Agenda Item No.

THE VALE OF GLAMORGAN COUNCIL

CABINET: 9TH JANUARY 2017

REFERENCE FROM AUDIT COMMITTEE: 21ST NOVEMBER, 2016

"538 CORPORATE RISK REGISTER UPDATE (MINUTE NO. 578 2015/16 REFERS) (MD) –

The Committee was apprised of the current position of the Council's Corporate Risk Register by the Head of Performance and Development.

Details regarding each Corporate Risk, which number totalled 13, were set out in the Risk Register attached at Appendix A to the report. This had been updated to ensure that the relevant mitigating actions outlined in Service Plans were reflected in actions within the Register. The purpose of this was to strengthen the connection and monitoring of risk at service and corporate levels as contained as a proposal for improvement in the WAO Corporate Assessment of the Council. Appropriate linkages had also been made with any regulatory reports / reviews, by ensuring that any improvement proposals / recommendations outlined in the report from the Inspectorates had also been appropriately referenced in the Register (where applicable to a Corporate Risk).

In terms of risk status, three Risks were medium / high, seven Risks were medium and three Risks were medium / low. In terms of direction of travel, two Risks were increasing, eight Risks were unchanged and two Risks were decreasing. The risk score had been reviewed for two risks in the Register. The Reshaping Services Risk has changed from 6 to 9 on the Risk matrix and the Waste Risk had changed from 4 to 6 on the Risk matrix.

The following provided the Committee with a description of the Risks where changes had been made or proposed.

The Climate Change risk had been broadened and renamed to become Environmental Sustainability.

In concentrating on those areas identified as Red direction of travel, the Head of Performance and Development specifically referred to the following matters:

Reshaping Services Risk had two aspects to it. The first was the risk of failure to deliver the Reshaping Services Programme (and therefore not realise the benefits associated with it). Secondly, a risk associated with pursuing such a programme which brought with it the need to deploy resources and develop new skills at a time when these were under pressure for the Council and its partners. In reviewing this

Risk, the likelihood of both of these risks materialising was considered to have increased to probable (a score of 3) whilst the impact remained at high (a score of 3). This re-categorised the Risk as a medium / high risk. The ongoing period of austerity and the impact upon the Council's resources and those of its partners looked to remain and as such, it was considered prudent to suggest that the likelihood of this Risk materialising would continue upwards in the future. In response, the Council was considering the nature of projects that would contribute to the Programme in future years and the balance between Reshaping Services projects and other financial savings as part of the Council's budget setting process.

In regards to Waste Management, it was anticipated that the direction of travel would be in an upward direction due to a possible Welsh Government directive in regard to co-mingled waste, which was awaited. Although the Council had achieved a recycling rate of 58% (above the national average) for the 2015/16 financial year, the ongoing Waste Resource Action Programme (WRAP) process with Welsh Government had resulted in a reviewed risk score of 6 and a direction of travel that remained as increasing.

Following the positive outcome of Estyn's Inspection of the Central South Consortium Joint Education Service in February 2016, it was considered that the risk of the Joint Education Service failing to deliver statutory school improvement functions was unlikely. As a result, both the Interim Director of Learning and Skills and the Head of Performance and Development felt that the regular monitoring of this Risk through the Corporate Risk Register no longer added value. Subject to the approval of the Committee, it was suggested that this risk be removed from the Register.

A Member considered that there were specific problems with the Register in that he felt that "counter measures" specified were potentially outdated over the life of the Register. He also considered that many of the mitigation actions lacked focus and insufficient detail to anticipate difficulties that may "trip" the Council up at a later date. The Head of Performance and Development acknowledged the point raised, agreeing that the matter would be addressed going forward; however, he was satisfied that the methodology for identifying and dealing with corporate risks was sound.

Discussion ensued with a number of Members of the Committee making a case for the inclusion of additional perceived risks to the Register i.e. Aberthaw Power Station and risks relating to its potential decommissioning, economic development at St. Athan and Cardiff Airport Enterprise Zone, the Council's Contracts management arrangements and Brexit implications for the Council.

RESOLVED –

(1) T H A T the current position in relation to the Council's Corporate Risks be noted.

(2) T H A T the key recent developments and changes to Corporate Risks be noted.

(3) T H A T the suggested removal of the risk relating to the School Improvement Joint Education Service be recommended to Cabinet.

(4) T H A T the disbanding of the Corporate Risk Management Group following its amalgamation with the Council's Insight Board from September 2016 be noted.

(5) T H A T the change to the Climate Change risk to reflect a wider focus on Environmental Sustainability be noted.

(6) T H A T in the light of the issues raised within the report relating to Contracts Management, Cabinet be recommended to include the subject in the Corporate Risk Register.

(7) T H A T although the inclusion of Brexit in the Corporate Risk Register was not considered appropriate, Cabinet should agree to maintaining a watching brief over developments.

(8) T H A T the report on the Corporate Risk Register update be referred to Cabinet for consideration.

<u>Reasons for decisions</u>

(1) In acknowledgement of the current position of Corporate Risks for the Council.

(2) In acknowledgement of the Committee's responsibility to effectively monitor all Corporate Risks for the Council so that they are addressed, reviewed and updated on a regular basis.

(3) In acknowledgement of the reduced risk.

(4) In acknowledgement of changes in the Corporate Governance arrangements and the establishment of the Insight Board.

(5) To raise Audit Committee's awareness of the proposed change.

(6) The Committee acknowledged the proposed action to be taken by the Managing Director, nonetheless, it was considered that the weaknesses identified were significant to merit inclusion in the Register and the allocation of an appropriate risk score.

(7) Having regard to the potential implication for the Council in relation to loss of EU funding, impact on revenue / income streams and wider implications for citizens and businesses of the County.

(8) To ensure the Cabinet was aware of and endorsed the Corporate Risk Register and the actions being taken in mitigation."

Attached as Appendix – Report to Audit Committee: 21st November, 2016