the sale of school and other sites.</p> <p>It continues to be a challenge to release sufficient land for sale to support the programme, If the Council is unable to do so, there may be a delay in new builds which may prejudice the Council's ability to provide for sufficient school places.</p> <p>Demand for disabled adaptations and repairs and maintenance are outstripping the budget. Failure to provide for disabled learners may result in litigation or tribunals.</p>	<p>pupils</p> <ul style="list-style-type: none"> There may be inefficient use of resources, due to a mismatch in the supply and demand for places in different schools Deterioration in the state of school buildings will result in increased running costs and the need for emergency repairs. This could result in potential health and safety issues. Resources that could be better spent on direct support to children (BCBC schools are relatively poorly funded) will be diverted to less productive use New schools are designed as community facilities and in the case of Coleg Cymunedol Y Dderwen is also a multi- agency hub School facilities which are in a poor condition make it harder to attract high calibre new Headteachers to replace those reaching retirement age. <p>Inadequacies in buildings maintenance have been identified, including fire safety within schools.</p>		<p>and ring fenced from the sale of school sites are retained for school modernisation. Any change to this commitment would require Council approval.</p> <p>Maintain strong programme and project management arrangements. There is a track record of delivering projects to time, cost and quality.</p> <p>Procurement through the South East Wales Schools & Capital Programme Contractor Framework will continue via the new framework SEWSCAP2.</p> <p>Maintain good links with Welsh Local Government Association and WG.</p> <p>Band B of the school modernisation programme, if agreed, will provide the mechanism to deliver the developed strategy. Whilst not giving a firm commitment, there has been an indication from WG of a significant match element to funding. There has been no commitment as yet to funding by the Council.</p> <p>A strategy to utilise the mobile classrooms at Betws Primary school to support other schools is being developed from Summer 2017.</p> <p>Provide temporary accommodation where appropriate.</p> <p>Regular health and safety audits and condition surveys will enable the Council to prioritise improvement works and respond to emerging issues.</p> <p>The Safe, Dry and Warm project continues.</p> <p>The demand for Welsh medium education in the valleys gateway area is being met by the council planning to move YGG Cwm Garw to the Betws school site where it will also be more accessible from other areas of the County Borough.</p>		
Links to all key priority themes	<p>Compliance with the Welsh Language Standards:</p> <p>If the Council has to comply with the Welsh Language Standards which it has appealed there will be additional pressure on the MTFS 2017-18 to 2020-21. There is also an ongoing strain on management capacity as the time taken to work through these issues is considerable and is taken away</p>	<p>There is a recurrent budget pressure of £313,000 and a one off pressure of £81,000 for 2016-17 to meet the estimated costs of implementing the majority of the Standards which the council is complying with. The pressure does not take into account the financial implications of the Standards which the council is appealing. If the council has to comply</p>	<p>Likelihood - 4</p> <p>Impact - 3</p> <p>Total - 12</p>	<p>A budget pressure arising from the implementation of the Welsh Language Standards has been recognised in the MTFS 2016-17 to 2019-20. Should the March and September appeals not be successful the Council will meet the additional costs in the short term from the corporate contingency or Council Fund until such time as recurrent funding is identified from budget reductions elsewhere or Council Tax increases.</p> <p>Should the Welsh Language Commissioner determine that it is not unreasonable or disproportionate to comply with any of the standards that have been appealed then there is a further right of appeal to the Welsh Language Tribunal. Following a determination</p>	<p>Corporate Director</p> <p>Operational and Partnership Services</p>	<p>Likelihood - 4</p> <p>Impact - 3</p> <p>Total - 12</p>

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>from the management of core services.</p> <p>The Council was required to implement 144 of the Welsh Language Standards by 30 March 2016 and a further 27 by 30 September 2016. The Welsh Language Commissioner has introduced an appeals process enabling councils to challenge the proportionality and reasonableness of the Standards and compliance timescales. The council appealed 10 of the March standards of which nine have initially not been accepted and a delay of one year has been allowed for the other. The Welsh Language Commissioner invited the Council to submit further information in support of the appeals and this information was provided on 27 June 2016. No response has yet been received.</p> <p>The council also appealed eight of the September 2016 standards and is also awaiting the outcome of these appeals.</p>	<p>with these Standards there will be very significant additional strain on the MTFS for which there is no funding currently identified.</p>		<p>by the Tribunal, the Commissioner or Council can appeal to the High Court on a point of law only. During the appeals process the Council is not required to comply with those standards under appeal.</p> <p>The Council has been in regular contact with neighbouring Councils to establish their interpretation of certain Standards and also with the Welsh Language Commissioner when clarification on points of law and interpretation has been required.</p>		
Links to all priority themes	<p>Local Government Reorganisation:</p> <p>The new WG Minister has advised that the previous plans to cut 22 Councils to eight or nine will not be pursued. In November 2016 the Local Government Secretary set out new proposals based upon an enhanced level of systematic and regional working. There will be formal consultation in January which will conclude before the Local Government elections,</p> <p>There is uncertainty about the outcome of this consultation.</p>	<p>There is uncertainty about the eventual outcome.</p> <p>If senior management are focussed on structures they may fail to deliver the required services to the public within the MTFS budget reductions. There is also a danger of inertia as managers feel unable to make decisions required now because of increased uncertainty about the future.</p> <p>There is now a greater likelihood of services being reconfigured on the basis of partnerships and regional</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>	<p>Whilst uncertainty remains, the Council will continue to focus on delivering services to the public within the MTFS. An important part of this will be its collaboration with a range of partners on a pragmatic basis.</p>	Chief Executive	<p>Likelihood - 3</p> <p>Impact - 4</p> <p>Total - 12</p>

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	There is a risk that continuing uncertainty about the future delivery of services will slow down the pace of transformative change which is required now to deliver services within reduced budgets.	collaborative models but these may not achieve the same scale of savings as mergers.				

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
Links to all priority themes	<p>Making the cultural change necessary to deliver the Medium Term Financial Strategy:</p> <p>Whilst the overall headline increase of 0.1% in AEF is a better settlement for 2017-18 from Welsh Government (WG) than was anticipated, funding on a like for like basis is a reduction of -0.3%. This compares favourably to the -3.2% “most likely” assumption that is in the Council’s Medium Term Financial Strategy 2017-18, however, it still provides significant challenges particularly in view of unavoidable pressures on the budget such as the national agreements on pay, including the Living Wage, the apprenticeships levy, price inflation, legislation such as the Welsh Language Standards and demographic pressures within Social Services.</p> <p>The WG Minister has given no indication of allocations for 2017-18 onwards and the future is difficult to predict. The UK Chancellor has announced that the target of being in budget surplus by 2020 is unrealistic in the current economic context. Following the EU Referendum there is great uncertainty about how these factors will impact WG funding but the Autumn Statement forecast that UK Government finances will be worse off by £122bn in the period to March 2021 than was predicted in March 2016 was not encouraging.</p> <p>The updated MTFS and draft budget report to Cabinet is based</p>	<p>The Council’s budget for 2017-18 to 2020-21 forecasts a £33.610m budget reduction requirement³.</p> <p>More obvious budget reductions have already been made and increasingly difficult spending decisions will have to be taken including those which have awkward political implications that may have previously been rejected.</p> <p>In the future the Council will look very different as it becomes a different sort of Local Authority⁴ that will do less but be better. The cost of redundancy payments will be a significant item given that around two thirds of net expenditure is staff, as will funding a pension deficit that will increase as fewer people contribute, outgoings increase and there is increased uncertainty around investments, particularly following the result of the EU Referendum.</p> <p>If there is a shortfall in savings the Council might fail to deliver the MTFS. This could necessitate the unplanned use of reserves to bridge the funding gap or unplanned cuts to services which could put vulnerable people at risk.</p> <p>Citizens may become increasingly dissatisfied with the Council as expectations around service delivery have</p>	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>There will be an ever increasing focus on the main aims of the Council. The corporate plan with its revised corporate objectives will direct the allocation of resources in the MTFS period 2017-21⁵.</p> <p>All areas of the Council will be set a 1% annual efficiency target, with further reductions over and above this targeted more heavily towards budget areas which contribute less towards the Council’s objectives. This approach aligns the MTFS directly with the corporate plan and supports the Council in the delivery of its goals. Budget reduction proposals of £6.187m have been identified from service and corporate budgets to achieve a balanced budget.</p> <p>The settlement from WG did not include funding from Local Authorities to protect school budgets. School funding accounts for nearly a third of net revenue expenditure and protection inevitably leads to increased pressure on other budgets. In 2017-18 the council will be asking all schools to make an efficiency saving of 1%. This will mean that school budgets are treated on an equivalent basis to other areas of the council and as a consequence there will be nearly £1m to support other services that children and young people, and the community benefit from.</p> <p>The Council will continue to manage its resources very carefully, in accordance with MTFS principles, and make difficult spending decisions. This will have to carry on for some years as the outlook for the public finances continues to look difficult.</p> <p>To improve its Financial Strategy development, the Council has expanded the budget development process to more proactively consider how the Council might respond to different settlement scenarios. Also a budget narrative has been added to the MTFS. This seeks to make the MTFS more accessible and informative, improve understanding of the council’s financial strategy, its links to corporate priorities, and explain the goal of delivering sustainable services in line with the overarching ambition of the Wellbeing of Future Generations Act. The MTFS emphasises the significant financial investment in public services in the County Borough.</p> <p>An MTFS budget reduction contingency reserve has been created to enable the Council to manage delays or unforeseen obstacles to the delivery of significant budget reduction proposals. There have been allocations during 2016-17.</p> <p>The financial resilience of the Council will be improved as it seeks to increase the Council Fund reserve to the Welsh average of 2.7% by</p>	Head of Finance	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p> <p>(24)</p>

³ Priority 3 – Smarter use of resources – Our aims – To achieve the budget reductions identified in the MTFS and What we will do in 2017-18

⁴ Priority 3 – Smarter use of resources – Our aims – To develop the culture and skills required to meet the needs of a changing organisation

⁵ Priority 3 – Smarter use of resources – Review capital expenditure to ensure alignment to optimise the use of collective resources

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>on an assumption that AEF will most likely reduce by 3.2% per annum to 2020-21 plus an increase in Council Tax. The better than anticipated settlement has allowed the council to reduce the increase in Council Tax to 2.9%.</p> <p>The revised savings targets are¹:</p> <p>2017-18: £6.187m 2018-19: £9.474m 2019-20: £9.141m 2020-21: £8.808m</p> <p>Budget reduction proposals over the term of the MTFS have been formulated but currently £18.870m have not yet been developed or given consideration.</p> <p>The successful delivery of the MTFS is increasingly at risk as it becomes ever harder to make savings from more efficient services and substantial savings are relying on single projects that may not deliver. Over the last four years the Council has reduced budgets by £34m. The reductions of the next four years will mean that total reductions will amount to about a quarter of the net budget.</p> <p>The budget reductions required will mean that deep transformational change is needed impacting the culture of the entire Council². There is a risk that the Council will not achieve the degree of change required due to</p>	<p>not reduced in line with budgets. The Council's reputation is being damaged as Council Tax bills increase year on year whilst discretionary and preventative services are cut and statutory services come under increasing pressure.</p>		<p>the end of the MTFS period. During 2017-18 the Council will maintain its general fund at no less than £7m</p> <p>The workforce will reduce over the life of the MTFS. This will be managed through a year on year reduction in the headcount through redeployment, early retirements, voluntary redundancies and some compulsory redundancies.</p> <p>The way that staff work will change. Raven's Court will be leased out and staff transferred to Civic Offices and Sunnyside House⁶. The ICT strategy prioritises the delivery of agility with more staff working remotely.</p> <p>The ICT strategy also prioritises a transformational shift towards digital access to services and the digitisation of most common internal processes⁷. However, to realise savings the Council must stop delivering services through the traditional route as well and this may be resisted. The public may become frustrated as they can deal with the Council digitally in some areas, but not in others or if the back office process cannot keep pace with a digital public face to the service. In 2017-18 digital transformation within the Council Tax and Benefits Service will be prioritised.</p> <p>Delivery of the MTFS will be supported as the Council finds the best management arrangements for property assets including Community Asset Transfer⁸. Priority 1 proposals include public toilets, parks pavilions, bus shelters and Community Centres. Playgrounds, playing fields and bowling greens may follow. Up to £200,000 will be set aside in the Change Management ear marked reserve to fund a fixed term dedicated Community Asset Transfer post and to meet additional legal and property requirements.</p> <p>In addition to different management arrangements, delivery of the MTFS will be supported by the disposal of assets¹⁰. An estimated £21m could be generated by the enhanced disposals programme with £13m already delivered. It is anticipated that this will increase to £14.3m by the end of 2016-17 with a further £6.6m over the next three years.</p> <p>As a minimum, fees and charges will be increased by at least CPI plus 1%. A corporate income generation policy¹¹ has been agreed. A principal is that the council will seek to recover the full cost of the</p>		

¹ Priority 3 – Smarter use of resources – Our aims – To achieve the budget reductions identified in the MTFS and What we will do in 2017-18

² Priority 3 – Smarter use of resources – Our aims – To develop the culture and skills required to meet the needs of a changing organisation

⁶ Priority 3 – Smarter use of resources – Our aims – To make the most of our physical assets and what we will do in 2017-18

⁷ Priority3 - Smarter use of resources – Our aims – To improve the efficiency of and access to services by redesigning our systems and processes and our key projects and what we will do in 2017-18

⁸ Priority 2 – helping people to be more self-reliant – Our key projects – Community Asset Transfer

⁹ Priority 2 – helping people to be more self-reliant – Enable community groups and the third sector to have more voice and control over community assets

¹⁰ Priority 3 – Smarter use of resources – Our aims – To make the most of our physical assets and our key projects

¹¹ Priority 3 – Smarter use of resources – What we will do in 2017-18 – Develop an approach to the commercialisation of the council's assets

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	increasingly difficult choices having to be made, the length of time it takes to make change or because the Council does not have the necessary skills and experience needed.			service other than if there is a conscious decision which is consistent with Council priorities.		
<p>Helping people to be more self-reliant</p> <p>Smarter use of resources</p>	<p>Supporting adults at risk:</p> <p>If the Council in partnership with Western Bay and other partners¹² do not transform how services are delivered, they will not be able to meet the challenges brought about by high public expectations, a significantly worsening budget and a population that is both older and has more complex physical and mental health needs.</p> <p>Transformation is very significant and includes:</p> <ul style="list-style-type: none"> Embedding the provisions of the Social Services and Wellbeing Act (Wales) 2014 including duties to prisoners in the secure estate Continuing use of the Welsh Community Care Information System (WCCIS) and the potential challenges as the system is rolled out to other authorities Caring for increased numbers of persons with Dementia Encouraging greater use of direct payments 	<p>The population is aging. Between 2014 and 2020, the number of people aged 65 and over is estimated to increase by 12.1% whilst the number of people over 85 is projected to increase by 24.4%. This changing demographic means that there will be more people with Dementia, It is estimated that need will double between 2001 and 2030.</p> <p>At the same time there are more young people with complex health needs living into adulthood. Whilst this is good, it means that more citizens are living with long term health problems that lead to an increasing need for support. This increasing demand will place additional cost pressure on the service.</p> <p>Failure to remodel services will:</p> <ul style="list-style-type: none"> Restrict the Council's ability to respond to assessed needs as set out in the Social Services and Wellbeing Act (Wales) 2014 Mean that the Council will be unable to meet its 	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>The Council will reduce demand by investing in targeted early help and intervention programmes which will lead to people becoming more independent through reablement, recovery and progression.¹³</p> <p>Transformation is being driven forward as the Council works with a range of partners to deliver a broad range of support and services, across adult social care.¹⁴ The Remodelling Adult Social Care (RASC) Board continues to be the foundation of the transformation journey as the Council changes the emphasis from a model of "caring" to a more preventative approach of working with partners such as the NHS and third sector organisations to assist and support adults as they live independently in their own communities.¹⁵</p> <p>The Council is exploring ways to include service users and communities within aspects of commissioning especially in the development of new service models for the future¹⁶. There is an earmarked reserve that has been created to support the remodelling of adult social care that the service can draw on as appropriate.</p> <p>The RASC is aligned to corporate priorities and most of the projects under the Board have progressed to implementation stage and require specific focus and monitoring. The Social Services and Wellbeing (Wales) Act 2014 has been implemented from April 2016. This is overseen by a project group and has required significant work with managers and practitioners to map out the new requirements and integrate them into practice tools and the new Welsh Community Care Information System which is being implemented at the same time. Implementation of the Act is supported by WG Delivering Transformation Grant and its preventative approach is also promoted through support for the Dewis Cymru, all Wales information and advice website¹⁷.</p> <p>A competent and skilled workforce is required in order to deliver this significant change agenda¹⁸. The Social Care Workforce Development Programme is providing an extensive programme of</p>	<p>Corporate Director</p> <p>Social Services & Wellbeing</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p> <p>(20)</p>

¹² Priority 2 – Helping people to be more self-reliant – Who will help us

¹³ Priority 2 – Helping people to be more self-reliant – Our aims – To reduce demand by investing in targeted help and intervention programmes

¹⁴ Priority 2 – Helping people to be more self-reliant – Our key projects – Remodelling social care

¹⁵ Priority 2 – Helping people to be more self-reliant – Our aims – To support the third sector, town and community councils and community groups to meet local needs

¹⁶ Priority 2 – Helping people to be more self-reliant – What we will do in 2017-18

¹⁷ Priority 2 – Helping people to be more self-reliant – What we will do in 2017-18 – Continue to improve the ways in which the council provides good information

¹⁸ Priority 3 – Smarter use of resources – What we will do in 2017-18 – Support managers to lead staff through organisational change

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<ul style="list-style-type: none"> Managing risks associated with the use of independent providers The transfer of more homecare to the independent sector An increase in safeguarding activity including the Deprivation of Liberty Standards. There is a plan in place to manage the significant number of cases that are coming through under the Deprivation of Liberty legislation. The risk of significant increases in the cost of external contracts as a result of the implementation of the living wage from April 2016 <p>Demand for services is increasing and at the same time resources are decreasing. This makes the MTFS challenging. There is currently a shortfall in the savings identified. It is imperative that the Council continues to identify further savings to meet the MTFS.</p>	<p>essential obligations and deliver the MTFS</p> <ul style="list-style-type: none"> Result in longer lengths of stay in acute hospital services Result in a greater need for expensive hospital treatment Mean that vulnerable people lead less fulfilled lives Mean that the Council does not meet the public's expectations and consequently the reputation of the organisation will suffer 		<p>training including the Continuing Professional Education and Learning of Social Workers in the 1st and 2nd year of professional practice workforce development¹⁹. This includes the establishment of a team to work with persons in the secure estate and this is supported by a WG grant.</p> <p>The Council has been planning, in partnership with other agencies, how it will meet its obligations for the secure estate population. There is a well-established, care and support for adults implementation group, with all affected stakeholders represented. In addition a separate working group has been established to lead and agree processes and responsibilities to ensure that the Council meets all its obligations to children. This is a new responsibility for the council and its response continues to evolve.</p> <p>The Valuing Carers Compact is providing a framework for collaborative working and is a practical response to the requirement to support carers in the Social Services and Wellbeing (Wales) Act 2014.²⁰</p> <p>The evidence base in relation to future care and support needs and the needs of carers will be enhanced by the Population Assessment. This will be completed by 31 March 2017 and it will support the commissioning plan.</p> <p>The Council has worked with ABMU to develop a joint Dementia Strategy 2015-18 which provides an overarching context in respect of the current service provision, gaps in services, the challenges ahead and priorities. Beneath this is a Dementia Delivery Plan showing how the strategy will be delivered during the next three years including milestones, target dates and responsible officers. This links to the local implementation of the Ageing Well in Wales Plan which aims to make Bridgend a County of Age Friendly Communities.</p> <p>In appropriate cases the Council is seeking to increase the number of service users receiving direct payments. In the future these may be used to purchase services from the Council as well as external providers.</p> <p>The remodelling homecare implementation plan is ongoing. At this stage, fewer hours have been transferred to the independent sector than was anticipated. The implementation plan has been reviewed and corrective actions are being progressed. In addition to this a formal contingency plan is being drawn up with planned actions to take if an external provider goes into administration.</p>		

¹⁹ Priority 3 – Smarter use of resources – What we will do in 2017-18 – Provide the learning and development opportunities for staff to meet future service needs

²⁰ Priority 2 – Helping people to be more self-reliant – Our aims – To support Carers in maintaining their roles and what we will do in 2017-18

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
				<p>The project to change the residential care model²¹ will be subject to market conditions. Buildings are old and not future proof. It will become increasingly difficult to keep them at an acceptable standard. The Council is planning to develop two Extracare homes to replace three care homes. The timescale for the completion of the two new Extracare homes has slipped. If there is further delay then there will be a risk to both the development plans and the MTFS. The programme is being closely monitored and managed.</p> <p>There are monitoring and safeguarding procedures in place to ensure that the services that are commissioned meet quality of care requirements. Independent residential care providers have been helped by the production of a Regional Quality Framework which provides a clear vision for quality in order to improve the lives of people and promote positive outcomes.</p> <p>The recruitment and training of existing staff to be Best Interest Assessors.</p> <p>The living wage is a foreseen pressure. The exact amount to fund it is not known so an assumption has been made for the MTFS.</p> <p>Robust monitoring of absence levels continues including scrutiny on a case by case basis.</p>		
<p>Helping people to be more self-reliant</p> <p>Smarter use of resources</p>	<p>Supporting vulnerable children, young people and their families:</p> <p>A significant proportion of funding for work with vulnerable children, young people and their families is via grants provision. These may come under threat at a time when budgets are already stretched.</p> <p>If the Council in conjunction with partner organisations does not transform services it will not be able to meet the challenges of:</p> <ul style="list-style-type: none"> providing high quality care to vulnerable children and their families including the increased demands for 	<p>If services are not transformed the wellbeing and safety of children might be compromised.²² They may be unable to:</p> <ul style="list-style-type: none"> Thrive and make the best use of their talents Live healthy and safe lives Be confident and caring throughout their lives Know and receive their rights <p>Patterns of behaviour, such as poor parenting will be repeated in subsequent generations.</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>The Council is committed to safeguarding the children and young people within the community.</p> <p>The council will reduce demand by investing in early help and intervention programmes.²³ A Remodelling Board has been established which will oversee the planning of new models of service delivery.</p> <p>The Social Services and Wellbeing (Wales) Act 2014 has been implemented from April 2016. This is overseen by a project group and has required significant work with managers and practitioners to map out the new requirements and integrate them into practice tools and the new Welsh Community Care Information System which is being implemented at the same time. Implementation of the Act is supported by a WG Delivering Transformation Grant.</p> <p>Part 6 of the Social Services and Wellbeing (Wales) Act 2014 concerns children who are looked after by the Council. The Act was implemented on 6 April 2016 and stipulates that:</p>	<p>Corporate Director</p> <p>Social Services and Wellbeing</p> <p>Corporate Director</p> <p>Education and Family Support</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p> <p>(16)</p>

²¹ Priority 2 – Helping people to be more self-reliant – Our key projects – Remodelling social care

²² Priority 2 – Helping people to be more self-reliant – What we will do in 2017-18 – Ensure all services available work better together to provide vulnerable children with seamless support

²³ Priority 2 – Helping people to be more self-reliant – Our aims – To reduce demand by investing in targeted early help and intervention programmes

