

# **BRIDGEND COUNTY BOROUGH COUNCIL**

## **REPORT TO AUDIT COMMITTEE**

**18 JANUARY 2018**

### **REPORT OF THE INTERIM HEAD OF FINANCE**

#### **THE CORPORATE RISK ASSESSMENT 2018-19**

##### **1. Purpose of Report.**

- 1.1 The purpose of the report is to provide the Audit Committee with the outcome of the Corporate Risk Assessment in Appendix 1 and inform the committee of the proposed risk management timeline contained in Appendix 2 of the Corporate 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 2018-19 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 at Appendix 1 has been reviewed in consultation with Corporate Directors, members of the Senior Management Team and other senior officers. It identifies the main risks facing the Council, their links to the priority themes, the likely impact of these on Council services and the wider County Borough, what is being done to manage the risks and which individual is responsible for the Council's response. The risk assessment is aligned with the Medium Term Financial Strategy.

4.2 The changes which have resulted in new risks, the merger of existing risks or changes to risk score are:

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

The residual risk score has been reduced from 24 to 20 because the final settlement from Welsh Government (WG) compares favorably to the “best” assumption in the draft Medium Term Financial Strategy for 2018-19. Also, unlike in other years, WG has provided an indication of funding levels for 2019-20. This is reduction of -1%. Knowing this will aid planning.

- **Maintaining Infrastructure**

The residual risk score has been increased from 16 to 20 because over the next decade an extra £20 million is required to maintain current standards. The risk score can be revisited if the anticipated additional investment in resurfacing is agreed.

- **Ineffective collaboration**

In previous versions of the Corporate Risk Assessment, there has been an Ineffective Collaboration risk and a separate Local Government Reorganisation / Mandated Regional Collaboration risk. These have been merged into a single risk with a residual risk score of 16.

- **School Modernisation**

The focus of the risk has changed from Band A to Band B. As there is a greater degree of uncertainty concerning Band B the residual risk score has increased from 12 to 16 to reflect this.

- **An Unfunded NJC pay claim**

A proposed offer of a two year pay deal has been made to Trades Unions. However, as this is not fully funded by WG the residual risk score has been increased from 12 to 16.

- **Additional Learning Needs**

A new risk has been written to recognise the impact of Additional Learning Needs reform. If the Council does not successfully implement the forthcoming Additional Learning Needs and Educational Tribunal legislation then there is a risk that the expectations, experiences and outcomes for children and young adults will not be transformed and there will not be a fully inclusive education system in the County Borough. Also, if the Educational Inclusion Service is not resourced to meet the requirements of the Bill then it may not be able to adapt and fully support the education of children and young adults aged 0-25 with additional learning needs.

The residual risk score has been assessed as 16.

- **Educational Provision**

The residual risk score has been reduced from 16 to 12. This is because, whilst there is uncertainty around Band B of the school modernisation programme it has been agreed that the Council will participate.

- **Disposing of waste**

Whilst difficulties were experienced when the new recycling and waste collection service was launched the Council is now on target to produce very good recycling results. Consequently the residual risk score has been reduced from 16 to 12.

4.3 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.

4.4 The Corporate Risk Assessment will be subject to quarterly review throughout 2018-19. In the spring the Senior Management Team will oversee a further assessment of whether all the identified risks remain risks to the Council and should stay in the risk assessment. There will be consideration of whether the Council should seek to focus on a smaller set of risks, how the text can be condensed further and whether the risk reduction measures mitigate all impacts. There is a desire that this be an inclusive exercise seeking the comments and feedback of the Audit Committee.

**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 in Appendix 1 and updated risk management timeline contained within Appendix 2 of the Risk Management policy.

**Gill Lewis**  
**Interim Head of Finance**

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**Background documents**

None