

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.

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Background documents

None