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>safeguarding activity, for example, CSE, missing children, LAC and children and young people who are subject to care and support plans</p> <ul style="list-style-type: none"> • Embedding the provisions of the Social Services and Wellbeing (Wales) Act • Continued implementation of Welsh Community Care Information System 	<p>A potential increase in the proportion of young people identified as not in education, employment or training (NEET).</p> <p>A less skilled and flexible workforce.</p> <p>Increased social and economic costs.</p> <p>A loss of reputation to the Council.</p> <p>An increase in the need to commission expensive placements with independent fostering and adoption providers.</p> <p>Increased demands on social work teams, reviewing officers and support teams.</p>		<ul style="list-style-type: none"> • The child should have a care and support plan • The Council should make it easy for the child to stay in touch with parents, family and friends where it is safe to do so • Each child should have an independent reviewing officer • The Council should provide support and advice for young people coming out of care²⁴ <p>Significant training has been carried out to ensure that the Council meets its duties under the Act.</p> <p>The Council is taking a lead role in the development of a national approach to statutory advocacy for Looked After Children and Children and young people who are subject to care and support plans.</p> <p>There is an earmarked reserve for Looked After Children that will support the service area and help cushion any sudden increases in Looked After Children numbers.</p> <p>Childrens Safeguarding and Early Help and Prevention teams will work closely together to deliver both the Early Help and Intervention Strategy and the Placement and Permanency Strategy to vulnerable groups. The re-structure of Family Intervention Services which was completed in March 2015 is working well. Three Early Help locality hubs (North, East and West) have been created to work with families in a more joined-up way. Family Support Workers, Education Welfare Officers, Family Engagement Officers, Counsellors and Youth Workers have been co-located in each of the hubs as well as Safeguarding Social Work Teams to support a whole system approach to ensuring that the needs of all our children and young people will be met at the earliest opportunity. In addition, the Council has created a central hub of specialist Family Support Services (e.g. Connecting Families) who provide a range of services across the whole County Borough.</p> <p>The activity regarding increases and decreases on both the Child Protection Register and Looked After Children fluctuates weekly and is subject to robust monitoring by the Children's Services senior management team.</p> <p>The Council will strive for stability and permanence for Looked After Children²⁵. This will include using increased numbers of adoptions, special guardianship orders, residence orders and other long term arrangements with Foster Carers or extended family²⁶. The Western Bay Regional Adoption Service has been established and will help</p>		

²⁴ Priority 2 – Helping people to be more self-reliant – Our aims – Providing early access to advice and information

²⁵ Priority 2 – Helping people to be more self-reliant – Establish a new model of residential provision for looked after children and young people

²⁶ Priority 2 – Helping people to be more self-reliant – What we will do in 2017-18 – Recruit and retain Carers across the range of fostering services

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
				<p>make the best use of resources so that improvements can be made to ensure that children requiring adoptive placements are speedily and appropriately matched with adopters who can meet their needs for their entire childhood. The development of a new local parent and child fostering service will also improve use of resources.</p> <p>A multi-agency safeguarding hub²⁷ is being developed to improve outcomes for children, young people and their families, by making sure that systems and processes enable needs to be identified as early as possible and responded to proportionately and by the right person/service. Work is progressing well and the majority of agencies within scope for the MASH have already co-located to within the Assessment Team. An options appraisal for future accommodation has been scoped, and a final decision is awaited. All other preparatory work is underway.</p> <p>The Council is ensuring that robust mechanisms are in place to identify and provide appropriate services to children at risk from child sexual exploitation (CSE). This includes the early identification of CSE as practitioners have either received CSE training or are part of an ongoing programme to enhance their knowledge and the completion of Care and Support Assessments and Section 47 investigations. All Social Workers are familiar with the Sexual Exploitation Risk Assessment framework.</p> <p>CSE meetings are held in Bridgend on a weekly basis which allows for continuous evaluation of the level of risk. The Council is also part of a focused multi-agency “CSE Task Force” including Police, ABMU Health, BCBC Education Department, Barnardo’s, the Youth Service and Early Help Services which assists good communication. There are also close links with A&E within ABMU and schools and colleges</p> <p>The current respite arrangements²⁸ for disabled children will be reviewed and new models of service delivery will be considered that will provide flexible support for people when they need it. The revised programme also includes a scheme to rationalise assets at Heronsbridge School to enable residential provision for children with disabilities on a 52 week a year basis²⁹, to enable children to stay within Bridgend rather than being placed in establishments far from the family home.</p> <p>The Council will develop appropriate mechanisms to provide good information, advice and assistance. This includes Dewis Cymru, the all Wales information and advice website and services in support of Carers.³⁰</p>		

²⁷ Priority 2 – Helping people to be more self-reliant – Our key projects – Remodelling social care – Multi agency safeguarding hub

²⁸ Priority 2 – Helping people to be more self-reliant – Models of residential for children and young people and respite care for children with disabilities

²⁹ Priority 2 – Helping people to be more self-reliant – What we will do in 2017-18 – Implement a 52 week residential service model for disabled children and young people

³⁰ Priority 2 – Helping people to be more self-reliant – Our aims – To support Carers in maintaining their roles and what we will do in 2017-18

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
				The development of services which will help children transition into adulthood including children with disabilities ³² and those leaving care.		
Links to all key priority themes	<p>Welfare reform³³:</p> <p>The UK Government has introduced a number of significant welfare reforms over the last three years and Universal Credit (UC) was implemented in the County Borough in June 2015. Further reforms were introduced in the July 2015 Budget which will mean that more citizens in the County Borough will be impacted.</p>	<p>Changes being made by the UK Government to benefit entitlements mean that some citizens will be in greater poverty including increased child poverty. Demands on services for vulnerable people are likely to increase at the same time as the Council's resource base reduces. This will be exacerbated by the further changes introduced in the July 2015 UK Government budget. These include a freeze on most benefits for 4 years, a further reduction in the benefit cap, no automatic entitlement to Housing Benefit for 18 to 21 year olds and Tax Credits and UC being restricted to a maximum of two children.</p> <p>Since 15 July 2013 there has been a limit on the total benefit a working age person can receive. This affected 82 households in Bridgend but the number will increase to about 200 as the benefit cap reduced from £23,000 to £20,000. This was implemented in Bridgend County Borough during November 2016.</p> <p>From April 2013, maximum rent has been reduced in the social rented sector depending on the number of bedrooms required. 1,241 households are affected which represents 29% of the total working age Housing</p>	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>The Council will monitor the impact of welfare reforms on citizens in terms of their needs across the range of Council services including housing and is developing proposals for dealing with changes in demand.</p> <p>The Benefits Service works closely with Housing Associations to support the people affected by the caps by identifying those that are exempt from it, providing debt and money management advice and in qualifying cases awarding Discretionary Housing Benefit payments. The grant for payments in 2016-17 was £306,262.</p> <p>The Council's Housing Section has agreed a protocol with Registered Social Landlords for dealing with existing tenants who fall in arrears specifically due to the application of the bedroom cap. Bridgend Housing Partnership meets quarterly and discusses the impact as an agenda item.</p> <p>When advised by the DWP of a new benefit cap case, the Benefits Service contacts the affected claimants to discuss their options. The Benefits Service works closely with these families to ensure that they are adequately equipped to deal with the reduction in their income, or, in conjunction with DWP, assist the family where possible with the transition into employment.</p> <p>Officers are fully apprised of UK Government and WG plans to ensure that the Council understands and can deal with the staff implications of moving from Housing Benefit (etc) to UC.</p> <p>During the rollout of UC the Council is required to provide support services to claimants and DWP UC staff as follows:</p> <ul style="list-style-type: none"> • Helping to prepare landlords for the change • Supporting claimants with online administration • Supporting claimants with complex needs and those that require personal budgeting • Provide expertise to UC service centre staff on housing issues • Process CTR for UC claimants 	Head of Finance	<p>Likelihood - 6</p> <p>Impact - 3</p> <p>Total – 18</p> <p>(18)</p>

³¹ Priority 2 – Helping people to be more self-reliant – Our aims – Providing early access to advice and information and what we will do in 2017-18

³² Priority 2 – helping people to be more self-reliant – What we will do in 2017-18 – Finalise a transition model to help disabled children move smoothly into adulthood

³³ Introduction – Other important services

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
		<p>Association benefit claimants. The total number of households in Bridgend is about 59,000.</p> <p>The Council will need to manage the Council Tax Reduction (CTR) scheme within its budget. WG has provided funding for 2016-17 of £12.7m and provision has been made in the Council's annual revenue budget for 2016-17 for an additional £1.6m to fund the projected total budget requirement of £14.6m.</p> <p>The potential number of persons who may claim UC is estimated at 180 per month, with around 40 of these receiving support with housing costs. Positively, the UC taper rate is to be cut from 65% to 63% from April 2017. This means that benefits will be withdrawn at a rate of 63p for every £ of net earnings.</p> <p>The UC caseload is building from 2016 onwards until the benefit is established for all claimants by the end of 2022.</p> <p>Disability Living Allowance is being replaced by Personal Independence Payments. This will impact a significant number of residents as amounts paid might be different and there is the possibility of delays, particularly through the appeals process.</p> <p>The UK Government had intended to bring Housing Benefit for social housing tenants in line with private sector local housing allowance rates from 1 April 2017. This</p>		<p>The Benefits Service has been discussing UC changes with landlords since its announcement.</p> <p>As part of the MTFs, the Council has an earmarked reserve specifically for welfare reform.</p> <p>The living wage will increase to £7.50 and to £9.00 by 2020.</p> <p>The Head of Finance has initiated and chairs a welfare reform cross functional working group to proactively identify and implement measures which will mitigate the impact on citizens.</p> <p>Registered Social Landlords and Councils are seeking to influence the way that any changes to Housing Benefit for supported accommodation are implemented.</p>		

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
		could impact on all supported accommodation and some Registered Social Landlord's elsewhere cancelled or postponed Extra Care housing schemes. Following pressure from Registered Social Landlords Ministers have offered full exemption to supported housing until a long term solution is devised, It is too early to say what the impact will be on the number of households affected by the latest welfare reform proposals.				
Supporting a successful economy	<p>The economic climate and austerity:</p> <p>If the economy continues to perform badly the quality of life for residents will suffer. There will be no positive long lasting economic, environmental and social change as our towns, local businesses and deprived areas suffer decline.³⁴</p> <p>Individuals, particularly young people, may be unable to secure employment because they lack the basic skills and confidence necessary and suitable jobs are not available in the economy.</p> <p>There will be cuts in Welsh Local Government spending over the MTFS period 2017-18 to 2020-21. These cuts will impact on the local economy disproportionately because the Council is one of the key local employers.</p>	<p>There will be cuts in the public sector and these will disproportionately affect regeneration activities as spending on other services are protected.</p> <p>Reductions in regeneration funding have a disproportionate affect because each £1 of Council funding leverages between £8 and £13 from other sources.</p> <p>There could be further job losses and business failures in the local economy if the UK and European economies don't get stronger. The quality of life within the County Borough may decline.</p> <p>Pressure will be placed on diminishing Council services which support local businesses and employment.</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>The Council supports the business community via the Business Forum³⁵, Bridgend Tourism Association, the Destination Management Partnership, Coastal Partnership, and town centres, through the Town Centre Manager, BID Partnership (Bridgend) and THI Programmes. Targeted investments have been made and successes achieved in key sectors such as tourism and the encouragement of micro business centres.³⁶ The Council is working with Bridgend Business Forum to review business support in the context of the Cardiff Capital Region City Deal³⁷ and establish a development strategy;</p> <p>The Council has an apprenticeship programme in operation.³⁸</p> <p>The Smart System and Heat project puts Bridgend at the forefront of emerging technology but key decisions must be made about project delivery.³⁹</p> <p>Increasing footfall via a greater number of residents living in town centres and by running high quality events.⁴⁰</p> <p>The Bridgend local development strategy under the Rural Development Plan for Wales has been approved with a funding allocation of £1.886m.</p>	<p>Corporate Director Communities</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16 (16)</p>

³⁴ Priority 1 – Supporting a successful economy – What we will do in 2017-18 – Aim to create successful town centres

³⁵ Priority 1 – Supporting a successful economy – What we will do in 2017-18 – Support the Bridgend Business Forum and who will help us?

³⁶ Priority 1 – Supporting a successful economy – What we will do in 2017-18 – Grow the value of tourism in the economy and increase employment and business opportunities

³⁷ Priority 1 – Supporting a successful economy – Key project: City deal and What we will do in 2017-18

³⁸ Priority 1 – Supporting a successful economy – How will we know if we are successful – The number of apprenticeships

³⁹ Priority 1 – Supporting a successful economy – What we will do in 2017-18 – Develop a low carbon transition plan as part of the Smart System and Heat Programme

⁴⁰ Priority 1 – Supporting a successful economy – Our key projects – Successful economy programme – Create affordable housing in the heart of the town centre

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>Following the EU Referendum there is great uncertainty about the impact on resources. Bridgend County Borough receives significant levels of EU funding. Current programmes run to the 2020-21 financial year and there is approved funding of £4.926m. In addition there are also further grant applications of up to £18m at various stages of development. There is uncertainty about what will happen to ongoing projects when Article 50 is triggered. Once the UK is outside of the EU there is even less certainty about funding because monies may be redirected away from regeneration to other government priorities.</p> <p>In addition there is a greater risk of general economic downturn following the vote to leave the EU. This is highly likely to impact on local economic viability and jobs.</p> <p>If the economy is less buoyant the Local Development Plan (LDP) will come under increasing pressure because sites available under the LDP become less attractive to housing developers.</p> <p>The drainage and flood risk mitigation requirements from NRW have become much more onerous on capital schemes</p>	<p>Town centres continue to suffer, predominantly the retail sector. Without regeneration they will not be attractive places to visit or able to compete with retail developments in neighbouring centres such as Talbot Green and Neath. Even with regeneration, competition and resilience will be difficult, as the nature of town centres is changing.</p> <p>The proposed regeneration programme assumes £2.6m of capital receipts. This includes an anticipated receipt from Porthcawl Regeneration Phase 1.</p> <p>Existing capital schemes will be affected if there are cost over-runs on regeneration projects. There is no provision to fund unforeseen works.</p> <p>As a result of cuts in the service, the Council is unable to provide a coherent economic development response to the impact of Brexit, and fails to meet the needs of businesses and citizens, resulting in reputational damage and an increase in complaints.</p> <p>Delivery of housing was on track in 2015 but will slip behind target in 2016. If the LDP fails Housing developers may come forward with alternative projects on sensitive sites which may escalate to appeals.</p>		<p>Implement the Youth Engagement And Progression Framework.</p> <p>Strategic Regeneration Fund (SRF) allocations are committed to projects up to 2016-17. However, following the announcement of the WG's Structural Funding Programme 2014-20, and the additional funding that can be secured using the SRF as matched funding, it has been agreed that the period of matched funding in the capital programme up to and including the 2020-21 financial year has been extended.</p> <p>A cross directorate working group will continue to co-ordinate the development and delivery of European funded projects. A package of employment support projects are being taken forward for European Social Fund grant aid. ⁴¹</p> <p>Bridgend</p> <p>The Rhiw Car park redevelopment, aimed at bringing footfall and vitality to the town centre, is now complete, but work is still underway on the residential development. The project, funded by WG via a Vibrant and Viable Places grant, is on track.⁴²</p> <p>Parts of the Parc Afon Ewenni development scheme will become available for housing development⁴³.</p> <p>Maesteg/Llynfi Valley</p> <p>The first stage of desktop feasibility work on the Llynfi Valley sites has been completed. The town centre action plan is being implemented and is funding a range of activities in partnership with local stakeholders. The final evaluation of Maesteg THI has been issued, and confirms the success of the scheme in bringing historic buildings back into economic use in the town. A project submission has been made for Maesteg Town Hall under WG's Building for the Future programme.</p> <p>Porthcawl</p> <p>A new masterplan is being produced in support of phase 1 of the Seven Bays Project.</p> <p>Considerable progress has been made on regeneration in Porthcawl, including the completion of refurbishment of key buildings in the harbour quarter through £890,000 of THI funding and further</p>		

⁴¹ Priority 1 – Supporting a successful economy – What we will do in 2017-18

⁴² Priority 1 – Supporting a successful economy – Key project: Successful economy programme – Rhiw Car Park and residential project

⁴³ Priority 3 – Smarter use of resources – What we will do in 2017-18

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
		<p>The drainage and flood mitigation requirements from NRW impact all capital projects causing delay and often extra cost. In some cases schemes become unviable and cannot be developed.</p> <p>Many towns are built on rivers, and this could have a severe impact on the corporate priority to regenerate town centres.</p>		<p>development of the Maritime Centre project. The Partnership Action Plan for the town centre is being implemented.</p> <p>The Council has been successful in its bid for £4.5m of Attractor Wales money. This will fund a maritime and water sports centre and an extension of the coastal pathway. A bid is also being made to the Coastal Community fund.</p> <p>WG funding for a new town centre partnership is now delivering projects.</p> <p>Cardiff Capital Region has secured a City Deal worth £1.28bn.⁴⁴ This will allow Councils and partners to unlock significant growth across the Cardiff Capital Region. The City Deal will provide an opportunity to continue tackling the area's barriers to economic growth by: improving transport connectivity; increasing skills levels still further; supporting people into work; and giving businesses the support they need to innovate and grow. The Council is contributing to the development of the business plan for the Cardiff Capital Region City Deal, with the aim of bringing increased investment and economic control into the local area. A joint project is being developed to establish a network of enterprise hubs across the City Region, building on the Sony model in Bridgend. An options appraisal has been completed in draft to consider the future land use planning framework for South East Wales.</p> <p>The council is placing evidence in front of the Inspector in support of the LDP.</p> <p>Updated flood risk assessments can be prepared for sensitive areas such as town centres. There may be a need to explore a mixed approach to risk management, by developing updated flood evacuation plans, rather than have schemes fail to progress as a result of the prohibitive cost of mitigation measures.</p>		
<p>Supporting a successful economy</p> <p>Smarter use of resources</p>	<p>Disposing of waste⁴⁵:</p> <p>The EU Waste Framework Directive promotes waste prevention and increased recycling.</p> <p>WG's waste strategy 'Towards Zero Waste' sets challenging targets. Since 2012-13 there has been an obligation to recycle /</p>	<p>Failure to achieve recycling/composting targets could result in:</p> <ul style="list-style-type: none"> Inefficient use of resources as waste goes to landfill sites Penalties of £200 per tonne if we fail to achieve landfill allowance targets 	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>The Kier contract has delivered a stable recycling performance and this will continue until the end of the current contract term in March 2017.</p> <p>From April 2017 the Council will continue to collect waste on a fortnightly basis however homes will be limited to a two bag collection policy. In the original consultation⁴⁶, residents proposed making additional allowances in certain circumstances. This has now been consulted on and dispensations will be allowed of one further bag for properties with 6 or 7 residents and two if there are 8 or more residents. Also one extra bag will be allowed for properties</p>	<p>Corporate Director</p> <p>Communities</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p> <p>(16)</p>

⁴⁴ Priority 1 – Supporting a successful economy – Key project: City deal

⁴⁵ Introduction – Other important services

⁴⁶ Priority 3 – Smarter use of resources – What we will do in 2017-18 – Improve our understanding of citizens views

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	compost 52% of waste and this will rise to 64% by 2019-20 and 70% by 2025. A new service is expected to commence in April 2017. Timescales are tight but this will deliver improved performance. In the meantime maintaining momentum behind the existing scheme and hitting the target is a challenge.	Increased recycling has a knock on effect to the contract requirements of MREC.		<p>where the main source of heat is coal Also waste going to Household Recycling Centres will need to be pre-sorted and an absorbent hygienic products collection will be introduced.</p> <p>The introduction of the Council's new waste collection policy will only be successful if the changes, and the reasons for them, are conveyed to the public in advance of the commencement of the scheme and during contract mobilisation. Consequently, the Council will appoint an education and engagement partner and additional call centre staff. The new contract will improve the Council's environmental performance protecting future generations. It will assist the Council in meeting the WG waste targets and avoid the imposition of fines⁴⁷.</p> <p>BCBC and Swansea CBC, under the South West Wales hub have procured an Anaerobic Digestion facility provided by Biogen. An interim contract of two years has been let commencing on 1 August 2015. The procurement of a more permanent contract has commenced and the process is in the final evaluation period.⁴⁸</p> <p>A tender was let to allow an operator to provide residual waste handling facilities at MREC. The results and their implications are being considered.</p>		
Corporate Governance	<p>Equal Pay Claims:</p> <p>The result of the Abdulla Group case involving former employees of Birmingham City Council means that there is a risk of further equal pay claims against the Council.</p> <p>The courts are reviewing rulings on male dominated claims which have been listed. To date the Council has refused to settle these as they are outside the scope of the Memorandum of Understanding. The court decision remains outstanding.</p>	<p>The ruling has created the possibility that employees who left the Council up to six years ago might claim under equal pay legislation. Previously, to make a claim, the person had to be either employed by the Council or have left its employment within the last six months.</p> <p>Claims for compensation can now be made through the Civil Courts rather than via an Employment Tribunal. This will increase Legal Costs.</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>The Council is aware of the issues and is monitoring developments.</p> <p>Following the equal pay exercise, the Council is in a good position to be able to respond to any further claims in an appropriate manner.</p>	Head of Finance	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p> <p>(16)</p>
Helping people to be more self-	Healthy Life Styles⁴⁹:	Unhealthy lifestyles have many affects. These include:	Likelihood - 5	The Council aims to support a wide range of people, at all stages of life, to achieve health gains by encouraging them to be more active,	Corporate Director	Likelihood - 4

⁴⁷ Priority 3 – Smarter use of resources – Our aims – To make the most of our spend on goods and services

⁴⁸ Priority 3 – Smarter use of resources – Our aims – To make the most of our spend on goods and services and what we will do in 2017-18

⁴⁹ Introduction – Other important services

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
reliant	<p>There are significant health inequalities within the County Borough and national statistics show that some parts are amongst the least healthy in Wales. Many people in the County Borough live unhealthy lifestyles and this might deteriorate as welfare reform continues and some people become poorer. The Welsh Health Survey highlights the need to increase adult physical activity rates with only 52% of adults deemed sufficiently active.</p> <p>The Council must continue to find innovative ways of working to maximise the impact of reduced resources. This includes Community Asset Transfer (CAT) of assets including parks pavilions, playgrounds and playing fields. The CAT programme is at risk of slowing down because of the need to recruit in this area. Nationally there is a skills shortage.</p> <p>If the Council does not find ways to promote healthy living the emotional and physical wellbeing of citizens will suffer.</p>	<ul style="list-style-type: none"> Shortened life expectancy. Life expectancy in the County Borough is below the Welsh average Shortened healthy life expectancy. Some areas of the County Borough have a healthy life expectancy which is 20 years longer than others Higher rates of obesity. Over half the County Borough population is overweight or obese. This results in significant costs to the economy and health and social services Worse emotional health Less fulfilled lives as people lose their independence due to ill health <p>These result in greater demand for expensive medical and care services provided by ABMU and the Council.</p>	<p>Impact - 4</p> <p>Total - 20</p>	<p>more often.</p> <p>The Welsh NHS confederation identifies that the all-cause mortality risk is reduced by 30% amongst those who are physically active and that physically active people will spend on average 38% fewer days in hospital. The Sport, Play and Active Wellbeing service targets collaborative working to increase physical activity rates. In addition the service has responded to the challenge of the Social Services and Wellbeing (Wales) Act 2014 by focussing on prevention and wellbeing based interventions that can reduce the need for higher cost provision or support in the future.</p> <p>The Council develops services and opportunities that encourage and promote life-long physical activity particularly amongst underrepresented groups by working in partnership with HALO Leisure and a range of community partners. This includes delivering the National Exercise Referral Programme to 1,186 people in partnership with HALO Leisure to help reduce obesity levels and encourage better weight management. The Welsh Health Survey shows that there have been reductions in the number of obese and overweight people in the County Borough against an increase nationally.</p> <p>The “Getting Bridgend Moving” programme which is part of the “Getting Wales Moving” initiative will bring further health benefits and the role of movement and gentle exercise in improving mental health for persons with Dementia has been recognised,</p> <p>The number of physical activity visits to Council operated leisure facilities have increased by 92,508 over a two year period. Visits to HALO facilities have also increased. The total for 2015-16 of 1,191,386 was 37,800 higher than in 2014-15.</p> <p>Children and young people are encouraged to be physically active. Participation within children’s sport is increasing and the School Sport Survey shows that the number of children participating in school based extracurricular sport or sport with a club on three or more times a week has increased from 40% to 47% between 2013 and 2015.</p> <p>The Sport, Play and Active Wellbeing Service have formal partnerships with many schools. In addition the National School Sport programme is being implemented as is the “Every Child a Swimmer” initiative. The school swimming programme has secured 100% participation in the intensive model. This has delivered a 5% increase in young people meeting curriculum standards.</p> <p>The Dame Kelly Holmes “Get on Track” programme has successfully supported people with learning and behavioural disabilities to engage in sports leadership programmes. The good</p>	Social Services & Wellbeing	<p>Impact - 4</p> <p>Total - 16</p> <p>(16)</p>

