

# **BRIDGEND COUNTY BOROUGH COUNCIL**

## **REPORT TO AUDIT COMMITTEE 28 JANUARY 2016**

### **REPORT OF THE CORPORATE DIRECTOR - RESOURCES**

#### **THE CORPORATE RISK ASSESSMENT 2016-17**

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

- 1.1 The purpose of the report is to explain the outcome of the annual risk assessment (Appendix 1) 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 requires the Committee to review, scrutinize 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 the Senior Management Team, Audit Committee and Cabinet. It is used to inform the Overview and Scrutiny Committees forward work programme, budget process and contributes to the Council's quarterly Corporate Performance Assessment framework.
- 3.4 The 2016-17 Corporate Risk Assessment is fully aligned with the Council's Medium Term Financial Strategy and Corporate Plan.
- 3.5 The Council has always recognised the importance of risk management. A formal policy, outlining the risk assessment process, was adopted in 1998. The policy is reviewed and updated on a regular basis with the last update undertaken in 2014.

##### **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 Senior

Management Team on 11 January 2016. It is attached as **Appendix 1**. It identifies the main risks facing the Council, their links to the new proposed 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.

4.2 A scoring matrix 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 are applied. The scoring matrix is within the Risk Management Policy. For information, **Appendix 2** contains a summary of how the residual risk scores have changed over the last three years.

4.3 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 Audit Committee.

4.4 The main changes are:

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

The title of the previous "Using resources effectively" risk has been changed to "Making the cultural change necessary to deliver the Medium Term Financial Strategy". This emphasizes the change in culture required to deliver large scale transformation, which is necessary for the Council to be both smaller and better. Following the release of the draft Welsh Government budget the revised budget reductions targets have also been included.

- Local Government reorganization

The risk has been updated because in November 2015 the Welsh Government published the Local Government (Wales) Bill and this is now in a consultation phase. It also reflects the statement made by the UK Government, in the Comprehensive Spending Review, about the Cardiff Capital Region city deal saying that they would make "an in principle commitment to contribute to an infrastructure fund for the Cardiff region".

- Supporting vulnerable people

The risk has been updated to emphasize the extent of transformation including responding to the Social Services and Wellbeing Act, commencing use of the Community Care Information System, caring for increased numbers of people with Dementia, encouraging the greater use of direct payments, managing the risks associated with the use of independent providers and the transfer of more homecare to the independent sector.

- Supporting vulnerable children, young people and their families

The risk description has been updated to emphasize the challenges around the implementation of the Social Services and Wellbeing Act and the implementation of the Community Care Information System. The risk impact notes that the number of Looked After Children has been reduced safely from

390 in March 2015 to 370 at December 2015. The risk mitigation column notes that the Council is ensuring that robust mechanisms are in place to identify and provide appropriate services to children at risk from sexual exploitation.

- The economic climate and austerity

The risk mitigation measures have been updated to reflect the latest position with the development and delivery of different projects including those in the Llynfi Valley and Porthcawl. It also notes the potential of the Cardiff Capital Region city deal.

- Disposing of waste

The risk mitigation measures have been updated to reflect that the Council is considering various options and their implications, for the provision of services.

- Healthy lifestyles

The risk description notes that the Council must continue to find innovative ways of working to maximize the impact of reduced resources and that this includes Community Asset Transfer. The mitigation measures state that the success of the proposals depend on the proactive participation of Town and Community Councils and community organisations, together with their ability to manage the asset portfolio. Different assets will generate different levels of interest within communities.

- Maintaining infrastructure

The risk to the condition of the highway infrastructure is made greater because the Local Government Borrowing Initiative has ended and also reductions must be found in the budget. Consideration is being given to how much would have to be spent to maintain the highway network in its existing condition. A business case for additional investment will be made.

- The impact of homelessness

The risk mitigation measures note both the support provided by Welsh Government for the implementation of the Housing (Wales) Act and also the difficulties caused by funding only being guaranteed for one year.

- Educational Provision

“Educational Provision” is a new risk around the adoption of a strategic approach for sustainable educational provision in the County Borough. It has been identified that there is a risk that the Council may not be able to offer sufficient educational provision or of the right type in the right locations in the County Borough. The Council may not be able to deliver fit for purpose schools capable of delivering high quality educational experiences for all pupils. The principal risk mitigation measure is that a strategic review into the development and rationalisation of the curriculum and estate provision of Primary, Secondary and Post 16 Education will be undertaken. This will provide an evidence based

rationale for change and will help the Council reach informed conclusions about the nature of provision moving forward.

- Educational Attainment

The risk mitigation measures note that there has been a significant improvement in narrowing the attainment gap between Looked After Children and other pupils. The Council is working with Central South Consortium 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 will relaunch in January 2016. Strong senior management teams are being developed at the Access and Inclusion Service and in schools including at Coleg Cymunedol Y Dderwen where a new Interim Headteacher and Consultant Governor have been appointed.

- Health and Safety

The risk mitigation measures have been updated noting the methodical review of hazards and the newly developed Directorate Risk Registers, the establishment of an awareness raising campaign promoting a positive safety culture and the requirement to cascade health and safety within staff appraisals.

- School Modernisation

Good progress is being made but there is an ongoing risk around capital receipts and the future costs of projects. The residual risk score has been reduced from 16 to 12. The risk mitigation measures note that the demand for Welsh Medium education is up and the actions that the Council is taking to meet the need.

- 4.5 A risk around the procurement of regeneration projects funded via the Welsh European Funding Office was looked at. However, upon consideration the residual risk score was not sufficiently high to warrant inclusion within the Corporate Risk Assessment.
- 4.6 The city deal features in the “Local Government reorganization” and “Economic climate and austerity” risks. As the project progresses during 2016-17 it is likely that this will become the subject of a separate risk.
- 4.7 A scoring matrix 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 are applied. The scoring matrix is within the Risk Management Policy. For information, Appendix 2 contains a summary of how the residual risk scores have changed over the last three years.
- 4.8 The risk assessment will be subject to review in July 2016 and October 2016 by Senior Management Team, as part of the Corporate Performance Assessment and in November 2016 by Audit Committee.
- 4.9 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. Legal Implications.**

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 (Appendix 1) and updated risk management timeline contained within Appendix 2 of the Risk Management Policy.

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**13 January 2016**

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**Background documents**  
**Annual Risk Assessment**  
**Risk Management Policy**