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
				<p>practice in the County Borough has been recognised by Welsh Government.</p> <p>The secondary schools programme achieved 71,352 participants and supported 5,448 physical activity sessions.</p> <p>Other examples of how the community is being encouraged to exercise are:</p> <ul style="list-style-type: none"> • Developing community based sporting opportunities with Disability Sport Wales for children and adults with disabilities. There are 923 junior and 623 senior participants. • Increasing the activity levels of women and girls through initiatives such as “Us Girls”. • The “Move More Often” programme is being developed to support users of day care and residential services. • The Love to Walk programme. • The “over 60” free swimming initiative which achieves the highest participation rates in Wales. This also supports loneliness and isolation reduction targets of the Aging Well plan. • An Armed Forces and veterans free swimming scheme. • The OlympAge Games which forms part of a Wellbeing initiative has been rolled out in care settings to improve physical and mental wellbeing. <p>The Council is pursuing CAT with priority given to assets that are linked to proposals within the MTFS. Up to £200,000 had been set aside in the Change Management earmarked reserve to fund a fixed term dedicated CAT Officer post for 3 years and to meet additional legal and property requirements. Priority 1 CAT proposals include parks pavilions, community centres, public conveniences and bus shelters and priority 2 playgrounds and playing fields. The success of the proposals depends on the proactive participation of Town and Community Councils and community organisations, together with their ability to manage the asset. Different assets will generate different levels of interest. There is a £100,000 per annum over three years, ring fenced for capital investment for Town and Community Councils as well as potentially £1m prudential borrowing for sports pavilions to ensure that they are in a good condition, to encourage take up of assets.</p> <p>The Council works with partners to develop projects that tackle health issues such as weight management, harmful drinking and</p>	<p>Corporate Director Communities</p> <p>Corporate Director Operational and Partnership Services</p>	

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
				<p>smoking. The Welsh Health Survey indicates a 4% reduction in smoking rates with Bridgend below the Welsh average.</p> <p>There are ongoing Licensing and partner meetings to review any emerging issues around the licence trade and the sale of alcohol.</p> <p>The multi-agency Tobacco Control Steering Group developed an action plan for partnership working across the County Borough. There are various awareness raising initiatives across the County Borough and Trading Standards, as part of the newly formed regulatory service, which inspects premises and enforces legislation concerning sales to those who are underage.</p>		
Supporting a successful economy	<p>Maintaining infrastructure⁵⁰:</p> <p>If there is further harsh weather there may be an increase in the number of roads in poor condition, more repairs being required in the future and the Council might fail to meet its statutory obligations. The risk is exacerbated because the Local Government Borrowing Initiative (LGBI) has ended and reductions must be found in the Highways budget.</p>	<p>Failure to maintain infrastructure will result in the Council not meeting its statutory obligations and the % of roads that are in overall poor condition increasing.</p> <p>A poor quality highway network leads to increased third party liability claims, a loss of reputation, a possible adverse impact on economic activity and reduced quality of life for citizens.</p> <p>Further budgetary pressures could occur due to unpredictable weather patterns and the worsening condition of the infrastructure. This will lead to an increased requirement for emergency repairs.</p>	<p>Likelihood - 5</p> <p>Impact - 4</p> <p>Total - 20</p>	<p>The LGBI provided funding of around £6.8m over the period 2012-15 for highway infrastructure improvements. The principal adopted for the programme of works was to provide good quality resurfacing which will be sustainable in the long term rather than quick overlay which requires higher maintenance in future years. 2014-15 was the last year of the LGBI and there has now been a reduction in maintenance budgets.</p> <p>In 2017-18 there will be budget reductions in the areas of winter maintenance, weed spraying, technical surveys and road marking.</p> <p>The Highways and Transport capitalised annual allocation was maintained at £200,000⁵¹.</p> <p>Unless there is further investment there will now inevitably be deterioration in the proportion of roads that are in a satisfactory condition and an increase in expensive reactionary maintenance.</p> <p>The Council's Highways Asset Management Plan provides information to assist the Council in considering the highway asset risk and apportion funding from the Council's budget strategy. The ability to digitally scan the highway helps in objective decision making but fewer scans will now be made.</p> <p>The risk around the condition of the highway will be managed by a proactive system of highway inspections and by responding positively to complaints.</p>	<p>Corporate Director</p> <p>Communities</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p> <p>(16)</p>
Links to all priority themes	<p>Educational provision:</p> <p>If the Council does not adopt a</p>	<p>An inability to offer a broad range of educational opportunities will ultimately</p>	<p>Likelihood - 4</p> <p>Impact - 4</p>	<p>A strategic review into the development and rationalisation of the curriculum and estate provision of Primary, Secondary and Post 16 Education is being undertaken.⁵² The four work streams are:</p>	<p>Corporate Director</p>	<p>Likelihood - 4</p> <p>Impact - 4</p>

⁵⁰ Introduction – Other important services

⁵¹ Priority 3 – Smarter use of resources – Review capital expenditure to ensure alignment with corporate objectives

⁵² Priority 1 – Supporting a successful economy – What we will do in 2017-18 – Complete the review into the curriculum and schools estate

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>strategic approach for sustainable educational provision in Bridgend, after the proposed 1% annual school efficiency target, then there is a risk that it may not be able to offer sufficient educational provision or of the right type in the right locations in the County Borough and with partners. Neither will the Council be providing 'fit for purpose schools' capable of delivering high quality educational experiences for all pupils.</p>	<p>result in poorer outcomes for children and young people.</p> <p>Outcomes for groups of vulnerable learners may not improve quickly enough or not at all.</p> <p>Continued falling school rolls and a large number of surplus places.</p> <p>Financial constraints leading to a growing number of schools in a deficit budget situation.</p> <p>School improvement schemes continue to be reactionary rather than strategic.</p> <p>Insufficient Welsh medium and faith based provision to meet demand.</p> <p>The strategic future of whole life learning across the County Borough will not be fully integrated into our strategy e.g., Bridgend College.</p> <p>The organisation of school places in Bridgend County Borough will not be supported by a clear strategy.</p>	Total - 16	<ul style="list-style-type: none"> School Modernisation Band B 2019-24⁵³. This focuses on the Band B including the provision of sufficient primary school places in Bridgend town and the delivery of Band B schools Post 16 Education, focusing on exploring options for the delivery of Post 16 education including options around a new post 16 centre⁵⁴ School leadership and federations which will focus on reviewing guidance with WG and a strategic road map for deeper school partnerships in line with the Robert Hill review Curriculum and workforce focusing on the implementation of Donaldson and GCSE reform and workforce changes including Education Workforce Council and supply <p>These work streams will provide an evidence based rationale for change and will help the council reach informed conclusions about the nature of future provision.</p> <p>An increase in the pace of school improvement.</p> <p>Succession planning and strong recruitment of Headteachers.</p> <p>Band B of the school modernisation programme, if agreed, will provide the mechanism to deliver the developed strategy. Whilst not giving a firm commitment, there has been an indication from WG of a significant match element to funding. There has been no commitment as yet to funding by the Council.</p> <p>The council publishes its Welsh Education Strategic Plan (WESP) each year and is currently consulting on its new draft WESP with statutory consultees. The public consultation⁵⁵ on the demand for Welsh Medium Education within Bridgend is currently ongoing and will report in the new year and support the delivery of the WESP. Strong collaboration with communities and strategic partners, in particular Bridgend College⁵⁶.</p> <p>Monitoring the impact of the agreed changes to the Council's Learner Travel Policy from September 2016.</p> <p>Greater join up at both a strategic and operational level via the Safe Dry and Warm project.</p> <p>Close monitoring of surplus places and the development of opportunities to utilise surplus places with secondary schools in</p>	Education & Family Support	Total - 16 (12)

⁵³ Priority 3 – Smarter use of resources – Our key projects – School modernisation programme and what we will do in 2017-18

⁵⁴ Priority 1 – Supporting a successful economy – Key project: Strategic review of Post 16 education and training

⁵⁵ Priority 3 – Smarter use of resources – Improve our understanding of citizens views

⁵⁶ Priority 1 – Supporting a successful economy – Who will help us?

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
				particular. Ongoing scrutiny and support around the management of school budgets.		
Helping people to be more self-reliant	<p>The impact of homelessness:</p> <p>Homelessness may increase because of the current economic climate and ongoing austerity measures and welfare reform. This may result in a greater dependence on the Council to provide temporary accommodation for residents. This may happen at a time when the service itself is coming under increasing pressure because of its reliance on grant funding which is now subject to greater uncertainty.</p> <p>The Housing (Wales) Act 2014 has been enacted and places a duty on the Council to 'take all reasonable steps' for a period of 56 days to prevent homelessness. There is continuing uncertainty about what this means and WG have provided transitional funding to Local Authorities to implement the Act.</p> <p>The Act also removed the Priority Need status of former prisoners who are potentially homeless from Prison. The Council has been able to provide interim accommodation under WG transitional funding however this is not a long term solution so the impact on repeated presentation and street homelessness cannot be quantified at this point.</p>	<p>Homelessness is often a culmination of several problems, such as debt, relationship difficulties, mental health issues and substance misuse. For many, homelessness leads to increased stress, depression, and isolation. It can lead to a need for other costly service interventions.</p> <p>The impact is greater on some groups e.g. 16/17 year olds and people with a chaotic housing history.</p> <p>The use of temporary bed and breakfast accommodation results in high costs both in terms of finance for the Council and the wellbeing of individuals.</p> <p>The introduction of Universal Credit may increase rent arrears and evictions leading to an increase in the number of homelessness cases. This would impact on the welfare of citizens, the Council's Housing Solutions Team, the temporary accommodation budget and other welfare services.</p> <p>Any reduction in the WG grant for the Supporting People Programme might impact on services and the ability to sustain tenancies and increase homelessness.</p>	<p>Likelihood - 5</p> <p>Impact - 3</p> <p>Total - 15</p>	<p>The Housing (Wales) Act gives the Council a strategic role in the functioning of the local housing market. The Council has developed a strategy for the period 2016-18. It contains five priorities. These are:</p> <ul style="list-style-type: none"> • Take reasonable steps to prevent homelessness⁵⁷ • Make the best use of existing homes • Work with partners to deliver the right type of new housing • Help vulnerable people to stay independent, safe and secure in accommodation that best meets their needs • Create sustainable town centres through housing led regeneration <p>WG have made available transitional funding to support the implementation of the Housing (Wales) Act. However, the money is only guaranteed for one year. This means that it is difficult to find staff of the correct calibre to manage the project because there is no security of employment.</p> <p>The Council continues to take a proactive prevention approach to address homelessness by helping citizens find solutions to their housing needs and getting to the root cause of why people become homeless.</p> <p>The Kerrigan Project commissioned through the Supporting People Programme aims to develop good practice in assisting those who are homeless or vulnerably housed and have co-occurring mental health and substance misuse issues.</p> <p>The Council, in conjunction with Registered Social Landlords⁵⁸, have implemented a Common Housing Register and Social Housing Allocations Policy. This is regularly reviewed and is helping ensure the best use of available social rented property.</p> <p>The Supporting People Team has a programme to re-commission the provision of structured, professional floating support to vulnerable groups which will help support tenancies and prevent homelessness and repeat homelessness.</p> <p>Following the national review of the Supporting People Programme, Regional Collaborative Committees have been established to support greater collaborative working.</p>	<p>Corporate Director</p> <p>Operational and Partnership Services</p>	<p>Likelihood - 5</p> <p>Impact - 3</p> <p>Total - 15</p>

⁵⁷ Priority 2 - Helping people to be more self-reliant – What we will do in 2017-18 – Work with households and partners to help prevent homelessness

⁵⁸ Priority 1 – Supporting a successful economy – Who will help us? Housing Associations and Private Landlords

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
				<p>The impact of welfare reform has been reduced as far as possible. Communities First have commissioned a project to provide advice on financial inclusion across the three Communities First cluster areas.</p> <p>Working with partners to improve private sector housing conditions and bring empty homes back into use. This will be done via the Houses into Homes Scheme, Empty Homes Grants and Homes in Towns Grant.</p> <p>The removal of Priority Need Status for Prisoners means that there is an increased risk of street homeless with their associated social costs. The needs of this group are currently being met through the transitional funding made available by WG to implement the Housing Act.</p> <p>The Council will continue to apply the “intentionality test” to all groups of homeless households.</p> <p>A one stop shop for domestic abuse and violence has been set up in Civic Offices. The aim is to provide a holistic service to victims of domestic abuse and violence, by providing support, target hardening, early intervention and temporary refuge to assist families to remain in their own home and communities where it is safe to do so.</p>		
Smarter use of resources	<p>Ineffective collaboration with partners:</p> <p>If the Council does not deliver effective collaboration projects where they offer enhanced service quality, increased resilience or significant cost savings, it will not maximise cost effective, tangible, improvements to services.</p> <p>Budget reductions have the potential to affect collaboration where they result in restrictions of spend to single-agency priorities.</p> <p>There are potential risks associated with collaborative projects such as the Regulatory</p>	<p>In a period of reducing budgets, successful collaborative working is even more essential for the efficient and effective delivery of quality public services. If the Council fails to collaborate successfully some of the most vulnerable people in the community will not have their needs met. This would lead to a loss of reputation with the public and WG and the potential for a drop in performance as measured against established KPIs.</p> <p>As the Council moves towards multi-agency working, there is potential for service instability</p>	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>The Council works in partnership with other councils, public sector and third sector bodies based upon different geographical and service footprints.⁶⁰ There is evidence that partnership working and good collaborative arrangements permeate all the main risk areas. Corporate Directors understand the challenges of collaborative working and the importance of recognising different organisational cultures and approaches (e.g. towards data sharing).</p> <p>The Bridgend Local Service Board (LSB) which was led by the Council had a strong and positive record of facilitating collaborative working⁶¹.</p> <p>In April 2016 the LSB was replaced by the newly formed Public Services Board (PSB) under the Well-being of Future Generations (Wales) Act 2015. The Council is a statutory member of the PSB. The Act details the statutory requirement of specified public bodies (including the Council), to work to improve the well-being of Wales. The PSB has taken over responsibility for implementing the remaining actions in the Bridgend County Together plan while preparing an assessment of the state of economic, social,</p>	<p>Corporate Director</p> <p>Operational and Partnership Services</p>	<p>Likelihood - 3</p> <p>Impact - 4</p> <p>Total - 12</p>

⁶⁰ Priority 2 – Helping people to be more self-reliant – Our aims – To support the third sector, town and community councils and community groups to meet local needs

⁶¹ Priority 2 – Helping people to be more self-reliant – What we will do in 2017-18 – Work with partners and the third sector to identify the best way of providing services within local communities

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>Services initiative, the Western Bay Adoption Service, Youth Offending Service and other areas including the LV20 and Garw Valley projects.</p> <p>The Well-being of Future Generations (Wales) Act 2015 establishes a sustainable development principle which means that the Council must act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. The Council must think long term, act to prevent problems occurring or getting worse, consider how its objectives impact well-being goals, act collaboratively and involve a diversity of people⁵⁹.</p>	<p>whilst transformation takes place.</p> <p>Reduction in other public sector partners' budgets may have an impact on their capacity for partnership working.</p> <p>Regulatory Services staff, ie Environmental Health, Trading Standards and Licensing, have now transferred to the Vale of Glamorgan as host employers for the newly formed Shared Service. As the service covers a larger area, line of sight must not be lost to local delivery.</p> <p>If the Council does not comply with The Well-being of Future Generations (Wales) Act 2015 it will suffer a loss of reputation and there will be long-term consequences in the County Borough.</p>		<p>environmental and cultural well-being in Bridgend County Borough.</p> <p>The PSB held their first meeting in May 2016 and have agreed to meet bi-monthly until it has completed the Joint Wellbeing Assessment of Bridgend and agreed the future collaborative agenda. At that meeting the Bridgend PSB agreed that all members of the board (not just statutory organisations) are equal partners and a PSB Scrutiny panel has been established to oversee the work.</p> <p>The PSB is holding thematic workshops to:</p> <ul style="list-style-type: none"> • trial the concept of using a targeted theme to inform the development of the Public Services Board; • gain increased knowledge of each other as individuals and of each other's organisations; and • identify clear outcomes for collaborative working and for the local well-being plan <p>A PSB Well-being Planning Working Group has been established to support the PSB in developing the local well-being plan.</p> <p>BCBC partners with ABMU, Swansea and NPT Councils to deliver a model of integrated care across a range of services including care for older people, adults with disabilities and mental health provision.</p> <p>The Memorandum of Understanding with Vale of Glamorgan Council facilitates collaboration in many areas. There is also the joint working agreement with the Vale of Glamorgan and Cardiff in relation to Regulatory Services⁶².</p> <p>The Central South Consortium will drive school improvement.</p> <p>The Data Centre collaboration project with RCT increases the resilience of service provision.</p> <p>Collaboration in the provision of Leisure Services reduces cost and has improved quality⁶³.</p> <p>The motor fleet maintenance depot, jointly run with South Wales Police, is increasing efficiency.</p> <p>Partnership agreements and effective scrutiny and monitoring will support the management of these collaborative projects.</p>		
Supporting a successful	Educational attainment:	A possible increase in the number of young people not in	Likelihood - 4	GCSE and A Level results in the County Borough have been getting better. The provisional 2015/16 results showed an improvement	Corporate Director	Likelihood - 3

⁵⁹ Priority 2 – Helping people to be more self-reliant – What we will do in 2017-18 – Continue to involve service users, carers and communities in developing and commissioning services

⁶² Introduction – Other important services

⁶³ Introduction – Other important services

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
economy Helping people to be more self-reliant	If school standards and pupil attainment do not continue to improve, including a narrowing of the gap between vulnerable pupils and others, there are significant risks to the emotional wellbeing of young people and their future employment prospects, the local economy and a range of Council services as young people leave education ill-equipped for employment.	<p>education, employment and training (NEET).⁶⁴</p> <p>Greater deprivation as young people are unable to sustain a livelihood in the future.</p> <p>More young people with worse emotional health.</p> <p>More schools identified as requiring monitoring and intervention through inspection, with concern and eventual special status.</p> <p>Potential for a decline in Key Stage attainment results, PISA scores and other accreditation.</p> <p>Less capacity for provision for pupils with learning difficulties.</p> <p>Potential for parents to complain and/or take cases to SEN Tribunal.</p> <p>Possible intervention by WG.</p> <p>Continued Estyn monitoring in schools.</p> <p>A gap in achievement between pupils from vulnerable groups such as Free School Meals, Looked After Children, Children In Need and Special Educational Needs and other pupils.^{65,66}</p>	<p>Impact - 4</p> <p>Total - 16</p>	<p>from 82.8% to 86.7% of pupils who achieved five A* to C grades at GCSE and an improvement from 97.8% to 98.3% of pupils achieving A* to E grades at A Level. In addition there has been a significant narrowing of the attainment gap, between vulnerable groups and others with an improvement in the average points score for Looked After Children. Whilst results vary each year because of the different cohort of children, there is a positive trend and the gap in attainment is less in Bridgend than across Wales as a whole.⁶⁷</p> <p>Good support arrangements are in place for schools. The Central South Consortium (CSC) has recruited Consultant Governors to help governing bodies which are in need of support. The Council has strengthened its own support for schools by identifying an additional Group Manager with responsibility for school improvement. CSC has recently undergone an Estyn inspection (the first in Wales for a regional education consortium), the outcome of which has recognised the rapid improvement across the five authorities in the region, the fastest improvement nationally and that the Consortium is now at or above the national average in all indicators.</p> <p>Coleg Cymunedol Y Dderwen has achieved rapid improvements in results. Provisional figures show that 93% of pupils achieved five A* to C grades at GCSE, an increase year of year of 34%. The improvement follows the development of a strong senior management team and Governing body.</p> <p>The Council is working with CSC and other partners to ensure that governing bodies are effective in providing challenge to schools. This includes working with the Bridgend Governors Association (BGA) which has been relaunched. The focus of the BGA will be to develop a strategy to roll out Governor Improvement Groups (GIGs) for the County Borough, the first of their kind in Wales. Also a skills audit of all Governors within the County Borough will support the training agenda.</p> <p>Poor attendance leads to a serious loss of learning which is likely to affect achievement and life chances. An attendance strategy is in place and fixed penalty notices are available for Headteachers to use as a sanction. This is supported by the CSC absence management toolkit, Callio.</p> <p>To raise standards, the Council continues to implement the concept of self-evaluation across all its services in particular within Education. A number of events have taken place during 2015 and 2016 with the Directorate's extended senior management team to</p>	Education & Family Support	<p>Impact - 4</p> <p>Total - 12</p>

⁶⁴ Priority 1 – Supporting a successful economy – How will we know if we are successful – The % of Year 11 leavers who are not in education, employment or training

⁶⁵ Priority 1 – Supporting a successful economy – What we will do in 2017-18 – Work with schools to close the gap in educational attainment

⁶⁶ Priority 1 – Supporting a successful economy – How will we know if we are successful – Measure – The size of the gap in educational attainment

⁶⁷ Priority 1 – Supporting a successful economy – How will we know if we are successful – Measure Exam results

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
				<p>focus on improving outcome focused self-evaluation.</p> <p>Estyn monitoring visits have taken place and these have been positive.</p> <p>Implement an improvement plan with Band 4 Comprehensive Schools and the development of a 'good to great' programme as an integral part of the CSC School Improvement Strategy.</p> <p>There is a strong focus on raising standards of literacy and numeracy through structured and strategic programmes including:-</p> <ul style="list-style-type: none"> Identifying underperforming English and Maths Departments and support action to improve Provide training for staff Develop a whole school approach to basic skills CSC literacy and numeracy plans <p>All ALN support has been brought together on one site at Bryncethin Campus. This includes the Bridge Alternative Provision, Ysgol Bryn Castell (YBC) and ALN support e.g., Educational Psychology, Looked After Children etc. Equally the Council will implement the LEAD (more able and talented) project with partners to develop a programme to support young people with leadership potential.⁶⁸</p> <p>Following the work of the Task Group, the strategic review of education in Bridgend has commenced.</p> <p>Informal collaboration between schools is taking place and the collaboration and leadership work stream within the strategic review will deliver a proposal for appropriate models of more formal collaboration including federation.</p> <p>School Improvement Groups (SIGs) have been set up across the 5 Local Authorities in the CSC so that schools can share best practice and learn from each other.</p> <p>National categorisation of schools helps to identify which schools require support.</p>		
Corporate Governance	<p>Health and Safety</p> <p>The council has a duty to protect the health, safety and welfare of their employees and other people who might be affected by its activities.</p>	<p>Failure to manage health and safety could result in:</p> <ul style="list-style-type: none"> Injury, ill-health or loss of life to employees or members of the public Total or partial loss of 	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>Directorate Risk Registers will be used to methodically review the hazards on a priority basis to develop:</p> <ul style="list-style-type: none"> Business plans and health and safety objectives Risk assessment planned programmes Health and safety competencies and training plans <p>The Directorate Risk Registers will be reviewed to ensure that they</p>	Chief Executive	<p>Likelihood – 3</p> <p>Impact – 4</p> <p>Total - 12</p>

⁶⁸ Priority 1 – Supporting a successful economy – What we will do in 2017- Progress the implementation of the good to great strategy for young people who are more able and talented

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>Staff restructures have resulted in a reduction in the number of experienced supervisory staff and this means that there is an increased risk that opportunities to improve health and safety practice may be missed. Areas for improvement in some health and safety arrangements have been identified.</p> <p>As further budget reductions are required, there is a risk that there will be a decrease in investment in assets and infrastructure.</p>	<p>services or buildings used to deliver services to vulnerable people</p> <ul style="list-style-type: none"> • Criminal prosecution by enforcement bodies such as South Wales Police, the Health and Safety Executive or South Wales Fire and Rescue Service. Sanctions include higher fines under the new sentencing guidelines, imprisonment and disqualification from office • Employers and Public Liability Claims • Increased insurance premiums • Reputational damage • A deterioration in the condition of the council's assets and infrastructure 		<p>reflect the risk profiles of the new Directorate structure.</p> <p>Cascade health and safety objectives within staff appraisals.</p> <p>Monitor health and safety performance through Corporate Performance Assessment, Corporate Management Board and the Corporate Health and Safety Steering group which is Chaired by the Corporate Director - Education and Family Support.</p> <p>Continue to assess the health and safety impacts of the budget reductions required by the MTFS and relevant change programme projects.</p> <p>Establish an awareness raising campaign of regular communications to staff promoting a range of health and safety topics to develop a positive safety culture.</p> <p>Health and safety audits and condition surveys of assets and infrastructure will enable the Council to prioritise works and respond to emerging issues,</p>		
Links to all key priority themes	<p>School modernisation⁶⁹:</p> <p>Budget pressures may reduce or delay the 21st Century school programme.</p> <p>WG has committed to fund 50% (£22.474m) of the total costs for the Band A programme. To receive this funding the Council has to provide match funding of £22.474m. Whilst £5m is from core funding allocations the Council is also relying on raising £4m from S106 agreements and £13.475m from the sale of school and other sites.</p> <p>It continues to be a challenge to release sufficient land for sale to</p>	<ul style="list-style-type: none"> • Insufficient progress may have a negative impact on pupils' learning and wellbeing • There is a link between attendance, attainment and the school environment • It may affect the range of educational opportunity for pupils • There may be inefficient use of resources, due to a mismatch in the supply and demand for places in different schools • Deterioration in the state of school buildings will result in increased running costs and the need for 	<p>Likelihood - 6</p> <p>Impact - 4</p> <p>Total - 24</p>	<p>The Council continues to implement a phased schools modernisation programme but within a revised timetable⁷¹.</p> <p>WG has committed to fund 50% (£22.474m) of the total costs for the Band A programme through a combination of Capital Grant and LGBI. To receive this funding the Council needs to submit detailed business cases for each project including how its match funding will be provided.</p> <p>It is essential that the planned capital receipts already committed and ring fenced from the sale of school sites are retained for school modernisation. Any change to this commitment would require Council approval.</p> <p>Maintain strong programme and project management arrangements. There is a track record of delivering projects to time, cost and quality.</p> <p>Procurement through the South East Wales Schools & Capital Programme Contractor Framework will continue via the new</p>	<p>Corporate Director</p> <p>Education & Family Support</p>	<p>Likelihood - 3</p> <p>Impact - 4</p> <p>Total - 12</p>

⁶⁹ Priority 3 – Smarter use of resources – Our key projects – School modernisation programme and what we will do in 2017-18

⁷¹ Priority 3 – Review capital expenditure to ensure alignment with corporate objectives

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>support the programme, If the Council is unable to do so, there may be a delay in new builds which may prejudice the Council's ability to provide for sufficient school places.</p> <p>Demand for disabled adaptations and repairs and maintenance are outstripping the budget. Failure to provide for disabled learners may result in litigation or tribunals.</p>	<p>emergency repairs. This could result in potential health and safety issues. Resources that could be better spent on direct support to children (BCBC schools are relatively poorly funded) will be diverted to less productive use</p> <ul style="list-style-type: none"> New schools are designed as community facilities⁷⁰ and in the case of Coleg Cymunedol Y Dderwen is also a multi- agency hub School facilities which are in a poor condition make it harder to attract high calibre new Headteachers to replace those reaching retirement age. <p>Inadequacies in buildings maintenance have been identified, including fire safety within schools.</p>		<p>framework SEWSCAP2⁷².</p> <p>Maintain good links with Welsh Local Government Association and WG.</p> <p>Band B of the school modernisation programme, if agreed, will provide the mechanism to deliver the developed strategy. Whilst not giving a firm commitment, there has been an indication from WG of a significant match element to funding. There has been no commitment as yet to funding by the Council.</p> <p>A strategy to utilise the mobile classrooms at Betws Primary school to support other schools is being developed from Summer 2017.</p> <p>Provide temporary accommodation where appropriate.</p> <p>Regular health and safety audits and condition surveys will enable the Council to prioritise improvement works and respond to emerging issues.</p> <p>The Safe, Dry and Warm project continues.</p> <p>The demand for Welsh medium education in the valleys gateway area is being met by the council planning to move YGG Cwm Garw to the Betws school site where it will also be more accessible from other areas of the County Borough.</p>		
Links to all key priority themes	<p>Compliance with the Welsh Language Standards:</p> <p>If the Council has to comply with the Welsh Language Standards which it has appealed there will be additional pressure on the MTFs 2017-18 to 2020-21. There is also an ongoing strain on management capacity as the time taken to work through these issues is considerable and is taken away from the management of core services.</p> <p>The Council was required to implement 144 of the Welsh Language Standards by 30 March 2016 and a further 27 by 30</p>	<p>There is a recurrent budget pressure of £313,000 and a one off pressure of £81,000 for 2016-17 to meet the estimated costs of implementing the majority of the Standards which the council is complying with. The pressure does not take into account the financial implications of the Standards which the council is appealing. If the council has to comply with these Standards there will be very significant additional strain on the MTFs for which there is no funding currently identified.</p>	<p>Likelihood - 4</p> <p>Impact - 3</p> <p>Total - 12</p>	<p>A budget pressure arising from the implementation of the Welsh Language Standards has been recognised in the MTFs 2016-17 to 2019-20. Should the March and September appeals not be successful the Council will meet the additional costs in the short term from the corporate contingency or Council Fund until such time as recurrent funding is identified from budget reductions elsewhere or Council Tax increases.</p> <p>Should the Welsh Language Commissioner determine that it is not unreasonable or disproportionate to comply with any of the standards that have been appealed then there is a further right of appeal to the Welsh Language Tribunal. Following a determination by the Tribunal, the Commissioner or Council can appeal to the High Court on a point of law only. During the appeals process the Council is not required to comply with those standards under appeal.</p> <p>The Council has been in regular contact with neighbouring Councils to establish their interpretation of certain Standards and also with the Welsh Language Commissioner when clarification on points of</p>	<p>Corporate Director</p> <p>Operational and Partnership Services</p>	<p>Likelihood - 4</p> <p>Impact - 3</p> <p>Total - 12</p>

⁷⁰ Priority 3 – Smarter use of resources – Our aims – To make the most of our physical assets including school buildings

⁷² Priority 3 – Smarter use of resources – Our aims – To make the most of our spend on goods and services

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	<p>September 2016. The Welsh Language Commissioner has introduced an appeals process enabling councils to challenge the proportionality and reasonableness of the Standards and compliance timescales. The council appealed 10 of the March standards of which nine have initially not been accepted and a delay of one year has been allowed for the other. The Welsh Language Commissioner invited the Council to submit further information in support of the appeals and this information was provided on 27 June 2016. No response has yet been received.</p> <p>The council also appealed eight of the September 2016 standards and is also awaiting the outcome of these appeals.</p>			law and interpretation has been required.		
Links to all priority themes	<p>Local Government Reorganisation:</p> <p>The new WG Minister has advised that the previous plans to cut 22 Councils to eight or nine will not be pursued. In November 2016 the Local Government Secretary set out new proposals based upon an enhanced level of systematic and regional working. There will be formal consultation in January which will conclude before the Local Government elections.</p> <p>There is uncertainty about the outcome of this consultation.</p> <p>There is a risk that continuing uncertainty about the future delivery of services will slow down the pace of transformative change which is required now to deliver</p>	<p>There is uncertainty about the eventual outcome.</p> <p>If senior management are focussed on structures they may fail to deliver the required services to the public within the MTFS budget reductions. There is also a danger of inertia as managers feel unable to make decisions required now because of increased uncertainty about the future⁷³.</p> <p>There is now a greater likelihood of services being reconfigured on the basis of partnerships and regional collaborative models but these may not achieve the same scale of savings as mergers.</p>	<p>Likelihood - 4</p> <p>Impact - 4</p> <p>Total - 16</p>	<p>Whilst uncertainty remains, the Council will continue to focus on delivering services to the public within the MTFS. An important part of this will be its collaboration with a range of partners on a pragmatic basis.</p>	Chief Executive	<p>Likelihood - 3</p> <p>Impact - 4</p> <p>Total - 12</p>

⁷³ Priority 3 – Smarter use of resources – What we will do in 2017-18 – Support managers to lead staff through organisational change

Priority Theme	Risk Description	Potential Impact	Inherent Risk Score	Risk Reduction Measures	Risk Owner	Residual Risk Score
	services within reduced budgets.					

Draft Appendix 3 - The movement of residual risk scores over time

	2017-18 Score			2016-17 Score	2015-16 Score	2014-15 Score
	Likelihood	Impact	Total	Total	Total	Total
Cultural change to deliver the MTFS	6	4	24	24	24	20
Supporting adults at risk	5	4	20	20	20	20
Supporting vulnerable children	5	4	20	16	20	16
Welfare reform	6	3	18	18	24	24
The economic climate and austerity	4	4	16	16	16	20
Disposing of waste	4	4	16	16	16	16
Equal pay	4	4	16	16	16	16
Healthy lifestyles	4	4	16	16	16	16
Maintaining infrastructure	4	4	16	16	16	16
Educational provision	4	4	16	12	N/A	N/A
Impact of homelessness	5	3	15	15	15	15
Ineffective collaboration with partners	3	4	12	12	12	12
Educational attainment	3	4	12	12	12	16
Health and safety	3	4	12	12	N/A	N/A
School Modernisation	3	4	12	12	16	20
Welsh Language Standards	4	3	12	N/A	N/A	N/A
Local Government Reorganisation	3	4	12	24	N/A	N/A
New pay and grading system	N/A	N/A	N/A	N/A	N/A	12

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Bridgend County Borough Council

Corporate Risk Management Policy

January 2017

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Bridgend County Borough Council **Corporate Risk Management Policy**

Introduction

Good corporate governance structures are essential if the Council is to achieve its vision of working together to improve lives within the County Borough. An essential part of governance is the mechanisms for the control and management of risk. There must be a clear focus on the significant risks that could prevent the Council achieving its corporate improvement priorities and this policy seeks to address those risks.

Good governance requires that risk management is embedded into the culture of the Council with Members, managers and staff at all levels recognising that risk management is part of their job. It is important that the changing nature of how we deliver services is acknowledged. In particular, the increasing use of partnerships, shared services and business transformation programmes provide fresh risks to manage.

This policy facilitates the management of corporate risk within the Council; it focuses attention on key areas and its outcomes will inform the budget process and the Medium Term Financial Strategy.

Definition of Risk

The definition of risk the Council uses is:

Any potential development or occurrence which, if it came to fruition, would jeopardise the Council's ability to:

- achieve its corporate improvement priorities
- provide services as planned
- fulfil its statutory duties, including the duty to make arrangements to secure continuous improvement.

Aims and Objectives

The aim of the policy is to facilitate effective corporate risk management throughout the Council so that risks are identified, evaluated, managed and monitored to enable the Council to achieve its corporate improvement priorities.

This will be done by:

- Managing corporate risk via a process that is integrated into usual business planning and is aligned to budget setting and the Medium Term Financial Strategy.
- Monitoring key corporate risks at the highest level within the Council, including:
 - Cabinet
 - Senior Management Team
 - Programme Management Board
 - Corporate Performance Assessment meetings, which are part of the 'informal' management arrangements involving Corporate Management Board/Heads of Service/Cabinet and Scrutiny
 - Overview and Scrutiny Committees
 - Audit Committee.
- Working closely with partner organisations and other bodies such as the Wales Audit Office and external auditors.
- Managing corporate risk via a process that is compatible with any guidance provided by regulatory bodies.

Strategy

Risk will be managed by:

- Providing for risk identification within the business planning process
- Assessing risks against a common understanding of the Council's risk appetite set by Cabinet and Senior Management Team
- Establishing appropriate control measures or other actions to manage risks to appropriate levels
- Maintaining a register of corporate risks which enables them to be recorded and regularly reviewed
- Establishing clear accountabilities and roles
- Ensuring that the risk assessment is considered within the budget setting process and the Medium Term Financial Strategy

- Making the link to corporate improvement priorities
- Having arrangements to monitor risks involving elected Members and senior management. (Corporate Performance Assessment Meetings and Corporate Working Groups are examples of these)

Accountabilities and Roles

A key part of the strategy is to establish clear roles, responsibilities and reporting lines within the Council.

Audit Committee

The Audit Committee will monitor the effective development and operation of risk management and corporate governance within the Council. The Committee will consider the report on the annual risk assessment in January and a further interim report in November detailing changes in the course of the year.

Cabinet

Together with the Senior Management Team the Cabinet will set the Council's risk appetite. They will also work with Senior Management Team and Heads of Service to provide oversight and information on the management of risk and opportunities arising from the various options facing the Council.

Cabinet Members

Cabinet Members provide risk management oversight of service provision in the Directorates aligned with their portfolio.

They must be made aware of the key risks within their portfolio of services and within any projects or partnerships related to these.

Chief Executive

The Chief Executive leads the Corporate Management Board, Senior Management Team and the wider corporate governance agenda of which risk management is a part. The Chief Executive will review an annual governance statement and together with the Leader consider this and sign it off as appropriate.

Corporate Directors

Together with the Chief Executive they are integral to the risk management process providing leadership to achieve cultural and organisational change. They are involved in the management of risks arising from corporate initiatives, business transformation, major projects, external environment, partnership working and assessing the wider implications of risk assessments associated with service provision.

They also need to make arrangements to embed risk management within the services that they have responsibility for, in order to provide assurance to the Chief

Executive. They have responsibility for the delivery of Directorate plans, including service improvements and efficiencies and the delivery of corporate priorities.

Corporate Performance Assessment Meetings

Led by the Chief Executive; Cabinet, Corporate Management Board and Overview and Scrutiny Chairs will consider the extent to which business plans are being delivered and challenge senior officers about progress towards the achievement of improvement priorities. This will include review of the risks which are relevant to each priority.

Directorate and Service Management Teams

Managers and management teams have responsibility for delivering services. For successful delivery, many factors such as objectives, people, budget etc must be considered. Risk management is just one aspect of the overall management task. Risks which threaten the successful delivery of services must be identified through the business planning process. Managers will put in place actions to reduce the risks. These will be monitored and reviewed to ascertain the effectiveness of actions taken.

Heads of Service

Heads of Service develop and implement service plans to deliver agreed objectives. They should ensure that risks and the management of those risks has been explicitly considered in framing these plans.

Internal Audit

Internal Audit is an assurance function that primarily provides an independent opinion on the control environment comprising risk management, internal control and governance by evaluating its effectiveness in achieving the Council's improvement priorities. It examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper economic and effective use of resources.

Members

Members collectively are the ultimate policy makers. They will represent their communities and bring their views into the Council decision making process being advocates of and for their communities. They contribute to the continual improvement of Council services and directly to risk management via membership of the Audit and Overview and Scrutiny Committees.

Overview and Scrutiny Committees

Overview and Scrutiny Committees develop a forward work programme having regard to the Council's corporate priorities and risk management framework. They review and scrutinise the decisions made by and the performance of Cabinet and Council officers. They scrutinise the performance of the Council in relation to its

policy objectives and performance targets. They make recommendations to the Cabinet and Council arising from the outcome of the scrutiny process.

Programme Management Board

The Programme Management Board will ensure that programmes contribute to delivering the aims and objectives of the Council. The Board will ensure that assessments of risk are kept under review and risk mitigation plans monitored.

Risk Management & Insurance Officer

The Risk Management and Insurance officer will co-ordinate work on the annual risk assessment and subsequent reviews and act as a point of reference and support.

Section 151 Officer

The Section 151 Officer is responsible for the proper administration of the Council's financial affairs and oversees the production of the risk register prior to its consideration by Senior Management Team. They must ensure that risks are fully considered and aligned with the Council's Medium Term Financial Strategy.

Senior Management Team

Together with the Cabinet the Senior Management Team will set the Council's risk appetite. They will also "scan the horizon" for new risks to the Council and the County Borough. They will provide a view of the medium to long term impacts of Government policy, financing, business transformation and partnership working.

Senior Management Team will work with Cabinet to produce an annual risk assessment. They will review the effectiveness of actions put in place by Corporate Directors and Heads of Service to mitigate risk at other meetings throughout the year.

Senior Management Team will endeavour to ensure that the resources of the Council are utilised efficiently so that the objectives of the Council are delivered.

Staff

All staff have responsibility for identifying opportunities as well as risks in performing their day to day duties, and for taking appropriate action to take advantage of opportunities or limit the likelihood and impact of risks.

Risk Management Methodology

The risk management methodology describes the way in which risks are managed within the Council.

Part 1 - Identifying Risk

Risk identification is not a stand alone activity which is completed in isolation from the management of service delivery. It is part of the strategic business planning and performance management processes.

It is concerned with identifying events and their consequences which could impact on the Council's corporate improvement priorities. Consequently, the starting point is understanding what these are; they are set out within the Corporate Plan.

It can help to use prompts which identify different sources of risk. These include:

- Customer/citizens: Failure to deliver services of a required standard or misunderstanding their needs
- Strategic: doing the wrong things as an organisation; missing opportunities
- Finance: losing monetary resources or incurring unacceptable liabilities
- Reputation: the Council's image, loss of public confidence
- Legal and regulatory: claims against the Council, non-compliance, new regulations resulting in new or more severe risks
- Information: loss or inaccuracy of data, systems or reported information
- Environmental: things outside of our control; environmental impact
- People: risks associated with employees, management and Members
- Political: political embarrassment, not delivering local or national policies
- Partnerships: the risks the Council is exposed to as a result of partnerships

These categories can be used in discussion to identify events that could prevent or hinder the council from achieving its objectives.

The ideas from these discussions need to be grouped into common themes and developed into the actual risk.

The risk description should have an event which leads to a consequence which then has an impact. Eg. A loss of xxxxxxx, will lead to xxxxxxx, resulting in xxxxxxx.

When will risks be identified?

Risk identification is not a stand alone activity. It forms part of good governance, business planning, decision making and performance management. A key opportunity to identify risk is during the budget process, when the Medium Term Financial Strategy is being agreed and when Directorate business plans are considered.

Part 2 - Assessing the inherent risk

Once the risks that threaten the achievement of the Council's corporate improvement priorities have been identified, the next step is to assess them in terms of the likelihood that they will occur and the impact if they do. This information will then be used as a tool to inform professional judgements as to the significance of the risks to the Council.

The Council has agreed criteria for the levels of likelihood and impact. These are shown in Tables 1 and 2 below. The definitions for likelihood of occurrence are quite short. However, because the impact of the risk, should it occur, can be much wider, there is a more comprehensive set of definitions.

When considering likelihood and impact you should not take into consideration any existing controls that are in place. The risk score you have will be an inherent or uncontrolled score.

When both the likelihood and impact have been considered, multiply the likelihood by the impact to get the overall risk score. This should be mapped on to the matrix in Table 3. The colours of the matrix are a traffic light system that denotes the risk appetite of the Council. High risks are the **red zone**, medium risks are the **amber zone** and low risks are the **green zone**.

The risk score should be used to inform your judgement, rather than dictate how risks compare and what the priorities should be. The scores help you to identify the most serious threats and to make decisions about the significance of those risks to the Council and how, or whether, they should be treated.

Table 1: Description and definitions of LIKELIHOOD of the RISK occurring

Score	Description
6	Almost certain - More than a 90% chance
5	Highly likely – 70% to 90% chance
4	More likely than not – 50% to 70% chance
3	Might happen, but probably not – 30% to 50% chance
2	Unlikely to happen - A 10% to 30% chance
1	Very unlikely - Less than a 10% chance

Table 2: Description and definitions of IMPACT of the RISK

Impact	Example Detail Description
4	Medium term loss of service capability Adverse UK wide publicity Litigation almost certain and difficult to defend Corporate budget realignment Breaches of law punishable by imprisonment
3	Short term loss of service capability Adverse Wales wide publicity Litigation to be expected Budget adjusted across service areas Breaches of law punishable by fines only
2	Short term disruption to service capability Adverse local publicity High potential for complaint, litigation possible Financial implications contained within the Directorate Breaches of regulations/standards
1	No significant disruption to service capability Unlikely to cause any adverse publicity Unlikely to cause complaint or litigation Financial implications contained within service area Breaches of local procedures or standards.

Now that the inherent risk score has been calculated, you can plot the risks on to the risk prioritisation matrix in Table 3. This will be a guide of their relative significance to the Council, and how they will be managed.

Table 3: Risk Prioritisation Matrix

	Impact			
Likelihood	6	12	18	24
	5	10	15	20
	4	8	12	16
	3	6	9	12
	2	4	6	8
	1	2	3	4

Part 3 - Managing and controlling risks

Having considered how corporate risks should be identified and assessed for likelihood and impact, it is necessary to consider how risks can be managed and controlled. The risk score should not dictate the level of management required, however it should be taken into consideration as it does point to matters that will require managing.

This involves:

Assessing the inherent risk against the Council's risk appetite

The degree to which an inherent risk is tolerable should be considered against the Council's risk appetite. Table 3 identifies which risks are high (**red zone**), medium (**amber zone**) or low (**green zone**).

Assigning ownership to manage the inherent risk to specific officers

The following is a guide to what level ownership should be at.

Red Risks – These are high impact/high likelihood risks that require active management by senior officers. The risk owner will be a member of and report to the Corporate Management Board

Amber Risks – These risks should be closely monitored by the risk owner who will be a Director or Head of Service

Green Risks – These risks will be managed and monitored within the service.

Assessing the method of control

The Council could tolerate the risk, treat it, terminate it or transfer it to a third party.

The cost and effectiveness of controls is a key consideration and needs to be balanced against the potential consequences (reputational, financial or otherwise) if the event occurred. The cost of implementing and operating the control should not normally exceed the maximum potential benefit.

Depending on the circumstances controls will probably fall under one of four basic approaches

- **Tolerate the risk.** The risks arising from an activity will be scored as part of a risk assessment process. If the score is low, the correct response might be to recognise that the activity brings risk, but still continue with it. You would typically take this approach when it is not cost effective to take action, because the likely impact of the risk, should it occur, is minimal. When a decision is made to tolerate a risk, the reason should be documented. In addition, you should continue to monitor the risk so that you can ensure that your decision remains sound.

- **Treat the risk.** This is the most widely used approach. The purpose of treating a risk is to continue with the activity, but at the same time take action to bring the risk to an acceptable level. This is done through either:
 - containment actions. These lessen the likelihood or consequences and are applied before the risk materialises
 - or
 - contingent actions. These are pre planned responses that will reduce the impact after the risk has happened.
- **Terminate the risk.** This involves stopping an activity altogether, or doing things differently so that the risk is removed.
- **Transfer some aspects of the risk to a third party.** The transfer of risk to another organisation can be used to reduce the financial exposure of the Council and/or pass the risk to another organisation which is more capable of effectively managing it. An example would be the transfer of a risk through the terms of a legal contract, such as an insurance policy. The Council has an Insurance Strategy which is shown in Appendix 1.

The cost of management and control should be understood and be proportionate to the risk being addressed. Resources should be expended on the higher level risks that need active management.

The reasons why a particular course of action has been taken should be documented and the decision implemented by the risk owner.

Part 4 – Assessing the residual risk

By this stage the risks have been identified and analysed and each has an inherent or uncontrolled risk score. In addition you have assessed the available controls and made decisions about which are appropriate and will be put in place. These controls will either make the likelihood that the risk will come to fruition less or they will reduce the impact of the risk in the event that it takes place.

As the likelihood or impact of the risk has changed you now need to rescore the risk, taking these changes into consideration. The resulting number is the residual risk score.

The mapping of the score on to the matrix in Table 3 should be repeated to record the residual risk. This will show what influence the controls have had. The residual risk score should be lower than the inherent risk score. If it isn't, the mitigation measures are just having the effect of stopping the risk from deteriorating. The residual risk score needs to be at an acceptable level when considered against the Council's risk appetite. If the score does not reduce the risk to an acceptable level you should consider the effectiveness and adequacy of the controls.

Part 5 - Recording and Reviewing Risks

It is necessary to monitor action plans to regularly report on the progress being made in managing risk. Alternative action will be needed if those actions initially taken prove ineffective.

All the information relating to the identified risks should be recorded in a risk register. This information should, as a minimum, include: the link to the corporate improvement priorities, a description of the risk; its impact; the inherent risk score, the controls in place or being put in place; the residual risk score and the risk owner. This document needs to be formally approved by the Council and this will be done by the Audit Committee in January each year following prior review by Senior Management Team and Cabinet in December.

Circumstances and business priorities can change, and therefore risks need to be regularly reviewed. The higher the risk, the more frequent the review. The corporate risk register will be reviewed quarterly by Senior Management Team and at Corporate Performance Assessment meetings. This is required because:

- Previously identified risks will change over time.
- New risks arising will need to be added.
- It might be appropriate to delete risks. However, when this is done a record of the reasons for this should be kept.

Prior to review at Senior Management Team, the Risk Management & Insurance Officer will contact the Directorate Business Managers and ascertain what changes to the risk assessment are proposed by the Directorate. These proposals will be included within the report to Senior Management Team for their consideration.

A timeline for the review process is shown as Appendix 2.

Whilst there is no prescribed process for review, the following is an example of how it could be approached.

Go through the risks listed in the register to consider:

- Are the risks still relevant?
- Have circumstances surrounding the risks changed?
- What progress has been made in managing the risk?
- Given the progress made, do the risk scores need revising?
- Are any further controls needed? If so, what should these be?
- Have any new risks arisen. Perhaps arising out of an adverse event or a new partnership or legislation.

The risk register should then be updated to reflect these changes. A report will be made to the Audit Committee each November.

Appendix 1 - Insurance Strategy

What is Insurance?

All activities involve a certain degree of risk, for example of fire or accident. If these risks come to fruition they will have a financial impact. Insurance is a risk mitigation measure whereby one organisation can transfer the financial impact of the risk to another.

This transfer is achieved when a business which provides insurance agrees to take on some of the risks of another organisation in exchange for a fee, known as a premium. It does this by providing an insurance policy, which is a legally binding contract. The premium, and the terms and conditions of the policy are based on the likelihood of the risk happening and its value. The insurer collects premiums on a number of policies and pools these funds, which it then invests to increase the amount of money held. Should the insured make a claim on a policy; the insurer will meet the claim from the pool of funds. The insurer will seek to make a profit and will be planning for the total premiums it receives in any one year, together with any money it can make through investments, to exceed the total claims it has to pay out.

The benefits of Insurance to Bridgend County Borough Council

Insurance provides the council with many benefits:

- 1) It protects it against the financial consequences of unexpected incidents.
- 2) It encourages the council to undertake activities, and invest with confidence, knowing that losses will be shared with the Insurer. This will benefit the local economy and the community.
- 3) Insurance companies provide expert advice about how the council can prevent or control losses.
- 4) The council does not need to maintain such significant sums of money in reserve to fund future possible losses. Funds can be released for more productive use.
- 5) There are social benefits. If someone is injured and it is as a result of the council's negligence, insurance provides them with compensation for their injuries.
- 6) We have access to external claims handling expertise.

However, Insurance does not provide a panacea to all issues around risk of loss. This is because it rarely provides full financial compensation for the loss, it may be considered uneconomic, there are exclusions and there will be some delays in the restoration of assets to full use.

What risks can be insured?

Not all risks are insurable. To be insurable, the risk must have certain characteristics:

- 1) The loss must be fortuitous. It can't be inevitable and must be unexpected.
- 2) It must be possible to allocate a financial value against the results of the incident.
- 3) The council must have an "insurable interest". This exists if the council would suffer a loss if an event happened. Typically, insurable interest is established by ownership, possession, or a direct relationship.
- 4) The only possible result of the event happening must be a loss rather than a profit.
- 5) The loss must be tied in to a specific identifiable event having happened.

What risks will the council insure?

The council's activities result in a certain amount of predictable financial loss. There is no point in insuring these losses because the Insurance Company will want a pound in premium for each pound it anticipates it will pay in claims. In addition it will charge a further amount for its administrative expenses, profit and insurance premium tax. In these circumstances the purchase of insurance is uneconomic.

The council will insure losses which would have a significant impact on budgets and the provision of services. This is generally achieved by purchasing insurance with a deductible. The overall exposure to financial loss is controlled by an aggregate deductible. This caps losses incurred in any one year to a certain amount.

The council will also buy insurance when it has to by law or where the provision of the insurance provides additional benefits which enable the activity to take place.

The pitfalls of purchasing insurance

The council will seek to keep its insurance arrangements in order so that if a loss occurs they respond in the way intended. In particular the council will:

- 1) Undertake a quinquennial review of its buildings sums insured. Between reviews sums insured will be amended in line with indices provided by the Royal Institute of Chartered Surveyors.
- 2) Be aware of the policy wordings and understand what they mean.
- 3) Keep insurers appraised of changing risk features which will have a material impact on the way Insurers perceive risk.
- 4) Maintain comprehensive records of insurance including Insurance Policy documentation.
- 5) Employ the services of a professional insurance broking company who can provide expert advice
- 6) Only transfer risks to Insurance Companies which are financially strong.

Appendix 2 - Risk Management Timeline 2017 - 18

Timeline	Responsibility	Action
January 2017	SMT	Considers the 2017-18 risk assessment
	Audit Committee	Considers the 2017-18 risk assessment
February 2017	Cabinet/Council	Considers the 2017-18 risk assessment in conjunction with the Medium Term Financial Strategy
March 2017	CPA	Risk assessment considered at quarter 3 2016-17 CPA
April 2017		
May 2017		
June 2017	CPA	Risk assessment considered at quarter 4 2016-17 CPA
July 2017	SMT	Review of the 2017-18 risk assessment
August 2017		
September 2017	Audit Committee	Audit Committee considers the changes made to the 2017-18 risk assessment
October 2017	SMT	Review of the 2017-18 risk assessment
November 2017	CPA	Risk assessment considered at quarter 2 2017-18 CPA
December 2017		
January 2018	SMT	Consider draft 2018-19 risk assessment and agree proposed changes to the Risk Management Policy
	Audit Committee	Considers the 2018-19 risk assessment
February 2018	Cabinet/Council	Considers the 2018-19 risk assessment in conjunction with the Medium Term Financial Strategy
March 2018	CPA	Risk assessment considered at quarter 3 2017/18 CPA

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

26 JANUARY 2017

REPORT OF THE HEAD OF FINANCE & SECTION 151 OFFICER

TREASURY MANAGEMENT STRATEGY 2017-18

1. Purpose of the Report

1.1 The purpose of the report is to present the:-

- proposed Treasury Management Strategy for 2017-18, which includes the:-
 - Borrowing Strategy 2017-18
 - Investment Strategy 2017-18
 - Treasury Management and Prudential Indicators for the period 2017-18 to 2020-21
 - Annual Minimum Revenue Provision Statement 2017-18

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

2.1 The work of the Audit Committee supports corporate governance and assists in the achievement of all corporate and service objectives. Prudent treasury management arrangements will ensure that investment and borrowing decisions made by officers on behalf of the Council make best use of financial resources and hence assist achievement of corporate priorities.

3. Background

3.1 The Audit Committee has delegated responsibility for ensuring effective scrutiny of the Treasury Management Strategy and policies.

3.2 The Council manages its Treasury Management activities in accordance with the Local Government Act 2003, and associated guidance:-

- The Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in the Public Services: Code of Practice 2011 Edition (the CIPFA Code), requires the Council to approve a Treasury Management Strategy (TMS) before the start of each financial year (TMS 2017-18 in **Appendix A**)
- The Welsh Government (WG) issued revised Guidance on Local Authority Investments in April 2010, which requires the Council to approve an Investment Strategy prior to the start of each financial year (**Appendix A-Section 5**)

- In addition to the CIPFA Code which requires treasury management indicators to be set, CIPFA's Prudential Code for Capital Finance in Local Authorities 2011 Edition requires the Council to set a number of Prudential Indicators (**Appendix A-Schedule A**)
- The Local Authority (Capital Finance and Accounting) (Amendment) (Wales) Regulations 2008, requires the Council to produce an Annual Minimum Revenue Provision (MRP) Statement that details the methodology for the MRP charge (**Appendix A-Schedule B**)

4. Current Situation / Proposal

- 4.1 The Treasury Management Strategy for 2017-18 (**Appendix A**) confirms the Council's compliance with the CIPFA Code, which requires that formal and comprehensive objectives, policies and practices, strategies and reporting arrangements are in place for the effective management and control of Treasury Management activities, and that the effective management and control of risk are the prime objectives of these activities.
- 4.2 The Treasury Management Strategy is to be presented to Council for approval in March 2017 and whilst the main body will remain unchanged there may be variations to some of the figures if there are any changes (such as the capital programme) to reflect the most up to date information.

5. Effect upon Policy Framework & Procedure rules

- 5.1 Paragraph 17.3 of the Financial Procedure Rules (FPR) within the Council's Constitution requires that all investments and borrowing transactions shall be undertaken in accordance with the Council's Treasury Management Strategy as approved by Council. Paragraph 17.8 of the FPR sets the Audit Committee's responsibility to ensure effective scrutiny of the Treasury Management policies and practices and to review the half year monitoring report.
- 5.2 This report is designed to ensure compliance with the above requirements.

6. Equality Impact Assessment

- 6.1 There are no equality implications.

7. Financial Implications

- 7.1 These are reflected within the report.

8. Recommendation

- 8.1 That Members give due consideration to the Treasury Management Strategy 2017-18 before it is presented to Council for approval in March 2017 as part of the Medium Term Financial Strategy (**Appendix A**).

Randal Hemingway

Head of Finance and Section 151 Officer
3 January 2017

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Background documents

CIPFA Code of Practice on Treasury Management in Local Authorities (2011)

CIPFA The Prudential Code for Capital Finance in Local Authorities (2011)

Treasury Management Strategy 2016-17

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TREASURY MANAGEMENT STRATEGY 2017-18



1.0 Introduction

The Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* (the CIPFA Code) in February 2012 which requires the Council to approve a treasury management strategy before the start of each financial year. In addition to the CIPFA Code, the Welsh Government (WG) issued revised *Guidance on Local Authority Investments* in March 2010 that requires the Council to approve an Investment Strategy before the start of each financial year. This Strategy fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the WG Guidance.

The Council has an integrated Treasury Management Strategy (TMS) where borrowing and investments are managed in accordance with best professional practice. The Council borrows money either to meet short term cash flow needs or to fund capital schemes approved within the capital programme. Therefore any actual loans taken are not associated with particular items of expenditure or assets. The Council is exposed to financial risks including the potential loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's TMS.

The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the organisation's strategy, Treasury Management Practices (TMP) and CIPFA's Standard of Professional Practice on Treasury Management. Council will receive reports on its treasury management activities, including as a minimum, an annual strategy in advance of the year, a mid-year review and an annual report after its financial year end. Quarterly reports will also be received by Cabinet.

The Council nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

2.0 Economic Context and Forecasts for Interest Rates

Economic background: The major external influence on the Council's treasury management strategy for 2017-18 will be the UK's progress in negotiating a smooth exit from the European Union. Financial markets, wrong-footed by the referendum outcome, have since been weighed down by uncertainty over whether leaving the Union also means leaving the single market. Negotiations are expected to start once the UK formally triggers exit in early 2017 and last for at least two years. Uncertainty over future economic prospects will therefore remain throughout 2017-18.

The fall and continuing weakness in sterling and the near doubling in the price of oil in 2016 have combined to drive inflation expectations higher. The Bank of England is forecasting that Consumer Price Inflation will breach its 2% target in 2017, the first time since late 2013, but the Bank is expected to look through inflation overshoots over the course of 2017 when setting interest rates so as to avoid derailing the economy.

Credit outlook: Markets have expressed concern over the financial viability of a number of European banks recently. Sluggish economies and continuing fines for pre-crisis behaviour have weighed on bank profits, and any future slowdown will exacerbate concerns in this regard. Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the European Union, Switzerland and USA, while Australia and Canada are progressing with their own plans. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other secured investment options available to the Council in our investment strategy; returns from cash deposits however continue to fall.

Interest rate forecast: The Council's treasury adviser Arlingclose's central case is for UK Bank Rate to remain at 0.25% during 2017-18, but there is a low possibility of a drop to close to zero, with a very small chance of a reduction below zero. The Bank of England has, however, highlighted that excessive levels of inflation will not be tolerated for sustained periods. Given this view and the current inflation outlook, further falls in the Bank Rate look less likely. A negative Bank Rate is currently perceived by some policymakers to be counterproductive but, although a low probability, cannot be entirely ruled out in the medium term, particularly if the UK enters recession as a result of concerns over leaving the European Union.

Arlingclose (Council's TM Advisers) central interest rate forecast December 2016

	Bank Rate	3 month LIBID rate	1 Year LIBID rate	5-year gilt yield	10 year gilt yield	20 year gilt yield	50 year gilt yield
Mar 2017	0.25	0.25	0.50	0.50	0.95	1.50	1.40
June 2017	0.25	0.25	0.50	0.45	0.90	1.45	1.35
Sept 2017	0.25	0.30	0.50	0.45	0.90	1.45	1.35
Dec 2017	0.25	0.30	0.50	0.45	0.90	1.45	1.35
Mar 2018	0.25	0.30	0.50	0.50	0.95	1.50	1.40
June 2018	0.25	0.30	0.50	0.50	0.95	1.50	1.40
Sept 2018	0.25	0.30	0.60	0.50	0.95	1.50	1.40
Dec 2018	0.25	0.30	0.70	0.55	1.00	1.55	1.45
Mar 2019	0.25	0.30	0.85	0.60	1.05	1.60	1.50
Jun 2019	0.25	0.30	0.90	0.65	1.10	1.65	1.55
Sept 2019	0.25	0.30	0.90	0.70	1.15	1.70	1.60
Dec 2019	0.25	0.30	0.90	0.75	1.20	1.75	1.65
Mar 2020	0.25	0.30	0.95	0.80	1.25	1.80	1.70
Average	0.25	0.29	0.68	0.57	1.02	1.57	1.47

3.0 The Council's Current Treasury Management Position

Table 1: Council's debt and investment position as at 31 December 2016

		Principal as at 31-12-16	Average Rate
		£m	%
Fixed rate long term funding	PWLB(i)	77.62	4.70
Variable rate long term funding	PWLB	-	-
	LOBO(ii)	19.25	4.65
Total Long Term External Borrowing(iii)		96.87	4.69
Other Long Term Liabilities(iii) (including PFI)		21.93	
TOTAL GROSS DEBT		118.80	
Fixed rate investments		36.30	0.52
Variable rate investments		6.00	0.42
TOTAL INVESTMENTS(iv)		42.30	0.51
TOTAL NET DEBT		76.50	

(i) Public Works Loan Board (PWLB)

(ii) Lender's Option Borrower's Option (LOBO)

(iii) Long term borrowing/liabilities include all instruments with an initial term of 365 days or more and long term liabilities includes the short term element of the liability

(iv) The investment totals include instant access deposit accounts which are included as "Cash" in the Council's balance sheet in the Statement of Accounts and also investments shown as "Cash Equivalents" in the Council's balance sheet that mature in 1 month or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value

Fixed rate in the above table includes instruments which are due to mature in the year and also a £3m structured deal where the change in interest rate has been agreed and fixed in advance

The £19.25 million relates to Lender's Option Borrower's Option (LOBO) loans which have a maturity date of 2054, however these may be re-scheduled in advance of this maturity date. The LOBO rate and term may vary in the future depending upon the prevailing market rates, the lender exercising their option to increase rates at one of the bi-annual trigger points and therefore the Council being given the option to accept the increase or to repay the loan without incurring a penalty. The next trigger point is July 2017 and although the Council understands that the lender is unlikely to exercise this option in the current low interest rate environment, an element of

refinancing risk remains and the Council would take the option to repay these loans at no cost if it has the opportunity to do so in the future. The long term liabilities figure of £21.93 million at 31 December 2016 includes £18.37 million for the Council's Private Finance Initiative (PFI) arrangement (for the provision of a Secondary School in Maesteg) and £2.40 million relating to a loan from the WG Central Capital Retained Fund for regeneration works within the Llynfi Valley.

Investments are anticipated to drop from £42.00 million on 31 December 2016 to between £25 and £30 million by the 31 March 2017. As in previous years this is due partly to the reduction in income collected from Council Tax and National Non-Domestic Rates in February and March 2017 and increased expenditure expected to be incurred for the capital programme.

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing. CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Forecast changes in these sums are included in the Prudential Indicators shown in **Schedule A** which shows that the Council expects to comply with this recommendation during 2016-17, 2017-18 and the following three years.

4.0 Borrowing Strategy

The major **objectives** to be followed in 2017-18 are:-

- to minimise the revenue costs of debt
- to manage the Council's debt maturity profile i.e. to leave no one future year with a high level of repayments that could cause problems in re-borrowing
- to effect funding in any one year at the cheapest cost commensurate with future risk
- to forecast average future interest rates and borrow accordingly
- to monitor and review the level of variable interest rate loans in order to take greater advantage of interest rate movement
- to reschedule debt if appropriate, in order to take advantage of potential savings as interest rates change
- to optimise the use of all capital resources including borrowing, both supported and unsupported, usable capital receipts, revenue contributions to capital and grants and contributions

Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. The uncertainty over future interest rates increases the risks associated with treasury activity. As a result the Council will take a cautious approach to its treasury strategy. With short-term interest rates currently much lower than long term rates, it is likely to be more cost effective in the short term to either use internal resources or borrow short term. By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. Short term and

variable rate loans expose the Council to the risk of short term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates as shown in the Treasury Management Indicators in **Schedule A**.

The Section 151 Officer will take the most appropriate form of borrowing depending on the prevailing interest rates at the time however, with long term rates forecast to rise modestly in future years, any such short term savings will need to be balanced against the potential longer-term costs. The Council's Treasury Management advisers will assist the Council with this 'cost of carry' and breakeven analysis. No long term borrowing has been taken to date during 2016-17 and it is not expected that there will be a requirement for any new long term borrowing for the remainder of 2016-17 or 2017-18. Alternatively, the Council may arrange forward starting loans during 2017-18 where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. In addition, the Council may borrow short term loans (normally for up to one month) to cover unexpected cash flow shortages.

The **approved sources** of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- any institution approved for investments (see Investment Strategy)
- any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds (except the Council's Pension Fund)
- capital market bond investors
- special purpose companies created to enable local authority bond issues

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- operating and finance leases
- hire purchase
- Private Finance Initiative
- sale and leaseback

The Council has previously raised the majority of its long-term borrowing from the PWLB, but will also investigate other sources of finance, such as Welsh Government and local authority loans and bank loans, that may be available at more favourable rates.

The Council is currently maintaining an under-borrowed position. This means that the underlying need to borrow for capital purposes (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This is known as Internal Borrowing. This strategy is prudent as investment returns are low and counterparty risk is relatively high.

Debt Rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some higher

rate loans with new loans at lower interest rates, or repay loans without replacement, where this is expected to lead to an overall saving or reduction in risk.

City Deal: The City Deal will have significant capital expenditure and treasury management implications. Under the current financial model, it is envisaged that project capital expenditure will be incurred at a faster rate than Her Majesty's Treasury (HMT) grant funding, thus requiring Local Authorities to meet the shortfall in the interim which is expected to be met from internal borrowing. The financial model is still being worked on and the profile of capital spend included are not yet finalised but estimates have been included in the capital programme and this Treasury Management Strategy and updates will be reported as they become available.

5.0 Investment Strategy

Both the CIPFA Code and the WG Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, balancing the risk of incurring losses from defaults against receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

Negative Interest Rates: If the UK enters into a recession in 2017-18, there is a very small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in a number of European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Investment Balances: The Council holds surplus funds representing income received in advance of expenditure plus balances and reserves. Based on its cash flow forecasts, the Council anticipates its investment balances in 2017-18 to range between £24 million to £55 million with an average investment rate of between 0.25% to 0.50% depending on the bank rate and investment types used but this will be reviewed at half year and reported to Council. The actual balance varies because of the cash flow during the month and year as to when income is received (such as specific grant income, housing benefits subsidy and Revenue Support Grant) and payments are made (such as salaries and wages, major capital expenditure and loan repayments).

The major **objectives** to be followed in 2017-18 are:

- to maintain capital **security**
- to maintain **liquidity** so funds are available when expenditure is needed
- to achieve the **yield** on investments commensurate with the proper levels of security and liquidity

The Council's investments have historically been placed in short term bank and building society unsecured deposits and local and central government, however, investments may be made with any public or private sector organisations that meet

the credit criteria detailed below. The Council is looking to diversify into more secure and/or higher yielding asset classes during 2017-18 but any new instruments used will be in full consultation with the Council's treasury management advisers.

With short term interest rates currently much lower than long-term rates, due consideration will also be given to using surplus funds to make early repayments of long term borrowing if appropriate options are available.

Credit Rating: Investment limits are set by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

Approved Counterparties: The Council may invest with any of the counterparty types shown in Table 2 below, subject to the cash limits and the time limits shown. **These cash/time limits are per counterparty and relate to principal only and exclude any accrued interest.**

Table 2: Approved Investment Counterparties and Limits

These limits must be read in conjunction with the notes immediately below the table and the combined secured and unsecured investments in any one bank must not exceed the cash limit for secured investments:

Credit Rating	Banks (including building societies) Unsecured	Banks (including building societies) Secured	Government	Corporates	Registered Providers
UK Central Government	N/A	N/A	£ Unlimited	N/A	N/A
			50 Years		
UK Local Authorities *	N/A	N/A	£12,000,000	N/A	N/A
			10 Years		
AAA	£3,000,000	£6,000,000	£6,000,000	£3,000,000	£3,000,000
	5 Years	20 Years	50 Years	20 Years	20 Years
AA+	£3,000,000	£6,000,000	£6,000,000	£3,000,000	£3,000,000
	5 Years	10 Years	25 Years	10 Years	10 Years
AA	£3,000,000	£6,000,000	£6,000,000	£3,000,000	£3,000,000
	4 Years	5 Years	15 Years	5 Years	10 Years
AA-	£3,000,000	£6,000,000	£6,000,000	£3,000,000	£3,000,000
	3 Years	4 Years	10 Years	4 Years	10 Years
A+	£3,000,000	£6,000,000	£3,000,000	£3,000,000	£3,000,000
	2 Years	3 Years	5 Years	3 Years	5 Years
A	£3,000,000	£6,000,000	£3,000,000	£3,000,000	£3,000,000
	13 Months	2 Years	5 Years	2 Years	5 Years
A-	£3,000,000	£6,000,000	£3,000,000	£3,000,000	£3,000,000
	6 Months	13 Months	5 Years	13 Months	5 Years
BBB+	£1,000,000	£3,000,000	£1,000,000	£1,000,000	£1,000,000
	100 Days	6 Months	2 Years	6 Months	2 Years
None	£1,000,000	N/A	N/A	N/A	£3,000,000
	6 Months				5 Years
Pooled Funds	£6,000,000				
	Per Fund				

* excluding parish and community councils

Banks Unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Where additional amounts received into our accounts with our own bankers are received too late in the day to make an investment the same day, the limit in the above table will not apply as this does not count as an investment.

Banks Secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

Registered Providers: Loans and bonds issued by, guaranteed by, or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Welsh Government and, as providers of public services, they retain the likelihood of receiving government support if needed.

Money Market Funds (type of pooled fund): These funds are pooled investment vehicles consisting of money market deposits and similar instruments. They have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager. Short term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts. To date the Council has not used money market funds.

Other Pooled Funds: The Council may consider using pooled bond, equity and property funds whose value changes with market prices and/or have a notice period for longer investment periods as they offer enhanced returns over the longer term, and are potentially more volatile in the shorter term. To date the Council has not used any pooled funds but if it did their performance and continued suitability in meeting the Council's investment objectives would be monitored regularly.

Risk Assessment and Credit Ratings: Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes as they occur.

Long-term ratings are expressed on a scale from AAA (the highest quality) through to D (indicating default). Ratings of BBB- and above are described as investment grade, while ratings of BB+ and below are described as speculative grade. The Council's credit rating criteria are set to ensure that it is very unlikely the Council will hold speculative grade investments, despite the possibility of repeated downgrades.

Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made
- any existing investments that can be recalled or sold at no cost will be
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty

Where a credit rating agency announces that a rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other Information on the Security of Investments: The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

Specified Investments: This is an investment which offers high security and high liquidity. It is a low risk investment where the possibility of loss of principal or investment income is negligible and satisfies the conditions below as defined by *WG Investment Guidance*:-

- denominated in pound sterling
- contractually committed to be paid within 12 months of arrangement (364 days)
- not defined as capital expenditure by legislation, and
- invested with one of:

- the UK Government
- a UK local authority
- a UK parish or community council or
- body or investment scheme of “high credit quality”

The Council defines “**high credit quality**” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher.

Non-specified Investments: Any investment that does not fall into the criteria detailed above under the Specified definition. The Council does not intend to make any investments denominated in foreign currencies. Non-specified investments will therefore be limited to:

- long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement
- those that are defined as capital expenditure by legislation, such as shares in money market funds and other pooled funds
- investments with bodies and schemes not meeting the definition on high credit quality

All investments longer than 364 days will be made with a cautious approach to cash flow requirements and advice from the Council’s treasury management advisers will be sought as necessary.

The WG Guidance requires the Council’s Investment Strategy to set an overall limit for non-specified investments which is currently set at £25 million. Table 3 below shows the non-specified categories and the relevant limits – the total of the individual limits exceed £25 million, however at any one point in time a maximum of **£25 million** of investments could be in one of the following non-specified categories with the following category limits:

Table 3: Non-Specified Investment Limits

	Category Cash limit
Total long-term investments	£15m
Total Money Market Funds	£10m
Total other pooled funds	£10m
Total investments without credit ratings (excluding Local Authorities) or rated below the Council’s definition of “high credit quality” (A-)	£ 6m
Total investments (except pooled funds)with institutions domiciled in foreign countries with a sovereign rating below AA+	£ 3m

Investment Limits:

The combined values of specified and non-specified investments with any one organisation are subject to the investment limits detailed below in Table 4, the approved counterparties and limits shown in Table 2 above and also the non-

specified limits in Table 3 above. A group of banks under the same ownership will be treated as a single organisation for limit purposes.

Table 4: Investments Limits

	Category Cash limit
Any single organisation, except the UK Central and Local Government	£6m
UK Central Government	unlimited
UK Local Authorities (per counterparty)	£12m
Any group of organisations under the same ownership	£6m per group
Any group of pooled funds under the same management	£6m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£6m per country
Registered Providers	£5m in total
Unsecured investments with Building Societies	£6m in total

Liquidity Management: The Council forecasts on a prudent basis the maximum period for which funds may be committed therefore minimising the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. A limit of £15 million (table 3 above) has been set for 2016-17 for long term investments and this has been set with reference to the Medium Term Financial Strategy and cash flow forecast. This represents just under 30% of the maximum amount of investments that the Council anticipates to have at any one point in time during 2017-18.

6.0 Treasury Management and Prudential Indicators

The 2011 Treasury Management Code and Prudential Code require the Council to set and report on a number of Treasury Management and Prudential Indicators. **Schedule A** revises some of the indicators for 2016-17, 2017-18, 2018-19, and 2019-20 and introduces new indicators for 2020-21 to be consistent with the principles contained in the Medium Term Financial Strategy. The indicators either summarise the expected activity or introduce limits upon the activity, and reflect the underlying capital programme.

7.0 Annual Minimum Revenue Provision Statement 2017-18

Where a Council finances capital expenditure by debt, it must put aside revenue resources to repay that debt in later years. This amount charged to revenue is called the Minimum Revenue Provision (MRP). Under the Local Authority (Capital Finance and Accounting) (Amendment) (Wales) Regulations 2008, an Annual Minimum Revenue Provision (MRP) Statement needs to be produced that details the methodology for the MRP charge. There is not a statutory minimum for the amount set aside. It needs to be considered a prudent provision to ensure that the debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits or in the case of borrowing supported by Welsh

Government's Revenue Support Grant reasonably commensurate with the period implicit in the determination of that grant. This is detailed in **Schedule B**.

8.0 Performance Indicators

The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators as opposed to the treasury management and prudential indicators which are predominantly forward looking. One debt performance indicator is where the average portfolio rate of interest is compared to an appropriate average available such as the average PWLB Debt for Welsh and UK Local Authorities. The rate of return on investments can be monitored against the benchmark of the average one month London Inter Bank Bid (LIBID) rate and will also be benchmarked against the average Bank Rate.

9.0 Other Items

The Council is required by CIPFA or WG to include the following additional items:

Policy on Use of Financial Derivatives: The Localism Act 2011 includes a general power competence that removes the uncertain legal position over English local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). These instruments are used by organisations to manage exposure to interest rate or exchange rate fluctuations. Although this change does not apply to Wales, the latest CIPFA Code requires authorities to clearly state their policy on the use of derivatives in the annual strategy. In the absence of any explicit legal power to do so, the Council will not use standalone financial derivatives transactions such as swaps, forwards, futures and options. Derivatives embedded into loans and investments including pooled funds and forward starting transactions may be used and the risks they present will be managed in line with the overall treasury risk management strategy.

Investment Advisers: The Council appointed Arlingclose Limited following a tender exercise in August 2016, as treasury management advisers to provide advice and information relating to its borrowing and investment activities. The quality of this service is controlled by having regular meetings with the advisers and regularly reviewing the service provided.

Investment of Money Borrowed in Advance of Need: The Welsh Government maintains that the borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity, however, the Council could potentially borrow in advance of need where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks.

The Council has an integrated Treasury Management Strategy and borrowing is not linked to the financing of specific items of expenditure. The Council's Capital Financing Requirement (CFR) as at 1 January 2017 was in excess of the actual debt

of the Council (as detailed in the Prudential Indicators in Schedule A) indicating there was no borrowing in advance of need.

Investment Training: The Treasury Management Team receives training from the Council's Treasury Management advisers. The Council also supports personal development so individuals enhance their own knowledge through reading CIPFA guidance, publications and research on the internet.

TREASURY MANAGEMENT INDICATORS

The following indicators (which are forward looking parameters) form part of the CIPFA Code of Practice on Treasury Management. They enable the Council to measure and manage its exposure to treasury management risks using the following indicators.

The Council needs to set the upper limits to its **Interest Rate Exposure** for the effects of changes in interest rates. There are two treasury management indicators that relate to both fixed interest rates and variable interest rates. These limits have been calculated with reference to the net outstanding principal sums and are set to control the Council's exposure to interest rate risk.

No.	Interest Rate Exposure	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2020-21 £m
	Total Projected Principal Outstanding on Borrowing 31 March	96.87	96.87	96.87	96.87	96.87
	Total Projected Principal Outstanding on Investments 31 March	30.00	24.00	17.00	13.00	8.00
	Net Principal Outstanding	66.87	72.87	79.87	83.87	88.87
1.	Upper Limit on fixed interest rates (net principal) exposure	140.00	130.00	130.00	130.00	130.00
2.	Upper Limit on variable interest rates (net principal) exposure	50.00	50.00	50.00	50.00	50.00

The Section 151 Officer will manage interest rate exposures between these limits.

A further indicator for Treasury Management measures the **Maturity Structure of Borrowing** and is the amount of projected borrowing that is fixed rate, maturing in each period as a percentage of total projected fixed rate borrowing. This indicator is set to control the Council's exposure to refinancing risk and has been set to allow for the possible restructuring of long term debt where this is expected to lead to an overall saving or reduction in risk.

No	Maturity structure of fixed rate borrowing during 2017-18	Upper limit	lower limit
The Upper Limit	3. Under 12 months	50%	0%
	12 months and within 24 months	25%	0%
	24 months and within 5 years	25%	0%
	5 years and within 10 years	50%	0%
	10 years and within 20 years	60%	0%
	20 years and above	100%	40%

for **Total Principal Sums Invested over 364 days** indicator controls the amount of longer term investments which mature beyond the period end. This is set to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments.

No.		2017-18 £m	2018-19 £m	2019-20 £m	2020-21 £m
4.	Upper Limit - Total Principal Sum Invested more than 364 day days	15	10	8	6

2.0 PRUDENTIAL INDICATORS

The Prudential Indicators are required to be set and approved by Council in accordance with CIPFA's *Prudential Code for Capital Finance in Local Authorities*.

Council is required to formally adopt CIPFA's Treasury Management Code and the revised version of the 2011 code was adopted by Council on 22 February 2012.

Prudential Indicators for Prudence

The following Prudential Indicators are based on the Council's capital programme which is subject to change and are based on period 8 projections but will be updated when reported to Council for approval in March.

The Council's capital expenditure plans are summarised below and this forms the first prudential indicator for Prudence. The total capital expenditure is funded from capital grants and contributions, capital receipts and revenue with the remainder being the **Net Financing Need for the Financial Year** to be met from borrowing.

No.	Prudential indicators For Prudence	2016-17	2017-18	2018-19	2019-20	2020-21
		£m Proj.	£m Est.	£m Est.	£m Est.	£m Est.
1	Estimates of Capital Expenditure Non – HRA	34.46	56.05	12.48	10.35	9.13
	Total Capital Expenditure	34.46	56.05	12.48	10.35	9.13
	Financed by :-					
	Capital Grants and Contributions	11.95	25.58	6.44	4.83	4.52
	Capital Receipts	10.76	16.29	0.14	0.87	0.01
	Revenue Contribution to Capital	6.12	7.67	0.67	0.74	0.69
	Net Financing Need for Year	5.63	6.51	5.23	3.91	3.91

The second Prudential Indicator is the **Capital Financing Requirement (CFR)** for the Council. This shows the total outstanding capital expenditure that has not been funded from either revenue or other capital resources. It is derived from the actual Balance Sheet of the Council. It is essentially a measure of the underlying need to finance capital expenditure and forms the basis of the charge to the General Fund under the Prudential Code system.

The process for charging the financing of capital expenditure to revenue is a statutory requirement and is called the Minimum Revenue Provision (MRP). The actual MRP charge needs to be prudent – as detailed in the Council's MRP policy in **Schedule B**.

No	Prudential indicators For Prudence	2016-17 £m Proj.	2017-18 £m Est.	2018-19 £m Est.	2019-20 £m Est.	2020-21 £m Est.
2	Capital Financing Requirement (CFR)					
	Opening CFR (1 April) adjusted excluding PFI & other liabilities	154.82	153.95	153.83	152.43	149.75
	Opening PFI CFR	18.79	18.24	17.64	17.00	16.31
	Opening Innovation Centre	0.72	0.66	0.60	0.54	0.45
	Opening Coychurch Crematorium	0.13	0.08	0	0	0
	Total Opening CFR	174.46	172.93	172.07	169.97	166.51
	Movement in CFR excl. PFI & other liabilities	(0.88)	(0.12)	(1.39)	(2.68)	(2.62)
	Movement in PFI CFR	(0.55)	(0.60)	(0.65)	(0.69)	(0.74)
	Movement in Innovation Centre CFR	(0.05)	(0.06)	(0.06)	(0.09)	(0.10)
	Movement in Crem CFR	(0.05)	(0.08)	0	0	0
	Total Movement in CFR	(1.53)	(0.86)	(2.10)	(3.46)	(3.46)
	Closing CFR (31 March)	172.93	172.07	169.97	166.51	163.05
	Movement in CFR represented by :-					
	Net Financing Need for Year (above)	5.63	6.51	5.23	3.91	3.91
	Minimum and Voluntary Revenue Provisions*	(7.16)	(7.37)	(7.33)	(7.37)	(7.37)
	Total Movement	(1.53)	(0.86)	(2.10)	(3.46)	(3.46)

*Minimum Revenue Provision (MRP) and Voluntary Revenue Provision (VRP) represent the revenue charge for the repayment of debt and includes MRP for the Public Finance Initiative (PFI) and the Innovation Centre

Limits to Borrowing Activity

The Council's long term borrowing at the 31 December 2016 was £96.87million as detailed in section 3 of the Strategy. External borrowing can arise as a result of both capital and revenue expenditure and timing of cash flows. As the Council has an integrated Treasury Management Strategy there is no association between individual loans and particular types of expenditure. Therefore, the Capital Financing Requirement and actual external borrowing can be very different.

The **Gross Debt** position (Borrowing and Long Term Liabilities) is shown below:

No.	Prudential indicators For Prudence Gross Debt 31 March	2016-17 £m Proj.	2017-18 £m Est.	2018-19 £m Est.	2019-20 £m Est.	2020-21 £m Est.
3	External Borrowing	96.87	96.87	96.87	96.87	96.87
	Long Term Liabilities (including PFI)	21.77	21.07	20.32	17.10	16.22
	Total Gross Debt	118.64	117.94	117.19	113.97	113.09

Within the Prudential Indicators, there are a number of key indicators to ensure the Council operates its activities within well-defined limits. One key control is to ensure that over the medium term, debt will only be for a capital purpose. The Council needs to ensure that external debt does not, except in the short term, exceed the Capital Financing Requirement for 2016-17 (i.e. the preceding year) plus the estimates of any additional capital financing requirement for the current and next three financial years, however 2020-21 has also been included to be consistent with the Medium Term Financial Strategy.

No.	Prudential indicators For Prudence	2016-17 £m Proj.	2017-18 £m Est.	2018-19 £m Est.	2019-20 £m Est.	2020-21 £m Est.
4	Gross Debt & the CFR					
	Total Gross Debt	118.64	117.94	117.19	113.97	113.09
	Closing CFR (31 March)	172.93	172.07	169.97	166.51	163.05

As can be seen from the above table, the Council does not have any difficulty meeting this requirement in 2016-17 and does not envisage any difficulties in the current and future years. This view takes into account current commitments, existing plans and the proposals for next year's budget.

A further two Prudential Indicators control the Council's overall level of debt to support Capital Expenditure. These are detailed below:-

- The **Authorised Limit** for External Debt – this represents the limit beyond which borrowing is prohibited. It reflects a level of borrowing that could not be sustained even though it would be affordable in the short term. It needs to be set and approved by Members.
- The **Operational Boundary** for External Debt – this is not an actual limit and actual borrowing could vary around this boundary during the year. It is based on the probable external debt during the course of the year.

No.	Prudential indicators For Prudence	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2020-21 £m
5	Authorised limit for external debt					
	Borrowing	140	140	140	140	140
	Other long term liabilities	30	30	30	30	30
	Total	170	170	170	170	170
6	Operational Boundary					
	Borrowing	105	105	105	105	105
	Other long term liabilities	25	25	25	20	20
	Total	130	130	130	125	125

Prudential Indicators for Affordability

The Prudential Code Indicators Numbered 1 to 6 above cover the overall controls on borrowing and financing of capital expenditure within the Council. The second suite of indicators detailed below assesses the affordability of capital investment plans and the impact of capital decisions on the Council's overall finances.

The **Ratio of Financing Costs to Net Revenue Stream** indicator demonstrates the trend in the cost of capital against the Total Revenue amount to be met from local taxpayers and the amount provided by the WG in the form of Revenue Support Grant. The estimates of capital financing costs include interest payable and receivable on Treasury Management activities and the MRP charged to the Comprehensive Income and Expenditure Statement. The revenue stream is the amount to be met from government grants and local taxpayers.

No.	Prudential Indicators for Affordability	2016-17 Proj. %	2017-18 Est. %	2018-19 Est. %	2019-20 Est. %	2020-21 Est. %
7.	Estimate - Ratio of Financing Costs to Net Revenue Stream	4.85	4.86	4.90	4.95	4.98

The indicator of the **Incremental Impact of Capital Investment Decisions on Council Tax** identifies the estimate of the incremental impact to the Council Tax from the capital expenditure proposals, particularly changes in borrowing requirements that have occurred since the Capital Programme was approved for the year. This is a purely notional calculation designed to show the effect of changes in capital investment decisions.

No.	Incremental Impact of Capital Investment Decisions on Council Tax	2016-17 Proj. £	2017-18 Est. £	2018-19 Est. £	2019-20 Est. £	2020-21 Est. £
8.	Estimate - Increase in Band D Council Tax as per Capital Programme	5.10	5.02	5.02	5.02	5.02

ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2017-18

The Annual Minimum Revenue Provision Statement needs to be approved by Council before the start of each financial year. The MRP charges for 2017-18 will be on the following bases:-

- i. Capital expenditure incurred before 1 April 2008 and any capital expenditure after 1 April 2008 that is government supported expenditure and does not result in a significant asset will be based on the Capital Financing Requirement after accounting adjustments at 4% of the opening balance. This charge was supplemented by voluntary MRP (based on the useful asset life) in respect of those assets which were financed by unsupported borrowing before 1 April 2008.
- ii. Supported capital expenditure that results in a significant asset (based on an internal assessment) incurred on or after 1 April 2008 and all unsupported capital expenditure, exercised under the Prudential Code, the MRP charge will be based on the Asset Life Method. The minimum revenue provision will be at equal annual instalments over the life of the asset. The first charge can be delayed until the year after the asset is operational but this will be at the discretion of the Section 151 Officer;
- iii. for assets reclassified as finance leases under International Financial Reporting Standards (IFRS) or resulting from a Private Finance Initiative, the MRP charge will be regarded as met by a charge equal to the element of the rent/charge that goes to write down the balance sheet liability for the year;
- iv. Where loans are made to other bodies for their capital expenditure with an obligation for the bodies to repay, no MRP will be charged. The capital receipts generated by the annual repayments on those loans will be put aside to repay debt instead.

The MRP Charge 2017-18 based on the estimated capital financing requirement is detailed below:-

	Options	Estimated Capital Financing Requirement 01-04-17 £m	2017-18 Estimated MRP £m
Capital expenditure before 01-04-2008 and any after 01-04-2008 that does not result in a significant asset (Supported)	(i)	123.41	4.95
Capital Expenditure before 01-04-2008 (Unsupported)		-	-
Supported capital expenditure that results in a significant asset, incurred on or after 1 April 2008 (Supported)	(ii)	3.95	0.13
Unsupported capital expenditure, exercised under the Prudential Code (Unsupported)		26.59	1.55
PFI, Finance Leases and other arrangements	(iii)		
PFI School		18.24	0.59
Innovation Centre		0.66	0.06
Coychurch Crematorium		0.08	0.08
TOTAL		172.93	7.36

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

26th JANUARY 2017

REPORT OF THE CHIEF INTERNAL AUDITOR

INFORMATION AND ACTION REQUESTS BY COMMITTEE

1. Purpose of Report

1.1 To summarise for Members the actions and information requests made by the Audit Committee at its last meeting on the 24th November 2016.

2. Connection to Corporate Improvement Objectives / Other Corporate Priorities

2.1 Internal Audit's work impacts on all of the Corporate Improvement Objectives and other Corporate Priorities.

3. Background

3.1 Internal Audit conducts reviews according to an annual audit plan and reports findings to Audit Committee.

4. Current situation / proposal

4.1 A summary of actions and information provided is contained in the following table:

Audit Committee Date	Action /Request	Officer Responsible	Comment / Action / Resolution	Current Status
21 st April 2016	In response to a question from the Committee, the Chief Internal Auditor stated that she would provide a report to the Committee on the high percentage of savings achieved in Legal and Regulatory Services.	Head of Finance and CIA	Clarification from Members was sought at the meeting held on the 30 th June meeting in order to understand what additional information was required. As a consequence of this an ongoing piece of work is underway. In response to a question from the Committee, the Chief Internal Auditor stated that she would provide an update to the Committee on the high percentage of savings achieved in Legal and Regulatory Services. This is attached at Appendix A	Complete
24 th November 2016	That the Chief Internal Auditor express the concern of the Committee to the Head	CIA	The Head of Human Resources and Organisational Development provided the Chief Internal Auditor with a	Completed

	of Human Resources and Organisational Development at the number of employees that had attended absence management training courses.		comprehensive breakdown of the numbers of employees who have attended sickness training courses since the launch in April 2016. Long Term Sickness Absence Training = 102 Short Term Sickness Absence = 174. Therefore 276 employees have attended the courses.	
24 th November 2016	That a report be brought to the next meeting of the Committee with an update on the staffing of the service	CIA	Attached as an Agenda Item to the Committee Meeting Held on 26 th January 2017.	Complete

5. Effect upon Policy Framework & Procedure Rules.

5.1 None

6. Equality Impact Assessment.

6.1 There are no equality implications.

7. Financial Implications.

7.1 There are no financial implications regarding this report.

8. Recommendation.

8.1 That the Committee notes this report.

Helen Smith
Chief Internal Auditor
26th January 2017

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Background Documents

None

Appendix A

In response to a question from the Committee, the Chief Internal Auditor stated that she would provide a report to the Committee on the high percentage of savings achieved in Legal and Regulatory Services.

A review of the high percentage of savings reported to have been made by Legal and Regulatory Services was undertaken. Analysis of the figures recorded in the Medium Term Financial Strategy (MTFS), the Budget Book and on the Financial Ledger from 2014 to date was undertaken.

The MTFS 2015-16 to 2018-19 initially reported proposed cumulative savings of £1.421 million 41% over a 4 year period. This was broken down into £268,000 (7.8%) agreed savings for 2016-17, and further proposed savings of £592,000 (17%) in 2016-17 and £561,000 (16%) in 2017-18. These were to be achieved through a restructure of Legal & Democratic, Registration, Procurement, Performance and Partnership Services. Since then, the MTFS 2016-17 to 2019-20 reduced the proposed saving targets to £70,000 (2%) in 2016-17, and the draft MTFS for 2017-18 proposed a savings target of £150,000 (5.4%) for 2017-18. This equates to total savings of £488,000 over the 2015-2018 period (14% of original budget). Cabinet were informed that the anticipated budget saving for 15/16 was achieved.

In 2015-16 the directorate ended the financial year having realised all of its budget reductions, and with an overall under spend of £397,000. This is expected to recur in the 2016-17 financial year, with latest projections showing an under spend on legal and democratic services only of around £400,000. These underspends predominately relate to vacancies, but have also arisen as a result of an increase in the recovery of legal costs.

Members should have regard to the fact that this matter was raised by the Committee at their meeting held on 21st April 2016. The service was restructured as of 1st April 2016. In addition Regulatory Services formed part of a regional collaboration since May 2015 and therefore the new service structure is Legal and Democratic Services.

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

26th January 2017

REPORT OF THE CHIEF INTERNAL AUDITOR

COMPLETED AUDITS

1. Purpose of Report.

1.1. To summarise for Members the findings of the audits recently completed by Internal Audit Shared Service.

2. Connection to Corporate Improvement Objectives / Other Corporate Priority.

2.1. Internal Audit's work impacts on all the Corporate Improvement Objectives/other Corporate Priorities.

3. Background

3.1. Internal Audit conducts reviews according to an annual audit plan and reports a summary of the findings to Audit Committee.

4. Current situation / proposal.

4.1. Recently completed audits relating to 2016/17 are summarised in **Appendix A** and is attached to this report.

4.2. Members are invited to raise any issues on these audits or to request the production of a fuller report at the next meeting.

5. Effect upon Policy Framework & Procedure Rules.

5.1. None

6. Equality Impact Assessment.

6.1 There are no equality implications.

7. Financial Implications.

7.1. None

8. Recommendation.

8.1. That Members consider the summary of completed audits to ensure that all aspects of their core functions are being adequately reported.

Helen Smith

Chief Internal Auditor
26th January 2017

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Background documents

Internal Audit reports relating to the above audits held within the Internal Audit Division

2016/17 Completed Audits**Reported at the 26th January 2017 Audit Committee Meeting**

Report Title	System Overview	Department & Directorate	Work Finalised	Audit Days	Key Messages	Audit Opinion
Townscape Heritage Initiative	<p>The Townscape Heritage Initiative (THI) is a building improvement grant scheme run by the Heritage Lottery Fund (HLF). Its main objective is to improve the image and character of the architecture through building repairs; reinstatement of architectural details; and bringing vacant floor space back into use.</p> <p>The BCBC Corporate Plan 2016-2020 has identified the objective '<i>To create successful town centres</i>' as one of its strategic priorities '<i>Supporting a Successful Economy</i>'. The THI has been identified as one of the key projects to deliver this objective over the next four years.</p>	Regeneration & Development, Communities Directorate.	October 2016	15	<p>No significant issues were identified during the course of the audit. Only one minor issue was identified with the timeliness of grant monies of £40k from the Heritage Lottery Fund which has taken up to 2 and half years to be received.</p> <p>A number of strengths and areas of good practice were identified as follows:</p> <ul style="list-style-type: none"> ▪ Both Bridgend and Porthcawl THI Projects were evidentially supported to demonstrate compliance with the Council's Grant Policy and Financial Procedure Rules. ▪ Individual applications for grant funding were supported by evidence to demonstrate compliance with the Heritage Lottery Funding terms and conditions. ▪ There is evidence to support the review and approval of Applicant's Quantity Surveyor reports and invoices prior to payment. ▪ Grant claims to the Heritage Lottery 	Substantial

Report Title	System Overview	Department & Directorate	Work Finalised	Audit Days	Key Messages	Audit Opinion
					Fund are evidentially supported and approved in accordance with the Council's Grant Policy.	
Corporate Change Fund	<p>A Strategic Change Management fund of £1M was approved by Council in 2013 as part of the 2013/14 Medium Term Financial Strategy (MTFS). This fund was originally established from earmarked reserves in order to enable services to access support to facilitate the projects required to contribute to the achievement of the Bridgend Change Programme, which links to the MTFS budget reduction proposals.</p> <p>A further £500K was added to the fund following approval from Corporate Management Board and during 14/15 the balance of the Service Pressures Contingency Reserve was transferred to the fund in order to meet the potential costs of the programme providing the current overall fund total of £2.788m.</p>	Chief Executive & Finance	October 2016	10	<p>The key area of concern identified during the audit related to a lack of information relating to actual savings achieved or updates to estimated savings to demonstrate the effectiveness of the fund.</p> <p>Recommendations have been made in the following areas:</p> <ul style="list-style-type: none"> ▪ Management should request on-going updated information relating to projects where savings estimates have been used as part of the application process to ensure that estimated savings remain a realistic target. ▪ All applications made are on the standard documentation and retained for future reference. 	Reasonable
Built Environment Process	A review of the procedural document reference BPM 1.0 process followed for the	Built Environment,	December 2016	20	Whilst reasonable assurance has been provided it is noted that due to staff shortages within the section, processes	Reasonable

Report Title	System Overview	Department & Directorate	Work Finalised	Audit Days	Key Messages	Audit Opinion
Review	procurement of work orders of £5,000 and above was undertaken as part of the 2015/16 annual Internal Audit Plan. At the time of that review it was noted that there were insufficient completed jobs to test, to be able to provide comprehensive assurance that the BPM 1.0 process is working effectively since the switch to electronic working in March 2015. Therefore, a further review was undertaken as part of the 2016/17 Internal Audit Plan.	Education & Family Support Directorate.			<p>appear to have slipped and the completion of documents worsened since the time of the previous audit review in November 2015.</p> <p>During the audit, a number of Merits Attention recommendations were made because there were several instances where documents were either not retained or had not been completed in full, for example, BM05 order process document, BM02 project action checklist and practical completion certificates. It was felt that if independent file checks were taking place, these issues would have been detected and rectified before the job could progress to the fully completed stage. Whilst the issues surrounding incomplete documentation have been categorised as merits attention recommendations within this report, it is thought that if file checks continue to not take place and the BPM 1.0 process continues to slip, it could result in more significant control issues in the future.</p>	

Report Title	System Overview	Department & Directorate	Work Finalised	Audit Days	Key Messages	Audit Opinion
Supporting People Grant Verification	<p>The Supporting People Programme began on the 1st April 2003, bringing together seven housing-related funding streams from across central government. It provides housing-related support to help vulnerable people to live as independently as possible. This could be in people's own homes or in hostels, sheltered housing, or other specialist supported housing. It also provides complementary support for people who may also need personal or medical care.</p> <p>As part of the 'Audit Requirements' set out in Section 11 of the Terms and Conditions issued by Welsh Government on 12th June 2014, the Council's Chief Internal Auditor or the Chief Finance Officer is required to certify the Audit Certificate confirming that the entries have been fairly stated and that expenditure has been properly incurred in accordance with the offer of grant.</p>	Regeneration, Development and Property Services, Communities Directorate.	Sept 2016	8	<p>During the Audit a number of strengths and areas of good practice were identified as follows:</p> <ul style="list-style-type: none"> ▪ Payments to a Service Provider had been correctly stopped in line with the contract ending. ▪ All payments made to suppliers sampled by the Auditor were correct on the financial ledger. <p>The key issue identified during the audit was that the check for duplicate outcomes was not correctly performed for both periods of the grant meaning these were overstated on the returns to the Welsh Government. A recommendation was made to rectify this.</p>	Reasonable

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

26th January 2017

REPORT OF THE CHIEF INTERNAL AUDITOR

INTERNAL AUDIT – OUTTURN REPORT – APRIL TO DECEMBER 2016

1. Purpose of Report.

1.1 The purpose of this report is to inform the Audit Committee of actual Internal Audit performance against the nine months of the audit plan year covering April and December 2016.

2. Connection to Corporate Improvement Plan / Other Corporate Priority.

2.1. The work of audit is intended to assist in the achievement of all corporate and service objectives.

3. Background

3.1. The 2016/17 Internal Audit Plan was submitted to the Audit Committee for consideration and approval on the 21st April 2016. The Plan outlined the assignments to be carried out and their respective priorities.

3.2. The Plan provided for a total of 1,053 productive days to cover the period April 2016 to March 2017.

4. Current situation / proposal

4.1. The following table shows an analysis of productive days achieved against the plan for the first nine months of this financial year. A more detailed analysis as extracted from the Internal Audit Shared Service management information system is shown at **Appendix A**.

Directorates	2016/17 Full Year Plan Days	Proportion of Plan Days Available for April to Dec. 2016	2016-17 April to Dec. Actual Days delivered
CEX - Finance	130	98	104
Operational & Partnership Services	105	79	115
Education & Family Support	155	116	133

Communities	128	96	98
Social Services & Wellbeing	105	79	39
Cross Cutting Including: External Client, – Unplanned and Fraud & Error)	430	322	332
TOTAL PRODUCTIVE DAYS	1,053	790	821

4.2. The figures show that 821 actual days have been achieved, which is 31 days more than the expected target of 790 days.

4.3. At present the overall structure of the Section is based on 18 Full Time Equivalent (FTE) employees. However, at the end of the Financial Year 2015/16, the Section was carrying 4 FTE vacant posts; this has now increased to 6 FTE vacant posts. A recent recruitment campaign was unsuccessful in addressing the shortfall in staff resources; therefore discussions are underway as to the best way forward to address the number of vacancies.

4.4. At the end of the period, 22 reviews / jobs have been completed and closed, 20 of which have provided management with an overall substantial / reasonable audit opinion on the internal control environment for the systems examined. Of the remaining 2 reviews, 1 identified significant weakness to such an extent that only limited assurance could be placed on the overall control environment and one, although necessary, was closed with no opinion being provided due to the nature of the work undertaken. Attached at **Appendix A and B** is the Head of Audit's ongoing opinion report and an extract from the Internal Audit Shared Service management system.

5. Effect upon Policy Framework & Procedure Rules.

5.1. There is no effect upon the policy framework and procedure rules.

6. Equality Impact Assessment.

6.1. There are no equality implications arising from this report.

7. Financial Implications.

7.1. Effective audit planning and monitoring are key contributors in ensuring that the Council's assets and interests are properly accounted for and safeguarded.

8. Recommendation.

8.1. That Members give due consideration to the Internal Audit Outturn Report covering the period April to December 2016 to ensure that all aspects of their core functions are being adequately reported.

Helen Smith
Chief Internal Auditor
26th January 2017

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Postal Address

Bridgend County Borough Council
Internal Audit
Innovation Centre
Bridgend Science Park
Bridgend
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Background Documents

None

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**Bridgend and Vale Internal Audit Service: Head of Internal Audit's Outturn Report April 2016 to December 2016
Bridgend County Borough Council.**

Executive Summary

This report provides a summary of the work completed by the Bridgend and Vale Internal Audit Shared Service for nine months of the year covering the period April to December 2016 and provides the Head of Audit's initial opinion on the Council's framework of governance, risk management and internal control. Therefore, based on our work carried out so far this year, my overall opinion is that the Council's framework of governance, risk management and control is considered to be satisfactory.

Introduction

The aim of the Shared Service is to help both Councils meet high standards of service delivery. Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, internal control and governance by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic and effective use of resources. The Shared Service supports the Audit Committees in discharging their responsibilities for:

- Advising on the adequacy and effectiveness of the Council's risk management, internal control and governance processes in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2015.
- Supporting both the Chief Executive and the Head of Finance with their delegated responsibilities for ensuring arrangements for the provision of an adequate and effective internal audit.
- Monitoring the adequacy and effectiveness of the Internal Audit Shared Service and Director's / Heads of Service responsibilities for ensuring an adequate control environment.

- Supporting the Head of Finance in discharging his statutory responsibilities under Section 151 of the Local Government Act 1972.
- Ensuring that the Council's External Auditor in relation to our work on the main financial systems audits can place reliance on this.

Definition of Internal Audit

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. (Source:- Public Sector Internal Audit Standards).

Statutory Framework

Internal Audit is a statutory requirement for local authorities. There are two principal pieces of legislation that impact upon internal audit in local authorities; these are:-

- Section 151 of the Local Government Act 1972 requires every authority to make arrangements for the proper administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs.
- Section 5 of the Accounts and Audit (Wales) Regulations 2015 states that "a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

All principal local authorities subject to the Accounts and Audit (Wales) Regulations 2015 must make provision for internal audit in accordance with the Public Sector Internal Audit Standards (PSIAS).

Audit Committee

It is important to ensure that the Council has a sufficiently independent and effective Audit Committee that follows best practice. Audit Committees are a key component of corporate governance. They are a key source of assurance about the Council's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and non-financial performance. In addition, Internal Audit provides a key source of assurance to the Committee as to whether controls are operating effectively.

External Audit

The Council's External Auditor examines the work of Internal Audit on an annual basis in order to place reliance on this work when undertaking their audit work on the Council's Financial Statement of Accounts. The Council's External Auditors are the Wales Audit Office.

Public Sector Internal Audit Standards (PSIAS)

The Standards the Internal Audit Shared Service works to are the Public Sector Internal Audit Standards. These standards set out:

- The definition of internal auditing;
- Code of ethics.

- International standards for the professional practice of internal auditing. These standards cover the following areas:
 - Purpose, authority and responsibility.
 - Independence and objectivity;
 - Proficiency and due professional care;
 - Quality assurance and improvement programme;
 - Managing the internal audit activity;
 - Nature of work;
 - Engagement planning;
 - Performing the engagement;
 - Communicating results;
 - Monitoring progress;
 - Communicating the acceptance of risks.

The PSIAS apply to all internal audit service providers, whether in-house or outsourced. During 2015-16 a self-assessment was undertaken to review our compliance with the Public Sector Internal Audit Standards. In addition, the Council's External Auditors undertook a desk top assessment of compliance and the verbal feedback received was that no issues were identified. Work is already underway to ensure that the Bridgend and Vale Internal Audit Service is subject to an independent external assessment as required by the standards and the Council's Audit Committee.

Internal Audit Coverage – April 2016 to December 2016

The level of internal audit resources required to examine all the Council's activities far exceed those available each year. It is, therefore, essential that the work of Internal Audit be properly planned to ensure that maximum benefit is gained from the independent appraisal function that internal audit provides.

Resources must be appropriately targeted by assessing the Council's total audit needs and preparing a plan that ensures systems are reviewed on a risk basis according to the impact they have on service delivery.

The Internal Audit Plan for 2016/17 is based, to a large extent, on the Council's Corporate Risk Register. This was complemented by:

- Priorities identified by Corporate Directors;
- Heads of Service key risks,
- The requirements of the Council's Section 151 Officer;
- External Audit and
- Those concerns / issues raised by Internal Audit in previous audits and our knowledge of potentially high-risk areas.

The Plan was submitted and approved by the Council's Audit Committee on 21st April 2016. The plan provided for a total commitment of 1,053 productive days for the year. Table 1 below provides the outturn for the service for the period April to December 2016 and further detail is provided in Appendix B. The current structure for the Shared Service comprises of 18 Full Time Equivalent employees (FTE's), which provides for a comprehensive Internal Audit Service to both the Vale of Glamorgan and Bridgend County Borough Councils. The Head of Audit aims to achieve best practice, but continues to take account of the issues of affordability at a time when both Councils are looking to make substantial reductions in costs. The service has already been vastly streamlined and continues to apply lean auditing risk based methodologies to its plan of work. At the commencement of this financial year, the service was carrying 4 vacant FTE posts, this has subsequently increased to 6 FTE, unfortunately, the recent recruitment exercise was unsuccessful and therefore the Section continues to carry 6 vacant posts. Discussions are underway as to how the gap in resources can best be resolved.

Table 1 – Productive outturn for the period April 2016 to December 2016

Directorate	2016/17 Full Year Plan Days	2016/17 Expected days for the period April to Dec 16	2016/17 Actual Days achieved for the period April to Dec 16
Chief Executive / Resources	130	98	104
Operational Services and Partnerships	105	79	115
Education and Family Support	155	116	133
Communities	128	96	98
Social Services and Wellbeing	105	79	39
Cross Cutting – (Including External Client, Unplanned and Fraud and Error)	430	322	332
Total	1,053	790	821

As can be seen from the table above, the actual outturn for the period shows that the number of productive days expected to be achieved has been exceeded by 31 productive days. The Table further shows that the proportion of productive days achieved vary from that expected by Directorate activity.

A total of 22 reviews have been completed, 20 (91%) of which have been closed with either a substantial or reasonable assurance opinion level. 1 review (4.5%) has identified weaknesses in the overall control environmental. The remaining one review (4.5%), although necessary, it did not culminate in an overall audit opinion.

Internal Control Weaknesses

There are no significant cross cutting internal control weaknesses identified so far this year which would impact on the Council's Annual Governance Statement. However, there specific weaknesses identified are listed below:-

Bus Services Support Grant – key issues: - The review identified that the current process of collating and submitting the kilometres travelled for the quarterly return is inadequate and led to large discrepancies going unidentified until the end of the claim period, resulting

in an overpayment being received. Based on the findings, only **limited assurance** can be placed on the control environment due to the weaknesses identified. The discrepancies resulted in an over-claim for the year. This was subsequently rectified on the year end claim.

Our overall opinion on a system is based on both the materiality and impact of the system and our opinion on the internal control arrangements within the system. The combination of these factors then results in a category of risk to the Council as shown in Table 2 below:

Table 2

SYSTEM CONTROL		MATERIALITY AND IMPACT		
		HIGH	MEDIUM	LOW
1	Satisfactory	Moderate	Minimal	Minimal
2	Reasonable	Moderate	Moderate	Minimal
3	Limited – Significant Improvements required	Of Concern	Moderate	Moderate
4	No Assurance – Fundamental weaknesses identified.	Significant	Of Concern	Moderate

Therefore, having regards to the reviews completed so far to-date and the overall opinions given, my overall opinion is the Council's overall internal control arrangements are considered to be **reasonable**, resulting in a “**minimal**” level of risk.

Following each audit, report recipients are asked to complete an action / implementation plan showing whether they agree with the recommendations made and how they plan to implement them. The classification of each recommendation made assists management in focusing their attention on priority actions. For the period April to December 2016, Internal Audit has made a total of 33 recommendations, of which management has given written assurance that all of these will be implemented.

From time to time and where it is deemed appropriate to do so; Merits Attention recommendations will be made; by their very nature they relate specifically to an action that is considered desirable but does not necessarily have an impact on the control environment. To this end, these recommendations are not included on the Management Implementation Plan or logged on the Internal Audit Management Information system. Therefore a formal written response is not required from the client or included in table 3 below.

Table 3

2016 -17 Recommendation Priority	No. Made	No. Agreed	No. Implemented	No. not Yet due to be actioned	No. Over due action date
			Complete	Pending	Outstanding
Fundamental (Priority One) Rating - D and E (+ to -) Action – Immediate Implementation	0	0			
Significant (Priority Two) Rating – C (+ to -) Action – Implementation within 6 – 12 months	33	33	6	23	4
Total	33	33	6	23	4

Table 4 below shows those recommendations which remain still outstanding from 2015/16.

Table 4

Analysis of Overdue Implementation of Recommendations for 2015-16	No. Overdue	One month overdue Target date	Two months overdue target date	Three or more months overdue target date
		Amber	Amber	Red
Fundamental (Priority One) Rating - D and E (+ to -) Action – Immediate Implementation	0	0	0	0
Significant (Priority Two) Rating – C (+ to -) Action – Implementation within 6 – 12 months	19	9	0	10
Total	19	9	0	10

Internal Audit - Successes

Some of our successes so far this year include:

- Internal Audit Plans for 2015/16 were delivered in accordance with expectations
- Internal Audit Plans for 2016/17 have been approved by both Audit Committees and Corporate Management in a timely manner.
- We continue to provide an excellent internal audit provision to both Bridgend County Borough Council and the Vale of Glamorgan Council, so much so that both Audit Committees have supported the proposal to extend the Shared Service Partnership Agreement until 31st January 2018, which has been approved by both Cabinets. Both Cabinets have approved an extension of the Shared Service until 31st January 2020.
- We continue to support staff in obtaining professional qualification including CIPFA - Corporate Governance, Institute of Internal Auditors (IIA) and the Association of Accounting Technicians (AAT) as well as continuing professional development (CPD).
- We continue to build on our excellent working relationship with Members, Chief Officers and staff within both Councils.

Resources, Qualifications and Experience

The Head of Internal Audit requires appropriate resources at their disposal to undertake sufficient work to offer an independent opinion on the Council's internal control environment. This is a fundamental part of the Bridgend County Borough Council's governance arrangements. The Internal Audit Annual Plan was presented to the Audit Committee in 21st April 2016, which is based on a provision of 1,053 productive days.

The Bridgend County Borough Council is in a partnership agreement with the Vale of Glamorgan Council who host the Internal Audit Shared Service. As at the 1st April 2016 the staffing structure is listed in table 5 below.

Table 5

2015-16 Staffing Structure	FTE
Operational Manager Audit - Head of Audit	1
Principal Auditor	2
Group Auditor	2
Group Auditor (Information Systems)	1
Auditor (4 posts are vacant at present)	9.5
Trainee Auditor (vacant at present)	1
Trainee Auditor (Information Systems) (vacant at present)	1
Administrative Assistant	0.5
Total	18

The total resource of 18 Full Time Equivalents (FTE's) provides for a comprehensive Internal Audit Service. The Head of Audit aims to achieve best practice but continues to take account of the issues of affordability at a time when both Councils are looking to make substantial reductions in costs. The service has already been vastly streamlined and continues to apply lean auditing risk based methodologies to its plan of work. At the commencement of this financial year the Section was carrying 4 vacant posts, and this has recently increased to 6 vacant full time equivalent posts, a recent recruitment campaign has been unsuccessful and therefore discussions are underway as to the best way to address the vacancy issues within the Section.

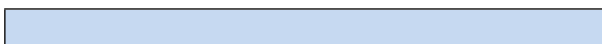
In accordance with the Public Sector Internal Audit Standards, the Head of Audit must ensure that Internal Auditors possess the knowledge, skills and competencies needed to perform their individual responsibilities. Internal Auditors are therefore encouraged to study for and obtain professional qualifications. In addition, it is a requirement of the standard that the Head of Audit must hold a professional qualification and be suitably experienced. The following information outlined in table 6 below demonstrates the experience and qualification mix for the Internal Audit Shared Service.

Experience and Qualifications

Table 6

No of Years Experience	No of years in Auditing	No of Years In Local Government		Professional Qualifications	No of Staff.
Up to 1 year	0	0		Accountants (CIPFA; FCCA; ICAEW)	3
1 to 2 years	0	0		Certified Information Systems Auditor (CISA)	2
2 to 5 years	4	2		Institute of Internal Auditors – full membership and Prince2 Practitioner Level	0
5 to 10 years	3	6		Institute of Internal Auditors – practitioner level; part qualified or audit certificate	2
Over 10 years	5	4		Association of Accounting Technicians (AAT)	1
				Part Qualified AAT	3
				Studying (CISA, AAT, IIA, CIPFA etc.)	1
Total Staff	12	12		Total	12

All staff are encouraged to attend relevant courses and seminars to support their continual professional development. All staff have the opportunity to attend courses run by the Welsh Chief Auditors Group on a diverse range of topics. Individuals keep records of their continuing professional development based on their professional body requirements.



Internal Audit – Other Activities

- **Anti-Fraud** – the Internal Audit Shared Service continues to assist in promoting an anti-fraud and corruption culture. We have ensured that staff are made aware; via StaffNet; of any recent scams and frauds that have occurred in both the public and private sectors.
- **National Fraud Initiative** – The Council, via Internal Audit, has again participated in the National Fraud Initiative (NFI) as part of the statutory external audit requirements. This brings together data from across the public sector including local authorities, NHS, other government departments and other agencies to detect “matches” i.e. anomalies in the data which may or may not be indicative of fraud, for further investigation.
- **Advice and Guidance** – Internal Audit continues to provide advice and guidance both during the course of audits and responding to a wide range of ad-hoc queries.
- **Attendance at and contribution to, working groups etc.** - The Section continues to contribute to the development of the Council and ensuring that we are up to date with best practice by attending the following:-
 - Audit Committee;
 - Scrutiny Committees (as required);
 - Cabinet (as required);
 - Corporate Management Team (as required);
 - Corporate Improvement Group.
 - The Welsh Chief Auditors Group and all its sub-groups (including South Wales Computer Audit Group; South East Wales Education Audit Group; Social Services Audit Group).
- **Investigation Work** – We continue to support Senior Management in providing resources and expertise in investigating allegations of fraud and misappropriation.

Internal Audit – Review of Performance Management and Quality Assurance Framework

The Public Sector Internal Audit Standards requires that the Head of Internal Audit develops and maintains a quality assurance and improvement programme that covers all aspects of the internal audit activity. The section has a “Quality Assurance and Improvement Programme (QAIP) that has been presented to, and approved by, the Audit Committee.

1. **Performance Management** – the section’s key performance indicators are set out in the section below.
2. **Quality Assurance** – each individual audit report and supporting working papers / documents are reviewed by either a Principal Auditor or the Head of Audit. Appropriate standards have been set by the Head of Internal Audit in accordance with the Standards. The file reviews ensure the audits comply with the Section’s internal processes and procedures and the overall Public Sector Internal Audit Standards. Where necessary corrective action is taken.

Internal Audit – Performance Indicators

The Section has one key indicator as follows: **The Percentage of Audits Completed in Planned Time**

Table 7

Justification of this performance indicator: to ensure that Internal Audit provides sufficient coverage to ensure that the requirements of the Council’s Section 151 Officer and External Audit are met and that Internal Audit can give sufficient assurance to the Audit Committee regarding the Council’s system of internal control, risk management and governance arrangements.

Target: 89.7%	<p>Quarter 3 performance - April to December 2016 Achievement: 89.74% Vale - 66.67% BCBC</p> <p>Overall Achievement: Number of Audit Completed = 60 Number completed within planned time = 49</p> <p>Overall percentage achieved = 81.67%</p>
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Therefore from the number of audits completed for the two quarters of this financial year combined for both Councils; the target has not been achieved. ☹

The Section started the year with 4 vacant posts and this has increased to 6 at present.

The Section also participates annually in the Welsh Chief Auditors Group benchmarking exercise. The results for 2015/16 have recently been received and are as follows:

Table 8

Performance Indicator 2015/2016	IASS Performance For the Vale 2015/16	Overall Average Performance 2015/16	Overall Average Performance 2014/15
Percentage of Planned Audits Completed	99%	85%	84%
Number of Audits Completed	135	96	111
Percentage of Audits Completed in Planned Time	93%	68%	71%
Percentage of directly chargeable time, actual versus planned	103%	90%	88%
Average number of days from audit closing meeting to issue of draft report.	9.5 days	7.3 days	8.2 days
% of staff leaving during the Financial Year	3%	10%	11%

As can be seen from the table above, the Section is performing well. This, together with our overall performance indicators for the service provided to Bridgend places us once again in the top quartile. It should be noted that the overall average performance for 2015/16 is only based on 64% of the Welsh Chief Auditors Group returning their performance figures (8 councils have failed to return their data sets).

As can be seen from the table above, the Section is performing well. This, together with our overall performance indicators for the service provided to the Vale of Glamorgan Council places us once again in the top quartile.

The governance framework comprises the systems and processes, and cultures and values, by which the Council is directed and controls its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

Good Governance is about doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable way.

Bridgend County Borough Council is committed to the principles of good governance and as a result has adopted a formal Code of Corporate Governance (COCG) for the last six years. The Code of Governance is based upon the six principles as defined by the Chartered Institute of Public Finance and Accountancy (CIPFA), the Society of Local Authority Chief Executives (SOLACE) and incorporates the “Making the Connections” governance principles and values as set out by the Welsh Government.

The COCG also makes provision for a joint commitment by Members and Officers to the principles it contains, as well as a statement of assurance jointly signed by the Leader of the Council and the Chief Executive. This helps to ensure that the principles of good governance are not only fully embedded but also cascade through the Council and have the full backing of the Leader of the Council and elected Members, as well as the Chief Executive and the Corporate Management Board. The work of the Internal Audit Shared Service represents a fundamental function in delivering the Council’s Corporate Governance responsibilities.

Across the whole of the United Kingdom, local councils are facing unprecedented challenges following reduced Government funding and increased demands on essential services. Between 2016-17 and 2019-20, the Council is expecting to have to make budget reductions of up to £35.5 million. Budget cuts of this scale present a significant challenge that will require the Council to make many difficult decisions about what services can be maintained and what cannot.

The Council remains unwavering in its commitment towards improving and finding ways of delivering local services, providing better outcomes for residents and achieving savings that will ensure they can deliver a succession of balanced budgets.

As stated earlier in the report, based on the work completed so far to date by the Internal Audit Shared Service for the period April to December 2016; no significant cross cutting control issues have been identified that would impact on the Council’s overall control

environment. The weaknesses that have been identified are service specific and the recommendations made to improve the overall control environment have been accepted and are being / will be implemented.

It is clear that the scale of the challenges to come will mean that “business as usual”, however well managed, will not be enough. The challenge will be to consider alternative delivery models for services across the Council and this will be essential to mitigate the impact of cuts and assist in continuing to provide priority services. Therefore, as the Council continues to experience reduced resources, increased demands on services and new and innovative forms of delivery; there is a need to ensure that the control environment; including governance and risk management; remains robust, proportionate and is as efficient and effective as possible.

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<u>Cod</u>	<u>Job</u>	<u>Job Name</u>	<u>Days</u>	<u>Budget</u>	<u>Date Commenced</u>	<u>Date Closed</u>	<u>Opinion</u>
PASSURANCE							
	Directorate	CHIEF EXECUTIVE - RESOURCES					
	613 BCBC-	Advice & Guidance CEX / Resources	6.69	10.00	01/04/2016		
	622 BCBC -	NNDR c/fwd 15/16	5.84	5.00	01/04/2016	29/06/2016	Substantial
	625 BCBC -	C/F Creditors	18.75	15.00	01/04/2016	27/07/2016	Substantial
	631 BCBC -	BACS Security	1.79	3.00	01/04/2016	26/05/2016	Reasonable
	643 BCBC-	Corporate Change Fund	15.91	10.00	20/06/2016	28/10/2016	Reasonable
	650 BCBC -	Creditors Departmental Testing	32.89	15.00	11/07/2016		
	655 BCBC -	Creditor Authorisation Levels	13.78	15.00	25/07/2016		
	673 BCBC -	Housing Benefits	4.93	10.00	10/11/2016		
	681 BCBC-	Debtors	3.48	10.00	05/12/2016		
Total	Directorate	CHIEF EXECUTIVE - RESOURCES	104.08	93.00			
	Directorate	OPERATIONAL SERVICES & PARTNERSHIPS					
B	616 BCBC-	Advice & Guidance Op Serv & P/ship	4.63	5.00	01/04/2016		
	621 BCBC -	Homelessness c/fwd 15/16	19.32	9.00	01/04/2016	17/10/2016	Reasonable
	624 BCBC -	C/F Firewalls	11.39	9.00	01/04/2016		
	628 BCBC -	Absence Management	23.58	24.00	01/04/2016	13/10/2016	Substantial
	640 BCBC -	ICT Asset Management Follow Up	7.77	5.00	21/06/2016		
	644 BCBC -	Sharepoint	9.97	10.00	01/07/2016	15/09/2016	Substantial
	648 BCBC -	HR Self Service Review	7.57	8.00	11/07/2016	06/10/2016	Substantial
	661 BCBC -	Info @ Work	15.41	10.00	05/09/2016		
	671 BCBC -	Open Contractor System	14.12	15.00	20/10/2016		
	677 BCBC -	Trent System Review	1.39	15.00	07/11/2016		
Total	Directorate	OPERATIONAL SERVICES & PARTNERSHIPS	115.14	110.00			
	Directorate	EDUCATION AND FAMILY SUPPORT					
B	614 BCBC -	Advice & Guidance Ed & Family Sup	1.01	5.00	01/04/2016		
	626 BCBC -	School Summary 15-16	5.37	6.00	01/04/2016	17/08/2016	Reasonable
	636 BCBC -	EIG Verification	4.32	5.00	02/06/2016	28/07/2016	Reasonable
	649 BCBC -	Built Env Further Process Review	16.42	20.00	11/07/2016	07/12/2016	Reasonable
	656 BCBC -	Youth Services	14.49	15.00	21/07/2016		
	658 BCBC -	Youth Work Strategy Support Grant	1.22	2.00	29/07/2016	03/08/2016	Reasonable
	666 BCBC -	CRC	12.77	10.00	29/09/2016		
	667 BCBC -	School Absence Management	16.66	15.00	30/09/2016		
B	668 BCBC -	Cornelli Primary School	0.44	5.00	04/10/2016		

	669 BCBC - CRSA & Assurance Statements	0.98	10.00	04/10/2016		
	670 BCBC - ICT in Primary Schools	18.82	20.00	06/10/2016		
	676 BCBC - Consultant Usage- Primary Schools	2.64	5.00	23/11/2016		
	679 BCBC - Teacher Enhancements	3.01	5.00	30/11/2016		
Total	Directorate EDUCATION AND FAMILY SUPPORT	98.14	123.00			
	Directorate COMMUNITIES					
	612 BCBC - Advice & Guidance Communities	0.34	5.00	01/04/2016		
	638 BCBC - Achieving Zero Waste	16.22	20.00	08/06/2016	15/09/2016	Substantial
	641 BCBC - Townscape Heritage Initiative	12.94	15.00	13/06/2016	28/10/2016	Substantial
	651 BCBC - Council Buildings Compliance	0.07	15.00	12/07/2016		
	663 BCBC - Supporting People Grant Verify	8.07	8.00	01/09/2016	15/11/2016	Reasonable
	678 BCBC - Fleet Shared Services	0.51	20.00	14/11/2016		
Total	Directorate COMMUNITIES	38.14	83.00			
	Directorate SOCIAL SERVICES AND WELLBEING					
B	615 BCBC - Advice & Guidance SS & Wellbeing	0.91	5.00	01/04/2016		
	620 BCBC - Occupational Therapy c/fwd 15/16	12.06	10.00	01/04/2016	23/08/2016	Reasonable
	627 BCBC - Bus Svs Support Grant	6.96	7.00	08/04/2016	11/07/2016	Limited
Total	Directorate SOCIAL SERVICES AND WELLBEING	19.93	22.00			
	Directorate BCBC CROSS CUTTING					
B	617 BCBC - Audit Planning	21.96	35.00	01/04/2016		
	618 BCBC - Audit Committee / CMB	32.74	35.00	01/04/2016		
	619 BCBC - Finalising 2015-16 Jobs	70.91	10.00	01/04/2016	31/08/2016	N/A
	623 BCBC - PSIAS Compliance c/fwd 15/16	7.64	5.00	06/05/2016	01/07/2016	Substantial
	632 BCBC - Performance Indicators	15.37	20.00	16/05/2016	15/08/2016	Reasonable
	635 BCBC - General Follow up Admin	1.45	2.00	04/04/2016		
	637 BCBC - CAATs & Data Extraction	15.51	20.00	16/05/2016		
	639 BCBC- Cash Handling	15.47	16.00	06/06/2016	25/08/2016	Reasonable
	645 BCBC - Legal & Reg Savings	19.86	20.00	01/07/2016		
	654 BCBC - External Assurance Compliance	22.94	30.00	05/07/2016		
	657 BCBC - Overtime & Out of Hours	19.26	15.00	15/07/2016		
	665 BCBC - Data Breaches	9.49	10.00	19/09/2016		
	680 BCBC - CBS Closure	3.99	5.00	01/12/2016		
Total	Directorate BCBC CROSS CUTTING	256.59	223.00			
Total	Function ASSURANCE	632.02	654.00			
	ANTI-FRAUD & CORRUPTION					

	Directorate	BCBC CROSS CUTTING				
B	630 BCBC - NFI		17.13	25.00	01/04/2016	
Total	Directorate	BCBC CROSS CUTTING	17.13	25.00		
Total	Function	ANTI-FRAUD & CORRUPTION	17.13	25.00		
	GOVERNANCE					
	Directorate	EDUCATION AND FAMILY SUPPORT				
B	660 BCBC - School Modernisation Programme		22.91	25.00	15/08/2016	
	662 BCBC - Minor Works (Ed & Family Support)		12.36	5.00	09/09/2016	
Total	Directorate	EDUCATION AND FAMILY SUPPORT	35.27	30.00		
	Directorate	COMMUNITIES				
B	652 BCBC - Elections		28.58	15.00	12/07/2016	
Total	Directorate	COMMUNITIES	28.58	15.00		
	Directorate	BCBC CROSS CUTTING				
B	629 BCBC - Final Accounts		3.34	5.00	01/04/2016	
	633 BCBC - Effectiveness of Audit Committee		3.21	2.00	01/04/2016	15/06/2016 Substantial
	634 BCBC - IASS Monitoring		11.32	15.00	01/04/2016	
	647 Porthcawl Harbour		6.93	5.00	04/07/2016	
	659 BCBC - Contract Monitoring		6.79	20.00	15/08/2016	
Total	Directorate	BCBC CROSS CUTTING	31.59	47.00		
Total	Function	GOVERNANCE	95.44	92.00		
	RISK & PERFORMANCE MANAGEMENT					
	Directorate	COMMUNITIES				
B	672 BCBC - VVP Financial Review		14.66	10.00	04/11/2016	
	675 BCBC - Management of Trees		16.52	20.00	18/11/2016	
Total	Directorate	COMMUNITIES	31.18	30.00		
	Directorate	SOCIAL SERVICES AND WELLBEING				
B	653 BCBC - Establishments Financial Controls		17.36	10.00	14/07/2016	
	664 BCBC - Mental Health Act		1.01	15.00	19/09/2016	
Total	Directorate	SOCIAL SERVICES AND WELLBEING	18.38	25.00		
	Directorate	BCBC CROSS CUTTING				
B	646 BCBC - Fleet Overview		26.99	20.00	01/07/2016	
Total	Directorate	BCBC CROSS CUTTING	26.99	20.00		

Total	Function	RISK & PERFORMANCE MANAC	76.55	75.00
		Grand Total	821.14	

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

26th January 2017

REPORT OF THE CHIEF INTERNAL AUDITOR

AUDITS NOT UNDERTAKEN 2016-17

1. Purpose of Report.

1.1. To summarise for Members the audit work that was included within the 2016/17 Internal Audit Annual Risk Based Plan that will not now be undertaken, together with an explanation.

2. Connection to Corporate Improvement Objectives / Other Corporate Priority.

2.1. Internal Audit's work impacts on all the Corporate Improvement Objectives/other Corporate Priorities.

3. Background

3.1. Internal Audit conducts reviews according to an annual audit plan and reports findings to Audit Committee. Throughout the year priorities may be re-evaluated, ad hoc work requests are received and resources change. All of these have an impact on the ability to undertake some of the audits planned.

4. Current situation / proposal.

4.1. It was agreed at the Audit Committee meeting held on 24th November 2016 that following the presentation of the Head of Audit's summary outturn report covering the period April to October 2016 and as a consequence of the impact of the number of staff vacancies the section is currently carrying that Members would be advised of the audits that would not now be delivered as part of the 2016/17 Annual Audit Plan.

4.2. The table below provides Members with the relevant information in relation to the Directorate, the audit area and an account of why the work will not now be undertaken. Members can be assured that even though these reviews will not now be completed, they will be included within the 2017/18 Risk Based Audit Plan and that this will not affect the ability of the Head of Audit to provide her annual opinion.

Directorate	Audit Area	CIA - Comments
Operational Services & Partnerships	Procurement / Project Compliance Framework / Contracts Register	Due to the lack of resources this review was not done. It is anticipated this audit will be included within the 2017/18 plan. Ongoing work regarding Contract Management is being undertaken across a sample of Directorates, it is anticipated that this may not be concluded by the end of the Financial Year and will be carried forward into 2017/18.
Social Services & Wellbeing	Social Services and Wellbeing Act	At the request of the Director of Social Services and Wellbeing, a number of days were allocated at the start of the year as a contingency in order to provide advice, guidance and some assurance work in relation to the introduction of the Social Services and Wellbeing Act. Some work has been undertaken in this area, but the full allocation has not been used. As processes continue to change as a result of the requirement of the Act being implemented, then further work will be undertaken in 2017/18.
	Leisure / Sport , Play and Active Wellbeing	Due to the lack of resources this review was not done. It is anticipated this audit will be included within the 2017/18 plan. Due to a number of audits undertaken in this area in recent years, this was deemed to be of medium risk.
CEX - Finance	MTFS	Due to the lack of resources this review was not done. It is anticipated this audit will be included within the 2017/18 plan. However, it should be noted that last year the Wales Audit Office, as part of their Financial Resilience review, concluded that the Council's arrangements for achieving financial resilience were sound. In addition, a further financial resilience review undertaken by WAO during August and November 2016 focused more in depth on the MTFS, the results of which are due to be published soon.
Cross Cutting	Transformational Change	<p>At the request of the Chief Executive input from Audit was not required at this time due to the overall management and resource changes being made within the project. Since the internal audit of the Council's transformation programme in 2015-16 and taking account of the recommendations made the following improvements / progress has been made:-</p> <p>The Corporate Transformation Team, together with key stakeholders, has undertaken a review of the corporate project management tools, processes and governance arrangements to enable the successful delivery of key</p>

		<p>programmes and projects that support these priorities. The review addressed in particular: Project Planning; Governance; Reporting; Communication / information for staff; and Support, advice and guidance (especially for “non-technical” project managers).</p> <p>A number of improvements were made including (this list is not exhaustive):-</p> <ul style="list-style-type: none">• The introduction of a Project Assessment Matrix to help determine project types and establish the level of planning and control needed;• The introduction of a programme/project mandate, with a documented process, to ensure that work has senior management support and commitment from the outset;• Project documentation that meets the need of different projects;• A re-engineered project management toolkit;• Revised terms of reference for each layer of the governance structure;• Strengthened project support (now all corporate transformation projects are receiving specialist support from the Corporate Project Officers); <p>In addition, all the transformational change programmes/projects are now clearly aligned to the corporate priorities and built into the Corporate Plan, linked to the Medium-Term Financial Strategy, and brought into the Council’s performance management regime.</p> <p>The Corporate Transformation Team has worked with the Council’s organisational development department, identified immediate and long-term training needs, and developed a training programme, “Introduction to Project Management”, to meet BCBC’s needs.</p>
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5. Effect upon Policy Framework & Procedure Rules.

5.1. None

6. Equality Impact Assessment.

6.1 There are no equality implications.

7. Financial Implications.

7.1. None

8. Recommendation.

8.1. That the Committee notes this report.

Helen Smith
Chief Internal Auditor
26th January 2017

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Background documents

Internal Audit reports relating to the above audits held within the Internal Audit Division

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

26th JANUARY 2017

REPORT OF THE CHIEF INTERNAL AUDITOR

UPDATE ON STAFF VACANCIES WITHIN THE INTERNAL AUDIT SHARED SERVICE

1. Purpose of Report

- 1.1 To provide Members with a position statement on the current staff vacancies within the Internal Audit Shared Service.

2. Connection to Corporate Improvement Objectives / Other Corporate Priorities

- 2.1 Internal Audit's work impacts on all of the Corporate Improvement Objectives and other Corporate Priorities.

3. Background

- 3.1 During the presentation of the content of the outturn report April to October 2016 by the Chief Internal Auditor to Members at the Audit Committee meeting held on 24th November 2016 and following concerns raised by Members as to the level of vacancies being carried by the service, it was agreed that the Chief Internal Auditor would provide an update on the staffing of the service.

4. Current situation / proposal

- 4.1 During the presentation to Audit Committee Members on the 24th November, the Chief Internal Auditor reported on the overall structure of the Section which is based on 18 Full Time Equivalent (FTE) employees. Members were informed that the Section was carrying 4 FTE vacant posts at the commencement of the Financial Year 2016/17, which had now increased to 6 FTE vacant posts as at the end of October 2016. The Committee were further informed that one of the vacant posts had recently been advertised but unfortunately the service was not able to recruit due primarily to the inexperience of the applicants and the significant amount of mentoring required had the candidate been appointed. Members were advised that contact had been made with the Wales Audit Office to ascertain whether they had a resource the Internal Audit Service could utilise but this was without success.

- 4.2 As stated above, the Service currently has 6 vacancies and these are as follows:-

Post Designation	Number	Grade	Salary Range
Auditor	4	G	£23,166 to £27,394
Trainee Auditor	1	E	£17,547 to £19,939
Trainee Computer Auditor	1	E	£17,547 to £19,939

- 4.3 As a consequence of the recent recruitment campaign being unsuccessful, a review of the current structure of the section will be considered to determine its suitability in an ever changing dynamic audit environment. It is important to note that the Public Sector Internal Audit Standards places a requirement on the Head of Audit to ensure that “internal audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan”. Furthermore, the Head of Audit must ensure that all its internal auditors possess the knowledge, skills and other competencies needed to perform their individual responsibilities.
- 4.4 The current structure of the Audit Service has been in place since the Joint Shared Service Agreement was established on 1st February 2013. Local Government, and therefore the role of audit, has changed considerably in that time. In addition, with the continuing requirement to work in collaboration with other Local Authorities, or indeed to provide services in a different way, the way in which audit is functioning now and will have to function in the future is changing rapidly. This means that staff within the service will require broader skills and a more commercial outlook with regard to the services that they will audit. These factors will all be taken into account as part of this review to future proof this service.
- 4.5 In addition, with the over-riding success of the pilot in which the specialist ICT skills of the Internal Audit Shared Service Section have been utilised to undertake an audit for Newport City Council, opportunities for extending this service to other Welsh authorities will be further explored and this will be placed on a more formal footing.

5. Effect upon Policy Framework & Procedure Rules.

- 5.1 None

6. Equality Impact Assessment.

- 6.1 There are no equality implications.

7. Financial Implications.

- 7.1 There are no financial implications regarding this report at this time.

8. Recommendation.

- 8.1 That the Committee notes this report and awaits a further report following the review of the current structure.

Helen Smith
Chief Internal Auditor
26th January 2017

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Background Documents

None

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BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

26th JANUARY 2017

REPORT OF THE CHIEF INTERNAL AUDITOR

UPDATED FORWARD WORK PROGRAMME 2016-17

1. Purpose of Report.

- 1.1 To present to Members an update on the 2016/17 Forward Work Programme for the Audit Committee's information.

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

- 2.1 Internal Audit's work impacts on all of the Corporate Improvement Objectives /other Corporate Priorities.

3. Background.

- 3.1 The Core functions of an effective Audit Committee are:-

- To consider the effectiveness of the Council's Risk Management arrangements, the control environment and associated anti-fraud and corruption arrangements.
- Seek assurances that action is being taken on risk-related issues identified by auditors and inspectors.
- Be satisfied that the Council's assurance statements properly reflect the risk environment and any actions required to improve it.
- Oversee the work of internal audit (including the annual plan and strategy) and monitor performance.
- Review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.
- Receive the annual report of the Chief Internal Auditor as Head of Audit.
- Consider the reports of external audit and inspection agencies, where applicable.
- Ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
- Review and approve the financial statements, external auditor's opinion and reports to Members, and monitor management action in response to the issues raised by external audit.

- 3.2 Effective Audit Committees help raise the profile of internal control, risk management and financial reporting issues within an organisation, as well as providing a forum for the discussion of issues raised by internal and external auditors. They enhance public trust and confidence in the financial governance of an Authority.

4. Current situation / proposal.

4.1 In order to assist the Audit Committee in ensuring that due consideration has been given by the Committee to all aspects of their core functions an updated forward work programme is attached at **Appendix A** covering 2016/17.

5. Effect upon Policy Framework& Procedure Rules.

5.1 None

6. Equality Impact Assessment

6.1 There are no equality implications arising from this report.

7. Financial Implications.

7.1 None

8. Recommendation.

8.1 That Members note the updated Forward Work Programme to ensure that all aspects of their core functions are being adequately reported.

Helen Smith
Chief Internal Auditor
26th January 2017

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Background documents

None

**AUDIT COMMITTEE
SCHEDULE OF MEETINGS AND FORWARD WORK PROGRAMME
2016 – 2017**

PROVISIONAL DATE OF MEETING	FORWARD WORK PROGRAMME	OFFICER RESPONSIBLE	UPDATE
2016			
30th June	Information and Action Requests (if applicable).	Chief Internal Auditor (CIA)	Completed
	Updated Forward Work Programme.	CIA	Completed
	Pre-audited Statement of Accounts 2015/16.	Head of Finance	Completed
	Annual Governance Statement 2015-16	Corporate Director Operational Services and Partnerships	Completed
	Treasury Management Outturn 2015/16	Head of Finance	Completed
	Complete Audits (if applicable).	CIA	Completed
	Proposed Scope for the External Assessment of the IASS.	CIA	Completed
	External Auditors / Inspection Reports (where applicable).	Head of Finance/ WAO	
	IASS Outturn Report April and May 2016.	CIA	Completed
29th September	Information and Action Requests	CIA	Completed
	Updated Forward Work Programme	CIA	Completed
	Statement of Audited Accounts and Final Annual Governance Statement 2015/16	Head of Finance / WAO	Completed
	Internal Audit 5 months Outturn Report April to August 2016.	CIA	Completed
	Completed Audits Report (where applicable)	CIA	Completed
	External Auditors / Inspection Reports (where applicable).	Head of Finance / WAO	N/A
	Corporate Risk Assessment Review 2016-17	Risk & Insurance Manager	Completed
24th November	Up dated Forward Work Programme	CIA	Completed
	Information and Action Requests (where applicable)	CIA	Completed
	National Fraud Initiative Update	CIA	Completed
	Treasury Management Half Year Report 2016-17	Head of Finance	Completed
	Report on the work undertaken on School Audits	CIA	Brought forward from January 17 Completed
	Fraud update	Head of Finance / Benefits Manager	Deferred to January
	Completed Audits Report (if applicable)	CIA	Completed
	Internal Audit Outturn Report – April 2016 to October 2016.	CIA	Completed
	External Auditors / Inspection Reports (where applicable).	Head of Finance / WAO	
2017			
26th January	Up dated Forward Work Programme	CIA	Submitted
	Information and Action Requests (if applicable)	CIA	Submitted
	Internal Audit 9 months Outturn Report	CIA	Submitted

APPENDIX A

	April 2016 – December 2016		
	Completed Audits (where applicable)	CIA	Submitted
	Report on the work undertaken on School Audits.	CIA	Brought Forward to November
	External Auditors / Inspection Reports (where applicable)	Head of Finance / WAO	Submitted
	Corporate Risk Assessment 2017-18	Head of Finance	Submitted
	Treasury management strategy 2017-18	Head of Finance	Submitted
	Risk Based Verification Report	Head of Finance / Benefits Manager	Submitted
24th April	Information and Action Requests (where applicable)	CIA	
	Updated Forward Work Programme	CIA	
	Proposed Forward Work Programme 2017-18.	CIA	
	Internal Audit proposed Annual Strategy and Audit Plan 2017-2018.	CIA	
	Governance – Compliance with Public Sector Internal Audit Standards for 2016-17	CIA	
	Audit Committee – Terms of Reference	CIA	
	Internal Audit Shared Service Charter	CIA	
	Completed Audits (where applicable)	CIA	
	Head of Audit’s Annual Opinion Report and outturn for the Year 2016/17	CIA	
	Fraud Update	Head of Finance	
	External Auditors / Inspection Reports (if applicable): -	Head of Finance / WAO	

By virtue of paragraph(s) 14, 16 of Part 4 of Schedule 12A of the Local Government Act 1972.

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